

# Environmental, Social and Governance Report

## ABOUT THIS REPORT

SiS International Holdings Limited (“SiS International” or “the Group”) was founded in 1983. We are principally engaged in real estate investment, mobile and IT products distribution as well as investments in assets and businesses. SiS International has been listed on the Main Board of the Stock Exchange of Hong Kong Limited (“Stock Exchange”) since 1992 (Stock Code: 00529). The Group has also successfully listed three investee companies — SiS Distribution (Thailand) Public Co. Ltd on the Thailand Stock Exchange since 2004; SiS Mobile Holdings Limited on the Main Board of Hong Kong Stock Exchange in 2015; and IT Consultants PLC (“ITCL”) on two stock exchanges — Dhaka and Chittagong — in Bangladesh in 2016.

With our strong commitment to the well-being of stakeholders and the environment, stringent standards are endorsed in the entire product manufacturing value stream in order to deliver enduring value to our major stakeholders. The Group is pleased to present our 8th environmental, social and governance (“ESG”) report (the “Report”).

Unless otherwise specified, the environmental data covers the Group’s operation in Hong Kong and Japan. The Group’s operation in Thailand, as a subsidiary of the Group, is listed in Thailand with its own ESG report, the data from Thailand business was excluded from this report. The Group operates asset management business in Singapore. However, we consider this business to be non-core and relatively small in scale compared to our main operations. Therefore, the data from this location was also excluded from this report.

## REPORTING SCOPE

The Report presents the Group’s ESG management approach, environmental and social performance and material topics within our operational boundaries listed below during the period from 1 January 2023 to 31 December 2023 (the “Reporting Period” or “FY2023”). The scope of this Report includes the environmental and social performance of the main operations of the Group in Hong Kong and Japan. There were no material changes in the reporting scope as compared to previous year.

## REPORTING GUIDELINE

In preparing this Report, the Group has complied with the “mandatory disclosure requirements” and the “Comply or Explain” provisions in accordance with the Environment, Social and Governance Reporting Guide (the “Guide”) as set out in Appendix C2 to the Rules Governing the Listing of Securities on Main Board of the Stock Exchange (the “Main Board Listing Rules”) and in accordance with the practical circumstances of the Company.

In the course of the Report’s preparation, we have adhered to the following reporting principles set out in the ESG Reporting Guide:

## Environmental, Social and Governance Report

### Materiality

The Report contains issues that reflect material ESG impact or substantially affect stakeholders.

### Consistency

The Report uses consistent methodologies of ESG data over time. Any changes to the methods used or any other relevant factors affecting the methodologies have been disclosed in the Report.

### Balance

The Report provides an unbiased picture of our performance. The Report avoid selections, omissions, or presentation formats that may inappropriately influence a decision or judgment by the Report reader.

### Quantitative

The Report discloses key performance indicators in ways that can be measured so that the effectiveness of ESG policies and management systems can be evaluated and validated.

## FEEDBACK

Any comments or suggestions on this Report or the Group's sustainable development management are welcome. If you have any comments or suggestions, please feel free to contact us at:

- Address: 803 Nine Queen's Road Central, Hong Kong
- Telephone: (852) 2138 3938
- Email: enquiry@sis.com.hk
- Website: www.sis.com.hk

## BOARD STATEMENT

Adhering to its vision of sustainability, the Company is committed to generating maximum value for its shareholders as well as balancing interests of the environment, society and other aspects to promote harmony and prosperity for different kinds of stakeholders.

To strengthen our management on sustainable development, an ESG governance structure was established. The Board takes full accountability for the Group's ESG governance and sustainable development. They are responsible for monitoring the Group's material ESG issues, performance, and evaluating the ESG-related risks and opportunities regularly. Under the authorization of the Board, the management considers and evaluates various stakeholders' concerns and interests by materiality assessment to determine the Group's ESG management approach, strategy, priorities, and objectives.

## Environmental, Social and Governance Report

### STAKEHOLDER ENGAGEMENT

The Group values its stakeholders and their views relating to its businesses and environmental, social and governance issues. To understand the concerns of various stakeholders, the Group have engaged and discussed with various business functions and management personnel to communicate with its key stakeholders, including but not limited to employees, investors, customers, suppliers, government bodies and communities through different channels such as conferences, electronic platforms and public events. In formulating operational strategies and environmental, social and governance measures, the Group takes into account the stakeholders' expectations and strives to improve its performance through mutual cooperation with the stakeholders, with a view to driving long-term prosperity and creating greater value for the community.

