

POWERING GROWTH MOMENTUM

SUSTAINABILITY REPORT 2020



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ABOUT THE GROUP

Azeus Systems Holdings Ltd (“Azeus”) is an investment holding company, listed on the Main Board of the Singapore Stock Exchange Limited (“SGX”) in 2004. Established in 1991, Azeus has offices mainly in Hong Kong (“HK”) and several other countries such as Singapore, the United Kingdom (“UK”), the Philippines and China. Azeus is a leading provider of IT products and services, with 29 years’ experience in successfully delivering Information Technology (“IT”) solutions.

Azeus operates through two segments, Professional IT Services and Azeus Product Sales. Its Professional IT Services includes designing, developing and implementing various IT systems and providing maintenance and support systems. Azeus Products Sales includes developing innovative technologies and solutions such as proprietary products known as “AzeusCare” and “Azeus Convene”.

The Azeus’ flagship product, Azeus Convene, is a leading paperless meeting solution used by directors and executives in various industries, across more than 100 countries. Through its user-friendly and intuitive functionality, Azeus Convene has enabled organisations to conduct meetings in a convenient and efficient manner, by eliminating the time and cost required for printing large amounts of hardcopies. To ensure data security, Azeus Convene is equipped with advanced security features and end-to-end encryption. In addition, Azeus Convene offers 24x7 support to all its customers worldwide. The Group has also introduced a virtual Annual General Meeting (“AGM”) solution, AGM@Convene, in response to the shifting trend towards electronic AGMs (“e-AGM”) as a result of the COVID-19 restrictions.

Azeus’ Group proprietary social care system, AzeusCare, has also been adopted by various local councils in the UK. AzeusCare is an integrated case management system that provides a wide range of solutions for supporting the delivery of services for managing and delivering social care for both children and adults. In particular, AzeusCare supports the delivery of the requirements of the UK Care Act 2014 with a comprehensive set of tools to manage both the case management and finance requirements under a fully integrated system.

Under the Azeus IT services segment, Azeus designs and implements a broad range of IT software and systems, as well as develops and integrates various software programmes of IT systems to fulfill the outsourcing needs of its customers. Azeus also provides after-sales services and support by offering a vast spectrum of maintenance and support services.

Core Values

Our Core values of “Commitment to the highest quality”, “Responsibility and Integrity” and “Collaboration and Teamwork” provide the foundation for sustainable performance that has helped us foster a collaborative working culture, delivering quality services, as well as maintaining open and transparent relationships with our stakeholders.

Sustainability Agenda

Azeus sustainability agenda is based on the Group’s (as defined below) comprehensive approach to integrate sustainability into all our business activities across the value chain.

ABOUT THIS REPORT

This is Azeus third Sustainability report (“Report”). The Report covers the Group’s sustainability performance in terms of the material environmental, social and governance (“ESG”) factors identified by Azeus. The Group’s policies, practices and performance as well as their targets relating to the ESG factors are detailed in this Report. This Report is uploaded and available on the websites of the SGX and Azeus (<https://www.azeus.com/sustainability-report>).

Reporting Boundary

The Report focuses on the 2 key business segments of Professional IT Services and Azeus Products and covers its key business operations in Hong Kong (“HK office”) under Azeus Systems Limited (“Azeus HK”), the Philippines office (“Philippines office”) under Azeus Systems Philippines Limited (“Azeus Philippines”) and the United Kingdom (“UK office”) under Azeus UK Limited (“Azeus UK”) [collectively referred to as the “Group”], unless otherwise stated. These areas make up over 85% of the turnover of the Azeus group of companies.

The Report covers the financial year ended 31 March 2020 (“FY2020”) and highlights the activities on the Group’s business operations commencing from 1 April 2019 to 31 March 2020.

Reporting Standards

This Report is prepared in accordance with the SGX’s Listing Rules 711A and 711B and the guidelines set out in Practice Note 7.6 of the SGX Sustainability Reporting Guide. We continue to align our commitment to sustainability reporting with reference from the internationally recognised framework and practices provided by the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines. Azeus chooses to apply the core principles of the GRI standards to deliver a report that is clear, balanced and transparent. A GRI Content Index on the selected topic-specific disclosures is included in the last section of this Report.

External Assurance

No external assurance was obtained for this Report. We will continuously review and consider to undertake an external assurance by an independent professional body on aspects of our next report to cover the next financial year ending 31 March 2021 (“FY2021”).

WE VALUE YOUR FEEDBACK

We welcome feedback from all our stakeholders on our sustainability efforts to help us continuously improve our policies, practices and performance. Please send your queries or any suggestions on this Report to:

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Website: www.azeus.com

The Board is pleased to present our third Sustainability Report covering the financial year ended 31 March 2020.

The Board continues to embark on our sustainability journey amidst the challenges faced in our society today. Our sustainability efforts through the integration of the material environmental, social and governance (“ESG”) factors into our business strategy demonstrates our commitment to drive sustainability for the long-term.

The Board is responsible to oversee the management and monitoring of material ESG factors for Azeus. The material issues such as customer privacy, ethical business practices, talent development and retention as well as economic performance remain to be key considerations on the sustainability agenda for the Board in the financial year under review 2020. This Report aims to outline a balanced account of our practices and performance in managing these factors listed under these 4 pillars: Social, Governance, Economic and Environment.

