



Synergy Group

Low carbon economy: our new economy

Synergy Group Holdings International Limited

滙能集團控股國際有限公司

(incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立的有限公司)

Stock Code 股份代號 : 1539

2021/22

Environmental, Social and
Governance Report

環境、社會及管治報告



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



Welcome to our Environmental, Social, and Governance ("ESG") Report (the "ESG Report") for the year ended 31 March 2022. The ESG Report elaborates on the various work of Synergy Group Holdings International Limited and its subsidiaries (the "Group" or "Synergy") in respect of fully implementing the concept of sustainable development, the performance of its corporate social responsibilities, and its governance achievements throughout the year.

The ESG Report is prepared with reference to the Environmental, Social and Governance Reporting Guide (the "ESG Guide") as set out in Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The ESG Guide Content Index can be found in this ESG Report. Environmental and social key performance indicators ("KPIs") in the ESG Report are prepared with reference to the ESG Guide and calculated through systematic evaluation procedures.

The data and statistics in the ESG Report cover the Group's operations mainly in Hong Kong and Malaysia. The financial data and corporate governance report are detailed in other sections of the 2021/2022 Annual Report.

REPORTING PRINCIPLES

The Group follows the following 4 reporting principles as a basis for the preparation of the ESG Report:

1. Materiality

The Group has identified its material aspects through materiality assessment. The identified material aspects have been confirmed by the Board of Directors of the Company (the "Board"). We have further elaborated in section "5.2 Materiality Assessment" of this ESG Report.

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2. Quantitative

The Group has recorded and disclosed KPIs in quantitative terms. Information on the standards, methodologies, assumptions and source of conversion factors used for the calculation of environmental data are also indicated in this ESG Report.

3. Balance

The ESG Report tries to reflect the Group's performance in all aspects of ESG in an impartial manner and avoids selection, omission or reporting formats to ensure the content and data are unbiased.

4. Consistency

The ESG Report has also been prepared consistently to allow meaningful comparisons over time. Certain prior years' figures have been adjusted to align with current year's classification to allow fair comparison.

The COVID-19 pandemic has overshadowed the whole world and Synergy has responded to this global challenge in multiple ways to support not only our employees, partners, and clients, but also our community.

In particular, our Chairman, Mr. Mansfield Wong has started to act as the Vice President of GBA Carbon Neutrality Association from 1 January 2022, which he provides advice to the association regarding carbon neutrality in the Greater Bay Area as a market practitioner.

We value and welcome any comments and suggestions about this ESG Report. Should you have any feedback on the ESG Report, please contact us via info@synergy-group.com.

1. GOVERNANCE STRUCTURE

The Board has the general responsibility for developing and monitoring the Group's ESG strategies and reporting. The Board is also responsible for evaluating and determining the Group's risk management and internal control mechanisms are in place.

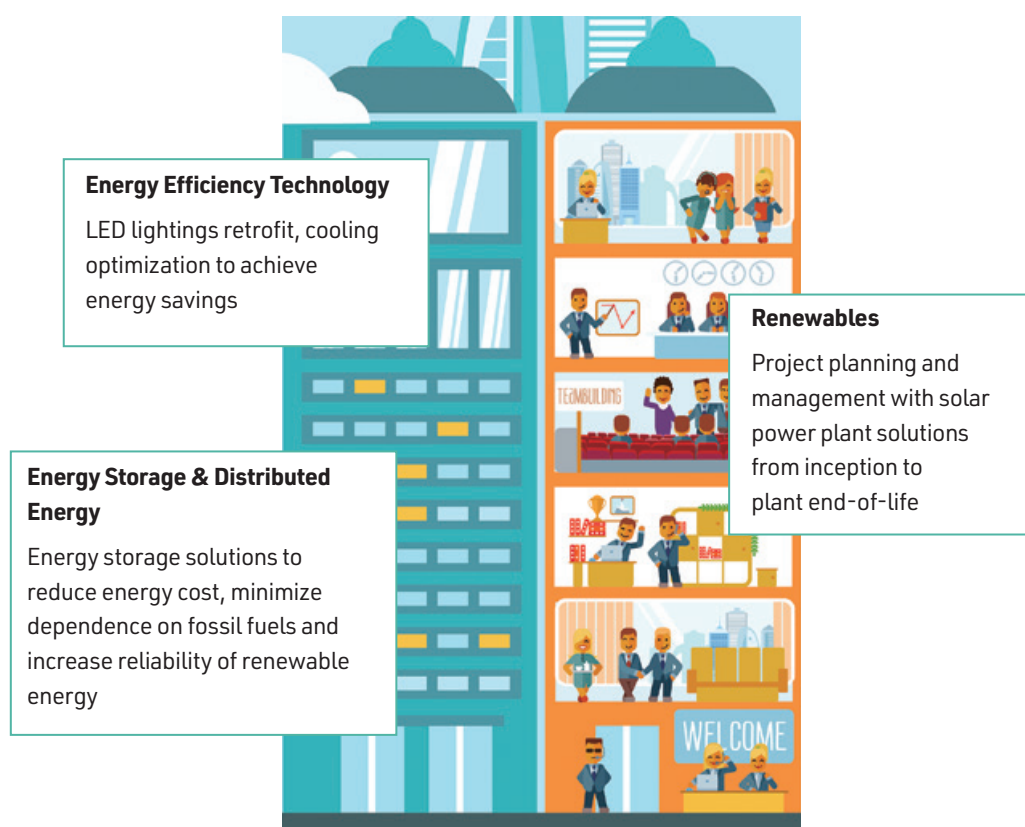
As a systematic management protocol for ESG matters, under the Board, the Group has formed an ESG committee, members including the Chairman, the Chief Financial Officer, the Chief Investment Officer, and the Chief Operation Officer of the Group. The ESG Committee is assigned with the responsibilities to 1) evaluate and determine ESG-related risks and opportunities, and establish risk management and internal control systems; 2) implement ESG approaches, strategies, priorities, adequately analyse the principles and processes adopted, and review related progresses made; 3) ensure our ESG goals and strategies are aligned with the expectations or requirements of the Nationally Determined Contributions ("NDCs") targets of the countries or regions where the Group operates, and 4) fulfil the regulatory reporting requirements of ESG matters.

The ESG Committee has assigned each functional department to drive ESG-related works to ensure that sustainable development strategies and practices are integrated into the Group's business operations for the preparation of ESG reports. ESG-related works include 1) the establishment, improvement, and implementation of policies and systems; 2) the assessment of risks and opportunities, establishment of targets, and monitoring of progress made; 3) the construction of information systems and compilation of reports, and 4) the inspection of risk management. All works will be reported to the Board regularly to review, identify, assess and monitor the policies and plans for the achievement of goals and targets.