Key Stakeholder Groups	Major Engagement Channels	Topics of interest/concern
<b>Shareholders</b>	Investor relations communication, Shareholder meeting	Business strategies and sustainability Financial performance Corporate governance
<b>Employees</b>	Meeting and Staff interview	Training Promotion Employee remuneration Safety and respectful workplace
<b>Customers</b>	Business relationship/Feedback	Produce quality and consistent service. Client data security
<b>Government</b>	Disclosures and Statutory filings	Compliance with laws and regulations Environment protection
<b>Suppliers and business partners</b>	Business relationship	Fair competition Business ethics

### MATERIALITY ASSESSMENT

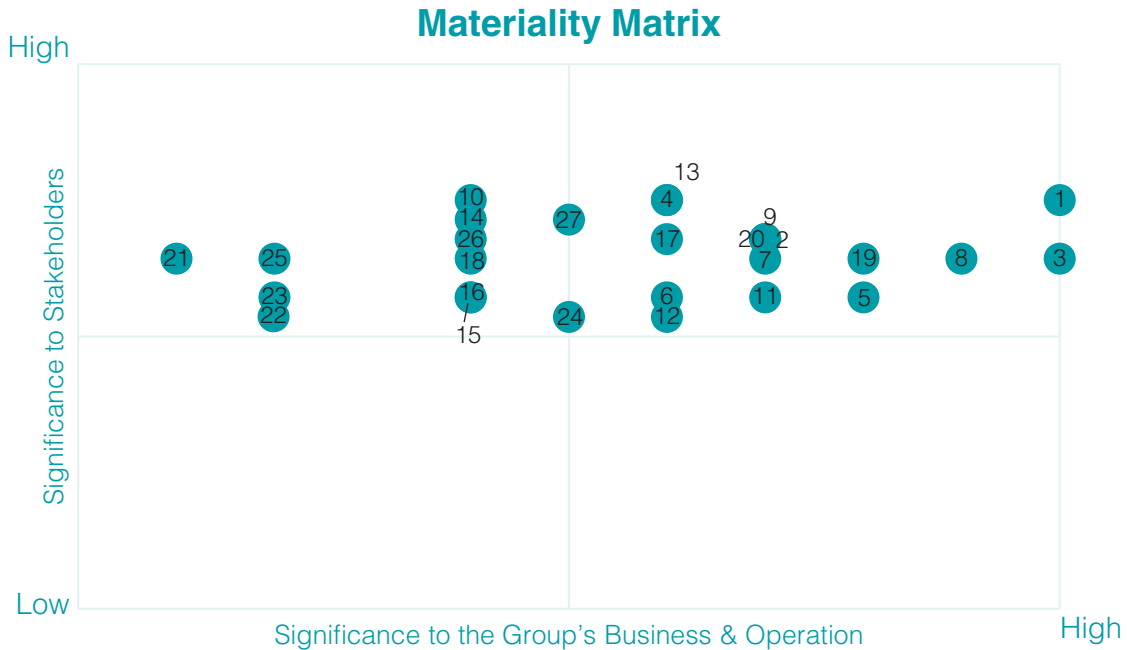
The Group has conducted an extensive survey with the primary objective of delving into the paramount significance associated with various ESG components concerning the stakeholders and the seamless functioning of the Group's intricate Business and Operation.

Through this meticulous inquiry, the Group sought to discern and comprehend the intricate interplay between these ESG elements and their impact on the relevant stakeholders, as well as the overall functioning and sustenance of the Group's multifaceted business undertakings. This comprehensive analysis allowed the Group to garner deep insights into the multifarious dimensions of ESG and how they intertwine with the interests and expectations of the discerning stakeholders.

Furthermore, by conducting this far-reaching survey, the Group aimed to underscore the potential influence that ESG elements exert on the Group's long-term viability and competitiveness within the dynamic business landscape. The results of this undertaking will enable the Group to make well-informed decisions and formulate effective strategies that align with the ever-evolving needs and aspirations of its diverse stakeholders, ultimately contributing to the Group's sustainable growth and success.

