



EXPERT

EXPERT SYSTEMS HOLDINGS LIMITED

思博系統控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 8319



ENVIRONMENTAL, SOCIAL AND
GOVERNANCE REPORT

2017

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This is the first Environmental, Social and Governance (“ESG”) Report of Expert Systems Holdings Limited (the “Company”) and its subsidiaries (together the “Group”) which covers the Group’s core businesses in Hong Kong for the year ended 31 March 2017 (the “Reporting Period”) to comply with the ESG Reporting Guide in Appendix 20 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “ESG Guide”). The report presents the material aspects and indicators that reflect the relevant environmental and social impacts from the Group’s businesses in relation to environmental protection, workplace quality, operating practices and community investments. The ESG report should be read in conjunction with the Company’s annual report for the year ended 31 March 2017, in particular the Corporate Governance Report contained therein.

Taking into account our stakeholders’ point of views, this report focuses on the specific ESG issues which are believed to be significant to the Group. Since the Group is principally engaged in the provision of IT infrastructure solutions to our customers, no significant levels of pollutants were discharged into the air or water and no substantial amount of packaging materials were used during the Reporting Period. Thus, disclosures relating to these aspects, as set forth in the ESG Guide, are not applicable to the Group and so have not been made.

A. ENVIRONMENTAL ASPECTS

Environmental Policies and Performance

The Group’s Environmental Policy stresses carbon reduction and waste reduction with the principle of “Reduce, Reuse and Recycle” to promote better utilization of environmental resources. To further encourage stakeholder engagement in protecting the environment, the Group is committed to promoting an environmental-friendly mindset among its employees.

In the long run, the Group will enhance its energy saving management in minimizing the usage of lighting, air-conditioning and electronic appliances and track its energy consumption regularly in the coming years.

A1 Emissions

As our main business entails the provision of IT infrastructure solutions, our environmental impact is relatively low as a whole. Our emissions and energy consumption mainly come from the use of resources in our office and warehouse in Hong Kong. During the Reporting Period, there was no material non-compliance with applicable legislation or regulators.

Carbon dioxide (“CO₂”) emissions

Unless otherwise specified, the environmental data covers the Group’s operation in Hong Kong only. During the Reporting Period, the total CO₂ emissions in the scope of indirect emissions resulting from generation of electricity acquired by the Group and the intensity are as follows:

Issue		
Purchased Electricity	Total (kWh)	198,752
CO ₂ emissions	Total (tonnes)	119.019
CO ₂ emissions per floor area	Total (tonnes/sq.ft.)	0.0058
CO ₂ emissions per employee	Total (tonnes/employee)	1.5660

Waste Management

Due to our business nature, the Group does not emit a large amount of waste. The Group's Environmental Policy stresses carbon reduction and waste reduction with the principle of "Reduce, Reuse and Recycle" to promote better utilization of environmental resources. Packaging boxes and stationery are reused to minimise waste. The Group is committed to promoting an environmental-friendly mindset among its employees. During the Reporting Period, there was no non-compliance with applicable legislation or regulators.

A2 Use of Resources

Energy Consumption

During the Reporting Period, the total energy consumption, total energy consumption per floor area, total energy consumption per employee and direct energy consumption in terms of electricity are as follows:

Issue		
Energy consumption	Total (kWh)	198,752
Energy consumption per floor area	Total (kWh/sq. ft.)	9.6444
Energy consumption per employee	Total (kWh/employee)	2615.1579

During the Reporting Period, the Group adopted the following procedures in its office and warehouse to minimize carbon emission and waste generation:

- Utilize electronic communication where applicable such as e-leave system, e-cards for festival greetings and e-brochures for distributing to customers
- Reduce the number of printings of the financial reports
- Use of high performance and quality of all-in-one "multi-function printers" that incorporate printer, scanner and copier functions into single device. This can be shared among different departments in order to reduce the total number of different kinds of devices so as to minimize power consumption and carbon footprint as well as maintenance follow up
- Redeploy office furniture within the Group where possible to reduce the amount of material going to landfill
- Redeploy computer and notebook within the Group where possible
- Minimize waste wherever feasible

Water Consumption

Water management is not a material area for the Group. The Group's water consumption is for basic cleaning and sanitation.

A3 The Environment and Natural Resources

Although the core business of the Group has remote impact on the environment and natural resources, as an ongoing commitment to good corporate social responsibility, we recognize the responsibility in minimizing the negative environmental impact of our business operations, in order to achieve sustainable development for generating long-term values to our stakeholders and community as a whole. We assess the environmental risks of our business regularly, and adopt preventive measures when necessary to reduce the risks and ensure the compliance of relevant laws and regulations.

B. SOCIAL ASPECTS

Employment and Labour Practices

The Group values its human capital with a belief that its employees are pivotal to its success in the industry. The Group has established a number of policies and measures regarding employment policy, health and safety, development and training, labour standards and workplace quality to provide its employees with a fair and comfortable working environment.

B1 *Employment*

The Group has implemented a comprehensive Employment Policy which comprises recruitment, change of employment in relation to promotion and transfer, working hours, annual leave entitlement, maternity and paternity leave, salary review through performance appraisal, job-related allowances, medical schemes, insurance schemes, compensation and termination of employment. The Group emphasizes equal opportunities in relation to recruitment or promotion of an individual, without any discrimination against their age, gender, race, family status, sexual orientation, disability, nationality or region. There was no material non-compliance with applicable legislation or regulations during the Reporting Period.

