



BC TECHNOLOGY GROUP LIMITED

BC 科技集團有限公司

Stock code: 863 HK

Incorporated in the Cayman Islands with limited liability

2022 Environmental, Social and Governance Report

Asia's Leading Digital Asset
and Fintech Company

Parent of



THE TRUSTED
DIGITAL ASSET
PLATFORM

SaaS • Brokerage • Custody • Exchange

Contents

Section		Page
1.	About This Report	3
	Introduction	3
	Reporting Period	3
	Reporting Principles	3
	Reporting Boundaries	4
	Review and Approval	4
	Information and Feedbacks	4
2.	About BC Group	5
3.	Chief Executive Officer's Statement	7
4.	Approach	9
4.1	ESG Governance Structure	10
4.2	ESG Strategy	11
4.3	Stakeholder Engagement	13
4.4	Materiality Assessment	15
4.5	Materiality Matrix	16
5.	Sustainable Carbon Management	17
5.1	Responding to Climate Change	19
5.2	Emissions Management and Reducing Carbon Footprint	22
5.3	Waste Management	23
5.4	Use of Resources	24
5.5	The Environmental and Natural Resources	24
6.	People-Centric	25
6.1	Building Diversified Teams, Hiring and Retaining the Right People	28
6.2	Learning and Development	29
6.3	'Speak-Up' Culture	29
6.4	Well-Established Performance Management	30
6.5	Promoting Diversity, Equity and Inclusion	30
6.6	Promoting Employee Well-being	31
6.7	Health and Workplace Safety	32
6.8	Meeting the Challenges of COVID-19	32
7.	Effective Governance & Operational Excellence	33
7.1	Corporate Governance	35
7.2	Business Ethics & Integrity	35
7.3	Anti-Bribery and Corruption	36
7.4	Whistleblowing	36
7.5	Anti-Money Laundering and Counter-Terrorist Financing	37
7.6	Services Excellence	38
7.7	Intellectual Property and Brand Management	38
7.8	Effective Risk Management	39
7.9	Risk Culture	40
7.10	Business Continuity and Crisis Management	41
7.11	Supply Chain Management	41
7.12	Information Security, Customer Privacy Protection	42
7.13	Cybersecurity	42
7.14	Wallet Operations	43
7.15	Vault Safety	44
7.16	Community Investment	44
Appendix I:	Sustainability Performance Data Overview	45
	Environmental	45
	Social	47
	Legal Compliance	51
Appendix II:	Hong Kong Stock Exchange ESG Reporting Guide Content Index	52
Appendix III:	GRI Content Index	58
Appendix IV:	TCFD Content Index	62
Appendix V:	SDGs Content Index	63

1. ABOUT THIS REPORT

Introduction

BC Technology Group Limited (“**Company**”) and its subsidiaries (hereinafter referred to as “**BC Group**”, or the “**Group**”) believe that sustainable business practices are integral to the creation of long-term value to society. The Group is committed to corporate citizenship and adding value to its stakeholders through the integration of Environmental, Social and Governance (“**ESG**”) considerations in its business practices.

The Group is also committed to improving its ESG performance by upholding good corporate governance standards, adopting climate friendly practices, engaging its stakeholders and promoting diversity.

Reporting Period

This ESG Report (the “**Report**”) provides an overview of BC Group’s sustainability performance for the period from 1 January 2022 to 31 December 2022 (the “**Reporting Period**”, “**2022**”). The Reporting Period aligns with the Group’s financial year.

Reporting Principles

BC Technology Group Limited is listed on the Main Board of the Stock Exchange of Hong Kong Limited (“**HKEX**”) under the stock code “863”. This is the seventh ESG report of the Group and it has been prepared in compliance with the “Environmental, Social and Governance Reporting Guide” set out in Appendix 27 of the Rules Governing the Listing of Securities of Stock Exchange (“**Listing Rules**”), with reference to the Global Reporting Initiative (“**GRI**”) Standards, Task Force on Climate-related Financial Disclosure (“**TCFD**”) Recommendations, Sustainable Development Goals (“**SDGs**”) and based on actual conditions of the Group. It is the second long-form ESG report for the Group to be published separately from the Group’s Annual Report. For a comprehensive understanding of the Group’s ESG performance, this Report should be read in conjunction with the Corporate Governance Report in the Group’s 2022 Annual Report.

The Group has complied with the “comply or explain” provisions and adopted the four fundamental reporting principles of the HKEX’s Environmental, Social and Governance Reporting Guide as follows:



Materiality

The content of this Report is determined through stakeholder engagement and materiality assessment. The Group engaged an external consultant to assess its materiality through stakeholder engagement. Key material ESG issues were identified and endorsed by the Group’s ESG Committee, and approved by the board (the “**Board**”) of directors (the “**Directors**”).



Quantitative

The standards and methodologies used in the calculation of relevant data in this Report, as well as applicable assumptions are disclosed. Key performance indicators (“**KPI(s)**”) were established, and are measurable and applicable to valid comparisons under appropriate conditions.



Balance

To provide a fair and unbiased picture of BC Group’s ESG performance, both the Group’s achievements and areas for improvement are disclosed.



Consistency

BC Group is consistent in its annual data collection and KPI calculation methodologies to ensure meaningful comparisons of its ESG data are made over time.

The information contained herein is derived from official documents and statistics of the Group, as well as the combined control, management and operations information provided by the subsidiaries in accordance with the Group’s internal management systems. Complete lists of indexes in compliance with the ESG Reporting Guide and with reference to the GRI Standards, TCFD

recommendations and SDGs are also available at the end of the Report for reference. This Report is prepared and published in both Chinese and English and is available on the Group website at bc.group and on the HKEX website at www.hkex.com.hk. In the event of contradiction or inconsistency between the Chinese version and the English version, the English version shall prevail.

Reporting Boundaries

The Report covers all the Group’s global operations over which we exercise full management control during the Reporting Period, including Hong Kong, Mainland China, Singapore, the United Kingdom (the “**UK**”), the Americas and Australia. The Group regularly reviews the scope of the Report to ensure that any significant impact on the Group’s overall business portfolio is covered.

Review and Approval

The Board acknowledges its responsibility for ensuring the accuracy and completeness of this Report and to the best of their knowledge, this Report has addressed all relevant material issues and has fairly presented the ESG performance of the Group during the Reporting Period. The Board has reviewed and approved the content of the Report.

Information and Feedbacks

The Group is committed to maintaining the long-term relationship with our stakeholders and are actively engaged in addressing their concerns with timely follow-up actions. If you, as one of our stakeholders, have any questions on the content of the Report or comments on the Group’s sustainability practices, please contact us via email at ir@bc.group.

2. ABOUT BC GROUP

BC Group is Asia's leading public fintech and digital asset company and is the parent company of the OSL digital asset and blockchain platform ("OSL"). OSL provides markets services including brokerage, exchange and custody ("**Markets**") and software-as-a-service ("**SaaS**") technology solutions, which deliver institutional clients and professional investors access to the best-in-class digital asset platform, as well as the world's deepest liquidity pools. Our secure and insured hot and cold wallet infrastructure also ensures the safekeeping of digital assets with timely transaction settlements. OSL operates its digital asset platform business through its headquarters in Hong Kong and office in Singapore.

In December 2020, OSL Digital Securities Limited ("**OSL DS**"), a wholly owned subsidiary of the Group, became the first firm to receive a license from the Hong Kong Securities and Futures Commission ("**SFC**") to conduct type 1 (dealing in securities) and type 7 (automated trading service (ATS)) regulated activities related to digital assets. It is now the world's first SFC-licensed, listed, digital asset wallet-insured and Big-4 audited digital asset platform for institutions and professional investors. In July 2022, OSL DS became the first SFC-licensed digital asset broker to sell security tokens to professional investors with its private security token placement in Hong Kong.

The Group also has two Mainland China-based business segments: an advertising business that provides customised advertising and marketing services to customers in the automotive and other industries, and a business park management division that provides operations and management services for commercial property in the Jingwei Park business park in Shanghai. During the Reporting Period, the Group made the strategic decision to gradually scale down its advertising business due to the impact of COVID-19 lockdowns.

To learn more about BC Group, please refer to the Group's 2022 Annual Report or visit bc.group.

■ Mission

Deliver best-in-class access to digital assets, setting the global standard for innovation, performance, security, and compliance

■ Vision

Lead the regulated, institutional evolution of the digital asset market

■ Value

- Be trustworthy and do the right thing
- Ownership and accountability
- Teamwork, collaboration and respect
- Relentlessly innovate for the clients

3.

CHIEF EXECUTIVE OFFICER'S STATEMENT

On behalf of the Board of the Group, I am proud to present the BC Group annual Environmental, Social and Governance Report for the year ended 31 December 2022.

As the change and geopolitical hangover of the COVID-19 pandemic continue to create economic uncertainty, the unprecedented challenges that we are facing remind us that it is critical to incorporate sustainability into our long-term business strategic planning.

We recognised that the question of energy use and carbon emissions related to digital assets and blockchain has brought ESG topics to the forefront in the digital asset space. As a leading digital asset and fintech company, the Group plays a critical role to support the transition to a net-zero carbon emission economy. Ever since 2020, we have committed to achieving net-zero GHG emission by 2050, which aligns with the sustainability goal of the Hong Kong Government to achieve carbon neutrality by the same year.

In April 2021, BC Group announced that it had fully offset its carbon footprint for three years (2018–2020) through the purchase and retirement of voluntary carbon credits by OSL via the AirCarbon Exchange (“ACX”), a Singapore-based carbon credit exchange. During the Reporting Period, along with a future looking two years estimated footprint. As our retired carbon credit is more than the carbon we emitted, we are proud to announce that we have achieved “carbon negative” for the Reporting Period.

The Group has the vision to lead the regulated, institutional evolution of the digital asset market. To ensure our long-term vision is carried out effectively and consistently throughout the Group, we had developed a sustainability framework covering ESG issues that we had identified material to our business operations. The framework serves to provide a strategic approach and clear agenda for our employees.

Effective governance is crucial to the success of the ESG strategy. The Board takes overall responsibility for ensuring effectiveness of the Group's ESG strategy and reporting so the Group can operate its businesses in a responsible and sustainable manner.

The Group's ESG processes and procedures focus on non-financial indicators that outline the Group's approach to sustainability. A number of ESG-related issues covering a number of business aspects are considered when determining these processes and procedures, including: operations, risk and compliance, internal controls, human resources (“HR”), and marketing and communications.

The Group has established an ESG Committee which comprises representatives from operations and supporting departments. The Committee evaluates, prioritises and advises on the effectiveness of the Group's sustainability strategy, and reports to the Board to review its operations and the progress made against ESG-related goals and targets.

The Group acknowledges that ESG and climate-related risks have become more important in recent years. In response, we have engaged external consultants during the Reporting Period to conduct ESG and climate-related risk assessment, and incorporated the identified risks in our risk management framework.

As a leading digital asset and fintech firm, and the world's first SFC-licensed, Big-4 audited, listed and insured digital asset platform for institutions and professional investors, BC Group has a duty to examine its business through an ESG lens, with a view to contributing to a sustainable environment and establishing the Company as one of the best places to be employed.

BC Group's continues to play a meaningful role in shaping a sustainable future for the communities it serves while creating long-term value for all stakeholders. In alignment with these objectives, the Group is steadfast in its commitment to robust ESG and sustainability programs in tandem with the rapid development of the regulated digital asset market.

The Group's ESG approach empowers it to deliver long-term value to stakeholders and deliver on the Company's mission, vision and values, and address its most material ESG topics through a clear program of goals, meaningful commitments, and tangible actions. For BC Group, therefore, continuing to embed ESG considerations into its business delivers value to all stakeholders and strengthens long-term shareholder value.