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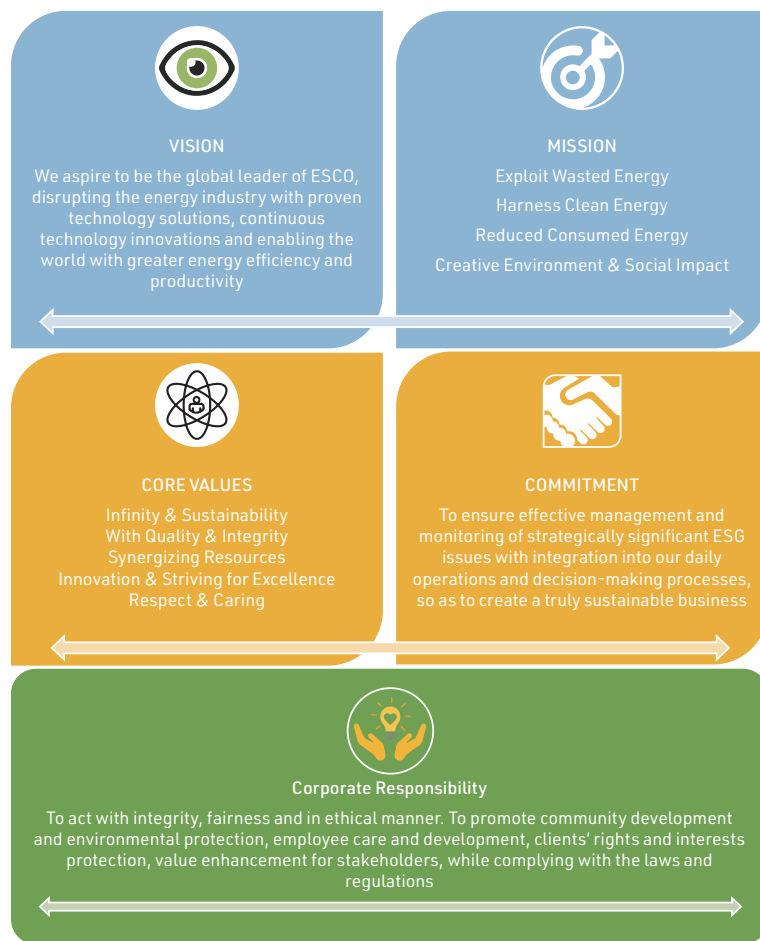
2. WHO WE ARE

As one of the leading Energy Services Companies ("ESCO") and ESG service providers in Asia, we acknowledge the importance of achieving carbon neutrality through our technologies and consultancy services. Over the past decade, Synergy has transformed from an energy efficiency consultant focusing on lighting solutions into an integrated ESG service provider which provides green solutions including energy saving, renewable energy, and energy storage. Our goal is to help the global community to reduce greenhouse gas emissions, and to achieve carbon neutrality.



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The Group always places the highest priority on upholding the stewardship of protecting the environment in order to make a positive impact to the community.



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3. HOW WE CHANGE THE WORLD

55%+

Increase in CO₂ concentration since 10,000 years ago

~4x

Increase in annual no. of Very Hot Days by 2100



275M

No. of people that will be flooded in areas including Hong Kong at the latest projections by 2100

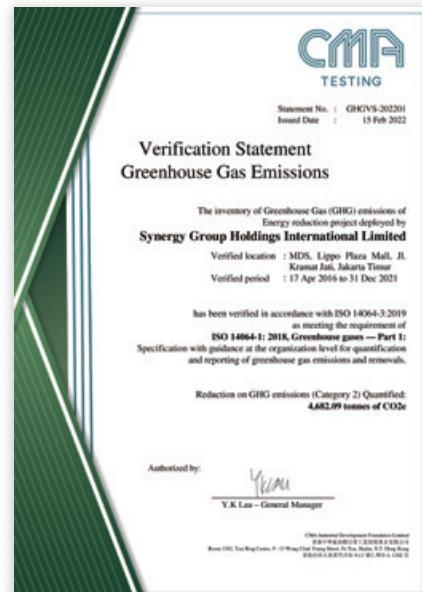
0 (zero)

No. of cold days in Hong Kong by 2100



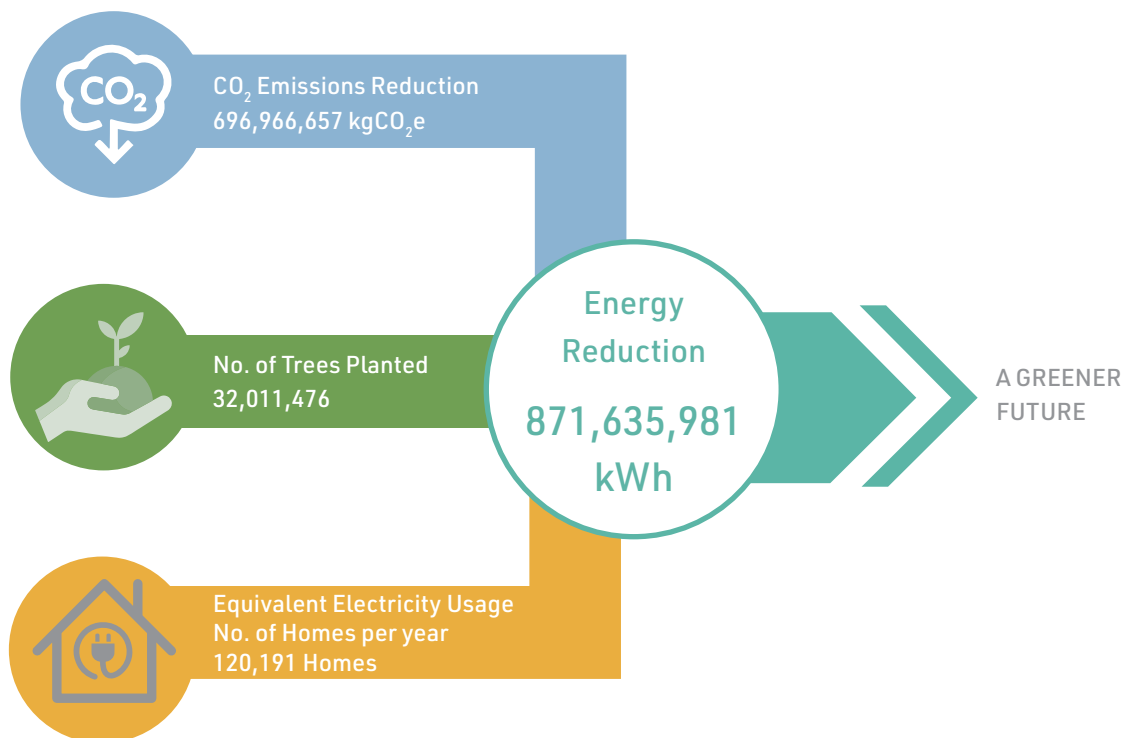
Global climate change and energy crisis have evolved into a critical issue in sustaining the future. The Group continues its commitment to become a global service provider in energy saving and efficiency technologies as well as clean energy solutions. We are dedicated to embracing new technologies and investing in continual research and development to provide innovative green solutions to tackle the problems brought by climate change.