B2 *Health and Safety*

The Group is committed to maintain a safe and healthy working environment for its employees, and has established relevant safety and health policies. For safety measures, the Human Resources and Administration Department ("HRA") of the Group is responsible for monitoring and reviewing the safety and security management periodically, and performing regular checking in both office and warehouse to ensure furniture, fixtures and fittings are maintained in good conditions. Regarding health measures, proper light and ventilation are ensured to safeguard employees' health. Moreover, first aid boxes are available at easily-accessible locations in both office and warehouse. HRA is responsible to ensure the supplies inside the first aid boxes are not outdated and functional. There was no non-compliance with applicable legislation or regulations related to occupational safety and health during the Reporting Period.

B3 *Development and Training*

The Group understands that training and development is essential for its staff to keep abreast of the ever-changing trend in IT industry and the dynamic pace in current domestic market. In view of this, the Group provides regular training programmes and training sponsorship for the development of the sales and technical staff. For the development of other staff, the Group encourages department managers to work closely with their subordinates and give them necessary training and development, in order to improve their abilities and knowledge for career advancement. Sponsorships are available to staff who have met certain conditions set by the Group.

B4 *Labour Standards*

With both the office and warehouse located in Hong Kong, the Group is confident that the environment where it operates does not carry high risks of child labour or forced labour. In the meantime, the potential employees' personal particulars are confirmed during recruitment processes. The Group also ensures the recruitment process is fair and working environment without any coercive acts. There was no non-compliance with applicable legislation or regulations related to child labour or forced labour during the Reporting Period.

Operating Practices

The Group believes that monitoring and evaluation of the vendors and subcontractors are important management tools to track the business progress and facilitate decision making and, in return, the Group can serve the customers towards their satisfaction through the delivery of products and services with the best quality. The Group will continue to maintain the vendor and subcontractor management policy and actively seek improvement.

B5 Supply Chain Management

The Group has maintained long term and stable relationships with major suppliers. All suppliers are evaluated carefully and are subjected to regular monitoring and assessment. During the Reporting Period, the Group was not aware of any key suppliers that had any actions or practices which have a significant negative impact on business ethics, environmental protection, human rights and labour practices.

In view of the increasing environmental concerns in society, the Group is aware of the importance in managing environmental and social risks of its supply chain. The Group will continue to monitor its supply chain regarding the environmental and social standards.

B6 Product Responsibility

The satisfaction of our customers is the cornerstone of the sustainable development of the Group. In addition to providing high quality services, we are determined to strengthen the protection of customers' privacy and intellectual property. Our employees are professionally trained to maintain the confidentiality of our customers' information. The Group adheres to the Personal Data (Privacy) Ordinance of Hong Kong and expressly reiterates confidentiality obligations in its Code of Conduct.

During the Reporting Period, the Group has had no non-compliance cases regarding violations of relevant laws and regulations on product responsibility and data privacy.

In addition, the Group has long established a set of procedures to handle customers' feedbacks or complaints in a professional manner. The Business Development Department reviews the feedback or complaints and coordinates relevant teams to address the concerns. The Business Development Department will also escalate the feedbacks or complaints to management if necessary.

B7 Anti-corruption

The Group has established an anti-corruption policy. Employees must not solicit or accept any advantage as reward or inducement for doing any wrongful act or showing favour to any person or corporate without the permission of the management. Any gifts or souvenirs offered or received must be reported and passed to the Group. Besides the anti-bribery policy, employees are encouraged to report without fear of reprisal any business malpractices including questionable accounting and auditing matters. In line with the Group's commitment to anti-corruption, a whistle-blowing policy is also in place to allow employees to report any malpractice and misconduct to the management of the Group with complete confidentiality. During the Reporting Period, there were no confirmed cases of corruption and non-compliance with any rules and regulation of the Group as regards anti-corruption such as the Prevention of Bribery Ordinance.

Community

B8 Community Investment

We place high priority in creating value for the communities we serve, which is illustrated through our investment in a variety of community initiatives. We care about the well-being of the communities in which we conduct our business.

The Group always encourages its employees to actively participate in sponsorships and charitable support through direct donation or involvement in various community and charitable activities to support those in need. The Group also fosters innovation and values ideas and supports the economic development of the communities.

OUTLOOK

In the future, the Group will continue to pursue the mission of becoming a sustainable enterprise as its new direction for development. Towards this end, it will improve its performance on all aspects of the environment, society and governance in its operations, responding to related government policies and participating in activities organised by related groups. In accordance with the ESG Guide, the Group will continue to share environmental, social and governance information with the public.

FEEDBACK

For details in relation to our financial performance and corporate governance, please visit our website on www.expertsystems.com.hk and/or refer to our annual report for the year ended 31 March 2017. We also treasure your feedback and comments on our sustainability performance, please send your feedback and other sustainability enquiries to us at enquiry@expertsystems.com.hk.

On 22 September, 2017, this report was approved by the Board of Directors of the Company.

BOARD OF DIRECTORS

As at the date of this report, the Board composition is as follows:

Chairman and non-executive Director:

Mr. Wong Chu Kee Daniel

Chief executive officer and executive Director:

Mr. Lau Wai Kwok

Executive Directors:

Ms. Lau Tsz Yan

Mr. So Cheuk Wah Benton

Non-executive Directors:

Mr. Chu Siu Sum Alex

Mr. Chan Kin Mei Stanley

Independent non-executive Directors:

Mr. Au Yu Chiu Steven

Mr. Chung Fuk Wing Danny

Mr. Ko Man Fu

Mr. Mak Wai Sing