### Environmental, Social and Governance Report

A number of environmental, social and operation topics were identified for the material assessment after performing desktop research. Significance of the topics for the Group and its stakeholders are assessed to help the Group understand the gap between its development direction and the stakeholders' expectations. The Group's and stakeholders' matters of concern are presented in the following materiality matrix:



Social – Operation/Employment		Social – Operation/Employment		Environment	
1.	Product and Service Quality	10.	Anti-Corruption Policy and Whistleblower Procedures	20.	Climate Change Risk
2.	Customer Experience and Satisfaction	11.	Intellectual Property Rights Protection	21.	Greenhouse Gas Emission Reduction
3.	Customer Data and Privacy Protection	12.	Safeguard Network Security	22.	Waste (Hazardous and Non-Hazardous Waste) Reduction
4.	Optimise Cooperation with Supplier	13.	Protect Employee's Rights and Interests	23.	Energy Consumption Reduction
5.	Supply Chain ESG Management	14.	Occupational health and safety	24.	Waster Consumption Reduction
6.	Responsible supply chain management	15.	Staff Training and Employment Development	25.	Packaging Materials Consumption Reduction
7.	Anti-COVID 19 Epidemic	16.	Equal Opportunity, Diversity and Anti-Discrimination	26.	Environmentally Friendly Products
8.	Operate in a Credible and Compliant Manner	17.	Prohibit Child Labour and Forced Labour	27.	Environmental Compliance
9.	Corporate Governance and Risk Management	18.	Compliance Employment		
		19.	Community Charity and Investment		

## Environmental, Social and Governance Report

According to the results of the materiality matrix, the Group should focus on Social — operation/employment aspects. Looking forward, the Group will continue to review and develop corresponding ESG policies and targets, as well as optimizing the ESG reporting disclosure in order to pursue continuous improvement in our ESG performance in future.

### ENVIRONMENTAL

The Group has done everything within its power to safeguard the environment at work and from its commercial operations throughout the year. The Group also provides awareness training to its staff on the importance of supporting the environment. The Group works to minimize any negative effects on the environment that may be linked to its operations by identifying and managing those effects.

#### A1. Emissions

The Group invests in income generating properties or properties with the potential to appreciate in value. Most of the properties are for hospitality and office usage purposes. Properties are mainly leased to tenants/hotel operators for stable lease income. Therefore the hospitality operation attributes greenhouse emission for the Group. The Group has taken steps to closely monitor and minimize environmental impacts in its hospitality operation.

For our 56-storey iconic building involving hospitality, office and conventional centre located in Japan, an energy system was installed by an Energy Service Company (“ESCO”) in 2015 for energy saving purpose. The ESCO is engaged to monitor the effectiveness of new heat source system regularly. Electricity, heating & gas (“Energies”) was saved continuously.

For hospitality business, Japan’s tourism industry fully recovered in 2023, and there was a significant influx of tourists from around the world visiting Japan for sightseeing. Our Group has been making continuous efforts to develop the hotel business in Japan after the outbreak of COVID-19. During the Reporting Period, the energy indirect emissions were mainly from our hospitality business in Japan. Given Japan’s tourism industry fully recovered in 2023, the CO<sub>2</sub> emission was increased.

For mobile phone and IT products distribution business, we are also the leaders in Asia when it comes to the distribution of technological products, having a vast reseller channel network that includes several well-known manufacturers. Since we are not producers, there is no creation of hazardous waste.

The primary contributors to the Group’s greenhouse gas emissions were the acquired electricity, gas, and heating used in the hospitality business in Japan. The Group’s emissions of greenhouse gases increased due to the recovery of Japan’s tourism industry aforementioned.

## Environmental, Social and Governance Report

During the Reporting Period, the Group did not have air emissions and direct GHG emissions (Scope 1) generated from fuel consumption. The Group's GHG emissions are mainly from indirect emissions (Scope 2 and Scope 3), with the main sources of emissions being electricity use during operations and waste paper disposed of in landfills.

<b>CO<sub>2</sub> Emission (Tonnes)</b>	<b>2023</b>	2022
Scope 1: GHG emission from mobile combustion	<b>0 tonnes</b>	0 tonnes
Scope 2: Energy Indirect Emissions	<b>9,881 tonnes</b>	7,459 tonnes
Scope 3: Other Indirect Emissions	<b>42 tonnes</b>	19 tonnes
<b>Total greenhouse gas emission from scope 1 to 3</b>	<b>9,923</b>	7,478
Carbon Intensity (tCO <sub>2</sub> per employee) <sup>1</sup>	<b>27tCO<sub>2</sub></b>	28tCO <sub>2</sub>

Note:

1. As at 31 December 2023, the Group has a total of 366 employees (as at 31 December 2022: 268 employees) in Hong Kong and Japan, which will be used to calculate other intensity data.