I would like to personally thank all counterparties, shareholders, staff and our Board for their continued support and collaboration as we enable institutional adoption of the digital asset class, and set the global standard for ESG performance.

For and on behalf of the Board



Madden Hugh Douglas
Chief Executive Officer
BC Technology Group Limited
Hong Kong, 27 April 2023





Approach

4. APPROACH

4.1 ESG Governance Structure

The Group’s ESG governance structure covers all Group levels, including the Board, management, functional departments and business units. The Board is responsible for setting strategic objectives and is the ultimate responsible party for ESG matters. Day-to-day responsibilities for ESG-related matters are delegated to the Group Chief Executive Officer (“Group CEO”).

In 2020, the Group established the ESG Committee to drive, support and enhance Group’s ESG capability and impact through communication, engagement, strategic planning and execution. With the support of the ESG Committee, the Group CEO is responsible for providing direction on and overseeing the development and implementation of BC Group’s strategy and initiatives.

The ESG Committee meets periodically to identify ESG issues and opportunities, oversee the implementation of ESG initiatives, provide recommendations to senior management on ESG-related matters, promote ESG awareness at the Group, and communicate and report on the Group’s ESG initiatives. During the Reporting Period, the ESG Committee held two meetings.

Board of Directors	<ul style="list-style-type: none">• Responsible for the long-term success of the Group through monitoring strategy and management execution• Provides oversight of the Group’s financial reporting, internal control systems, business conduct and code of ethics• Provides directions on and oversees the development and implementation of the Group’s ESG initiatives related to corporate sustainability, environmental protection and social well-being
Group CEO	<ul style="list-style-type: none">• Responsible for ESG oversight, strategic development and operations of the Group in alignment with the Group’s mission, vision and values• Supervises the implementation of ESG initiatives
ESG Committee	<ul style="list-style-type: none">• Responsible for carrying out and promoting specific ESG tasks• Prepares ESG reporting and external communications• Promotes ESG awareness within the Group, communicates and reports on BC Group’s ESG initiatives
Group Departments	<ul style="list-style-type: none">• Execute ESG-related tactics• Assist collection of quantitative data for ESG reporting• Assist the ESG Committee as needed

4.2 ESG Strategy

BC Group is uniquely positioned as one of the most regulatory compliant, institutionally ready digital asset participants in the world and is consistently executing its vision to lead the regulated, institutional evolution of the digital asset market. This mission goes hand-in-hand with a responsibility to manage the Group's ESG impact across the blockchain and digital asset industry.

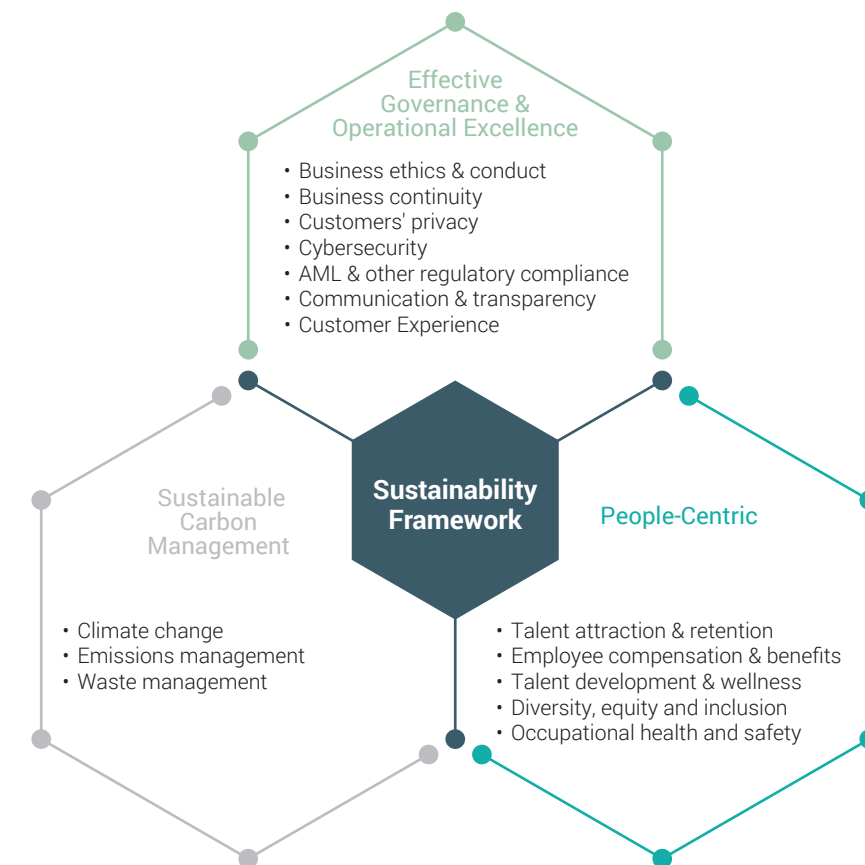
The Group believes in delivering long-term sustainable value creation to its stakeholders. In doing so, and while the Group carries on its business, senior management makes choices that bring a positive impact to the community. The Group has adopted policies that cover ESG issues that pertain to its businesses, including in the areas of employment and labor practices, business integrity, data security and privacy, Anti-money laundering ("AML"), counter-terrorist financing ("CTF"), anti-corruption, market surveillance and transaction monitoring. The Group is also committed to supporting sustainable environmental standards and to ensure that it implements environmentally friendly operational measures.

Creating and delivering sustainable values to its stakeholders remains an overarching principle for BC Group. To ensure that our long-term vision and missions are carried out effectively and consistently throughout the Group, we have developed a sustainability framework with three strategic pillars, namely:

- 1) Sustainable Carbon Management;
- 2) People-Centric; and
- 3) Effective Governance & Operational Excellence.

The contents of this Report were developed around these three pillars and each section focuses on one pillar of the framework.

Sustainability Framework



United Nations' Sustainable Development Goals

The Group is a supporter of the United Nations' SDGs which aim to tackle climate change and address a range of social needs.

As a responsible corporate citizen, we acknowledge the emerging global trends outlined in the SDGs and we are committed to contribute and tackle the sustainability challenges. The Group's ESG strategy is consistent with the SDGs as follow:



4.3 Stakeholder Engagement

The Group recognises that the views and expectations of our stakeholders are vital to the Group and our sustainability goals. We proactively engage and communicate with the identified key stakeholders including shareholders, staff, business partners, customers and regulators to understand their needs and concerns.

Engaging stakeholders on an ongoing basis is vital to the Group’s ESG governance and management. The Group regularly communicates with stakeholders to better understand their expectations and concerns. This enables the Group to respond to its opportunities and challenges, and to build long-term loyalty and trust – as an SFC-licensed brokerage and exchange, an employer and a corporate citizen. Consistent stakeholder engagement contributes positively to community development, which in turn supports sustainable growth.

In 2022, the Group continued to engage with our key stakeholders via several communication channels, including meetings and surveys. Feedback was provided to senior management, who reviewed the findings and made an evaluation on whether material ESG topics were relevant to the key stakeholder groups.



Stakeholder communication matrix:

Employees	<ul style="list-style-type: none"> Employees’ compensation and benefits External and internal training and development opportunities Occupational health and safety 	<ul style="list-style-type: none"> Employee engagement survey Staff training and workshops Town-hall meetings and “Ask Management Anything” sessions Staff performance appraisals
Shareholders and potential investors	<ul style="list-style-type: none"> Return on investment Corporate governance Strategic plans 	<ul style="list-style-type: none"> Annual general meeting Corporate communications Interim and annual reports Announcements and press releases Investor conference calls and virtual meetings Engagement survey Monthly investor newsletters Results briefings
Customers and potential customers	<ul style="list-style-type: none"> Service quality assurance Customers’ privacy and confidentiality Cybersecurity 	<ul style="list-style-type: none"> Communications with sales representatives and traders Customer support channels Corporate website Daily communications Social media posts Press releases EDMs
Suppliers and vendors	<ul style="list-style-type: none"> Fair and open procurement Win-win cooperation 	<ul style="list-style-type: none"> Visits and meetings Due diligence procedures Regular supplier reviews Engagement survey
Government and regulators	<ul style="list-style-type: none"> Compliance with rules and regulations Anti-corruption policies Contribution to the local economy 	<ul style="list-style-type: none"> Daily communications Compliance with local rules and regulations Circulars and guidelines of regulatory authorities Regular dialogue and meetings

4.4 Materiality Assessment

Focusing on the most important ESG issues can help the Group better utilise its resources to address issues and reduce associated risks. The Group conducted a comprehensive materiality assessment in 2022 and adopted a three-step methodology to identify and review ESG issues that are material to the Group's business and stakeholders.



1. Identify Relevant Topics

- Research of relevant economic, environmental and major social trends and challenges
- Review of available internal documents and peer group companies, creation and curation of a list of relevant ESG topics
- 25 issues were identified and categorised by the Group's sustainability framework pillars



2. Assess and Rank

- A materiality matrix was created based on the results of internal and external assessments:
- Internal assessment: The ESG Committee assessed material issues based on the Group's corporate values, development strategy, upcoming market challenges and opportunities
- External assessment: In addition to communicating with stakeholders through regular channels, the Group engaged an independent third-party consultant to conduct an online survey of key stakeholders to understand their expectations
- The impacts of the issues were ranked on a scale of 1 to 5, with 1 being least impact and 5 with most impact to the Group or the stakeholders

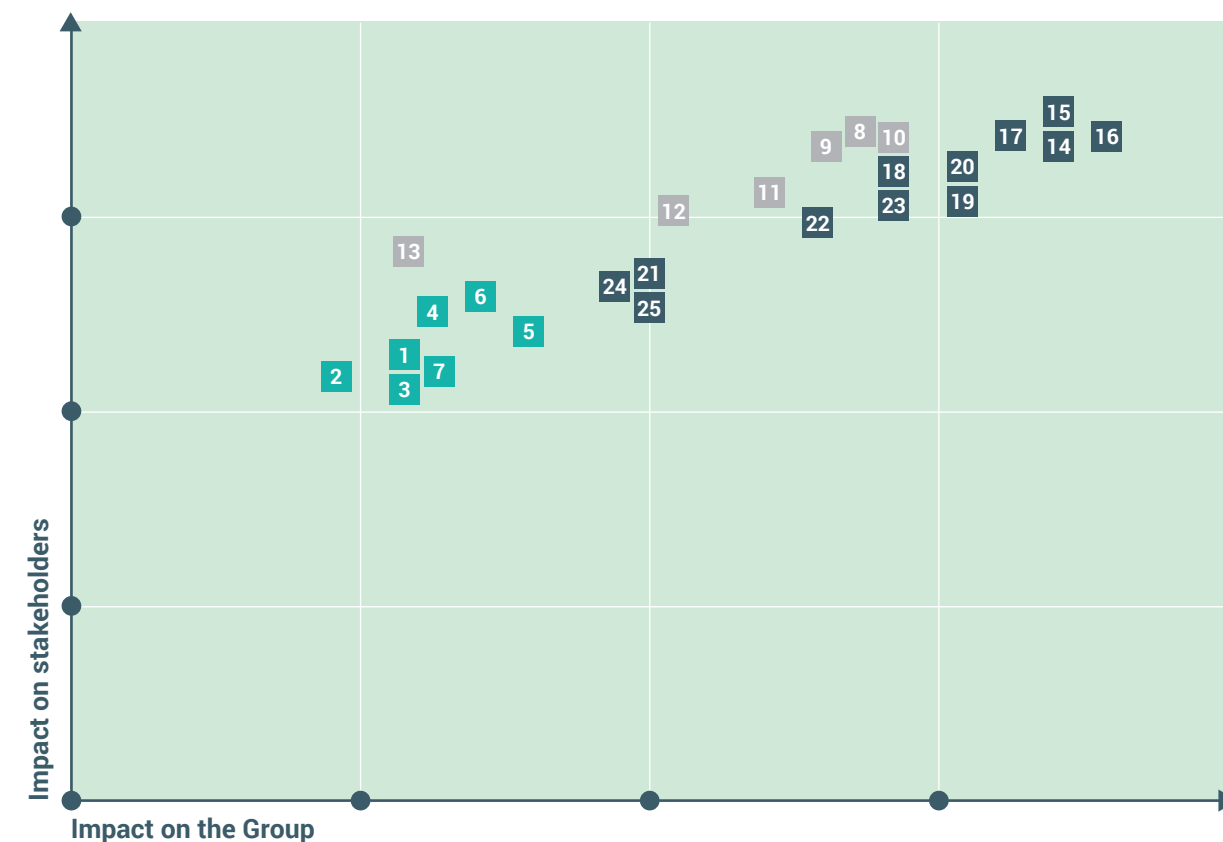


3. Validate Results

- Recommended material issues were discussed by the Group CEO, senior management and ESG Committee, and approved by the Board

