



宝德科技集团股份有限公司

POWERLEADER SCIENCE & TECHNOLOGY GROUP LIMITED*

(a joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 8236)

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT IN 2016

In accordance with Appendix 20 — Environmental, Social and Governance Reporting of the Growth Enterprise Market Listing Rules issued by the Stock Exchange of Hong Kong, Powerleader Science & Technology Group Limited (the “Company”) and its subsidiaries (the “Group”, “We”, “Our” or “Us”) prepares the first Environmental, Social and Governance Report (the “ESG Report”) to presents the environmental, social and governance issues of all subsidiaries under the Group.

REPORTING PERIOD

This Report involves the period from 1 January 2016 to 31 December 2016 (the “Reporting Period”).

REPORTING RESPONSIBILITY

The Management has confirmed to the Board of Directors the effectiveness of the risk management and internal monitoring system to the ESG in 2016. The Board of Directors is responsible for the all responsibilities relating to the strategy and reporting of ESG.

ENVIRONMENT

The Group is mainly engaged in the Internet cloud computing industry that is an asset-light industry without contamination emissions such as effluent or exhaust. The Group formulates the Company’s environmental protection management rules with reference to the relevant laws and regulations, in an effort to reducing environmental pollution and waste of resources. There was no non-compliance with the laws and regulations in terms of environmental protection during the Reporting Period.

WASTE MANAGEMENT

The Group will not generate enormous amount of waste due to the nature of its business. The small amount of waste arising during the routine business process and operation is strictly controlled by the Group.

- I. The waste is recycled and classified into recyclable, non-recyclable and hazardous wastes. Recyclable substances will be reused. Toxic and hazardous substances are disposed of in accordance with relevant management measures;
- II. To reduce exhaust emissions, the self-owned vehicles of the Group utilizes high-quality fuels and regularly maintained so as to guarantee the operating conditions of these vehicles and control the generation of exhaust. The employees are encouraged to take public transport means as much as reasonably practical for purpose of pollution-free travel;

* For identification purpose only

III. A number of green plants are provided in the offices to absorb carbon dioxide and other hazardous substances in air and purify the air.

EFFICIENT USE OF RESOURCES

Electricity is the main energy of consumption by the Group. We are always committed to development of energy-saving products. Servers and storage products of the Company have been certified as energy-saving products. Shenzhen Guanlan Data Center also obtained the four-starred honor certificate for green and energy-saving demonstration project of data centers.

The employees are required to use the sunlight instead of the lamplights during daily operations as much as possible. Air-conditioners of the Company are maintained at the temperature of above 26 °C in summer and offer no service in winter. In vacant rooms, air-conditioners and lights must be turned off. We will also display posters on main office areas to raise the environmental awareness of employees. We will timely monitor the consumption of paper, power and water supply of each department and inform relevant departments of any abnormality.

CORPORATE GOVERNANCE

The Company has developed internal governance measures in accordance with the corporate governance practice code to ensure that the Company conducts operations smoothly and maximize the interests of the investors under a transparent and rigorous management structure.

The Company has reviewed its internal governance measures in accordance with the provisions of the corporate governance practice code during the Reporting Period. The management convenes meetings on an irregularly basis to discuss whether such internal governance measures are effective and complied with and to make a timely report of the implementation of such governance measures to the Board of Directors. There is no offense against the corporate governance rules during the Reporting Period.

Please refer to the Corporate Governance Report of the Annual Report 2016 of the Company for details.

EMPLOYEES

Basic information of employees as of 31 December 2016

Age	Number	Proportion
25 and below	186	19.87%
26–35	567	60.58%
36–45	148	15.81%
46 and above	35	3.74%
Total	<u>936</u>	<u>100%</u>

Education	Number	Proportion
Master’s degree	20	2.14%
Bachelor’s degree	449	47.97%
College	279	29.81%
Technical secondary school and below	188	20.08%
Total	<u>936</u>	<u>100%</u>

Gender	Number	Proportion
Male	624	66.67%
Female	312	33.33%
Total	<u>936</u>	<u>100%</u>

WORKING HOURS

The Group applies the five-day eight-hour working system and discourages working overtime of employees. If required by special conditions, these employees who work over time must be entitled to an allowance or take a working day (or days) off.