Indirect emission is mainly from paper usage in offices and senior management's air travel. It amounted to 42 tonnes CO<sub>2</sub> for FY2023 (2022: 19 tonnes CO<sub>2</sub>). Indirect emission increased as the senior management started travel after releasing of cross borders travel restriction by most countries due to the outbreak of COVID-19, mainly the PRC and Japan.

Non-hazardous waste produced (paper waste, printer cartridges, tonner bottle) was 2,593 kg for 2023 (2022: 2,978 kg) with non-hazardous waste intensity of 7.1 kg per employee.

### A2. Use of Resources

Electricity consumption and water consumption were mainly attributable to our hospitality business. For 2023, total energy consumption was 17,370,000 kWh (2022: 15,707,000 kWh) with energy intensity of 47,459 kWh per employee.

The water usage was 241,882 cubic metre (2022: 171,674 cubic metre), with water consumption intensity of 661 cubic meters per total number of employee. Given the recovery of the tourism industry in Japan, the increase in water usage is mainly attributable to the hospitality business in Japan.

For distribution business, most of the goods were delivered to our resellers at original packaging. No material additional packaging materials were required.

Air conditioners, computers and office lights are switched off during non-business hours, to minimize light pollution and reduce energy consumption.

## Environmental, Social and Governance Report

### A3. The Environment and Natural Resources

Creating a green workplace is an essential step towards reducing our environmental impact and promoting sustainability. One of the keyways to achieve this is by encouraging the reduction, reuse, and recycling of materials to minimize wastage in daily operations. This can be achieved through various initiatives such as energy-saving measures, proper waste disposal, and electronic document handling.

In our iconic building in Japan, we have installed an energy system to save energy and reduce greenhouse emissions. This initiative not only helps in minimizing our environmental footprint but also sets an example for other organizations to follow suit. Additionally, in Hong Kong and Japan, we have provided recycling bins at our offices for waste paper and used toner cartridges, which are collected for recycling. This not only reduces the amount of waste going to landfills but also promotes a circular economy by reusing materials.

Furthermore, we encourage our employees to handle documents electronically, reducing the need for paper usage. When the use of paper is unavoidable, we require double-sided printing to minimize paper consumption. Additionally, we reduce in-person meetings by arranging conference calls or video conferences whenever possible. This not only saves time and resources but also reduces the carbon footprint associated with travel.

Moreover, our commitment to sustainability extends to our products, including mobile phones, tablets, monitors, and laptops, which are covered under the Producer Responsibility Scheme (PRS) on waste electrical and electronic equipment (WEEE) in Hong Kong. As a distributor or reseller, we are required to provide a free removal service for customers to dispose of their old equipment when purchasing new ones. We also provide recycling labels and receipts containing prescribed wording on recycling levies to promote proper disposal and recycling of electronic equipment.

In addition to these initiatives, we have ensured compliance with relevant statutory requirements when selling REE, demonstrating our commitment to responsible and sustainable business practices. By adhering to these guidelines, we can contribute to the proper disposal and recycling of electronic equipment, reducing the environmental impact of e-waste.

## SOCIAL

### B1. Employment and Labour Practices

#### Employment, Remuneration and Benefits, Recruitment and promotion

The Group is always complying with the labour regulations and associated guidelines. Our full-time staffs are entitled to paternity and compassionate leaves, healthcare and mandatory provident fund in respective jurisdiction. We apply equal opportunity and non-discrimination in recruitment, promotion and all other aspects of our employment practices. We encourage a healthy work-life balance among staffs. As at 31 December 2023, the Group had a total of 366 (2022: 268) permanent staffs. 60% and 40% (2022: 55% and 43%) are located in Japan and Hong Kong respectively. To attract, motivate and retain experience staffs, we reviewed their pay packages annually with prevailing market conditions to ensure they are competitive under volatile and severe market. To create incentives for directors and senior staffs to work with commitment toward enhancing the value of the Group and its shareholders, the Company adopted share option scheme and grant share options to eligible staffs of the Group.