4.5 Materiality Matrix

The feedback collected from the internal and external assessments was reviewed and analysed. The result of the materiality assessment is illustrated below:



Sustainable Carbon Management			People-Centric			Effective Governance & Operational Excellence		
1	Climate change		8	Employee compensation & benefits		14	Anti-money laundering & other regulatory compliance	
2	Air emissions management		9	Talent development & wellness		15	Customers' privacy and confidentiality	
3	Greenhouse gas ("GHG") emissions management		10	Talent attraction & retention		16	Cybersecurity	
4	Waste management		11	Diversity, equity & inclusion		17	Business ethics & conduct	
5	Energy efficiency		12	Occupational health & safety		18	Communication & transparency	
6	Environmental regulatory compliance		13	Prohibition of child labor and forced labor		19	Business continuity	
7	Environmental friendliness on products or service purchased					20	Customer experience	
						21	Responsible supply chain management	
						22	Intellectual property	
						23	Quality of projects/services/products	
						24	Contributions to the society	
						25	Communication and connection with local community	

5.

SUSTAINABLE CARBON MANAGEMENT

Strategic approach:

- Lead the promotion of decarbonisation and green innovation in the digital asset industry
- Commit to carbon neutrality initiative with ambition to achieve net-zero emissions in the future
- Reduce the carbon footprint produced from the Group's operations
- Increase digitalisation and automation, reduce the use of resources and the need for business travel



Sustainable Carbon Management



5.1 Responding to Climate Change

Climate change is considered as one of the major challenges of our time. As a leading digital asset and fintech company, the Group plays a critical role to support the transition to a climate-resilient and net-zero carbon emission economy. We are committed to reaching net-zero GHG emission by 2050, targeted to reduce emissions from operations and have adopted energy-saving measures (Please refer to the section “Emissions Management and Reducing Carbon Footprint”). We have also purchased and retired carbon credits and invested into climate mitigation projects.

Carbon credit offset

In 2021, BC Group and OSL purchased 2,000 tonnes of voluntary carbon credits via ACX, a Singapore-based carbon credit exchange. The credits were issued under Verra’s Verified Carbon Standard (VCS) Program and generated from a solar renewable power project in India. The details of the project can be viewed at this [link](#).

The Group has retired all the carbon credits (first half in 2021 and the rest in the Reporting Period) to offset the total GHG emissions from 2018 to the Reporting Period (i.e. 1,051 tonne CO₂-equivalent “tCO₂eq”). We reached a major milestone of becoming “carbon negative”, meaning that we offset more carbon than we emit in the Reporting Period.



Climate mitigation project investment

In 2021, as part of its commitment to a sustainable future, BC Group participated in a strategic funding round for Allinfra, an ESG-related blockchain company providing climate-related digital asset products and services.

Allinfra is a provider of tokenisation services for the infrastructure and renewable energy sector. It is currently working on several projects related to tokenising renewable energy data (used for emission credits, carbon reduction credits, etc.) in Asia.

Crypto Climate Accord

In a further commitment to building a sustainable business for investors and the planet, the Group joined the Crypto Climate Accord (“CCA”) as an official Supporter. The CCA, inspired by the Paris Agreement, is a private sector-led initiative for the entire crypto community focused on decarbonising the cryptocurrency and blockchain industry. The CCA’s objective is to decarbonise the global crypto industry by prioritising climate stewardship and supporting the entire crypto industry’s transition to net-zero GHG emissions by 2040.

Climate-related Risks and Opportunities

The Group understands that climate change may have significant impacts on our operations and present risks to our staff, offices and business. To better understand the potential impacts of climate change on our business operation, we have engaged external consultants to conduct climate scenario analysis and climate-related risk assessment that are aligned with the TCFD framework.

During the Reporting Period, the Group had identified and assessed the physical and transition risks that may have financial implications for the Group with two time horizons: medium-term (2030) and long-term (2050). Six suitable scenarios are chosen from the Representative Concentration Pathways (“RCP(s)”) and Shared Socio-Economic Pathways (“SSP(s)”) of the Intergovernmental Panel on Climate Change (“IPCC”), the Global Energy and Climate Model from the International Energy Agency (“IEA”). The details of the scenarios used are as follow:

Aggressive mitigation scenarios	Business-as-usual scenarios
IPCC RCP 2.6 A stringent mitigation scenario which is in line with the Paris Agreement’s target (i.e. warming of less than 2°C by 2100).	IPCC RCP 8.5 A high GHG emission scenario which is consistent with a future with no policy changes to reduce emissions (i.e. warming in excess of 4°C by 2100).
IPCC SSP1 – Sustainability A scenario of the world shifting gradually towards a sustainable path.	IPCC SSP5 – fossil-fuelled development A scenario that the world places increasing faith in competitive markets and is coupled with the exploitation of abundant fossil fuel resources.
IEA Net Zero Emissions by 2050 Scenario A scenario which sets out a pathway for the global energy sector to achieve net-zero CO ₂ emissions by 2050.	IEA Stated Policies Scenario A scenario which reflects current policy settings based on a sector-by-sector and country-by-country assessment of the specific policies that are in place.

Physical Risks

With the business-as-usual scenarios we assessed both acute and chronic physical risks based on the location of our operation, assets and employees. The Group operates its technology stack with remote data centre sites and has implemented business continuity and disaster recovery plans to ensure resilience against physical disaster. As a result, we conclude that our asset is exposed to low physical risks and then focus on the employee's risk exposure.

Based on our assessment, our employees face the greatest exposure to chronic temperature change. With our foreseeable global expansion, our employees in Australia and the Americas face a drastic increase in the number of hot days (with maximum temperature >35°C) in the long term which could severely affect our employee's productivity at work and increase absenteeism which results in lower revenue. The increasing frequency of extreme weather events (e.g. tropical cyclones) globally would also impose an increase in insurance premiums in both medium- and long-term. To mitigate these risks, the Group regularly reviews our business continuity plans to ensure the adequacy of contingency policy to protect our employees.

Transition Risks

With the aggressive mitigation scenarios assuming the transition to a low-carbon economy, we are expecting policy actions around climate changes to continue to evolve. The global governments may reach a consensus on a market-based strategy to reduce GHG emissions in the medium- to long-term, which introduces carbon pricing or carbon tax to the industry. These transitions impose policy and legal risks to the Group and could potentially increase our expenditures in adapting the changes. In the meantime, the market is increasingly conscious of climate issues and we are expecting the change of customer preference towards sustainable services. If we fail to take climate action to transition into a low-carbon economy, we could be exposed to market risk and reputation risk in the medium-term.

Climate-related Opportunities

The Group believes that through effective management, we could turn climate-related risks to opportunities. In the medium-term, we could seize the opportunity to incorporate green digital assets (e.g. green tokens) to our blockchain platform to meet the potential changes in customer demand. It would also put us in a better position in this competitive market. In the long-term, by transitioning into a renewable energy-based business, we could develop a high reputation and be the pioneer in the industry. We will regularly review our ESG strategy to mitigate climate-related risks and maintain our competitiveness in the market.

5.2 Emissions Management and Reducing Carbon Footprint

The Group is committed to long-term environmental sustainability and community development and has, to its best knowledge, complied with all relevant rules and regulations regarding environmental issues in the countries in which it operates. During the Reporting Period, the Group measured and managed its environmental performance in several aspects of its operations.

Air emissions

Air pollution is one of the greatest environmental risks to our health. The Group addresses the importance of reducing air pollution and identified the major source of emissions from its operations. Due to the nature of its business, the Group does not generate a significant amount of exhaust gas directly during its operations. The Group's air emissions were generated mainly from gasoline consumption of our vehicles in Mainland China.

The Group adopted several strategies to reduce air emissions. For example, we planned driving routes to increase efficiency, minimise the number of trips made for business purposes and encouraged the use of video and web-conferencing as a substitute for face-to-face meetings. As the Group is a service-based enterprise and does not involve in any industrial production, the air emission level remained low during the Reporting Period. Air emissions were considered immaterial to the Group.

GHG emissions

The impact of global climate change is a challenge that businesses and organisations around the world must face and address.

From assessment of the 2022 GHG emissions, direct emissions (Scope 1) comprise only about 1.2% of the total emissions, which are mainly generated from gasoline consumption of our vehicles. Indirect emissions generated by purchased electricity (Scope 2) comprise about 77.0% of the total emissions, which account for the largest portion of the Group's GHG emissions. Air travel constitutes the majority of the Group's other indirect GHG emissions (Scope 3), which comprises about 21.9% of the total emissions.

The total GHG emissions of the Reporting Period recorded an increase of approximately 17.1%, compared with that of the prior year. This was mainly due to an increase in air travel as a result of resumption to normal operations from the COVID-19 pandemic.

The Group is keeping track of its emission reduction target. To achieve it, the Group aims to continuously reduce energy consumption and enhance the energy conservation awareness of employees through a number of energy conservation strategies and measures, including:

- Use of energy-saving equipment and lighting devices (e.g. LED lights, using energy efficient chillers);
- Use of motion sensors for office lighting which turn off lights automatically when rooms are not in use;
- Use as much natural light as possible without interfering office work;
- Prompt replacement of damaged lights to prevent continued electricity consumption when they are not illuminating; and
- Programmed auto switch off of all air-conditioning in the Group's core offices, typically at 19:00.

To reduce the Scope 3 emissions, the Group has encouraged employees to use video and web conferencing technologies rather than travelling, whenever possible. With successful utilisation of the conferencing technologies for meetings and collaboration, BC Group remains committed to the continued use of this technology, where feasible, to reduce the need of business travel.

The Group has been adopting flexible work arrangements for employees ever since 2020 with an aim to reduce energy consumption through savings in commuting, use of cars and fuel, and production of office wastes.

The Group will continue to assess, record and disclose its GHG emissions annually. The Group will continue to refine its data collection system and expand disclosure of Scope 3 GHG emissions in the coming years. The Group is committed to full carbon offsets for Scope 1 and Scope 2 GHG emissions going forward.

5.3 Waste Management

During the Reporting Period, hazardous waste (mainly toner) and non-hazardous waste (mainly waste paper) were produced by the Group from daily operations.

The Group works diligently to reduce the waste produced from its operations by upholding the principles of “reduce, reuse and recycle”, and through reducing paper usage through technology.

