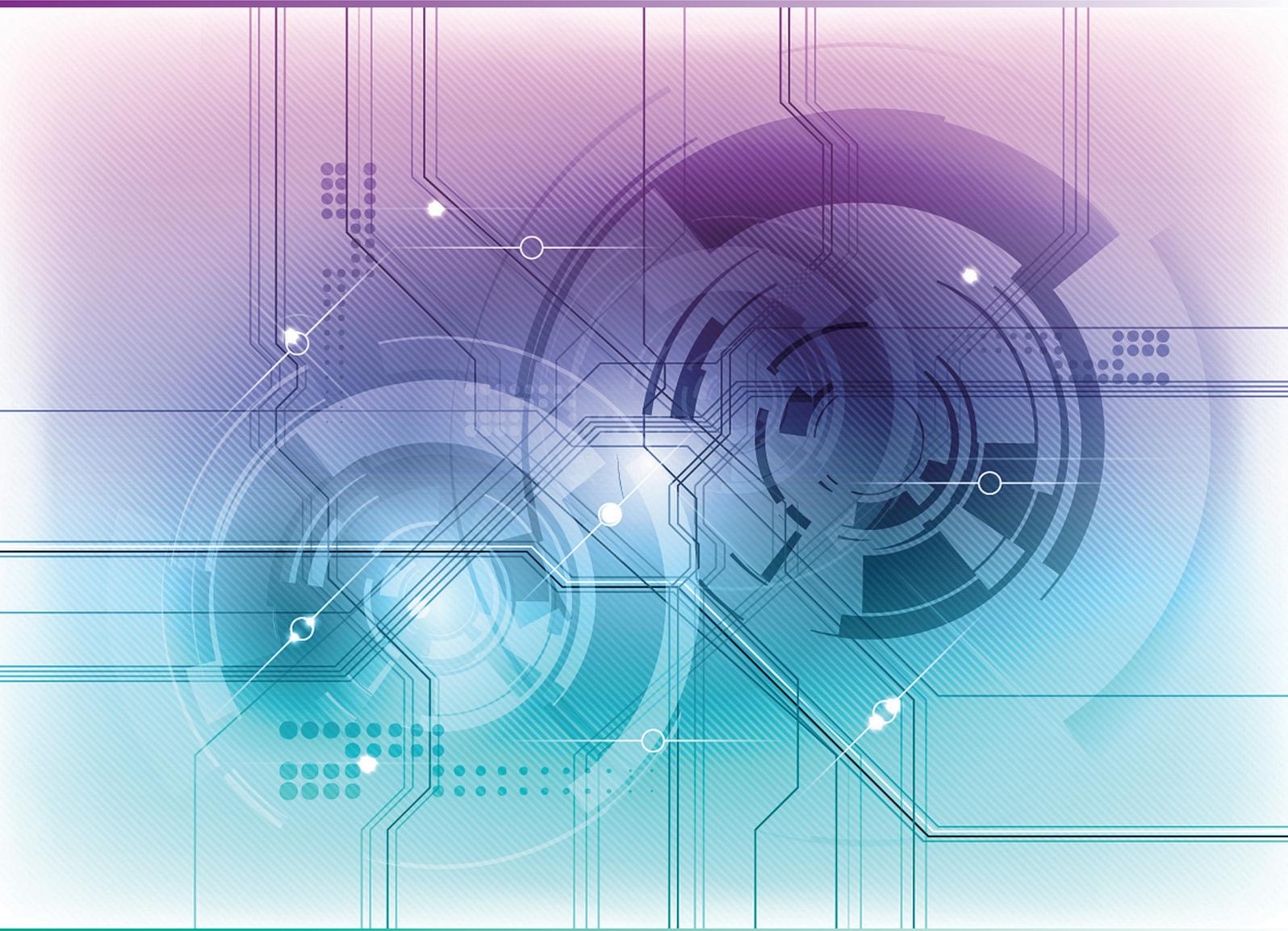


MINDTELL TECHNOLOGY LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock code : 8611



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 2018

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

TABLE OF CONTENT

	PAGE
I. ABOUT THIS REPORT	2
II. BOARD INCLUSIVENESS	2
III. MESSAGE FROM THE BOARD	4
IV. REPORTING PERIOD AND SCOPE OF THE REPORT	4
V. STAKEHOLDER ENGAGEMENT	5
VI. ENVIRONMENTAL SUSTAINABILITY	8
VII. SOCIAL SUSTAINABILITY	12