## Environmental, Social and Governance Report

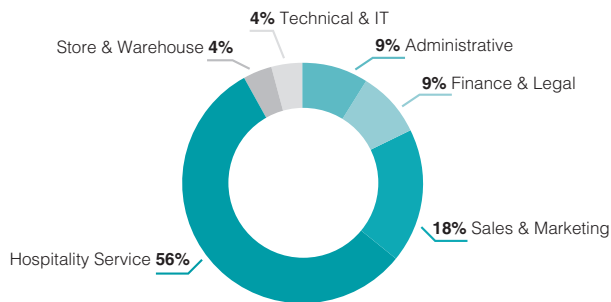
### Workforce by gender and location:

	Hong Kong	Japan	FY2023 Total	FY2022 Total
Male	48%	45%	46%	50%
Female	52%	55%	54%	50%

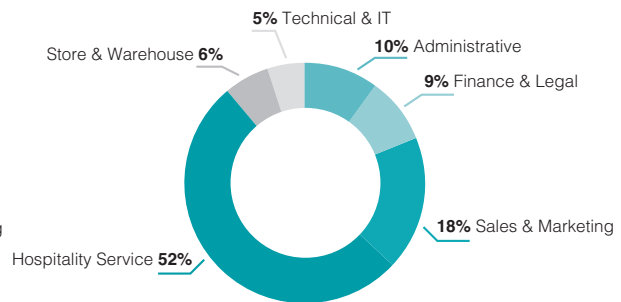
### Workforce by age group and location:

	Hong Kong	Japan	FY2023 Total	FY2022 Total
below 30	29	59	88	59
31-50	88	92	180	134
Over 50	30	68	98	75
Total	147	219	366	268

Workforce by function in FY2023



Workforce by function in FY2022



### Turnover rate<sup>2</sup> by age group and gender in FY2023:

Age/Gender	Male	Female	Total
Below 30	58.8%	79.1%	70.7%
30 to 50	15.3%	17.2%	16.4%
Over 50	26.1%	9.1%	17.8%

Note:

- Calculation method of turnover rate:  $\text{number of employees lost during the year} \div (\text{number of employees at the beginning of the year} + \text{number of employees at the end of the year})/2 * 100\%$



## Environmental, Social and Governance Report

### Diversity and Equal Opportunities

The diversity of our employees provides us with a valuable mix of perspectives, skills, experience and knowledge for addressing contemporary business issues. At a senior management level, our board diversity policy guides the Group's approach to selection of candidates taking into account an extensive range of characteristics, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service.

### B2. Health and Safety

In the Employees Code of Conduct, the Group has required employees to actively cooperate with various safety and hygiene measures implemented by the Group, and has implemented the following measures to ensure the health and safety of employees:

- Check the office area carefully before leaving, turn off the unnecessary power, close the doors and windows and eliminate dangers;
- Keep the workplaces with good ventilation;
- Keep the workplaces clean and tidy;
- Avoid overcrowded workplaces;
- Keep basic first aid equipment in the office;
- Report immediately to the relevant people and handle properly when there is an accident; and
- Propose adjustment plans to avoid the similar incidents, etc.

The Group provided a safe and healthy environment in the work places for all staffs. During the Reporting Period, No products sold/shipped recall due to health concerns/complaints were received (2022: No products sold/shipped recall due to health concerns/complaints). Air purifiers were placed in workplace to improve air circulation.

For each of the past three years including the reporting year, the Group has no major safety and work-related accidents and lost working days due to work-related injuries, nor has it paid claims or compensation to its employees due to such incidents.