The Group recognises the importance of waste reduction and waste separation at source for recycling. The Group has therefore made ongoing efforts to implement various waste management initiatives in its office operations as follows:

- Reduce paper consumption by using electronic means (e.g. email) for communication;
- Promote a paperless office by deepening digitisation processes;
- Source office paper that complies with environmental standards and print only when necessary, reuse single-side printed paper and stationeries;
- Centralise paper procurement, and strictly control the amount used;
- Pre-set printers to double-sided and black and white printing modes; and
- Encourage colleagues to recycle waste, including paper, plastic and aluminium – recycling bins are available in the offices.

The Group aims to continuously streamline procedures and processes to increase efficiency and reduce consumption from day-to-day operations to minimise waste. The Group will also continue to examine feasibility of paperless systems and incorporate them into operational processes.

5.4 Use of Resources

The Group strives to maximise resource efficiency and is gradually transitioning to a low-carbon business model.

Energy consumption

During the Reporting Period, direct energy consumption was generated from the use of gasoline; indirect energy consumption was generated from the purchased electricity consumption which is the primary source of energy consumption from the Group's operations. The total energy consumption of the Reporting Period recorded with a decrease of approximately 3.5% by comparing to that of the prior year. This was mainly due to a cut in the purchased electricity consumption during the Reporting Period.

The Group aims to improve energy efficiency as part of the continuous improvement process. Please refer to the section “Emissions Management and Reducing Carbon Footprint” for the measures adopted to reduce its energy consumption.

Water consumption

The Group's business is conducted in office premises where water supply is controlled and centrally managed by building property management. It is therefore not feasible for the Group to provide relevant water consumption data as there is no separate meter for individual office units to record water usage. Despite this, the Group endeavors to conserve water effectively. Employees are reminded to turn off water taps after use. Water pipe leakages are fixed promptly to avoid unnecessary wastage.

Water consumption has been identified as non-material to the Group.

5.5 The Environmental and Natural Resources

As an environmentally conscious company, the Group recognises climate change as the most significant environmental impact to its business activity. The Group is committed to apply best industry practices, comply with legislation, establish and review safety, security and environmental objectives and targets, use energy and materials efficiently, reduce waste and emissions, and communicate its environmental protection policy to all staff.

Due to the nature of the business activities, the Group has no significant impact on natural resources. During the Reporting Period, the Group was not aware of any incidents of non-compliance with relevant rules and regulations related to environmental concerns or that had a significant impact to the Group.

6.

PEOPLE-CENTRIC

Strategic approach:

- Cultivate a high-performance culture
- Create a supportive work environment that promotes workplace diversity, well-being, health and safety, advanced innovation and inclusion
- Ensure accountable and equitable processes for employment, progression, and rewards to deliver sustainable business results
- Provide a platform for learning and development that helps people grow and build meaningful careers with BC Group



People-Centric

People-Centric By The Numbers



Please refer to the section entitled “Appendix I. Sustainability Performance Data Overview” for specifics of the Group’s workforce demographics.

The Group embraces a values-based culture of high-performance and is committed to employee health and well-being, employee growth and development.

The Group has comprehensive HR policies. All employees are treated fairly in talent acquisition, learning and development, performance appraisals, promotions, remuneration and benefits. Staff dismissals are based on the Hong Kong Employment Ordinance, relevant local rules and regulations, as well as requirements stipulated in the employment contracts.

The Group has also established a Code of Conduct, aiming to set a standard of behaviors and professionalism that it expects on all the employees.

The Group provides a competitive package of benefits to all eligible employees according to the job requirements and individual performance. The work of each employee is reviewed on an ongoing basis with a systematic performance evaluation means.

6.1 Building Diversified Teams, Hiring and Retaining the Right People

The Group’s HR policies are designed to hire and retain people with right values and behaviors, motivate them to excel and uphold the brand equity and core values. The Group actively monitors turnover rate and compares them against industry benchmarks. It also gathers insights through exit surveys and interviews. These activities enable the Group to address concerns and implement retention measures, and to ensure that the Group creates an environment in which employees can perform and grow their careers.

The Group provides competitive compensation and benefits packages to its employees, targets to attract, grow, reward and retain diverse talent. The Group continuously tracks its competitiveness by market benchmarking and dynamically reviews its remuneration.

As of 31 December 2022, the total number of employees of the Group was 209. The Group has a diverse workforce in terms of gender and nationality, providing a variety of ideas and levels of competencies that contribute to the Group’s success.

6.2 Learning and Development

BC Group seeks to create a workplace that provides continuous learning to staff to equip them with sufficient skills, knowledge and learning opportunities to explore further their potentials.

The Group provides new joiners with a comprehensive on-boarding program to ensure new employees clearly understand the Group's values and culture and then efficiently integrate into BC Group. The on-boarding program provides information about the Group's structure, an introduction of different departments, the employee's Code of Conduct, an overview of company policies and procedures, and other important HR-related activities.

The Group also provides annual training to employees on business ethics, fraud prevention, anti-bribery and anti-corruption, anti-money laundering and counter-terrorist financing, insider trading, information security and cyber risk awareness, and conflicts of interest.

In addition, the Group offers regular "Learning & Development" and e-learning sessions to equip staff with industry knowledge and other important information and skills. As the first SFC-licensed digital asset trading platform to conduct type 1 and 7 regulated activities related to digital assets, the Group also sponsors training for all employees engaging in regulated activities to enhance their technical skills and professional expertise and ensure compliance.

During the Reporting Period, the total number of training hours of Group staff was 2,194, with a 99.0% employee coverage rate.

6.3 'Speak-Up' Culture

The Group encourages employees to act with courage and integrity, to "speak up," and use sound judgements in challenging situations.

Creating channels and opportunities for staff to speak with the senior management is important to the Group as this direct and transparent communication style is a key element in the Group's open and dynamic company culture.

The Group holds regular town-hall meetings, and regularly conducts "Ask Management Anything" sessions to create an open dialogue between the staff and the management and to better understand employee experiences and needs.

The Group also conducts surveys and collects instant feedback through internal communications tools. Staff are given opportunities to freely share comments and valuable feedback about their experiences with the Group, which allows HR and the management to create appropriate HR initiatives and staff well-being programs.

6.4 Well-Established Performance Management

The Group uses a fair and transparent process to assess the competencies and experience of candidates during recruitment and has fair and equitable employment, remuneration, promotion and termination procedures. The Company utilises a well-established 360-degree performance appraisal and feedback system and encourages regular feedback meetings between reporting managers and staff. Performance review is conducted at least once a year, it gives a formal opportunity for managers and employees to assess performance and strengthen working relationships with a view to assisting the Company to accomplish its objectives. The review process also provides an opportunity to discuss progress, provide feedback and recognition, identify support that may be needed, and address issues that could affect an individual's well-being.

The HR team utilises a cloud-based goal management system to provide employees direction, and outline objectives for employees. This tool also supports managers and helps them guide employees to communicate and align expectations. All staff have at least one formal performance review each year, during which they discuss with their managers their progress against the established goals and achievements. The results influence pay recommendations during the performance review.

BC Group offers competitive remuneration to attract talents. Remuneration is determined by several factors, including but not limited to, individual performance, behavior and market benchmarks. The Company uses performance-based remuneration to motivate and incentivise staff to meet business objectives. A portion of pay is discretionary and is based on the Group's performance and an individual's contribution and performance. The Group also provides employees with opportunities to become BC Group shareholders through its Share Option Scheme and Share Award Plan.

6.5 Promoting Diversity, Equity and Inclusion

BC Group is committed to creating an inclusive, equal, and diverse working environment, where all employees feel valued and respected for who they are and for the work they contribute.

The Group's equal opportunity policy was outlined and incorporated into its employee handbook and was created around the principle of an inclusive workplace culture with zero tolerance for discrimination or harassment. All harassment is strictly prohibited, and a reporting channel is provided to employees where the Group can handle and investigate any or potential harassment reported. The use of gender-inclusive language is also promoted in the workplace.

The Group's HR policies strictly comply with all applicable local laws, legislations and ordinances. As an equal opportunity employer, the Group is committed to providing equal opportunities to all employees and applicants regardless of race, color, religion, national origin, sex, age, marital status, sexual orientation, disability, political affiliation, personal appearance, family responsibilities, matriculation or any other characteristic protected under local law. Every employee is evaluated on the basis of ability, qualifications and suitability for the work.

Moreover, the Group conducts its business in a manner which respects all internationally recognised human rights in accordance with the United Nations Guiding Principles on Business and Human Rights, International Bill of Human Rights and the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work. The Group prohibits the use of child labor and forced or compulsory labor at all its units and suppliers. No employee is made to work against his/her will or work as a forced labor, or is subject to corporal punishment or coercion of any type related to work. The Group has zero tolerance to employment of child labor and forced labor by the suppliers. During the Reporting Period, the Group was not aware of any non-compliance with relevant rules and regulations on preventing child or forced labor.

The Group also embraces gender diversity. Women represented 34.0% of employees across the Group during the Reporting Period.

6.6 Promoting Employee Well-being

The Group believes that employees who enjoy a good work-life balance are better equipped for high performance. The Group regularly reviews employee benefits against market benchmarks to ensure they are fit for purpose and support staff well-being.

The Group embraces workforce diversity and promotes productivity, irrespective of physical and geographical locations. During the Reporting Period, the Group supported colleagues working from home and provided other forms of flexible work arrangements designed to protect health and safety. To consider and accommodate employee requests in an equitable, consistent and sustainable manner, the Group also rolled out a flexible work arrangement (FWA) to allow employees to work from home or other BC Group offices, depending on their job nature, business requirements and their own circumstances.

The Group also has staff mobility programs that enable employees to transfer to other office locations. Having the right people in the right place helps ensure the Group ability to mobilise resources to meet complex challenges for its customers. It also supports staff development.

The Group offers its employees comprehensive benefits, including medical and dental coverage. It also provides medical and family leaves, including marriage leave, maternity leave and paternity leave. The Group had reviewed and updated employee annual leave and entitlement benefits to promote work-life balance in the past years.

6.7 Health and Workplace Safety

The Group recognises its responsibility to maintain our employee's health and safety. We are committed to a work environment that enables employees to be at their physical and mental best.

The Group's health and safety policy is incorporated in its employee handbook. Instructions of the action to be adopted by the employees for the occurrence of accidents, such as fire and injuries, are clearly stated in the handbook. During the Reporting Period, the Group ensured full compliance with relevant occupational health and safety legislations of Hong Kong, Mainland China and other relevant jurisdictions. The Group also maintained a healthy and safe working environment with no occurrence of work-related fatalities. As the Group is principally engaged in a digital assets platform business and business park management services businesses, the Group believes that potential occupational hazards are relatively low.

In addition, the Group also provides comprehensive insurance benefit packages that include hospitalisation and surgical benefits, outpatient treatment, dental services and wellness support. Over the past three years, the Group has offered employees resilience workshops, physical fitness workshops and healthy lunch options. The Group is committed to innovations and enhanced technology in the workplace, with the goal of becoming a more efficient and agile organisation.

6.8 Meeting the Challenges of COVID-19

The COVID-19 pandemic presented many challenges to the Group in the past years. The Group had implemented guidelines on working from home, split site operations and team shifts during the outbreak peak to protect our employees while maintaining our operations.

The Group continued to implement social responsibility and employee safety programs to protect employees against infection and minimise the impact of the pandemic. The Group has taken the following measures to safeguard our staff during COVID-19:

- Provision of surgical masks and disinfectant gel in communal areas;
- Increased the frequency of office cleaning;
- Encouraged remote and flexible working arrangements;
- Encouraged video conferencing over face-to-face meetings; and
- Reminded employees to maintain good personal hygiene such as wearing surgical masks properly and washing hands frequently in office.