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

I. ABOUT THIS REPORT

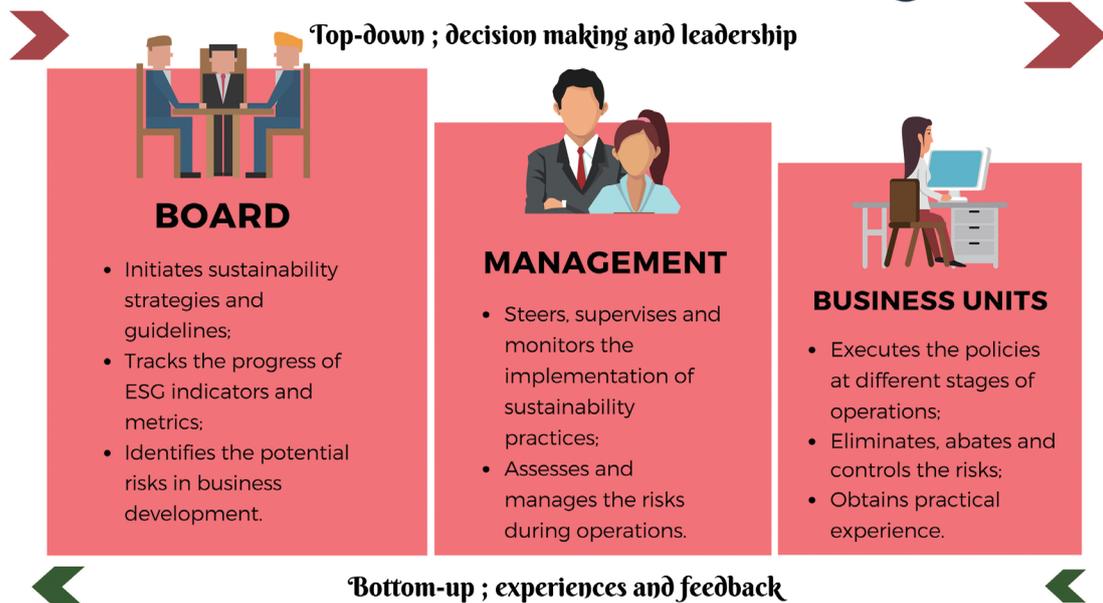
Mindtell Technology Limited (the “Company”) and its subsidiaries (collectively, the “Group”) are engaged in the business of design, procurement, installation and maintenance of customised systems application for corporate customers as an IT service provider based in Malaysia. With a diverse business patterns that include system integration and development services, IT outsourcing services and maintenance and consultancy services, the Group have been dedicated to developing a comprehensive and integrated framework for sustainable development for years in response to the call of the 2030 Agenda for Sustainable Development and stringently adheres to its environmental and social responsibilities by actively scaling up its efforts in various aspects to transition towards low-carbon development. As such, the Group takes into consideration the material environmental, social and governance (collectively referred to as “ESG”) matters alongside financial factors in its decision-making process and operations, and inherently connects its long-term success with the effectiveness of its corporate ESG management and sustainable development.

In strict compliance with the requirements under Appendix 20 – Environmental, Social and Governance Reporting Guide to the Rules Governing the Listing of Securities on GEM of the Stock Exchange, the Group is pleased to present its ESG Report (“ESG” Report) for the financial year ended 30 November 2018 (“FY2017/2018”), which demonstrates the Group’s approach and performance in terms of its ESG management and corporate sustainable development for FY2017/2018.

II. BOARD INCLUSIVENESS

The Group is fully aware of the increasingly important role the Board of Directors (the “Board”) in the implementation of its ESG management policies and the supervision of its daily practices to ensure that the Group is moving towards sustainable development. In order to facilitate communication of the relevant regulatory requirements throughout the entire organisation, and to ensure that the policymakers and executives of the Group can be updated on a timely basis of the hands-on experience of frontline employees in the daily operations of the Group, the Group has adopted a general top-down and bottom-up approach in its ESG management.

APPROACH TO ARTICULATING **sustainability**



The Board values the mutual understanding of what the Group needs to uphold its stable development and what its stakeholders expect in terms of the social contribution and environmental protection made by the Group. Hence, developing a purposeful culture that aligns the ESG visions and principles of the Group with its stakeholders' demands is of great importance in the long run. The Board mainly acquires relevant ESG information within the Group through the following channels:

- a. disclosure of key performance indicators in the Group's ESG reports;
- b. oral presentations in the meetings between the Board and the management team of the Group; and
- c. questionnaires/online surveys filled in by the internal and external stakeholders of the Group reflecting their concerns regarding corporate sustainable development.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

III. MESSAGE FROM THE BOARD

The perseverance to move toward sustainable development has always been at the heart of our success. As a leading IT service provider in Malaysia, Mindtell Technology Limited is proud of the commitment of its dedicated employees in providing high-quality and sustainable products and services to its valued clients while keeping a positive attitude to making contributions to the environment and society.

Information Technology is not itself a core part of global environmental problem as it is estimated to account for only a small percentage of global carbon emissions. However, it can be a significant part of the solution. Apart from assisting our clients to optimise their working process by providing tools and technologies that lower their environmental impact, what we put more emphasis on is to enhance our clients' capabilities to facilitate sustainability initiatives across the companies in new areas, including smart capital management, promotion of office automation, and paperless operations.

There is no doubt that climate change nowadays has been making complex and enduring impacts on the ways people live and considerably affecting the business models that we rely on to develop. To halt the devastation of climate change and more importantly, adapt our business to the upcoming climate-related risks, it is imperative for us to accurately evaluate and perceive the uniquely challenging risks and opportunities that may influence our business in the long run. As such, with the adoption of the 'Recommendations of the Task Force on Climate-related Financial Disclosures', we have been focusing on the analysis of external market changes and the upgrade of internal risk management system, which could allow us to enhance our resilience to better address the risks that might have a high impact on our business in advance. Meanwhile, our robust sustainability governance framework prompts us to set clear and ambitious goals and metrics, such as annual electricity conservation in the offices, for our sustainable development.

With such a strong ambition, we hope to improve our adaptability in order to better price climate-related risks and to embed the Environmental, Social and Governance mindset into our business decision making process in a more comprehensive manner.