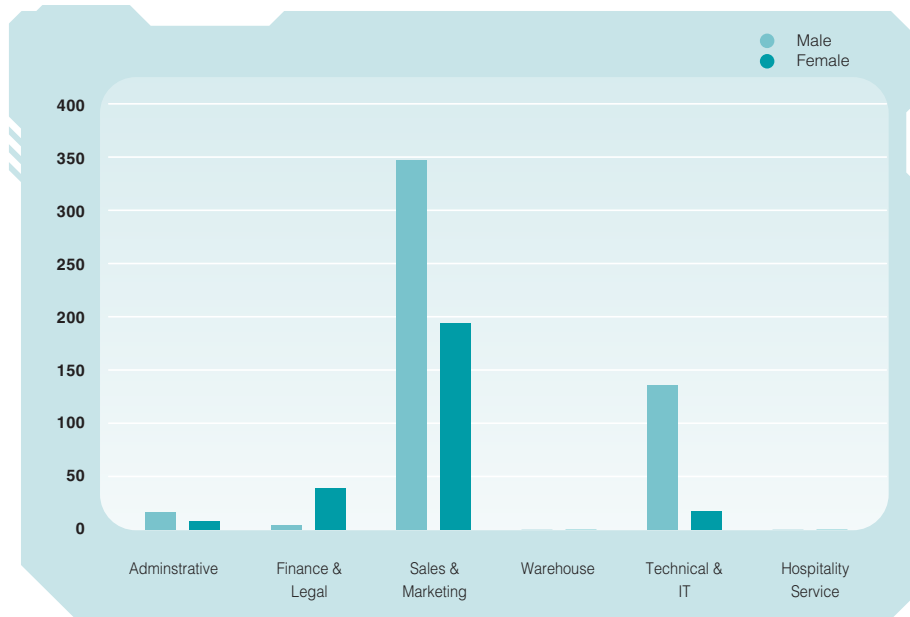
## Environmental, Social and Governance Report

### B3. Development and Training

As a distributor of renowned brands mobile phones, IT and related products in Hong Kong, our sales force and technical staffs processes broad knowledge of mobile phones and IT in order to provide the best services to our resellers. We work closely with suppliers to keep our sales teams updated on the latest technology and features of new products before product launches. Technical staff attended trainings provided by suppliers and obtained relevant certificates. The Group understands training and development is one of the keys to success. We offer both internal and external training to our key staffs. In daily operations, the Group provides induction training for new employees. Experienced employees will act as mentors to guide the new comers on jobs.

The Group believes that planned trainings can directly enhance the competitiveness of the employees. We listen to the opinions and needs of our employees, and standardise targeted internal training opportunities to each employee in order to construct an enterprise that is full of developmental opportunities. The Group has established a policy, stipulating that the Group will provide employees with appropriate on-the-job training to improve their existing job performance and promotion opportunities. During the Reporting Period, about 21%<sup>3</sup> employees of the Group participated in training related to career development, with an average training time per employee of approximately 2.1 hours<sup>4</sup>.

#### Total training hours by gender and function for FY2023



Note:

- Percentage of total employees trained:  $\text{Number of employees trained during the year} \div \text{Total employees at the end of the year} \times 100\%$ .
- Average training hours per employee:  $\text{Total training hours of employees during the year} \div \text{Number of employees at the end of the year}$ .

## Environmental, Social and Governance Report

The average training hours and the percentage of employees trained by gender and employee category of the Group in 2023 are summarised as follows:

	Average training hours <sup>4</sup>	Percentage of employee trained <sup>5</sup>
<b>By gender</b>		
Male	3	28%
Female	1	15%
<b>By employee category</b>		
Administrative	1	39%
Finance & Legal	1	26%
Sales and Marketing	8	70%
Store & Warehouse	0	0%
Technical & IT	10	63%
Hospitality service	0	0%

### B4. Labour Standards

The Group has complied with relevant labour regulations, government regulations in Hong Kong and Japan. The Group does not employ staffs who are below 18 years of age. The Group demonstrates a steadfast commitment to compliance with labor regulations and governmental mandates across its operations in Hong Kong and Japan. In Hong Kong, the Group ensures adherence to minimum age requirements, minimum wage standards, and timely payment practices, including contributions to the Mandatory Provident Fund Scheme. In Japan, the Group strictly complies with labor laws concerning minimum age, minimum wage, and timely salary payments. These measures reflect the Group's dedication to ethical employment practices and the well-being of its workforce across diverse jurisdictions.

During recruitment process, verification of applicant's identity information is required and recruitment of child labour is strictly prohibited. Applicant is also required to provide document proofs of academic qualifications and working experience for verifications, applicant who is suspected to have false academic qualifications and working experience would not be employed. The Group enters employment contract with each of its employee in accordance with relevant laws and regulations in its operating jurisdiction and also prohibits forced labour.

Note:

5. *Percentage of employees trained: Number of employees trained during the year ÷ Total employees at the end of the year\*100%.*

## Environmental, Social and Governance Report

### B5. Supply chain management

Sound supply chain management ensures the Group to sustain its business operations and development. As well as leveraging our extensive network of information technology distribution, we have maintained strong relationships with our suppliers. When selecting suppliers, the Group takes factors into account such as quality of products and functionality, price, reliability and anticipated market acceptance. The Group expects suppliers to observe the environmental, social, health and safety and governance considerations in their operations.