Although the pandemic subsided in the second half of the Reporting Period, we will continue to monitor the pandemic and strengthen precautionary measures as necessary.

7.

EFFECTIVE GOVERNANCE & OPERATIONAL EXCELLENCE

Strategic approach:

- Manage risks and opportunities related to the Group's businesses
- Maintain and ensure the sufficiency and relevance of the risk management framework and its application sustainable business practices
- In compliance with laws and regulations, commit to operational excellence and create long-term value for shareholders and stakeholders
- Establish a corporate culture of creating ethics and integrity and improving the transparency of corporate operations



Effective Governance & Operational Excellence

The Group is committed to high standards of regulatory compliance, operational transparency and encourages fair and orderly digital asset markets. The Group recognises both the social benefits – including the opportunity for greater financial inclusion and value protection in cases of geopolitical conflicts – and the perils of abuse in the transfer of digital assets in all parts of the world via the internet.

The Group has compliance safeguards and opted into regulatory frameworks covering AML and CTF that are applicable to financial institutions in Hong Kong and other operating jurisdictions. The Group applies institutional-grade AML and “know-your-customer” (KYC) standards to all platform users to prevent financial crime and regulatory circumvention. Further, blockchain analytics tools are utilised by the OSL platform to analyse sources of the digital assets received by the Group, and further enhance its compliance framework.

The Group has policies and measures to address any non-compliance or security issues; including policies relating to conflicts of interest, market surveillance and transaction monitoring tools to maintain fair and orderly digital asset markets. It has also established security measures and protocols in accordance with industry standards, with insurance that provides safeguards in case of thefts or losses of digital assets held in the Group’s platforms. The Group maintains a data privacy policy in accordance with relevant laws and industry practices.

The Group is committed to honesty, integrity and fairness in its business operations. It supports fair trade and operations practices and ensures all marketing and communication materials are updated in compliance with government regulations in the regions in which it operates.

The Group is not aware of any material non-compliance with relevant laws and regulations on health and safety, advertising and privacy matters related to services provided or related to bribery, extortion, fraud and money laundering during the Reporting Period.

7.1 Corporate Governance

Strong corporate governance is essential for delivering sustainable shareholder value. The Group is committed to maintaining high standards of corporate governance to safeguard the interests of its shareholders and to enhance corporate value and accountability. For details of the Group’s corporate governance, please refer to the “Corporate Governance Report” in the Group’s FY2022 Annual Report.

To drive sustainable change in the marketplace and within the Group, the Group has set up an ESG Committee to oversee and steer ESG strategy and operations. Please refer to the section “ESG Governance Structure” in this Report for more details.

7.2 Business Ethics & Integrity

The Group is a market leader that aims to set the global standards for security and compliance in digital assets. We recognise the importance of our reputation and are committed to upholding ethical business practices.

To reinforce a strong culture of integrity and compliance among employees, the Group has a personal account dealing policy and mandatory training for all staff on ethics, business standards, bribery and corruption. The Group regularly reviews and updates its policies to strengthen and enhance business resilience and to meet stakeholder expectations.

The employee’s Code of Conduct lays out expectations for ethical behavior for all staff and aligns with the Group’s core values. All employees are required to comply with the Code of Conduct and read it annually.

7.3 Anti-Bribery and Corruption

The Group has a zero tolerance approach to bribery and corruption. In accordance with local regulations, including the Prevention of Bribery Ordinance and the financial professional ethics guidelines issued by the Hong Kong Independent Commission Against Corruption (ICAC), as well as industry best practices, the Group also has created its own anti-corruption and anti-bribery management framework. This framework, updated annually, sets out relevant principles and requirements as well as management roles, responsibilities and mechanisms, including evaluation, training, and whistleblowing.

The Board is responsible for setting a “top-down” anti-corruption and anti-bribery strategic direction, and for upholding the Group’s commitment to strictly abide by relevant laws and regulations as well as its corporate culture. In addition, and to promote and communicate an anti-corruption and anti-bribery culture, the Group offers regular business ethics training.

During the Reporting Period, all directors and staff completed training on company values and conduct which covered, among other topics, anti-bribery and corruption. During the Reporting Period, no legal cases regarding corrupt practices were concluded or brought against the Group or its employees.

7.4 Whistleblowing

The Group promotes integrity and prevents unethical pursuits. It encourages reporting of suspected irregularities, human rights abuses and workplace misconduct, and provides grievance and whistleblowing channels.

The Group has a whistleblowing policy outlined procedures for reporting fraud, corruption, bribery, extortion and money laundering, encourages reporting of suspected fraudulent actions and business irregularities in good faith and provides clear channels specifically for this purpose.

The Group encourages whistleblowing when appropriate for confidential reporting of any actual or suspected misconduct. All whistleblowing cases are handled and investigated by subject matter experts and treated confidentially and without threat of recrimination. Any possible improprieties in any matter related to the Group will be escalated.

BC Group is committed to ensuring that processes are in place such that investigation of the reports and follow-up actions are handled confidentially, properly and appropriately. The Group will also review and refine the procedures regularly to ensure an effective whistleblowing system is implemented.

During the Reporting Period, no whistleblowing concerning criminal offences or misconduct was reported.

7.5 Anti-Money Laundering and Counter-Terrorist Financing

The Group strictly abides by all laws and regulations on AML/CTF in Hong Kong and has implemented AML/CTF framework, and formulated an AML/CTF policy in compliance with relevant laws and regulatory requirements, the Group's risk management strategies and the recommendations of international organisations such as the Financial Action Task Force.

The Group's Risk Committee sets the Group's AML risk tolerance and formulates resolutions for various business units to follow. Acting in accordance with policies and regulatory requirements, staff conscientiously carry out tasks with respect to customer acceptance, customer due diligence, ongoing monitoring, suspicious transaction investigation and whistleblowing, and customer and transaction record keeping, among others. The Group has a comprehensive set of sanctions screening systems and suspicious transaction monitoring mechanisms, and this is regularly enhanced to effectively identify suspicious customer accounts and transactions.

In accordance with the recommendations and guidance of the SFC, the Group conducts regular AML/CTF risk assessments, which includes: identifying the inherent risk, qualitatively and quantitatively analysing relevant information, determining overall risk levels, and assessing the effectiveness of the preventative and detective controls.

The Group provided employee training and incorporated examples of financial crime into training and internal circulars during the Reporting Period, in which:

- All employees are required to attend training on AML at least once annually;
- Online compliance training is organised for new employees, and new frontline employees are required to complete comprehensive training courses; and
- External AML experts are regularly invited to communicate with and conduct training for the Board, management and employees and share the latest AML regulatory requirements and international cases.

The Group has a Fraud Management Policy to promote an ethical and fraud-free environment.

7.6 Services Excellence

The Group prides itself on customer care and social responsibility, customers are at the heart of its service strategy, planning and execution.

BC Group constantly takes feedback from customers into consideration. Based on the feedback from customers, the Group adjusts its services as needed.

The Group makes every effort to promptly and fairly investigate and resolve all disputes and complaints lodged by clients. Standard Operating Procedure ("SOP") for client communications has been established. All client complaints are handled by the Compliance department. Upon receipt of a client complaint, Compliance will analyse and investigate in a timely manner and report its findings to senior management. Senior management will review the investigation report to determine if the client complaint has been substantiated. If so, it will then determine an offer of rectification or compensation to the client. Details of which will be communicated to the client in a timely manner in order to finalise the complaint process. Once the client complaint has been finalised, senior management and compliance will determine whether internal controls and procedures need to be enhanced or any other appropriate actions are required. During the Reporting Period, no substantial client complaints were received.

7.7 Intellectual Property and Brand Management

The Group protects its intellectual property by prolonged use and registration of domain names and various trademarks. The Group's trademarks and domain names are constantly monitored and renewed prior to expiration. Furthermore, the Group immediately takes action against any incorrect news or erroneous public materials published by unauthorised third parties that reference the Group, its intellectual properties (IP), brands or subsidiary companies.

The Group's internal and external communications, marketing and advertising collateral provides distinct and transparent information on the Company and its practices and ensures that the Group does not violate or infringe the intellectual property rights, patents or rights of third parties.

During the Reporting Period, the Group was not aware of any incidents of non-compliance with regulations and voluntary codes concerning the provision and use of the Group's products and services, which cover product and service information, marketing communications including advertising, promotion and sponsorship, and property rights including intellectual property rights that would have a significant impact on the Group.

The Group also has policies in place to govern its internal and external communications and help employees learn about the Group's brand identity and guidelines.

7.8 Effective Risk Management

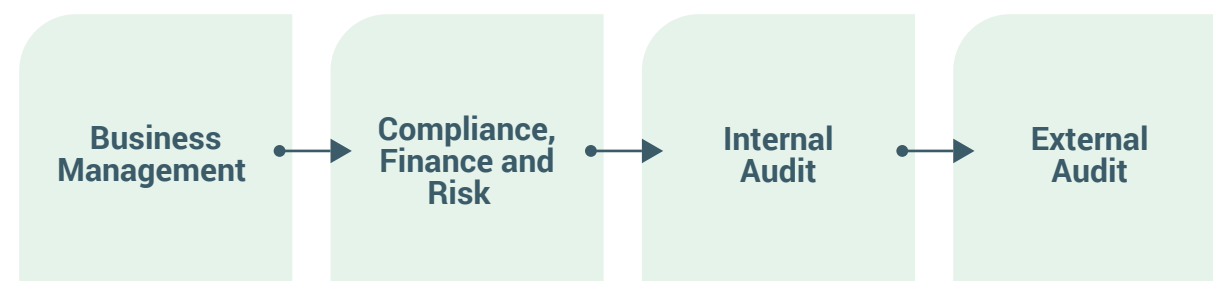
A robust risk management framework is a cornerstone of operational excellence, resilience, and brand reputation. The Group has therefore established a robust risk and governance structure to ensure all risks are identified, assessed, managed, controlled and monitored.

The Board has ultimate responsibility for oversight of the Group's risk management activities; and the Board Risk Management Committee is responsible for advising the Board on the Group's overall risk tolerance and risk management strategies. The Board's Risk Management Committee is supported by the Group Risk Committee and various subcommittees such as the Operational Risk Committee, the Crisis Management Team, the Client Onboarding Committee, the Technology Risk Committee and the New Product Committee, each of which comprises various members of senior management and

operational department heads. The ESG Committee was also formed and has oversight of ESG and climate-related risk management initiatives. During the Reporting Period, the Group has engaged external consultants to conduct climate-related risk assessment, please refer to the section "Responding to Climate Change" for more details. We will continue to review and evaluate our risks and the management strategies.

The Group's risk management framework encompasses, without limitation, key risk factors of market and credit risk, technology and cyber-security risk, operational risk, ESG risks as well as legal, regulatory, fraud and reputational risk. This framework is clearly enunciated through a comprehensive suite of policies that drive operational controls and procedures.

The Group operates with a formal "four lines of defence" model, which sets out clear responsibilities for overseeing and coordinating risk assessment and mitigation of the Group's risks to ensure they are effectively identified, measured, monitored and controlled.



1st Line of Defence – Business Management

Individual business units own and manage risk and are responsible for undertaking and establishing appropriate controls to operate effectively.

2nd Line of Defence – Compliance, Finance and Risk

These oversight functions bring expertise, process excellence and controls alongside the 1st Line of Defence and help ensure that risk and control procedures are operating as intended.