IV. REPORTING PERIOD AND SCOPE OF THE REPORT

This ESG Report covers the environmental and social performance within the operational boundaries of the Group that includes the Group's businesses of system integration and development services, IT outsourcing services and maintenance and consultancy services in Malaysia.

The reporting period of this ESG Report is FY2017/2018, unless specifically stated otherwise.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

V. STAKEHOLDER ENGAGEMENT

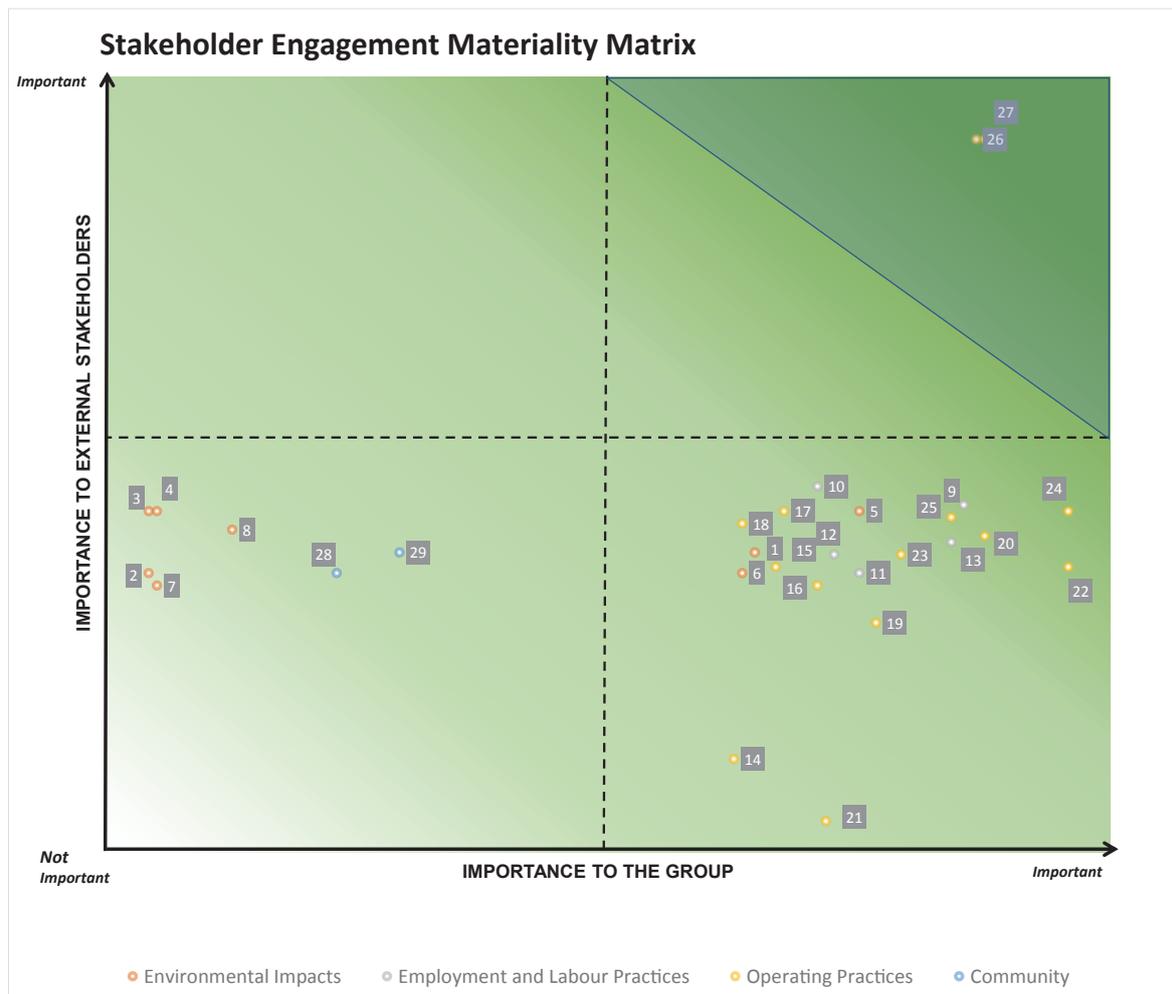
Fostering a sound relationship with all stakeholders is the premise of valuation creation for all. The Group highly values the feedback from its internal and external stakeholders and takes initiative to build a trustful and supporting relationship with them through their preferred communication channels listed in the table below.

STAKEHOLDERS	EXPECTATIONS & CONCERNS	COMMUNICATION CHANNELS
Government and regulatory authorities	<ul style="list-style-type: none"> • Compliance with laws and regulations • Anti-corruption policies 	<ul style="list-style-type: none"> • Supervision on complying with local laws and regulations • Routine reports and taxes paid
Shareholders	<ul style="list-style-type: none"> • Return on investments • Corporate governance • Regulation compliance 	<ul style="list-style-type: none"> • Regular reports and announcements • Regular general meetings • Official website
Employees	<ul style="list-style-type: none"> • Employees' remuneration and benefits • Health and safety in the workplace 	<ul style="list-style-type: none"> • Performance reviews • Regular meetings and trainings • Emails, notice boards, hotline, and employee engagement activities
Customers	<ul style="list-style-type: none"> • Product quality assurance • Protect the rights of customers • Business confidentiality 	<ul style="list-style-type: none"> • Customer satisfaction survey • Face-to-face meetings and on-site visits • Customer service hotline and email
Suppliers	<ul style="list-style-type: none"> • Fair and open procurement • Win-win cooperation • Environmental protection • Protection of intellectual property rights 	<ul style="list-style-type: none"> • Open tendering • Suppliers' satisfactory assessment • Face-to-face meetings and on-site visits • Industry seminars
General public	<ul style="list-style-type: none"> • Involvement in communities • Regulation compliance • Environmental protection awareness 	<ul style="list-style-type: none"> • Media conferences and responses to enquiries • Public welfare activities • Face-to-face interview