Carbon Neutrality is a global challenge and the energy crisis continues to be a critical issue in sustaining the future. The Group is committed to becoming a global service provider in energy saving and efficiency technologies as well as clean energy solutions. In the year 2021-2022, the Group has successfully obtained verification statements of Greenhouse Gas (GHG) emissions granted by CMA Testing and Certification Laboratories. As of May 2022, reduction of over 50,000 tonnes of CO₂e from our previous and ongoing projects have been verified around the globe.



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In the past decade, our estimated cumulative environmental contribution is illustrated in the figures below ^{1,2}:



¹ The energy savings include all the EMC contracts within Synergy Group as a whole and there is uncertainty in the value due to variation in electricity price and actual monthly energy savings. Direct product trading can also contribute to energy savings, yet we have not included due to different contractual arrangements

² The estimation on the equivalent emissions, number of trees planted, etc. is based on general online calculation approaches <https://www.epa.gov/energy/greenhouse-gas-equivalencies-calculator>

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4. OUR AWARDS & RECOGNITION

We are encouraged by the significant awards and positive acknowledgement of our dedication to developing low-carbon technology over the past years. We will strive continuously to give back to the community in the future.

Below are the awards and recognition in the past 5 years.

**2022 Mansfield Wong and Kenny Wong
as speakers of Webinar
Topic: Carbon Neutrality in GBA**

by CPA Australia



**2022 Appreciation Certificate to support community
vaccination centres**

By Home Affairs Department – Shatin District



**2022 Institutional Member of the Association and
Mansfield Wong as Vice President of the Association**

By GBA Carbon Neutrality Association



Social Enterprise Supporter Award Scheme 2021

By Fullness Social Enterprise Society



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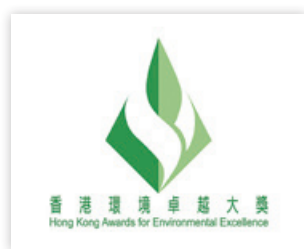
2021 Top 10 Most Popular Cleantech Solution Providers

APAC BUSINESS Headlines



2019-2020 Certificate of Merit

By Hong Kong Awards for Environmental Excellence



2018 Sustainable Business Award

By World Green Organisation



2020-2022 Award of Hong Kong Green Organisation Go Green Wastewi\$e-Certificate (Membership number: GO-8339-2201)

By Environment Campaign Committee



2018-2019 BOCHK Corporate Environmental Leadership Awards EcoChallenger

By the Federation of Hong Kong Industries
and the Bank of China Limited



2017 Forbes China Up-and-Comers List Top 100 Best Listed Company

by Forbes China



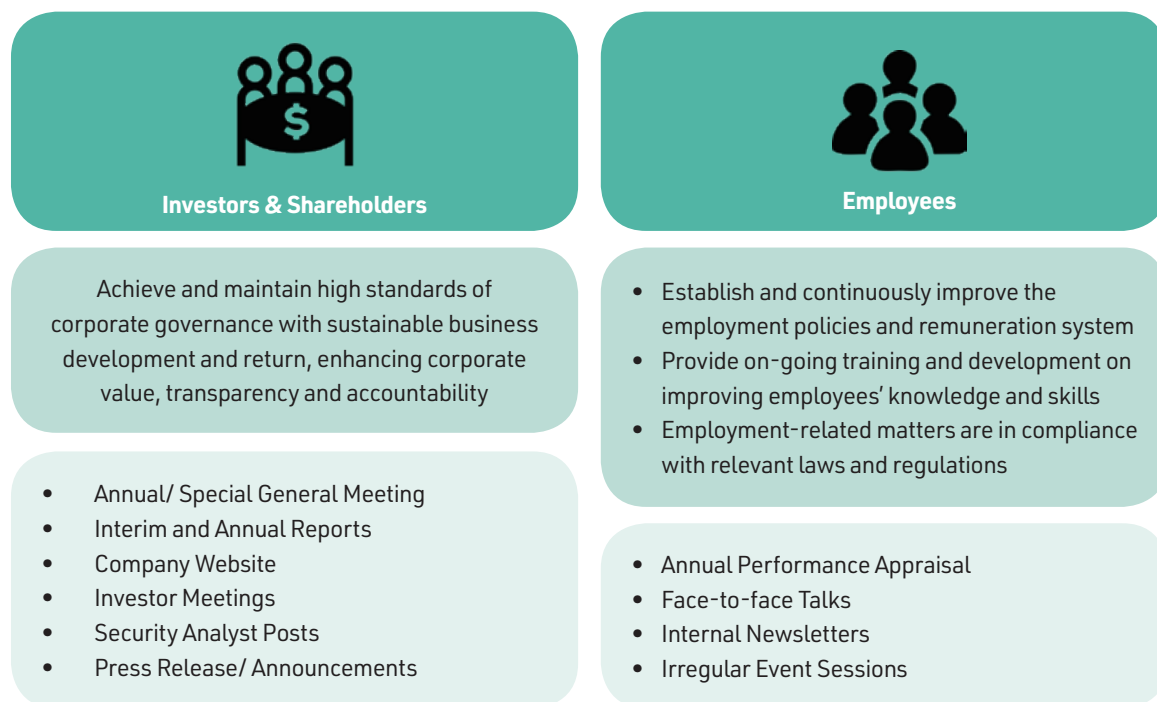
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5. OUR APPROACH TO ESG

At Synergy, sustainability is a business fundamental. We seek to create value for our stakeholders while driving sustainability for a better future. We evaluate and determine significant economic, environmental, social, and governance topics and integrated ESG responsibilities into our corporate strategy and operations to create shared values for society and achieve sustainable growth. In other words, we incorporate sustainability into every aspect of our operations.

5.1 Stakeholder Engagement

Our approach for stakeholders' engagement is an ongoing process, whereas we understand the impacts of the business operations and identify the key environmental and social issues from the stakeholders' perspective, such that we can understand and address the concerns properly. The Group's business involves a wide range of stakeholders' activities, the major stakeholders and the associated channel of communications are as below:



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Suppliers, Contractors and Agents

Maintain good relationships and help in supporting ESG adoption and in compliance with relevant standards

- Supplier Assessment
- Site Inspection Visits
- Regular Supplier Meetings and Dialogues



Customers

Offer wide range of eco-friendly and energy saving products and services with quality guarantee

- Site Visits and Meetings
- Company Website
- Company Booklet and Product Catalogue



NGOs, Professional Organizations and the Community

- Proactively collaborate with the organisations to promote sustainable development
- Support activities associated with these organisations

- Irregular Charity Events
- Partnership Programs
- Organisation Annual Dinner
- Memberships

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5.2 Materiality Assessment

As a business with diverse operations, the Group has conducted an internal analysis to ensure the relevant material topics with major environmental and social impacts are addressed in this ESG Report. This exercise also sets forth the strategic direction to achieve our sustainability goals. The internal analysis has taken into account of various facets including the impact of our operations and products on environmental and social aspects, our Group's key policy, target and strategy, competencies, interests of stakeholders, relevant laws and regulations, the degree of ESG impacts, risks and opportunities, industrial views and practices from peers and competitors as well as any location-specific issues.