3rd Line of Defence – Internal Audit

Internal Audit provides an independent and objective assurance of the effectiveness and adequacy of the Group's internal control system, with a primary reporting to the Board through the Audit Committee.

During the Reporting Period, the Group has established the internal audit function to carry out the Group's internal control review with a view to assist the Group to implement its risk assessment and reviewing its internal control systems. The Group also has Operational Risk personnel which runs the annual Risk and Control Self-Assessment program which is a forward-looking evaluation of processes and procedures aimed at targeting weaknesses and deficiencies before they can cause failures, incidents or issues.

4th Line of Defence – External Audit

External audit provides an independent and objective assurance and to assess compliance with relevant standards and controls. The Group engages PricewaterhouseCoopers as its external auditor, which conducts a comprehensive yearly audit of financial reporting as well as regulatory compliance and other operational policies and procedures.

7.9 Risk Culture

The Group's robust risk management framework is a combination of top-down and bottom-up components.

The top-down component is explained in section 7.8 "Effective Risk Management" and remains an active framework for identification and management of risks and exposures.

The bottom-up component is founded on the statement: "all staff are risk managers," which has been presented to all staff as the key risk management message by the Chief Risk Officer.

All staff have been tasked with one risk management directive: "escalate when you have a concern."

Issue and incident escalation is key to early identification and rapid remediation of risks. Staff are required to escalate to line managers, up through department heads and if necessary to the Company's Crisis Management Team.

7.10 Business Continuity and Crisis Management

Three tenets form the basis of BC Group's Business Continuity methodology:

1. Staff safety above all else
2. Ability to maintain business activity
3. Client experience and safety

When an incident requires management intervention, the Crisis Management Team ("CMT") takes control so that:

- A single decision-making body has full coverage of all aspects of the challenge at hand;
- Clarity of action and elimination of confusion is provided for all staff; and
- Internal and external communication is via a single contact point.

The CMT also drives all business continuity initiatives so that robust fail-over mechanisms are specified, tested against stress scenarios, and implemented. These fail-over mechanisms are a combination of technology disaster recovery components as well as departmental business continuity procedures.

7.11 Supply Chain Management

The Group values mutually beneficial and longstanding relationships with its suppliers. Contracts and agreements are performed in compliance with contractual requirements and all suppliers are treated with respect and equality.

The Group works closely with service providers that mainly offer information technology, professional and marketing services. The selection of suppliers is based on criteria such as price, customer service team responsiveness, capability and experience (or more), with preference given to potential suppliers that demonstrate their commitment to the environment.

Regular reviews of existing suppliers are also conducted related to anti-corruption, bribery, etc., with all conflicts of interests (including potential conflicts) declared. Relevant laws and regulations, as well as customer confidentiality obligations, were strictly followed and quality year-round services were provided.

The Group is on alert for unfavorable news related to environmental impact of its engaged suppliers. In the event of such news, the Group will internally discuss the need to change the supplier.

During the Reporting Period, the Group had 272 suppliers. We refined the procurement management framework and recorded the geographical information of our suppliers, please refer to Appendix I for the detailed breakdown.

The Group was not aware of any key suppliers that had any significant actual or potential negative impact on business ethics, environmental protection, human rights and labor practices, nor did any supplier have any non-compliance incident with respect to human rights or environmental issues.

7.12 Information Security, Customer Privacy Protection

In alignment with its mission to be an industry leader providing secure and compliant technology for digital asset products and services, it is critical for BC Group to set standards for the protection of information assets from unauthorised access and compromise or disclosure. Accordingly, BC Group has adopted comprehensive policies detailing data protection to help manage and protect its information assets, and has detailed guidelines on data security, data sharing, data retention/disposal and data classification.

Moreover, as the potential impact of cyberattacks may include but is not limited to financial loss, reputational damage and loss of customers, the Group is committed to the protection of the organisations' information assets against internal and external threats. The Group's cybersecurity framework includes the following tenets:

- Protection of information and systems against unauthorised access;
- Confidentiality of information must be assured;
- Integrity of information must be maintained;
- Availability of information for business processes must be guaranteed; and
- Information Security Risk Management must be an ongoing control process.

To achieve these goals, the Group strictly complies with comprehensive internal policies and industry best practices regarding information security. BC Group provides staff with up-to-date information security and cyber risk awareness training on a periodic basis. The Group also continually strengthens its data security policy and instructs employees to report security incidents. The Group's cybersecurity experts investigate numerous alerts from different data sources and, if necessary, escalate matters to the internal incident team.

Data privacy is overseen by individual businesses and functions as first-line risk owners, while the Chief Information Security Officer, Chief Risk Officer and Chief Information Officer are the first-line control owners to maintain and implement the overall information security framework, providing support and compliance of the information security framework. The Group's Technology Risk Committee provides second-line oversight for reviewing the policies, exception management and escalating significant cyber risk to the Board Risk Management Committee.

There were no substantiated complaints concerning breaches of customer privacy or losses of customer data for the Group during the Reporting Period.

7.13 Cybersecurity

Due to the nature of our business, the Group faces complex online threats. To withstand this challenge, we have a cybersecurity framework to help identify risks across the organisation. A "defence in depth" approach is taken to protect information and system assets including, but not limited to, the following technology aspects:

- Strict traffic flow and whitelisting;
- Application and service isolation;
- Multi-factor authentication enforcement;
- Activity monitoring and threat hunting across systems and services;
- Vulnerability and patch management program; and
- Secure baseline configuration across systems and services.

The Group's total defence approach encompasses:

Digital defence

Cold wallets are based on air-gapped infrastructure located within secure vaults.

Physical defence

Secure vaults are designed with robust physical protections, including man traps, biometrics, dual control, closed-circuit television (CCTV) and 24/7 monitoring.

Process defence

All custody systems, processes and operations adhere to strict segregation of duties, dual control and split knowledge, and are designed to ensure end-to-end security providing maximum protection of client assets.

Slippage detection and prevention

This includes 24/7 real-time monitoring of cold and hot wallets and reconciliation against multiple data sources to detect anomalies. Emergency controls are available to halt all asset withdrawals in the event of a detected anomaly.

Integrated blacklists and address whitelisting capability ensures wallets can only send to verified client addresses.

Insurance

Insurance coverage for hot and cold wallets holding client assets.

7.14 Wallet Operations

The Group has a dedicated 24/7 wallet operations team which performs wallet-related tasks such as transferring digital assets to the hot wallet or to clients via the offline cold wallet.

Following best practices for internal controls, all activities throughout the wallet lifecycle process are designed to include dual control, four-eyes checks, segregation of duties and split knowledge.

With dual control, no single member of staff in the Group can perform any wallet function. All wallet withdrawals can only be initiated by the users of the Group's platform and then processed by the wallet operations team with strict maker and checker authorisation (four-eyes principle) required for the transfer of digital assets and other sensitive functions. Limit controls are enforced, and address whitelisting can be enforced for customers. Checker authorisation for certain transactions makes use of geographically separated, overseas approvers.

The Group also operates a 24/7 monitored reconciliation engine. The engine tracks transactions and digital asset transfers in real-time and performs 2-way and 3-way matching of these transactions and transfers. Engine operators initiate additional checks should there be exceptions detected.

The Group has documented SOPs for every aspect of wallet operations such as wallet management, hot and cold wallet withdrawals, vault access enrolment and vault operations.

All new and existing wallet operations team members are required to attend training and refreshers on a periodic basis and new staff will initially perform their duties under supervision for a period of time after training to ensure smooth operations. New staff also must undergo employee screening.

The Group also performs regular Business Impact Analysis ("BIA") and creates or enhances Business Continuity Plans ("BCP") as a result of the BIA. Regular Disaster Recovery (DR) drills are carried out as part of BCP.

7.15 Vault Safety

The Group's digital asset private keys are securely hosted in Federal Information Processing Standard (FIPS) 140-2 compliant hardware security modules ("HSMs") within dedicated physical security vaults.

The vault is protected by a 24/7 dedicated intrusion monitoring team manned by an independent alarm monitoring organisation. The vault is located in a secure building with its own physical security controls, CCTV monitoring and 24/7 security guards.

Entry to the vault is via multi-factor physical authentication and the vault contains isolated and localised CCTV. All personnel entering the vault are subject to a strict search and remove policy and a log register is maintained for every entry/exit.

Access and traffic flow to the vault is controlled by man-trap doors with biometric authentication and traditional lock and key.

The HSMs are directly connected to air gapped computers which are never connected to the internet or any other networks, even during transaction signing procedures.

The HSMs never leave the vault and the private keys are non-exportable.

Wallet infrastructure software is proprietary. All systems and hardware are sourced from trusted and diverse vendors and securely opened and configured under supervised conditions. All systems require hardware based two-factor authentication devices.

The Group also maintains disaster recovery sites with scheduled annual drills.

7.16 Community Investment

The Group recognises the diversity of people, culture and social needs. We seek to make contributions to programs that have a positive impact on community development and reflect Group values and sustainability objectives with a profound respect of all cultures and the unique social needs of different communities. To ensure the Group's resources are deployed effectively, the Group formulated a "Charitable Contributions Review Procedure". The Compliance Department will be responsible for screening all requests of charitable contributions by employees while the respective Senior Management and Executive Committee will be responsible for further approval.

The Group also encourages staff to take part in community welfare and voluntary work and the Directors actively maintain communication with non-governmental organisations to understand community needs for the sake of fulfilling its responsibility and to give back to society.

APPENDIX I: SUSTAINABILITY PERFORMANCE DATA OVERVIEW

Environmental

Air emissions¹

Air emissions	Units	2022	2021 ²	2020 ²
Nitrogen oxides (NO _x)	Emissions kg	0.204	0.017	0.389
Sulphur oxides (SO _x)	Emissions kg	0.018	0.002	0.051
Particulate Matter (PM)	Emissions kg	0.036	0.003	0.069

Greenhouse gas (GHG) emissions³

GHG emissions	Units	2022	2021 ²	2020 ²
Direct GHG emissions (Scope 1) ⁴	tCO ₂ eq	2.72	0.34	7.79
Indirect GHG emissions (Scope 2) ⁵	tCO ₂ eq	175.58	189.06	151.10
Other indirect GHG emissions (Scope 3) ⁶	tCO ₂ eq	49.87	5.39	2.78
Total Scope 1 and 2 GHG emissions	tCO₂eq	178.30	189.40	158.89
Total Scope 1, 2 and 3 GHG emissions	tCO₂eq	228.17	194.79	161.67

GHG emissions intensity	Units	2022	2021 ²	2020 ²
Total Scope 1 and 2 GHG emissions/office area ⁷	tCO ₂ eq/m ²	0.05	0.05	0.05
Total Scope 1, 2 and 3 GHG emissions/office area ⁷	tCO ₂ eq/m ²	0.07	0.06	0.05
Total Scope 1 and 2 GHG emissions/number of employees ⁸	tCO ₂ eq/headcount	0.85	0.79	1.10
Total Scope 1, 2 and 3 GHG emissions/number of employees ⁸	tCO ₂ eq/headcount	1.09	0.82	1.12

¹ Numbers include the emission from fuel consumption of the Group's vehicle(s). Air emissions are calculated using methodologies and emission factors based on i) "How to prepare an ESG Report? Appendix 2: Reporting Guidance on Environmental KPIs" issued by HKEX; ii) "Technical Guidelines for Compiling the Primary Source Emission Inventory of Inhalable Atmospheric Particulate Matter (Trial)" issued by the Ministry of Ecology and Environment ("MEE") of the People's Republic of China; and iii) the "Energy Statistics Manual" issued by the IEA.

² The calculations in 2020 and 2021 are revised to better reflect the situation of the emissions from Mainland China.