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Materiality Assessment

Since ESG risks and opportunities for companies vary across industries and depend on the companies' business models, the Group undertook an annual review to identify its stakeholders' main concerns and material interests in relation to the ESG issues of the Group. In FY2017/2018, the Group engaged its stakeholders to conduct a materiality assessment survey. Specifically, the Group selected certain internal and external stakeholders based on their influence and dependence on the Group, and were then invited to participate in an online survey to express their views on a list of ESG issues of the Group. The online survey comprised numerous well-designed questions, which were believed to be material and relevant to the Group's business development and strategies from the stakeholders' standpoint. Such an objective, transparent and decision-useful materiality assessment allowed the Group to prioritise its ESG issues after mapping the results of the survey to a materiality matrix as shown below. The assessment process demonstrated the Group's emphasis on stakeholders' engagement. The results of the survey served as a powerful tool which assisted the Group to develop its action plans for more targeted and effective ESG management.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

1	Air and greenhouse gas ('GHG') emissions	11	Occupational health and safety	21	Marketing and promotion
2	Sewage treatment	12	Employee development and training	22	Observance and protection of intellectual property rights
3	Land use, pollution and restoration	13	Prevention of child and forced labour	23	Quality control and management of products
4	Solid waste treatment	14	Suppliers' geographical regions in which materials are sourced	24	Protection of consumer information and privacy
5	Energy use	15	Selection of suppliers and assessment of their products/ services	25	Labelling relating to products/ services
6	Water use	16	Environmental protection assessment of the suppliers	26	Prevention of bribery, extortion, fraud and money laundering
7	Use of raw/packaging materials	17	Social risks assessment of the suppliers	27	Anti-corruption policies and whistle-blowing procedures
8	Mitigation measures to protect natural resources	18	Procurement practices	28	Understanding local communities' needs
9	Composition of employees	19	Health and safety relating to products/services	29	Public welfare and charity
10	Employee remuneration and benefits	20	Customer satisfaction		

Through the materiality analysis matrix, the Group identified '*Prevention of bribery, extortion, fraud and money laundering*' and '*Anti-corruption policies and whistle-blowing procedures*' as its most important ESG issues.

Stakeholders Feedback

As the Group strives for excellence, the Group welcomes its stakeholders' feedback and advice on the improvement of its corporate ESG approach and performance, especially the ESG issues identified as most important in the materiality assessment of the Group. Readers are also welcomed to share their views on the ESG matters with the Group at enquiry@mindtell.com.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

VI. ENVIRONMENTAL SUSTAINABILITY

To seek long-term sustainability of the environment and community where it operates, the Group endeavours to control its emissions as well as its consumption of resources, and has strictly complied with the relevant environmental laws and regulations in Malaysia and Hong Kong in its daily operations, including but not limited to the following:

- *Waste Disposal Ordinance (Cap. 354 of the Laws of Hong Kong); and*
- *Environmental Quality ACT 1974 (Malaysia).*

The following section primarily discloses the Group's policies, practices, and quantitative data on its emissions, use of resources, the environment and natural resources in FY2017/2018.

A.1. Emissions

In FY2017/2018, the Group has complied with the relevant national and local environmental laws in terms of emissions during its daily operations. As the Group's principal business is the provision of IT related services, most of the Group's business are processed on computers and networks and thus, no hazardous wastes are produced during the course of business. Principal emissions from the Group were greenhouse gas ("GHG") emissions from the fuel used by the corporate vehicles and consumption of electricity, commercial solid waste and sewage generated from staff at offices. The Group's total emissions in FY2017/2018 are summarised in Table 1 below.

Table 1: The Group's Total Emissions by Category in FY2017/2018***

	Category	Key Performance Indicator (KPI)	Unit	Amount in FY2017/2018	Intensity* (Unit/ RM'000) in FY2017/2018
Emissions	Air pollutants	SO _x	Kg	0.04	8.41×10^{-7}
		NO _x	Kg	1.97	4.14×10^{-5}
		PM	Kg	0.14	2.94×10^{-6}
	GHGs	Scope 1 (Direct Emission)	Tonnes CO ₂ e	7.25	—
		Scope 2 (Energy Indirect Emission)	Tonnes CO ₂ e	16.43	—
		Scope 3** (Other Indirect Emission)	Tonnes CO ₂ e	0.02	—
		Total (Scope 1, 2 & 3)	Tonnes CO ₂ e	23.70	4.98×10^{-4}
	Non-hazardous waste	Solid waste	Tonnes	1	2.10×10^{-5}
		Sewage	m ³	6,000	0.13

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

* Intensity for FY2017/2018 was calculated by dividing the amount of air, GHG and other emissions respectively by the Group's revenue of approximately RM47,581,000 in FY2017/2018.

** The Group's Scope 3 (Other Indirect Emissions) included only paper waste disposed of at landfills.

*** The methodology adopted for reporting on GHG emissions set out above was based on "How to Prepare an ESG Report? - Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange.