Material Aspects	Boundaries					Major Impacts
	Investors & Shareholders	Employees	Suppliers & Contractors	Customers	Organisations & The Community	
Environmental Emissions	✓	✓	✓	✓	✓	Normal business operations leading to indirect emissions, however support of creating a low-carbon future by providing clean energy, energy saving and management services to customers
Use of Resources						
• Energy	✓	✓	✓	✓		Normal business operations leading to resource use and management, however support of creating a low-carbon future by providing clean energy, energy saving and management services to customers
• Material (e.g. packaging)	✓	✓	✓	✓		
General Impact on Environment & Natural Resources and Mitigation Policies	✓	✓	✓			Resource management in place

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Material Aspects	Boundaries					Major Impacts
	Investors & Shareholders	Employees	Suppliers & Contractors	Customers	Organisations & The Community	
	Social					
Employment						
• General Working Conditions		✓	✓			Creating a diverse harmonious working environment
• Benefits and Compensation		✓	✓			
• Equal Opportunity, Diversity and Anti-Discrimination		✓	✓			
Occupational Health & Safety		✓	✓			A safe working environment and healthy life
Development & Training		✓	✓			Creating strong learning and development culture
Labour Standards						Fully complied with labour regulations and maintained a high standard
• Child Labour		✓	✓		✓	
• Forced Labour		✓	✓		✓	
Supply Chain Management		✓	✓			Good corporate-supplier relationship with regular communications
Product Responsibility						Good relationships with customers by maintaining high product quality and protecting customers' data privacy
• Quality Assurance, Customer Health and Safety		✓	✓	✓		
• Advertising		✓	✓	✓		
• Product Labelling		✓	✓	✓		
• Data Privacy		✓	✓	✓		
Anti-Corruption		✓	✓	✓	✓	Adhering to the highest standards of anti-bribery, anti-corruption and prevention of money laundering, etc.
Community Investment		✓			✓	Supporting the local community through donations and social activities

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6. SUSTAINABLE ENVIRONMENT

We are putting tireless efforts in reducing greenhouse gas emissions for a greener and brighter future. Sustainability is critical to all aspects of our operations and it is important to mitigate our negative impact as much as possible. Our environmental stewardship approach, which is underpinned by the 4Rs principles (Reduce, Reuse, Recycle, Recover), is depicted in the Group's Environmental Policy. We aim to integrate environmental issues into our daily operations and corporate culture with regular review and monitoring to ensure our adherence to our sustainability objectives.

As a green business by its nature with no manufacturing facilities, the Group does not produce material amounts of pollution, and has complied with the relevant laws and regulations that have a significant impact on the Group relating to air and greenhouse gas ("GHG") emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. We actively explore ways in addressing major environmental risks, both internally and externally.

6.1 Emissions and waste

To cope with the challenge of climate change, our Group put continuous efforts not only to minimal carbon footprint in our daily operations, but also to assist other corporates to reduce carbon emissions. We will continue to guide and monitor our goals and improve our plans to achieve carbon neutrality. In addition, the Group's ESG goals provide a baseline and future direction for annual review of GHG emission reduction and energy transition progress, as well as incentives for more efficient action on climate change.

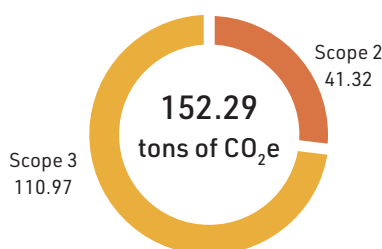
The Group has set up a 5-year target to improve our environmental performance using 2018/19 as the baseline. The Group setup different approach to achieve the target. We will review the approach periodically to enhance our waste management performance and reducing the generation of waste continually.

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We measure our environmental performance with the following KPIs:

Category	2021/22	2020/21	Baseline 2018/19	Target (% change from baseline)
Electricity Usage	59,098 kWh	78,805 kWh	85,396 kWh	77,000 kWh (-9.8%)
Electricity Usage Intensity	1,477.5 kWh/person	2,918.7 kWh/person	2,135 kWh/person	1,925 kWh/person (-9.8%)
Paper Usage	168 kg	151 kg	360 kg	200 kg (-4.4%)
Recycled Materials	128 kg	92 kg	133 kg	N/A
Hazardous Waste Produced	0.77 tons	0.78 tons	1.1 tons	1 tons (-9%)
Non-Hazardous Waste Produced ³	0.63 tons	1.62 tons	7.7 tons	7 tons (-9%)
Packaging Material Used	5 tons	4 tons	58 tons	N/A

Tons of CO ₂ e	2021/22	2020/21	Baseline 2018/19	Target (% change from baseline)
Scope 2 Emissions ⁴	41.32	55.34	61	55 (-9.8%)
Scope 3 Emissions ⁵	110.97	94.65	107	100 (-6.5%)
Total GHG Emissions	152.29	149.99	168	155 (-7.7%)



The carbon emissions footprint is largely from the electricity usage in offices, overseas business travel and product transportation activities.

- ³ Non-hazardous waste mainly represents the spent lighting tubes (with the hazardous materials removed) disposed to the authorized collector after retrofitting for customers
- ⁴ Scope 2 Emissions are produced as a result of use of electricity; no significant scope 1 direct emissions arise from our operations as compared to other emissions. The calculation is based on the "How to prepare an ESG Report?—Appendix II: Reporting Guidance on Environmental KPIs" published by HKEX, and emission factor of 0.71kg CO₂/kWh released by Hong Kong Electricity in its Sustainability Report 2021 and emission factor of 0.694 released by GreenTech Malaysia for our Malaysia operation.
- ⁵ Scope 3 Emissions are produced indirectly from paper usage, commercial business air travel product transportation and electricity usage of a major supplier. The calculation is based on the emission factors from "How to prepare an ESG Report?—Appendix II: Reporting Guidance on Environmental KPIs" published by HKEX using the national emission factor in Mainland China of 0.6101 kg CO₂/kWh.

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6.2 Our Green Office

We urge our employees to practice environmental conservation to achieve an eco-friendly workplace environment by introducing a paperless office, reinforcing energy saving concepts, using energy-efficient facilities, and promoting waste reduction and recycling.