³ GHG emissions are calculated using methodologies, emission factors and global warming potential rates based on i) "How to prepare an ESG Report? Appendix 2: Reporting Guidance on Environmental KPIs" issued by HKEX; ii) "General Guideline of the Greenhouse Gas Emissions Accounting and Reporting for Industrial Enterprises (Trial)" issued by the National Development and Reform Commission of the People's Republic of China; iii) "ICAO Carbon Emissions Calculator" developed by the International Civil Aviation Organisation ("ICAO"); iv) the "Energy Statistics Manual" issued by the IEA; and v) "Synthesis Report of the Fifth Assessment Report" issued by the IPCC. Carbon dioxide (CO₂), methane (CH₄) and nitrous oxides (N₂O) are included in GHG calculations.

⁴ Direct GHG emissions (Scope 1) include the emission from fuel consumption of the Group's vehicle(s).

⁵ Indirect GHG emissions (Scope 2) include the emission from electricity consumption from the Group's offices in Hong Kong and Mainland China. The Group uses business service centres in Singapore, UK and Mexico and the electricity consumption costs are included in rental expenses and therefore is not included.

⁶ Other indirect GHG emissions (Scope 3) include the emission from transportation of employees for business-related activities.

⁷ The gross floor area of the Group's Hong Kong and Mainland China offices in 2020, 2021 and 2022 are 3,496 m², 3,478 m² and 3,478 m² respectively.

⁸ The total number of employees of the Group in 2020, 2021 and 2022 are 144, 239 and 209 respectively.

Waste management⁹

Waste management	Units	2022	2021	2020
Hazardous waste ¹⁰	tonnes	0.004	0.006	0.005
Toner waste generated				
Non-hazardous waste	tonnes	0.97 ¹¹	0.95	0.85
Paper waste generated				
Hazardous waste intensity ⁸	tonnes/headcount	0.00002	0.00003	0.00003
Non-hazardous waste intensity ⁸	tonnes/headcount	0.005	0.004	0.006
Total waste intensity	tonnes/headcount	0.005	0.004	0.006

Direct & indirect energy consumption¹²

Energy consumption	Units	2022	2021	2020
Direct energy consumption	liters	1,200	150	3,435
Gasoline	kWh in '000s	11.06	1.38	31.66
	GJ	39.82	4.98	113.99
Indirect energy consumption	kWh in '000s	252.75	271.92	214.31
Purchased electricity ¹³	GJ	909.89	978.92	771.50
Total energy consumption	kWh in '000s	263.81	273.31	245.97
	GJ	949.72	983.90	885.49

Energy consumption intensity	Units	2022	2021	2020
Direct energy consumption/number of employees ⁸	kWh in '000s/headcount	0.05	0.01	0.22
	GJ/headcount	0.19	0.02	0.79
Indirect energy consumption/number of employees ⁸	kWh in '000s/headcount	1.21	1.14	1.49
	GJ/headcount	4.35	4.10	5.36
Total energy consumption/number of employees ⁸	kWh in '000s/headcount	1.26	1.14	1.71
	GJ/headcount	4.54	4.12	6.15

⁹ Numbers include the waste generated from the Group's offices in Hong Kong and Mainland China.

¹⁰ Hazardous waste generated is collected by licensed waste collectors.

¹¹ 0.22 tonnes of paper wastes were recycled during the Reporting Period.

¹² Numbers are calculated using methodologies, emission factors and global warming potential rates based on i) "How to prepare an ESG Report? Appendix 2: Reporting Guidance on Environmental KPIs" issued by HKEX; ii) "General Guideline of the Greenhouse Gas Emissions Accounting and Reporting for Industrial Enterprises (Trial)" issued by the National Development and Reform Commission of the People's Republic of China; and iii) the "Energy Statistics Manual" issued by the IEA.

¹³ Indirect energy consumption includes the electricity consumption from the Group's offices in Hong Kong and Mainland China. The Group uses business service centres in Singapore, UK and Mexico and the electricity consumption costs are included in rental expenses. No separate electricity usage data were obtained.

Water consumption

Water Consumption & Sourcing Water

Water consumption has been identified and confirmed as non-material to BC Group. The Group's operations mainly use municipal water and has no issues in sourcing water.

Packaging materials

Packaging Materials

The Group is a fintech company and does not require large-scale consumption on packaging.

Social

Employees

Total number of employees by gender, age group, employee type, geographical region and employee category

Breakdown	2022		2021		2020	
	Number	% of total staff	Number	% of total staff	Number	% of total staff
Total number of employees by gender						
Female	71	34.0	81	33.9	52	36.1
Male	138	66.0	158	66.1	92	63.9
Total number of employees by age group						
Age <30	47	22.5	61	25.5	39	27.1
Age 30–50	147	70.3	163	68.2	95	66.0
Age >50	15	7.2	15	6.3	10	6.9
Total number of employees by employment type						
Full-time	205	98.1	238	99.6	142	98.6
Non full-time	4	1.9	1	0.4	2	1.4
Total number of employees by geographical region						
Hong Kong	140	67.0	183	76.6	129	89.6
Mainland China	4	1.9	8	3.3	10	6.9
Singapore	19	9.1	18	7.5	5	3.5
Others	46	22.0	30	12.6	–	–
Total number of employees by employee category						
Senior management	21	10.0	27	11.3	23	16.0
Mid-level employees	115	55.0	124	51.9	63	43.8
General employees	73	34.9	88	36.8	58	40.3
Total	209		239		144	

Employment type by gender and geographical region

Breakdown	2022		2021		2020	
	Full-time	Non full-time	Full-time	Non full-time	Full-time	Non full-time
Number of employees in the employment type by gender						
Female	68	3	81	0	50	2
Male	137	1	157	1	92	0
Number of employees in the employment type by geographical region						
Hong Kong	137	3	182	1	127	2
Mainland China	4	0	8	0	10	0
Singapore	19	0	18	0	5	0
Others	45	1	30	0	0	0

Gender by employee category

Breakdown	2022		2021		2020	
	Female	Male	Female	Male	Female	Male
Number of employees of the gender by employee category						
Senior management	4	17	5	22	5	18
Mid-level employees	28	87	34	90	17	46
General employees	39	34	42	46	28	30
Percentage of the gender by employee category (%)						
Senior management	19.0	81.0	18.5	81.5	21.7	78.3
Mid-level employees	24.3	75.7	27.4	72.8	27.0	73.0
General employees	53.4	46.6	47.7	52.3	48.3	51.7

Diversity of ESG Committee

	2022		2021		2020	
	Number	%	Number	%	Number	%
Female	6	46.2	6	60.0	5	50.0
Male	7	53.8	4	40.0	5	50.0

New employee hires by geographical region, age group and gender

Breakdown ¹⁴	2022		2021		2020	
	Number	%	Number	%	Number	%
Number of new employee hires and corresponding rate by gender						
Female	27	35.5	57	85.7	15	30.0
Male	57	38.5	110	88.0	29	32.8
Number of new employee hires and corresponding rate by age group						
Age <30	26	48.1	54	108.0	18	45.0
Age 30–50	54	34.8	108	83.7	22	24.2
Age >50	4	26.7	5	40.0	4	53.3
Number of new employee hires and corresponding rate by geographical region						
Hong Kong	54	33.4	121	77.6	40	31.5
Mainland China	—	—	—	—	—	—
Singapore	9	48.6	13	113.0	3	54.5
Others	21	55.3	33	220.0	1	N/A
Total	84	37.5	167	87.2	44	31.8

¹⁴ New employee hires percentage = Number of new employees hired (of the specified category) during the corresponding year / Average number of employees (of the specified category) during the corresponding year

Employee turnover by geographical region, age group and gender

Breakdown ¹⁵	2022		2021		2020	
	Number	%	Number	%	Number	%
Number of employee turnover and corresponding turnover rate by gender						
Female	71	93.4	22	33.1	19	38.0
Male	38	25.7	38	30.4	23	26.0
Number of employee turnover and corresponding turnover rate by age group						
Age <30	17	31.5	26	52.0	17	42.5
Age 30–50	87	56.1	31	24.0	23	25.3
Age >50	5	33.3	3	24.0	2	26.7
Number of employee turnover and corresponding turnover rate by geographical region						
Hong Kong	75	46.4	53	34.0	41	32.3
Mainland China	4	66.7	2	22.2	—	—
Singapore	15	81.1	2	17.4	1	18.2
Others	15	39.5	3	20.0	—	—
Total	109	48.7	60	31.3	42	30.3

Training and development

Breakdown	2022		2021		2020	
	Number	%	Number	%	Number	%
Total training hours and training percentage	2,194	99.0	1,948	99.2	624	91.7
Average training hours per employee	10.50		8.15		4.34	
Average training hours by gender and training percentage						
Female	9.69	98.6	7.56	97.5	3.97	82.7
Male	10.91	99.3	8.45	100	4.55	96.7
Average training hours by employee category and training percentage						
Senior management	10.38	95.2	5.47	100	3.33	82.6
Mid-level employees	10.50	99.1	9.18	100	4.51	95.2
General staff	10.52	100	7.53	97.7	4.56	94.8

¹⁵ Employee turnover percentage = Number of employees (of the specified category) left during the corresponding year / Average number of employees (of the specified category) during the corresponding year

Misconduct cases

Breakdown	2022	2021	2020
Confirmed incidents categories			
Discrimination	—	—	—
Corruption	—	—	—
Breaches of customer privacy	—	—	—

Occupational health and safety performance

	2022	2021	2020
Number of fatalities as a result of work-related injury	—	—	—
Fatalities rate as a result of work-related injury	—	—	—
Lost days due to work injury	—	—	—
Rate of lost days due to work injury	—	—	—

Supply Chain

Breakdown	Total	Information Technology ("IT")	Non-IT
Total number of suppliers during the Reporting Period	272	71	201
Number of suppliers by geographical region			
Hong Kong	114	22	92
Singapore	39	9	30
UK	36	8	28
Americas	35	23	12
Australia	14	3	11
Other regions	34	6	28

Legal Compliance**Non-compliance with rules and regulations**

Breakdown	2022	2021	2020
Number of significant instances of non-compliance with laws and regulations by category			
Environmental	—	—	—
Employment	—	—	—
Health and safety	—	—	—
Labor Standards	—	—	—
Product responsibility	—	—	—
Anti-corruption	—	—	—

APPENDIX II:

HONG KONG STOCK EXCHANGE ESG REPORTING GUIDE CONTENT INDEX

HKEX ESG Reporting Guide Reference	Description	Section of the Report
A. Environmental		
<i>Aspect A1: Emissions</i>	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	5.
	KPI A1.1 The types of emissions and respective emissions data.	5.2 and Appendix I
	KPI A1.2 Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	5.2 and Appendix I
	KPI A1.3 Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	5.3 and Appendix I
	KPI A1.4 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	5.3 and Appendix I
	KPI A1.5 Description of emissions target(s) set and steps taken to achieve them.	5.
	KPI A1.6 Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	5.3

HKEX ESG Reporting Guide Reference	Description	Section of the Report
<i>Aspect A2: Use of Resources</i>	General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials.	5.4
	KPI A2.1 Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	5.4 and Appendix I
	KPI A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Water consumption has been identified as non-material to the Group.
	KPI A2.3 Description of energy use efficiency target(s) set and steps taken to achieve them.	5.4
	KPI A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Not applicable as the Group did not have issue in sourcing water due to its business nature and locations.
	KPI A2.5 Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Due to the Group's business nature, the use of packaging material is considered as immaterial to the Group.
<i>Aspect A3: The Environmental and Natural Resources</i>	General Disclosure Policies on minimising the issuer's significant impacts on the environment and natural resources.	5.
	KPI A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	5.5
<i>Aspect A4: Climate Change</i>	General Disclosure Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	5.
	KPI A4.1 Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	5.1