To save energy resources, lower carbon emissions and reduce daily wastes, the Group has implemented the following measures:

1. Retrofit: The Group keeps optimising its office equipment and systems, including upkeep of air-conditioning and replacement of electricity-intensive lighting fixtures.
2. Sustainability training: To raise the awareness of employees at offices in energy conservation and its connection with environmental impact, the Group has held educational activities to share the knowledge and viable practices for environmental protection in the offices.
3. Details: The Group believes that details are the key to success and therefore encourages its employees at offices to start energy conservation and emissions reduction from small changes around them, such as shutting down idle computers in time and switching off the lights when they are not in use.

Given the commitment of the Group to Sustainable Waste Management, effective measures to reduce, reuse and recycle materials have been implemented all offices, as highlighted below in particular:

- Recycle as much solid waste as possible through classification process;
- Educate all employees on reducing the use of disposable items such as plastic tableware;
- Purchase microwaves in the offices to encourage employees to take their own lunch boxes instead of ordering take-away food, which could significantly reduce the waste of food packages; and
- Advocate the reuse of office stationeries;

In FY2017/2018, the wastewater generated from offices of the Group was directly discharged into the municipal drainage system and was handled by the property management of buildings. Since the amount of wastewater highly depends on the amount of fresh water used, the Group has taken specific measures, which will be described in the following subsection headed "Water" of this Report, to reduce its water consumption in the offices.

Due to the unwavering efforts, the Group has made solid progress in controlling its emissions, especially GHG emissions through the conservation of electricity during the year under review.

A.2. Use of Resources

In FY2017/2018, the primary resources consumed by the Group were electricity, water, gasoline and paper. Given the nature of its business, the Group did not consume any packaging material during the year under review. Table 2 illustrates the amount of different resources used by the Group in FY2017/2018.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Table 2: Total Resource Consumption in FY2017/2018

Use of resources	Category	Key Performance Indicator (KPI)	Unit	Amount in FY2017/2018	Intensity*
					(Unit/ RM'000) in FY2017/2018
Energy		Electricity	kWh'000	24,588	5.17×10^{-4}
		Gasoline	L	3,057	0.06
Water		Water	m ³	6,000	0.13
Paper		Paper	Kg	176	3.70×10^{-3}
		Paper recycled	Kg	171	—

* Intensity for FY2017/2018 was calculated by dividing the amount of resources the Group has consumed in FY2017/2018 by the Group's revenue of approximately RM47,581,000 for FY2017/2018.

Electricity

The Group purchases the electricity from the local public utilities companies for its daily operations in the offices. To further mitigate the consumption of electricity so as to diminish its GHG emissions, the Group has promoted the slogan of 'Saving Electricity' in its daily operations, and in particular implemented the following practices:

- Switch off all idle lights and air conditioners;
- Maintain the electrical equipment in the offices (including air conditioners and paper shredders) on a regular basis to keep their high efficiency;
- Adjust the set temperature of air conditioners at offices based on the weather at the material time;
- Use more efficient LED bulbs for office lighting instead of energy-intensive lamps in the offices; and
- Encourage all employees to keep the curtains open and utilise natural sunlight in the offices when possible.

Gasoline

Gasoline is mainly consumed for the purpose of transportation and the Group has laid great emphasis on the control of gasoline consumption during daily operations. As the use of gasoline for business trips is inevitable and essential for its business, the Group has always been committed to optimising its management of business trips and believes that ensuring its access to more eco-friendly energy sources is the key to the mitigation of the Group's environmental impact and the long-term stability of the Group's business.

In addition to the promotion of energy conservation through education among its employees, the Group has particularly put its focus on the selection of environmentally-friendly vehicles for transportation and keeps initiating competitive mechanisms to incentivise all employees to choose public transport instead of private cars for business, in order to move toward 'low carbon and low consumption' business models.

Water

Water conservation has been given great attention by the Group. During the year under review, the Group did not face any problem in sourcing water. In FY2017/2018, the Group has organised activities delving into advanced and effective ways of water conservation in the offices and advocating the importance of saving water to global sustainable development. To improve the utilisation efficiency of water resources, the Group has adopted the following practices:

- Fix dripping taps immediately once leakage is found;
- Remind staff to turn off water taps after use through emails and notices; and
- Place “saving water resources” posters in prominent places at the offices to encourage water conservation.

Paper

The Group has been dedicated to saving paper in its offices by promoting the concept of ‘paperless office’ and has already achieved significant progress. In FY2017/2018, the Group purchased and consumed 176 kg paper for its business operations and 97% of used paper were successfully recycled for other purposes. The measures taken by the Group to save the use of paper are highlighted as follows:

- Promote the concept of paperless office, and disseminate information by electronic means (i.e. via email or e-bulletin boards) as much as possible;
- Set duplex printing as the default mode for most network printers when printouts are needed;
- Spread the idea of “Think before print” by using posters and stickers in offices to remind the staff of avoiding unnecessary printings;
- Reconsider boxes and trays as containers beside photocopiers to collect single-sided paper for reuse; and
- Use the back of old single-sided documents for printing or draft paper.