To implement the Group's environmental protection policy, the Group has established electricity use management procedures to strictly require all departments to efficiently use and save energy. The Group's Administration and Human Resources Department is responsible for implementing training of and electricity saving measures, and arranging pre-employment training for new employees, including environmental protection facilities and equipment operation procedures to ensure that each new employee has sufficient knowledge and a way to eliminate incorrect use of equipment, thereby reducing unnecessary energy consumption.

We operate in a leased office premise for which water supply and discharge are solely controlled by the building management. Water consumption is immaterial to our operations. There is no material issue in sourcing or using water that is fit for purpose.

Besides, we actively promote "Paperless Office", encourage employees to transfer information and documents in the form of electronic files to reduce photocopying and printing, and encourage employees to set the printers to double-sided printing mode, check document formats before copying or printing, use both sides of the paper as much as possible, recycle single-sided printed paper, and put waste paper used on both sides into recycled paper collection boxes for disposal by qualified recyclers.

Our indoor air quality in the office is regularly monitored and measured. Especially in the FY2021/22 COVID-19 pandemic, air-purifying and sanitizing equipments are used in offices and the air conditioning system is cleaned periodically to improve indoor air quality by filtering pollutants, contaminants, and dust particles.

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Energy Conservation	Waste Reduction	Paper Reduction
<ul style="list-style-type: none"> Regularly clean air-conditioning filters to reduce electricity wastage due to dust clogging Maintain the air conditioner temperature to above 25°C Strengthen power saving measures including switch off lighting, electrical and electronic appliances when not in use and well maintained Stopped using and selling Incandescent Light Bulb (ILB), which we pledged under the Energy Saving Charter on "No ILB" hosted by EMSD 	<ul style="list-style-type: none"> Recycling systems in place Reusable utensils in pantry 	<ul style="list-style-type: none"> Recycling/reusing papers Printing on both sides Using e-platforms
Green Procurement	Water Conservation	Education & Awareness
<ul style="list-style-type: none"> Established a purchasing mechanism and use supplies according to need Recycle used printer toner cartridges 	<ul style="list-style-type: none"> Water strainers are adopted Report leaks and drips 	<ul style="list-style-type: none"> Environmental Policy is made available to each staff and posted in selected areas Encourage employees to grow small plants in office

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6.3 Overseas Business Travel

Travel expenses shall be reasonable with assessment of the necessity, appropriateness of the frequency, and mode of travel adopted. The Group encourages the use of e-platforms or video conference system(s) whenever possible to avoid any unnecessary overseas travel. Direct flights shall be chosen to reduce carbon emissions caused by inevitable business travel. We also encourage travel by railway over air flight for short distance journeys. Therefore, our carbon footprint on business air travel has been kept minimal.

6.4 Product Packaging & Transport

The Group works to reduce carbon footprint in product transport by developing efficient transport logistics plans whilst ensuring timely and accurate delivery of our products. We transport the goods by sea as much as possible, which has a lower carbon footprint compared to air-freight, leading to a reduction in Scope 3 emissions. We also constantly review our logistics performances to improve the supply chain network design.

Synergy advocates the adoption of simple packaging to reduce the use of packaging materials. We also encourage bulk shipment volume bundling by consolidation and optimization of our supply chain and shipment planning. The packaging materials shall be reused or recycled to the extent as much as possible to avoid excessive waste generation.

6.5 Chemical Waste Treatment

Spent fluorescent tubes/lamps may sometimes be collected from our customers after lights retrofitting. These tubes are classified as hazardous due to the presence of mercury. We have implemented chemical waste handling procedures in compliance with the *Waste Disposal Ordinance (Cap. 354)*. The hazardous wastes are handled by qualified service providers licensed by the Environmental Protection Department. The hazardous waste collected was kept minimal and maintained at similar level as compared to last year. No significant contamination of the environment is observed during the reporting period.

6.6 Climate Change

Given that potential climate change can drive transformation across all economic sectors, the fact that it often dominates ESG discussions is hardly surprising. The operational risks of any negative climate and environmental impact arising from our business as a result of climate change are rigorously monitored and examined by our Group. With reference to the Guidance on Climate Disclosures published by The Stock Exchange of Hong Kong Limited, we have estimated the impact according to physical risks and transition risks, which helps us to determine our direction to transform into a more sustainable and low-carbon business model in the future.

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6.6.1 Physical Risks

Strong linkage between the planet's warming and its changing weather patterns, extreme weather such as typhoons and heavy rains can potentially disrupt the Group's operations, including damaging our communication infrastructures, and supply chain. It may also interrupt our projects due to delays in manufacturing and transportation.

To be proactive on these potential physical risks, the Group has framed contingency plans and solutions to reduce the negative impacts. The management team will regularly communicate with employees on work arrangements to ensure their safety during operation accordingly. The Group will also evaluate periodically to strengthen and improve overall procedures under future extreme weather conditions.

6.6.2 Transition Risks

As the society and economy shift towards a low-carbon and more climate-friendly future, there are more rigorous regulations to upkeep with the vision for decarbonization. It is currently mandatory for listed companies to improve the climate-related disclosures in their annual ESG reports. As a result, enterprises are at higher risk of claims and lawsuits due to failure to meet the compliance requirements for climate change. To be proactive on upcoming transition risks, the Group regularly explores upcoming trends and develops other green solutions to ensure the Group can fulfill these compliance requirements and avoid preventable costs and non-compliance fines.

LOOKING AHEAD

The Group is dedicated to practicing environmental sustainability in its operations. We will enhance our energy use efficiency continually to meet our ESG targets.

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7. SUSTAINABLE OPERATIONS

7.1 Employment and Labor Practice

The Group is fully committed to realizing stellar ethical corporate behaviors and investing in the growth and development of our people, who are crucial to our business success. During the year, Synergy continued to cultivate a pleasant and motivating working environment and nurture a strong team with outstanding capabilities and creativity.

The Group strictly abides by the local laws and regulations, including the *Hong Kong Employment Ordinance (Chapter 57)*. The Group has not identified any breach of labor standards since our establishment. The Group ensures its compliance through a series of human resources policies and procedures in relation to recruitment and promotion, employment conditions, equal opportunities, anti-discrimination, compensation and benefits, and fair dismissal in the markets where it operates. A comprehensive Staff Handbook, which includes the Code of Conduct and guiding principles on professional ethics and other related human resources matters, is provided to each employee for reference.

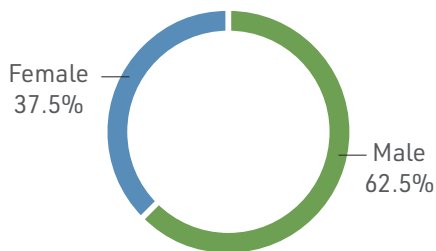
The Group also has a protocol to allow employees to notify the management of any suspected breaches or identified issues. The management team will investigate and take remedial actions to ensure continuity of a fair, caring, and favorable workplace environment for the employees. Since the establishment of the Group, any form of workplace harassment and discrimination is strictly forbidden.