EMPLOYEE SECURITY AND BENEFITS

In strictly compliance with relevant requirements such as the Labor Law of the People’s Republic of China, the Company sticks to the principle of equal employment, makes equal pay for equal work, being impartial to employees with different nationalities, gender, religious or cultural background and protests against discrimination. The Group has a total of 936 employees during the Reporting Period. The Signing rate of the employment contract is 100%.

We maintain endowment, medical, unemployment, work-related injury and maternity insurances as well as housing provident fund for every employee to safeguard employees’ lawful benefits. The purchase rate of social security insurance is 100% during the Reporting Period.

DEVELOPMENT AND TRAINING

The Group attaches importance to quality cultivation of employees. Apart from the one-day induction training required for every new staff, the Company also calls the employees on an irregular basis to attend the internal skill training and external industrial exchange to improve their leaning ability and professional knowledge and ensure that they are updated with the latest development of the industry at the quickest speed. Meanwhile, online education is introduced to diversify the mode of training, which greatly improves the employees' leaning initiatives and enthusiasm.



EQUAL OPPORTUNITY

In addition to employee training, the Company also provides each employee with the equal opportunity to being promoted and the employee incentive measures with market competitiveness in order to effectively mobilize the employees in work and give full play to their own talents and to make their contributions to the sustainable development of the Company.

EMPLOYEE ACTIVITIES

The Company attaches importance to employee relationship management and makes efforts to create a good working and interpersonal environment for the employees. We will organize employee activities on a regular basis to enhance the communication and exchange among the employees, cultivate a sense of belonging of the employees and enhance team cohesion.



HEALTH AND SAFETY

The Group attaches great importance to the health and safety of the workplace and strictly abides by the Law of the People's Republic of China on Work Safety and puts safety first. We regularly check the production and office equipment, timely eliminate the safety risks and hold fire drills from time to time to ensure that employees masters the handling process in case of fire and handling measures in case of emergencies. The Group maintains five basic insurances including medical, work-related injury insurances, etc. for each employee to ensure that some help will be offered upon occurrence of accidents.

ANTI-CHILD AND FORCED LABOR

The Group has formulated the human resource recruitment management measures in strict accordance with the Labor Law of the People's Republic of China. Child or forced labor or other behaviors violating laws and rules is strictly prohibited. The Company has not found any recruitment of child or forced labor during the Reporting Period.

SUPPLY CHAIN MANAGEMENT

The Group has developed a management system that assesses new and existing suppliers on an all-round basis in order to effectively manage the supply chain. In addition to compliance with relevant laws and regulations, the product quality, time of delivery, product price and pre-sale/after-sale service of the suppliers must be strictly evaluated to select a qualified supplier for provision of high-quality products and services.

PRODUCT QUALITY

The Group adheres to the “customer first, forge ahead” business philosophy and sticks to the “customer first” principle to provide personalized customer service for customers. We have well-established sales services, such as provisions of remote technical support and product installation and commissioning, as well as after-sale replacement and other diversified services. In addition, we will continue to increase R & D investment so as to provide customers with better products and services.

ANTI-CORRUPTION

Integrity is the top priority of the Group’s corporate culture. We would not tolerate any corruption, bribery, blackmail, money laundering or other deceptive practice. The management practices of the Company clearly define the anti-corruption management measures, the provisions of which shall be observed by the employees at all times.

We have not found any major offense with respect to violation against anti-corruption laws and regulations during the Reporting Period.

SOCIAL RESPONSIBILITY

The Group always keeps in mind the social responsibility we bear since its establishment in 1997. We know well that only the enterprise with social responsibility will bring more long-term profits to stakeholders and create values for the society. Corporate social responsibility has become an important component of the corporate culture of the Group.

We care about social development and persons in need of help, and always participate in the various educational donation activities and other charitable activities. At the same time, we encourage our employees to actively participate in community volunteer services, and call on our employees to serve and repay the society. We always fulfill our promises to contribute to the social development.