A.3. The Environment and Natural Resources

Through a series of measures to save electricity, water, gasoline and paper during its operations as disclosed above, vast amounts of resources have been conserved by the Group during the year under review, which has made significant progress towards the building of a reliable, resilient and sustainable corporation that pioneers in the industry. In FY2017/2018, the Group’s relatively significant impact on the environment was GHG emissions due to the consumption of electricity and fuels used by vehicles during its business operations. Undoubtedly, GHG emissions have been closely connected with climate-related crises nowadays. To minimise corporate GHG emissions as well as to lower the individual carbon footprint of its employees, the Group has strengthened its management of the consumption of natural resources, detailed the measures for electricity conservation by establishing internal guideline, and kept optimising its business model by monitoring its daily operations in terms of the efficient use of control of energy resources. Specifically, the following two main areas have been and will continue to be the core parts where the Group’s environmental vision lies on its path of sustainable development.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

First, the Group is committed to seizing every opportunity to innovate and aligning its corporate sustainability goals with the international standard, i.e. the Sustainable Development Goals (SDGs). The SDGs came into force on 1 January 2016 and laid out a roadmap to tackle 17 vital sustainability issues around the world. With a strong corporate ambition to address the imminent global environmental crisis, the Group has prioritised and incorporated relevant SDGs into its policies and decision-making process, such as 'Quality Education', 'Reduced Inequalities', and 'Climate Action', and benchmarked the best practice in ESG management from its peers in the industry.



Second, the Group values the education and advocacy of low-carbon operation and lifestyle, and endeavours to cultivate the good habits of diligence and frugality in relation to the use of natural resources among its employees via a variety of channels. For instance, through effective arrangement of business trips, strict regulation on the use of company cars, and appropriate arrangement on meeting schedules, the Group aims to lower its corporate carbon footprint gradually, while transmitting signals to its employees that contributing to environmental protection should be started from details.

The Group believes that the true value and tangible benefits of the building of sustainable management framework will be achieved only when sustainability is embedded as a key element of company culture and strategy, with systemic links to innovation and creativity. Moving forward, the Group will remain steadfast in seeking to reduce, reuse, and recycle natural resources from its offices whenever feasible and exploring the application of renewable energy and environmentally sound solutions that can boost the Group to develop in a more sustainable way.

VII. SOCIAL SUSTAINABILITY

EMPLOYMENT AND LABOUR PRACTICES

B.1. Employment

A sound human resources management and the formulation of appropriate employment policies are foundational to the long-term stability and competitiveness of the Group. As such, the Group values employees' talent and strives to provide its employees with a suitable platform and working environment for their professional development. In FY2017/2018, the Group had a total of 78 employees in Hong Kong and Malaysia.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Table 3: Total Workforce of the Group by Gender and Age Group in FY2017/2018.

Number of employees	Gender/Age	Aged below 30	Aged 31-40	Aged 41-50	Aged above 50	Total
	Male	21	11	6	3	
Female	18	15	4	0	37	

Law and Compliance

The Group's employment policies have been updated and adjusted to cater to social changes since the inception of the Group, and to abide by the applicable laws and regulations in Hong Kong and Malaysia. In FY2017/2018, the Group complied with all the relevant laws and regulations, including but not limited to the following:

- *Employment Ordinance (Cap. 57 of the Laws of Hong Kong);*
- *Mandatory Provident Fund Schemes Ordinance (Cap. 485 of the Laws of Hong Kong);*
- *Disability Discrimination Ordinance (Cap. 487 of the Laws of Hong Kong);*
- *Sex Discrimination Ordinance (Cap. 480 of the Laws of Hong Kong);*
- *Employment Act 1955 (Malaysia);*
- *Employees Provident Fund Act 1991 (Malaysia); and*
- *Employees Social Security Act 1969 (Malaysia).*

Recruitment and promotion

The Group has adopted a set of transparent and clear policies and procedures to conduct its annual recruitment plan. The Group considers talent acquisition to be essential to keeping the Group energetic and competitive in the market.

Pursuant to its recruitment policy and procedures, the Group offers fair and competitive remuneration and benefits in accordance with the applicants' educational backgrounds, personal attributes, job experiences and career aspirations to attract high-calibre candidates. The Group also refers to market benchmarks in relation to staff promotion and provides equal opportunities of promotion and development for eligible employees who have shown outstanding performance and potential in their positions. With reference to the 'Staff Handbook' of the Group, any promotion within the Group is based on clear and legitimate procedures.

Table 4: Total Number of New Employees of the Group by Gender and Age Group in FY2017/2018.

Number of new employees	Gender/Age	Aged below 30	Aged 31-40	Aged 41-50	Aged above 50	Total	Ratio of new employees
	Male	3	1	2	2		
Female	4	5	2	0	11	24.4%	

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Compensation and dismissal

As talent retention is vital to its business development in the long run, the Group periodically reviews its compensation packages and performs the probationary and regular evaluations on the capability and performance of its employees, to ensure that all employees can be recognised and rewarded by the Group appropriately with respect to their efforts and contributions. Adjustment of compensation and termination of employment which are determined by a number of factors, such as performance of relevant employees and the Group are based on reasonable and lawful grounds and the internal policies of the Group, such as the 'Staff Handbook'. Since the Group strictly prohibits any kind of unfair or illegitimate dismissal, stringent policies regulating the procedures of dismissal of employees are in place for employee management. In particular, for employees who have violated the Group's employment policies, the Group would warn them verbally before issuing a warning letter. For employees who keep on making the same mistakes repeatedly notwithstanding any prior warning, the Group would terminate their employment contracts in accordance with the applicable laws and regulations in Hong Kong and Malaysia.

Table 5: Staff Turnover of the Group by Gender and Age Group in FY2017/2018.