The Group complies with the *Sex Discrimination Ordinance (Cap. 480 of the Laws of Hong Kong)*, the *Disability Discrimination Ordinance (Cap. 487 of the Laws of Hong Kong)*, the *Family Status Discrimination Ordinance (Cap. 527 of the Laws of Hong Kong)*, the *Race Discrimination Ordinance (Cap. 602 of the Laws of Hong Kong)* and other relevant legislation in making all decisions relating to recruitment, dismissal, training, remuneration, and promotion so the Group provides equal opportunities and select the best candidates from suitable backgrounds based on their ability and qualifications, irrespective of factors such as gender, age, race, religion or other measures of diversity. We prohibit the use of forced labor and child as well as young workers against any hazardous work. We have no tolerance to child and forced labor in our workspace and we will conduct interviews and background investigations to verify the identities of any new joiners. To avoid the use of child and forced labor in our suppliers and contractors, we will enforce relevant legislations in our agreements, and carry out regular audits and inspections to assess any potential violation of labor regulations that may arise. In addition, we will take disciplinary action in the event of any breach of the code of conduct, including verbal or written warning, demotion, or dismissal.

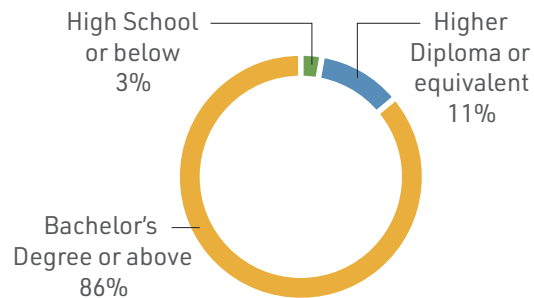
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The Group has further enriched its talent pool with increasing levels of female workforce participation to create a diverse and inclusive workplace profile. The following diagrams illustrate the Group's staff composition in Hong Kong as of 31 March 2022:

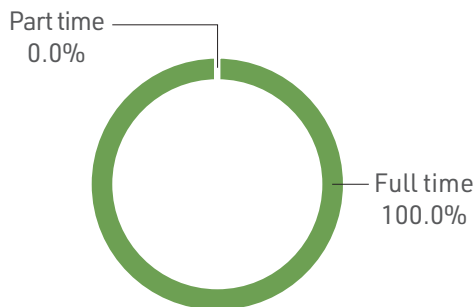
Employee Gender Distribution



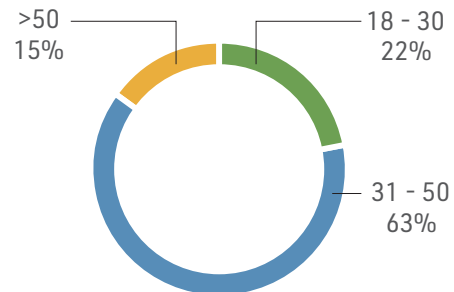
Employee Educational Profile



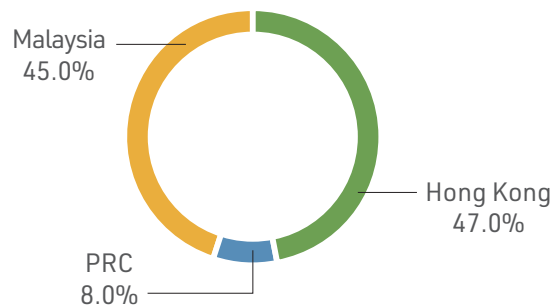
Employment Type



Employee Age Group



Geographical Region



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As of 31 March 2022, the Group had 40 employees with 25 males and 15 females. The following table provides a breakdown of the total number of employees by gender, age group, and region:

	Number of Employees	Employee turnover rate
Gender		
Male	25	20.00%
Female	15	46.67%
Age Group		
18-30	9	55.56%
31-50	25	28.00%
>50	6	0.00%
Geographical Region		
Hong Kong	19	36.84%
Mainland China	3	33.33%
Malaysia	18	22.22%

7.1.1. Employee Relations

Creating an atmosphere of trust and harmony between the Group and the staff as well as among the staff is crucial to company success. Social events such as annual dinners, staff outings, and festival gatherings are organized to allow employees to interact and networking, enhancing bonding among employees and relieving stress from work. Employees' families are also welcome to join to demonstrate the Group's respect for making their families a priority.

In addition to competitive remuneration packages and above fringe benefits for every full-time employee, the Group has also established a share option scheme to grant shares to employees according to the assessment of individual performance. The aim was to recognize the continuous contributions of employees and provide them with incentives to retain a sense of belonging and unity. The Group aspires to use the scheme to motivate the people to continue to deliver the Group's sound development and help to attract the right talent for future development of the Group.

7.1.2. Compensation, Welfare, and Benefits

Employee remuneration is determined according to the market level and employee's knowledge, skills, experiences, and educational background. Their remuneration package includes basic salary, overtime pay, and/or discretionary bonus. Other benefits include festive gifts, various allowances, insurance, and retirement benefits.

7.1.3. Working Hours and Rest Periods

The Group treats its employees as an important core asset, pays attention to its employees' health, and encourages work-life balance. Employees' work hours and their rights of rest days and holidays comply with the local labour laws and regulations.

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7.1.4. Development and Training

Synergy treats its employees fairly, responds to their needs and rewards their performances. We adopt an open-door communication policy and carry out annual performance reviews with our employees. The annual performance evaluates staff performance and recognizes the outstanding work of our people, and also provides the opportunity to engage staff in meaningful consultation about their career paths and express any concerns. The "360 Feedback" scheme was introduced in 2016 to allow peer and management work reviews. During the reporting period, we have reviewed and improved the feedback form to provide more exhaustive coverage of different work aspects, thereby providing personalized opinions and encouraging individual performance.

To facilitate our employees' professional development, the Group has established an in-house training system for the employees.

Orientation For new joiners, focusing on aspects such as company background, product knowledge and installation

On job training Offered to new joiners or employees who are promoted or transferred

Besides, to prepare employees for future leadership roles, the Group supports its employees in pursuing further education. Synergy offers a number of channels for our staff development such as courses, networking events, coaching and monitoring experience. We support our staff to acquire knowledge and take on specialized training relevant to their positions at external organizations. Study leaves and educational allowances are provided for employees on any job-related training and/or obtaining recognized qualifications.