For mobile phone and IT products distribution business, we mainly procured over 50 (2022: over 50) internationally renowned brands from our suppliers. 80% (2022: 73%) of finished goods were supplied from Hong Kong. The remaining were supplied from Mainland China, USA and Europe.

For hospitality business, our hotel operators leverage years of experience and expertise in the hospitality sector to cultivate strong partnerships throughout the supply chain. This includes collaborative endeavors with:

**Property Asset Managers:** We maintain close collaborations with experienced property asset managers to optimize the utilization of our assets, streamline maintenance processes, and enhance the overall guest experience. Through proactive communication and strategic alignment, we ensure that our properties are managed efficiently, contributing to sustainable operations and value creation.

**Lenders and Financial Institutions:** Our relationships with lenders and financial institutions are instrumental in facilitating access to capital for strategic investments and operational initiatives. By engaging with reputable financial partners, we mitigate financial risks and uphold transparency and accountability in our financial dealings.

**Accounting and Tax Advisors:** We engage reputable accounting and tax advisors to ensure compliance with regulatory requirements, optimize tax efficiencies, and uphold the highest standards of corporate governance. Through proactive financial management and adherence to industry best practices, we mitigate risks associated with financial reporting and taxation, fostering investor confidence and long-term sustainability.

### B6. Product responsibility

The marketing of information technology, mobility and related products to general public are usually devised by suppliers and the Group is also providing marketing services to our suppliers. During holidays and festivals, we work with our suppliers to offer products at promotional prices through print and media advertising campaigns.

Suppliers provide warranty on the products they supplied to the Group for distribution. Suppliers are responsible for providing or procuring the provision of in-warranty service to the end users. Generally the warranty provided by the suppliers has a term from one to three years. The Group also adopts following quality control policies on the products to be sold:

- Inventory management team performs a series of inspection upon the receipt of the products in our warehouse regarding, among others, their appearance, packaging, specification and brand logo, etc. on a sampling basis; and
- If any defects are identified, the relevant product will be returned to the supplier for replacement.

## Environmental, Social and Governance Report

End users safety is always in the top priority. The Group takes speedy action together with our suppliers for any quality issues at all time.

The Group is committed to abide by the laws and regulations in relation to intellectual property protection. During the year, we have not received any cases of infringement of intellectual property rights. We are also not aware of any suspected cases of infringement of intellectual property rights of the products that we were distributed in 2023.

The Group is also committed to abide by the Personal Data (Privacy) Ordinance. Personal data shall be highly protected. Privacy policy and personal information collection statements in our websites demonstrate a commitment to safeguarding each personal data privacy. Employees are committed not to disclose confidential information, including information related to suppliers and customers whether orally or in writing or in any other media which are not publicly known.

### B7: Anti-corruption

In our comprehensive and diligently crafted Code of Conduct and Whistle-blowing Policy, we have meticulously outlined the Group's unwavering stance regarding matters concerning conflicts of interest, intellectual property rights, privacy and confidentiality of information, bribery, corruption, and non-competition. It serves as the beacon of ethical guidelines that all employees are mandated to strictly adhere to.

The Company will constantly keep itself updated with the regulations in relation to the prevention of commercial bribery, money laundering, fraud and extortion. It will also enhance education to all staff of the Company in this regard in order to forbid different kinds of commercial misbehaviour. During the Reporting Period, the Company has distributed guidelines and policies on anti-corruption to each new employee and required them to read and sign to acknowledge that they have received them.

By combining the framework of our Code of Conduct and Whistle-blowing Policy with the enlightening seminars, we strive to foster a workplace environment that upholds the highest ethical values and principles. This concerted effort underscores our unwavering commitment to conduct business in a professional, just, and transparent manner, resonating with our core philosophy that guides our every action.

During the Reporting Period, there were no incidents of corruption reported within the Group (2022: nil).

### B8: Community

We contribute to the community to show our deep care and awareness of the society. The physical health, mental health and the need of labour are the focused topics of the Group. We also encourage our employees to take part in volunteering activities to build a closer connection with different community groups.

In view of the work force and size of the Group, serving the community by way of cash and in-kind donations are considered most direct and effective.

In 2023, donation of HK\$100,000 (2022: HK\$9,000) was made to charitable organization in Hong Kong and Japan.