Number of lost employees	Gender/Age	Aged below 30	Aged 31-40	Aged 41-50	Aged above 50	Total	Ratio of lost employees
	Male	4	0	1	0	5	15.4%
	Female	6	0	1	0	7	

Working hours and rest periods

Maintaining a proper balance between work and leisure can effectively help employees relax while, in return, enhancing the productivity of the Group. As such, the Group has formulated relevant policies and systems, such as attendance monitoring system, in compliance with the applicable local employment laws to determine the working hours and rest periods for its employees. In addition to basic annual leave and statutory holidays, employees of the Group are also entitled to extra leave benefits, such as marriage leave, maternity leave and compassionate leave.

Equal opportunity, diversity and anti-discrimination

As an equal opportunity employer, the Group is committed to creating a fair, respectful and diverse working environment by promoting anti-discrimination and equal opportunity in all its human resources and employment decisions. Specifically, hiring, training, promotion opportunities, dismissal and retirement policies are all based on factors irrespective of the applicants' or the employees' age, sex, marital status, pregnancy, family status, disability, race, colour, descent, national or ethnic origins, nationality, religion or any other non-job related factors. Meanwhile, in accordance with the applicable local laws and regulations, the Group's equal opportunity policy allows zero tolerance to any workplace discrimination, harassment or vilification. Employees are vigorously encouraged to report any incidents involving discrimination to the human resource department of the Group, which takes the responsibility for assessing, dealing with, recording and taking any necessary disciplinary actions in relation to the substantiated cases.

Other benefits and welfare

The Group cares about the well-being of its employees and believes that they can help realise the corporate values of the Group. The Group provides employment injury insurance for its employees in accordance with the requirements under the relevant laws and regulations. During certain local and national festivals, employees may receive additional bonuses and gifts. In FY2017/2018, the Group organised a plethora of entertainment activities, including dinner gatherings and birthday parties, in order to create a positive atmosphere among the employees of the Group.

In FY2017/2018, the Group was in compliance with the relevant laws and regulations in relation to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, welfare and other benefits that have a significant impact on the Group.

B.2. Health and Safety

Health and safety at work involves both the prevention of harm and the promotion of employees' well-being at the workplace. To provide and maintain a safe, clean and environmentally friendly working condition for its employees, the Group has established strict safety and health policies in line with the relevant laws and regulations in Hong Kong and Malaysia, including but not limited to the following:

- *Occupational Safety and Health Ordinance (Cap. 509 of the Laws of Hong Kong);*
- *Employees' Compensation Ordinance (Cap. 282 of the Laws of Hong Kong); and*
- *Occupational Safety and Health Act 1994 (OSHA) (Malaysia)*

The Group rigorously follows the instructions of the Quality Management Systems (ISO 9001:2015) and the Occupational Health and Safety Management Systems (ISO 45001: 2018) (a new ISO standard that specifies requirements for an occupational health and safety (OH&S) management system and provides guidance for its use in place of the previous OHSAS 18001) during its daily operations. In addition, the Group has established internal policies that regulate the daily practice to prevent occupational hazards and risks in the workplace. For instance, the policy prohibits smoking and liquor drinking in the workplace and relevant medical and employment injury insurances are provided to its staff in accordance with the requirements under the applicable laws and regulations.

During the year under review, the Group did not find any work-related fatalities or injuries among employees and there was no violation of any of the relevant laws and regulations in relation to the provision of a safe working environment and protecting the employees from occupational hazards that have a significant impact on the Group.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

B.3. Development and Training

The Group has always been committed to designing and providing suitable training programmes to its employees and has organised a multitude of trainings covering numerous subjects during the year under review in accordance with its internal policies. Generally, a complete training package is provided to new hires, which serves to provide them with an introduction of various aspects of the Group, such as corporate culture, organisational structure, and occupational health and safety, while other job-related courses are offered to the experienced staff according to both corporate and individual needs.

To further enhance their professional skills so as to meet the Group's development goal, the employees of the Group are highly encouraged to take professional qualification examinations and attend external trainings. Employees who have taken professional qualification examinations and obtained vocational qualification certificates will receive reimbursements from the Group.

In FY2017/2018, the time spent by each trainee of the Group on trainings was 10 hours on average.

Table 6: Staff Training of the Group by Gender and Employment Category in FY2017/2018.

	Gender/employee category	Senior executives	Senior managers	Middle managers	General employees	Total
Number of employees receiving training	Male	6	1	1	0	8
	Female	1	2	1	0	4
Hours spent by employees on training	Male	12	24	32	0	68
	Female	2	26	24	0	52
Average training hours per employee	Male	2	24	32	0	10
	Female	2	13	24	0	

B.4. Labour Standards

In FY2017/2018, the Group abided by the Employment Ordinance (Cap. 57 of the Laws of Hong Kong), the Employment Act 1955 (Malaysia) and other applicable labour laws and regulations in Hong Kong and Malaysia and there was no occurrence of child labour nor forced labour employment during the reporting period. To combat against illegal employment of child labour, underage workers and forced labour, the Group's human resource department requires all job applicants to provide valid identity documents to ensure that they can be lawfully employed prior to confirmation of any employment. It is also the responsibility of the Group's human resource department to monitor and guarantee the compliance of corporate policies and practices with the relevant laws and regulations that prohibit child labour and forced labour. Once the Group has identified any case of non-compliance, regulations and standards, the relevant employment contract will be immediately terminated.