During FY2021/22, the percentage of the Group's employees under training is as follows:

	2021/22
Gender	
Male	36.00%
Female	53.33%
Rank Group	
Senior Management	80.00%
General Employees	37.14%

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During FY2021/22, the average number of training hours of the Group's employees under training is as follows:

	2021/22
Gender	
Male	0.86
Female	2.60
Rank Group	
Senior Management	3.50
General Employees	1.23

7.1.5. Health and Safety

The Group observes the requirements under the *Occupational Safety and Health Ordinance* to ensure a safe and healthy workplace. Possible hazards such as trips and falls, electrical hazards, injuries during lifting operations, or use of abrasive tools may rise during work. The Group adopted a structured approach to health and safety management, a comprehensive Safety Management System was established in 2015 for the implementation of the Safety and Health Policy, in accordance with the local standards. Any identified violation of the safety standards will be recorded and recommendations will be provided accordingly. Accidents will also be investigated and documented. We have an excellent record of zero workplace injuries and fatalities since our establishment and as a result, no working days have been lost by the Group's employees due to work-related injury.

An effective way in promoting health and safety awareness among the staff is through regular training. All frontline staff involved in high-risk areas are well trained for the technical work. Suitable Personal Protective Equipment will be provided when necessary. Personnel entering the construction sites are required to have a Construction Industry Safety Training Certificate, in which they are trained with the latest regulations and subjects related to health and safety in construction work. Also, only registered electrical workers can work with electrical equipments.

The Group believes that having a healthy work-life balance is paramount to its employees. In 2017, the Group started to organize sports sessions to promote physical and emotional well-being, as well as, support flexible work arrangements to enhance engagement and ease work-related stress. Due to the COVID-19 pandemic, the Group has temporarily suspended organizing group activities and sports sessions including yoga, badminton, and basketball. The Group is hoping to resume these activities as soon as the community is recouping.

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To control COVID-19 and protect employees' health, the Group continuously reviewed and updated the preventive measures taken at the office from time to time. Preventive measures implemented include:

- ✓ Strictly complying with epidemic prevention regulations in all operations, such as social distancing policies at meetings;
- ✓ Attending virtual meetings rather than face-to-face meetings whenever possible;
- ✓ Air-purifying equipment and sanitizing solutions are used in the office and the air conditioning system is cleaned periodically to improve indoor air quality by filtering pollutants, contaminants, and dust particles.
- ✓ Mandatorily requiring all employees and visitors to wear masks in the office;
- ✓ Requiring all employees to report whether there have been any recent confirmed cases of COVID-19 in their buildings;
- ✓ Providing disinfectant hand sanitizer at the entrance of the office; and
- ✓ Requiring employees to conduct regular COVID-19 rapid testing and report test results.

7.2 Operational Practice

Synergy ensures satisfactory customer experience through effective management and improvement of the entire supply chain. Mutually beneficial relationships between the Group and the suppliers is well maintained and regular feedback is obtained from customers to provide customized and quality products and services.

7.2.1 Anti-Corruption

The Group strictly complies with anti-corruption and anti-bribery laws and regulations, such as the *Prevention of Bribery Ordinance (Cap. 201 of the Laws of Hong Kong)*, etc. The Group's commitment to anti-bribery and corruption tolerates no compromise. Anti-bribery and anti-corruption standards have been incorporated in the Group's Code of Conduct and operating practices. Clear guidelines on best practices to deal with anti-corruption, anti-fraud, whistleblowing, outside employment, handling of confidential information, and computer systems usage are clearly communicated to the employees and other stakeholders. The Code also provides the mechanism to allow stakeholders to raise concerns about any misconduct, malpractice, or irregularity. Any potential breach of the Code of Conduct will be fully investigated by the executive Director.

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The Group provides anti-corruption training for all new directors and employees. We encourage them to enhance their anti-corruption awareness by accessing anti-corruption and bribery information shown on the website of the Independent Commission Against Corruption (ICAC) of the Hong Kong Special Administrative Region. During FY2021/22, 13 new employees received anti-corruption training upon on board.

During FY2021/22, the Group was not aware of any non-compliance with relevant laws and regulations of bribery, extortion, fraud, and money laundering that would have any impact on the Group.

7.2.2. Supply Chain Management

Synergy has made continuous efforts to maintain long-term partnerships with suppliers and contractors. Synergy products are mainly sourced through our Original Equipment Manufacturer (“OEM”) as well as some other suppliers. Most of the suppliers are required to satisfy high qualitative requirements standards.

The Group supports green procurement practices and purchase transactions are mainly carried out via electronic means which contribute to paper usage reduction and maintain a higher information security level. To properly manage our environmental and social risks along with the supply chain, Synergy gives priority to the potential and existing suppliers and contractors who have established environmental, health and safety, labour management, and quality management system and/or can provide the environmental-friendly materials, to lower the adverse impact on the environment and the society. Synergy has not faced any material legal disputes, severe quality problems, or infringement of intellectual property rights from the suppliers.

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Supplier Evaluation

Supplier assessment is performed taking into account the following criteria:

Parameters	Description
Company Structure	Company size, date of establishment, in compliance with all relevant laws and policies, social and environmental compliances (e.g. CSR policies, efficient use of energy and resources, raw material procurement)
Track Record	Product history and customer reference
Technical Capability	Product or service knowledge to supply to high level of specification, product certification
Operation Capability	Process knowledge to ensure consistent, responsive, dependable and reasonable cost supply
Financial Capability	Financial strength to fund the business in both the short term and the long term
Managerial Capability	Management talent and energy to develop supply potential in the Future
Product Warranty	Failure rate, lifespan, lux and lead time of replacement

The business development team will review periodically and access all suppliers and contractors of the Group to ensure the timeliness of delivery, order fulfilment, and product quality. The product complies with the overall requirements in Hong Kong. For existing suppliers and contractors, the business development representatives from the Group will conduct an annual assessment. Only

the suppliers and contractors with satisfactory assessment results will be included in the vendor list. Poor performance identified will be requested for corrective actions. If no improvements have been made in the future 12 months, the suppliers and contractors will be delisted.

During FY2021/22, the number and geographical distribution of suppliers and contractors approved by the Group are as follows:

	FY2021/22	FY2020/21
Hong Kong	8	7
China	1	1
Malaysia	7	7

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7.2.3. Product Responsibility

Synergy pursues a high standard of product responsibility where energy efficiency is integrated in its products and services. It maintains the offered product quality and reliability through the implementation of a Quality Control Policy to ensure customer satisfaction. Periodic inspections of hardware production processes and testing are carried out by quality control staff or appointed external parties to ensure the quality and safety of the products before sending to the customers in a timely manner. The Group follows a recognized code of practices including the EMSD Code of Practices for Energy Efficiency of Lighting Installations and normally requires the subcontractors to obtain quality certifications including RoHS, CE, and UL for its quality management systems and hardware products. The Group provides a warranty to replace any malfunction of hardware products.

Clear and concise descriptions of the products are provided to the customers in accordance with worldwide standards. All lighting products will be labelled under the Synergy trademark in a standardized manner. The products will also be marked with a warning label to alert customers/users in areas of potential electrical hazards. Training including demos will also be provided to customers on product usage and precautions.