HKEX ESG Reporting Guide Reference	Description	Section of the Report
B. Social		
<i>Aspect B1: Employment</i>	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	6.
	KPI B1.1 Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Appendix I
	KPI B1.2 Employee turnover rate by gender, age group and geographical region.	Appendix I
<i>Aspect B2: Health & Safety</i>	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	6.6, 6.7 and 6.8
	KPI B2.1 Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Appendix I
	KPI B2.2 Lost days due to work injury.	Appendix I
	KPI B2.3 Description of occupational health and safety measures adopted, and how they are implemented and monitored.	6.6, 6.7 and 6.8

HKEX ESG Reporting Guide Reference	Description	Section of the Report
<i>Aspect B3: Development & Training</i>	General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	6.2
	KPI B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Appendix I
	KPI B3.2 The average training hours completed per employee by gender and employee category.	Appendix I
<i>Aspect B4: Labor Standards</i>	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.	6.5
	KPI B4.1 Description of measures to review employment practices to avoid child and forced labor.	6.5
	KPI B4.2 Description of steps taken to eliminate such practices when discovered.	6.5
<i>Aspect B5: Supply Chain Management</i>	General Disclosure Policies on managing environmental and social risks of the supply chain.	7.11
	KPI B5.1 Number of suppliers by geographical region.	Appendix I
	KPI B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	7.11
	KPI B5.3 Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	7.11
	KPI B5.4 Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	7.11

HKEX ESG Reporting Guide Reference	Description	Section of the Report
<i>Aspect B6: Product Responsibility</i>	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	7.
	KPI B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Due to the Group's business nature, the KPI is considered as immaterial to the Group.
	KPI B6.2 Number of products and service related complaints received and how they are dealt with.	7.6
	KPI B6.3 Description of practices relating to observing and protecting intellectual property rights.	7.7
	KPI B6.4 Description of quality assurance process and recall procedures.	7.6
	KPI B6.5 Description of consumer data protection and privacy policies, and how they are implemented and monitored.	7.12 and 7.13
<i>Aspect B7: Anti-Corruption</i>	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	7.2, 7.3 and 7.5
	KPI B7.1 Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Appendix I
	KPI B7.2 Description of preventive measures and whistleblowing procedures, and how they are implemented and monitored.	7.4
	KPI B7.3 Description of anti-corruption training provided to directors and staff.	7.3



HKEX ESG Reporting Guide Reference	Description		Section of the Report
<i>Aspect B8: Community Investment</i>	General Disclosure		7.16
	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.		
	KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	7.16
	KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	7.16

APPENDIX III: GRI CONTENT INDEX

Statement of use BC Technology Group Limited has reported the information cited in this GRI content index for the period from 1 January 2022 to 31 December 2022 with reference to the GRI Standards.

GRI 1 used GRI 1: Foundation 2021

GRI Standard	Disclosure		Location/Explanation
General Disclosure			
GRI 2: General Disclosures 2021	2-1	Organisational details	1. and 2.
	2-2	Entities included in the organisation’s sustainability reporting	1. and Annual Report 2022 – Notes to the Consolidated Financial Statements
	2-3	Reporting period, frequency and contact point	1. and 3.
	2-4	Restatements of information	Appendix I
	2-5	External assurance	The Group has considered seeking external assurance for the ESG report in future.
	2-6	Activities, value chain and other business relationships	2., 7.11 and Annual Report 2022 – Management Discussion and Analysis
	2-7	Employees	Appendix I
	2-8	Workers who are not employees	N/A
	2-9	Governance structure and composition	Annual Report 2022 – Corporate Governance Report
	2-10	Nomination and selection of the highest governance body	Annual Report 2022 – Corporate Governance Report
	2-11	Chair of the highest governance body	Annual Report 2022 – Corporate Governance Report
	2-12	Role of the highest governance body in overseeing the management of impacts	4.1 and Annual Report 2022 – Corporate Governance Report
	2-13	Delegation of responsibility for managing impacts	4.1 and Annual Report 2022 – Corporate Governance Report



GRI Standard	Disclosure	Location/Explanation
	2-14 Role of the highest governance body in sustainability reporting	1. and 4.1
	2-15 Conflicts of interest	Annual Report 2022 – Corporate Governance Report
	2-16 Communication of critical concerns	4.2 and 7.4
	2-17 Collective knowledge of the highest governance body	Annual Report 2022 – Corporate Governance Report
	2-18 Evaluation of the performance of the highest governance body	Annual Report 2022 – Corporate Governance Report
	2-19 Remuneration policies	Annual Report 2022 – Corporate Governance Report
	2-20 Process to determine remuneration	Annual Report 2022 – Corporate Governance Report
	2-21 Annual total compensation ratio	N/A: These metrics are affected by a range of factors including market trend and inflation rate. The Group provides competitive compensation with market benchmarking to ensure competitiveness.
	2-22 Statement on sustainable development strategy	3.
	2-23 Policy commitments	6.5
	2-24 Embedding policy commitments	6.5
	2-25 Processes to remediate negative impacts	4.3 and 7.4
	2-26 Mechanisms for seeking advice and raising concerns	4.3 and 7.4
	2-27 Compliance with laws and regulations	Appendix I
	2-28 Membership associations	5.1
	2-29 Approach to stakeholder engagement	4.2
	2-30 Collective bargaining agreements	There are no formal collective bargaining agreements in place within our Group. All of our employees have the right and freedom to form and join trade unions.

GRI Standard	Disclosure	Location/Explanation
Material Topics		
<i>GRI 3: Material Topics 2021</i>	3-1 Process to determine material topics	4.4
	3-2 List of material topics	4.5
GRI 205: Anti-corruption 2016		
<i>GRI 3: Material Topics 2021</i>	3-3 Management of material topics	7.3
	205-3 Confirmed incidents of corruption and actions taken	Appendix I
GRI 302: Energy 2016		
<i>GRI 3: Material Topics 2021</i>	3-3 Management of material topics	5.4
	302-1 Energy consumption within the organisation	Appendix I
	302-3 Energy intensity	Appendix I
GRI 305: Emissions 2016		
<i>GRI 3: Material Topics 2021</i>	3-3 Management of material topics	5.2
	305-1 Direct (Scope 1) GHG emissions	Appendix I
	305-2 Energy indirect (Scope 2) GHG emissions	Appendix I
	305-3 Other indirect (Scope 3) GHG emissions	Appendix I
	305-4 GHG emissions intensity	Appendix I
	305-5 Reduction of GHG emissions	5.1
GRI 306: Waste 2020		
<i>GRI 3: Material Topics 2021</i>	3-3 Management of material topics	5.3
	306-3 Waste generated	Appendix I
	306-4 Waste diverted from disposal	Appendix I
GRI 401: Employment 2016		
<i>GRI 3: Material Topics 2021</i>	3-3 Management of material topics	6.1
	401-1 New employee hires and employee turnover	Appendix I

GRI Standard	Disclosure		Location/Explanation
GRI 403: Occupational Health and Safety 2018			
GRI 3: Material Topics 2021	3-3	Management of material topics	6.6, 6.7 and 6.8
	403-1	Occupational health and safety management system	6.7
	403-3	Occupational health services	6.7
	403-5	Worker training on occupational health and safety	6.7
	403-6	Promotion of worker health	6.7 and 6.8
	403-9	Work-related injuries	Appendix I
GRI 404: Training and Education 2016			
GRI 3: Material Topics 2021	3-3	Management of material topics	6.2
	404-1	Average hours of training per year per employee	Appendix I
GRI 405: Diversity and Equal Opportunity 2016			
GRI 3: Material Topics 2021	3-3	Management of material topics	6.5
	405-1	Diversity of governance bodies and employees	Appendix I
GRI 406: Non-discrimination 2016			
GRI 3: Material Topics 2021	3-3	Management of material topics	6.5
	406-1	Incidents of discrimination and corrective actions taken	Appendix I
GRI 418: Customer Privacy 2016			
GRI 3: Material Topics 2021	3-3	Management of material topics	7.12
	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Appendix I

APPENDIX IV: TCFD CONTENT INDEX

TCFD's core element	Disclosure		Section of the Report
Governance	a)	Describe the board's oversight of climate-related risks and opportunities	3. and 4.1
	b)	Describe management's role in assessing and managing climate-related risks and opportunities	4.1 and 5.1
Strategy	a)	Describe the climate-related risks and opportunities the organisations have identified over the short-, medium-, and long-term	5.1
	b)	Describe the impact of climate-related risks and opportunities on the organisations' businesses, strategy, and financial planning	4.2 and 5.1
	c)	Describe the resilience of the organisations' strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	5.1
Risk Management	a)	Describe the organisations' processes for identifying and assessing climate-related risks	5.1
	b)	Describe the organisations' processes for managing climate-related risks	5.1 and 7.8
	c)	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisations' overall risk management	5.1 and 7.8
Metrics and Targets	a)	Describe the metrics used by the organisations to assess climate-related risks and opportunities in line with its strategy and risk management process	5.1 and Appendix I
	b)	Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	5.1, 5.2 and Appendix I
	c)	Describe the targets used by the organisations to manage climate-related risks and opportunities and performance against targets	5.1

APPENDIX V: SDGS CONTENT INDEX

SDG	Relevant Target(s)	Area of Focus	Section of the Report
	3.3 End the epidemics of communicable diseases	<ul style="list-style-type: none"> Health and safety policy Health and well-being workshops Anti-epidemic measures for COVID-19 	6.7 and 6.8
	4.4 Substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship	<ul style="list-style-type: none"> On-boarding programme Comprehensive annual training for employees Technical skills training sponsorship 	6.2 and Appendix I
	5.1 End all forms of discrimination against all women and girls	<ul style="list-style-type: none"> Comprehensive HR policies Promotion of gender-inclusive language in workplace 	6.5 and Appendix I
	7.2 Increase substantially in the share of renewable energy in the global energy mix	<ul style="list-style-type: none"> Purchase carbon credits on solar renewable power project ESG-related blockchain company investment 	5.1
	8.4 Improve global resources efficiency in consumption and endeavor to decouple economic growth from environmental degradation 8.8 Protect labour rights and promote safe and secure working environments for all workers	<ul style="list-style-type: none"> Emission management and resources efficiency strategy Health and safety policy 	5., 6.7 and Appendix I
	10.3 Ensure equal opportunity and reduce inequalities of outcome, including by eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and action in this regard	<ul style="list-style-type: none"> Comprehensive HR policies Equal opportunity policy Commitment to human rights 	6.5

SDG	Relevant Target(s)	Area of Focus	Section of the Report
	11.6 Reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management	<ul style="list-style-type: none"> Emission management and resources efficiency strategy 	5.
	12.7 Promote public procurement practices that are sustainable, in accordance with national policies and priorities	<ul style="list-style-type: none"> Procurement policy and vendor's Code of Conduct 	7.11
	13.2 Integrate climate change measures into policies, strategies and planning	<ul style="list-style-type: none"> Reach net-zero emissions with near- and long-term emission reduction target setting Purchase carbon credits on solar renewable power project ESG-related blockchain company investment Achieve "carbon negative" 	4.2 and 5.1
	16.5 Substantially reduce corruption and bribery in all their forms	<ul style="list-style-type: none"> Employee's Code of Conduct Anti-corruption and anti-bribery management framework Regular business ethics training for directors and employees Whistleblowing policy 	7.2, 7.3, 7.4 and 7.5