In FY2017/2018, the Group was not in violation of any relevant laws and regulations in relation to the prevention of child and forced labour that have a significant impact on the Group.

OPERATING PRACTICES

B.5. Supply Chain Management

An effective supply chain management is the lifeblood of any company in its business growth. Thus, the Group has given serious attention to the mitigation of the environmental and social risks that may affect its supply chain in order to maintain a reliable and stable financial income while fulfilling its environmental commitment, and requires its suppliers to fully comply with the relevant laws and regulations in relation to the quality of supplies as well as the Group's own standards and specifications.

The major suppliers of the Group are distributors of software and hardware. The Group normally purchases relevant software and hardware according to the demand of projects, so it has no inventory. The Group retains several IT service firms as its sub-contractors to provide system integration and development services.

The Group performs comprehensive investigations to assess the background of the eligible candidate as sub-contractor based on several factors, including the reputation, technical capacity, financial position, economic disputes history with the Group and regulatory compliance. To stabilise its supply chain, the Group proactively maintains good relationships the major suppliers for each type of services it needs.

The Group is committed to keeping the social and environmental risks associated with its suppliers under control according to the Quality Management Systems (ISO 9001:2015). Cooperation surveys with its suppliers are conducted by the Group regularly to minimise potential risks and to address any problem that may harm the business relationship between the Group and its suppliers later. Given the solid and steady relationships with its suppliers, the Group did not experience any material delays, conflicts or other significant issues with its suppliers in the past. The Group values the mutual understanding with its suppliers and believes that respect toward each other is vital to maintaining a sustainable and robust business relationship with its business partners.

B.6. Product Responsibility

In FY2017/2018, the Group was in compliance with the relevant rules, regulations and standards in Hong Kong and Malaysia that have a significant impact on the Group relating to health and safety, advertising, labelling and privacy matters with respect to its products and services and methods of redress, including the following:

- *Personal Data (Privacy) Ordinance (Cap. 486 of the Laws of Hong Kong);*
- *Consumer Council Ordinance (Cap. 216 of the Laws of Hong Kong);*
- *Personal Data Protection Act 2010 (Malaysia); and*
- *Consumer Protection Act 1999 (Malaysia).*

In accordance with the industry standards, such as Quality Management Systems (ISO 9001:2015), the Group acts in conformity with its internal policies to maintain a sound working environment and make sure that reliable, secure and high-quality IT-related services can be delivered to its clients.

The customer service departments of the Group are responsible for handling customers' complaints and follow up the entire investigation to ensure that the substantiated complaints can be dealt with effectively.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group has abided by the applicable laws and regulations in relation to customer privacy to ensure that its customers' rights are strictly protected. Information collected by the Group from its customers is used only for the purpose for which it has been collected. In FY2017/2018, there were no substantiated complaints received by the Group concerning the breach of customer privacy and the loss of customer data.

The Group has been committed to making sure that the Group provides precise service descriptions and information that comply with the relevant local laws and regulations to its customers. Any misrepresentation in marketing materials or exaggeration of offerings is strictly prohibited. The Group has engaged a legal counsel to review the sales and marketing materials before releasing them to the public. The purpose of the review is to prevent violations of the relevant advertising-related laws and regulations.

Since labelling is not applicable to the Group given its business nature, the labelling-related regulations and policies are not mentioned in this ESG report.

B.7. Anti-corruption

To maintain a fair, ethical and efficient working environment, the Group abided by the applicable local laws and regulations relating to anti-corruption and bribery, irrespective of the region in which the Group operates, including the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615 of the Laws of Hong Kong), the Prevention of Bribery Ordinance (Cap. 201 of the Laws of Hong Kong) and Malaysian Anti-Corruption Commission Act 2009 (Malaysia).

The Group has formulated and strictly enforced its trade and transaction policies to prevent any illegal practices, including corruption, extortion and money-laundering within the Group. The Group prohibits all forms of bribery and corruption and requires all its employees to follow the relevant codes of professional ethics. All employees are expected to discharge their duties with integrity, to act fairly and professionally, and to abstain from engaging in bribery or any activities which might exploit their positions against the Group's interests. During the year under review, no legal cases regarding corrupt practices were brought against the Group or any of its employees.

Whistle-blowers can report verbally or in writing to the audit committee of the Group for any suspected misconduct with full details of the incidents and supporting evidence. The audit committee of the Group will conduct investigations against any suspicious or illegal behaviour to protect the Group's interests. The Group has established an effective grievance mechanism to protect the whistle-blowers from unfair dismissal or victimisation. Where any crime is suspected by the Group, a report will be submitted promptly to the relevant regulators or law enforcement authorities when the management of the Group considers it necessary.

In FY2017/2018, the Group was not in violation of any relevant laws and regulations in relation to bribery, extortion, fraud and money laundering that have a significant impact on the Group.

COMMUNITY

B.8. Community Investment

As a corporate citizen, the Group is fully aware of the importance of making contributions to the communities in which the Group operates, and always gives top priority to the interests of these communities. In particular, it is the Group's policy to focus on the sponsorship of social welfare activities, engagement in community care projects and exploration on the social needs in different phases. The Group believes that the prosperity of communities are indispensable parts of the sustainable development of the Group. To better fulfil its social responsibilities, the Group will keep playing a leading role in the industry and push forward its efforts to pursue the harmonious and symbiotic prosperity with communities.

MINDTELL TECHNOLOGY LIMITED