Active and regular engagement and communication with customers are important to understand their needs and create a high satisfaction level. The Group has received a number of testimonials regarding the high product qualities and great services provided. During the assessment year, the Group has not recalled a substantial number of products from an individual customer or received any severe complaints from our customers on the services or the quality of our products.

7.2.4. Customer Data Privacy

The Group strictly adheres to *Personal Data (Privacy) Ordinance (Cap. 486)* and all other relevant codes on data privacy. Suitable measures are taken to protect personal and business data through administration and security systems. Access to confidential data is strictly restricted to authorized personnel on a "need-to-know" basis. Data is also encrypted with several layers of protection to detect and prevent data leakage and/or loss. Technical safeguards such as password-protected screens are implemented in all workstations with access to these data.

7.2.5 Protection of Intellectual Property Rights

The Group complies with the *Copyright Ordinance (Cap. 528)*, the *Prevention of Copyright Piracy Ordinance (Cap. 544)*, and other relevant legislation and prohibit any infringement with the aim to protect third-party intellectual property rights. Using illegal or pirated software is prohibited in the Group.

Looking Ahead

The Group will continue to develop our team to maintain a high level of professionalism, ethnicity, and competency. The Group will also continue to minimize environmental and social impacts that may ensue along the supply chain by developing potential guidelines on ESG practices for suppliers.

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8. COMMUNITY INVESTMENT

Underpinning our mission to vitalise a sustainable world, Synergy not only focuses on the well-being of its employees, suppliers, and clients but also places social responsibility at the heart of its business and operations. Synergy strives to improve society through the implementation of innovative energy efficiency technologies in our community and the advocacy of green awareness and development.

Synergy has donated LED lights to the Hong Kong Council of Social Service to assist in the development of the new farming technique - indoor vertical farming with an effort to solve the world's food security issues.



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Besides, Synergy has also donated and installed around 330pcs of LED lights to a primary school – Po Leung Kuk Lam Man Chan English Primary School in past few years and helped the school to achieve approximately 23% reduction in its electricity bill.

Synergy also took the initiative to provide opportunities for the development of the youth into future leaders by delivering speeches in universities and arranging internships in our Group. Besides, our Chairman – Mr. Mansfield Wong, acts as a columnist, delivered his message through East Weekly magazine to educate communities' knowledge and skills regarding "Green" aspects.

We always encourage employees to take an active part in charitable activities. Due to the COVID-19 pandemic, the Group has temporarily suspended the organisation of volunteering activities. In the coming year, we plan to work with different community groups to support and add value to the community. We will also invest funds in the community whenever possible.

Synergy ESG Fund Program aims to attract more social enterprises to jointly commit to the development of ESG investing, and encourage technological innovation and high-tech application in community-based ESG development especially environmental and carbon-friendly applications. Synergy hopes to find cooperative solutions between community-based organizations, NGOs, schools, and neighborhoods through joint efforts with the Hong Kong Council of Social Service (HKCSS), and local social enterprises, which will lead to the development of ESG education and social progress, and cultivate more excellent cross-major talents in the field.

Looking Ahead

We always takes the initiative to fulfil our social responsibilities, and unswervingly becomes the safeguard of the environment. Synergy will continue to reach out to different social services and charities. We will continue to encourage our associates to support volunteering and welfare events.

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9. ESG GUIDE CONTENT INDEX

This ESG Report is in compliance with the provisions of the ESG Reporting Guide as detailed in Appendix 27 of the Listing Rules.

Subject Areas, Aspects, General Disclosure and KPIs		Cross References
Aspect A1 Emissions		
General Disclosure	Information on: <ul style="list-style-type: none"> (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer <p>relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste</p>	Section 6
KPIA1.1	The types of emissions and respective emissions data	Section 6.1
KPIA1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	Section 6.1
KPIA1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	Section 6.1
KPIA1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	Section 6.1
KPIA1.5	Description of emissions target(s) set and steps taken to achieve them.	Section 6.1, Section 6.2, Section 6.3, Section 6.4
KPIA1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Section 6.5

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Subject Areas, Aspects, General Disclosure and KPIs		Cross References
Aspect A2 Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials	Section 6, Section 6.2, Section 6.4
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility)	Section 6.1
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility)	Section 6.2
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Section 6.2
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved	Section 6.2
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced	Section 6.1
Aspect A3 The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources	Section 6.2, Section 6.3, Section 6.4, Section 6.5
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	Section 6.2, Section 6.3, Section 6.4, Section 6.5
Aspect A4 Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer	Section 6.6
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them	Section 6.6

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Subject Areas, Aspects, General Disclosure and KPIs		Cross References
Aspect B1 Employment		
General Disclosure	Information on: <ul style="list-style-type: none"> (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer <p>relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare</p>	Section 7.1, Section 7.1.2, Section 7.1.3
KPI B1.1	Total workforce by gender, employment type (for example, full- or parttime), age group and geographical region.	Section 7.1
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Section 7.1
Aspect B2 Health and Safety		
General Disclosure	Information on: <ul style="list-style-type: none"> (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer <p>relating to providing a safe working environment and protecting employees from occupational hazards</p>	Section 7.1.5
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Section 7.1.5
KPI B2.2	Lost days due to work injury	Section 7.1.5
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	Section 7.1.5

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Subject Areas, Aspects, General Disclosure and KPIs		Cross References
Aspect B3 Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	Section 7.1.4
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Section 7.1.4
KPI B3.2	The average training hours completed per employee by gender and employee category.	Section 7.1.4
Aspect B4 Labour Standards		
General Disclosure	Information on: <ul style="list-style-type: none"> (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour	Section 7.1
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour	Section 7.1
KPI B4.2	Description of steps taken to eliminate such practices when discovered	Section 7.1
Aspect B5 Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain	Section 7.2.2
KPI B5.1	Number of suppliers by geographical region	Section 7.2.2
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Section 7.2.2
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Section 7.2.2

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Subject Areas, Aspects, General Disclosure and KPIs		Cross References
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Section 7.2.2
Aspect B6 Product Responsibility		
General Disclosure	Information on: <ul style="list-style-type: none"> (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress	Section 7.2.3
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	Section 7.2.3
KPI B6.2	Number of products and service related complaints received and how they are dealt with	Section 7.2.3
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights	Section 7.2.5
KPI B6.4	Description of quality assurance process and recall procedures	Section 7.2.3
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored	Section 7.2.4
Aspect B7 Anti-Corruption		
General Disclosure	Information on: <ul style="list-style-type: none"> (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering	Section 7.2.1

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Subject Areas, Aspects, General Disclosure and KPIs		Cross References
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases	Section 7.2.1
KPI B7.2	Description of preventive measures and whistleblowing procedures, how they are implemented and monitored	Section 7.2.1
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Section 7.2.1
Aspect B8 Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests	Section 8
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Section 8
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Section 8



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