The Board and the Management take pride in Azeus adaptability to the changing market conditions although the global economy is faced with challenges as a result of the COVID-19 pandemic. With effective ESG prioritisation and response to risks, Azeus was able to identify opportunities during this global crisis which includes the launch of the e-AGM solution in April 2020 to cater for listed companies need to hold AGMs remotely due to the COVID-19 lockdown restrictions.

Looking ahead, the Board aims to strengthen Azeus’ sustainability performance and management by adopting new measures in our sustainability practices including reviewing the need to set-up dedicated taskforce for the implementation of sustainability measures. We look forward to aligning our sustainability efforts throughout the Group to drive continued business growth.

LEE WAN LIK

Managing Director

On behalf of the Board of the Directors



SUSTAINABILITY GOVERNANCE

Azeus long-term success will depend on a strong sustainability governance to ensure Azeus' values, principles and policies are consistently applied across the organisation. This will enable Azeus to optimise long-term value creation and fulfill its social responsibilities towards all our stakeholders.

The Group's existing sustainability practices are integrated into its business strategies and daily operations through its governance framework. The Board of Directors ("Board") continues to provide oversight on the reporting and management of all the sustainability matters at various levels in Azeus. The material economic, environmental and social issues based on the ESG factors relevant for the Group are strategically reviewed and approved by the Board. The Board is committed to further strengthen Azeus sustainability governance and continuously explores ways to deal with areas of improvement in its sustainability agenda.

SUSTAINABILITY RISKS AND OPPORTUNITIES

Azeus is committed to systematically assess and manage risks and opportunities to identify the material ESG factors by ensuring sound internal controls and structured governance framework are in place. Azeus recognises that risk management is vital for the Group's operational management and resource planning.

The Board is responsible to establish a framework of prudent and effective controls which enables risks to be assessed and managed. The Board Audit Committee comprising of Independent Non-Executive Directors, assists the Board in discharging its internal control review responsibilities, such as reporting to the Board annually on the evaluation of effectiveness of internal controls. The Audit Committee oversees how Management monitors compliance with the Group's policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Management is responsible to regularly review the Group's business and operational activities to identify areas of significant risks as well as appropriate measures to control and mitigate such risks. The Management also reviews all significant control policies and procedures and highlights all significant matters to the Board and the Audit Committee.

There are no significant changes to the previously reported list of sustainability-related risks and opportunities that impact the Group's material topics on operations and strategic planning. Further details on the identified risks and opportunities are discussed in the relevant sections of the material topics covered in this Report.







STAKEHOLDER MANAGEMENT

Azeus regularly communicates via various channels with our material stakeholders in the Group to identify and assess our sustainability issues. This process enables Azeus to prioritise strategic decisions and shape the direction of the business while facilitating our shared interests and expectations with our stakeholders.

Our material stakeholders are parties who may be affected by the Group's activities or whose actions affect the ability of the Group to conduct its activities.

The Board is primarily responsible to identify key stakeholder groups.

Stakeholder Engagement Methods and Frequency

Key Stakeholders	Engagement Channels	Frequency	Objective
INTERNAL			
 Employees	Presentations	On-going	<ul style="list-style-type: none"> Nurture and engage employees Provide a conducive and safe working environment Opportunities for career development
	Focus groups		
	Meetings		
	Trainings		
	Performance reviews		
	Social and charity events		
	Opinion box		
	Emails		
Intranet			
EXTERNAL			
 Shareholders/Investors	Annual General Meeting	Annually	<ul style="list-style-type: none"> Good corporate governance practices Disseminate timely and material information
	Announcement to SGX	As required	
	Annual Report	Annually	
	Investor relations website	As required	
	Analyst briefing and roadshows	As required	
 Customers	Social Media	On-going and as required	<ul style="list-style-type: none"> Build and maintain relationship Quality control and on-time delivery
	Website		
	Written reports		
	Presentations		
	Meetings		
	Trainings		
	Exhibitions		
	Hotline		
 Suppliers	Social Media	On-going	<ul style="list-style-type: none"> Quality of products Timely delivery
	Website		
	Written reports		
	Presentations		
	Meetings		
	Exhibitions		
	Hotline		
 Community	Community and charity events	On-going	<ul style="list-style-type: none"> Corporate Social Responsibility
	Social Media		
 Government Institutions / Regulators	Consultation and dialogue	On-going	<ul style="list-style-type: none"> Compliance with laws and regulations

IDENTIFYING MATERIAL FACTORS

Following regular internal and external engagement with our stakeholders throughout the FY2020, Azeus continues to assess and review the material ESG factors for the Group.

In FY2020, the material ESG factors were reviewed for relevance and for any changes to the priorities and risks and opportunities that will impact on the business, operations, finance and the reputation of the Group and influence on our stakeholders.

We continue to apply the following methodology as the previous Report to identify and prioritise the topics for this Report.



By applying the above methodology and guidance from GRI, Azeus focused on the following as material issues in their order of priority for this Report:

			
SOCIAL	GOVERNANCE	ECONOMIC	ENVIRONMENTAL
<ul style="list-style-type: none">• Employment Practices• Diversity and Equal Opportunity• Training and Development• Occupational Health and Safety• Local Communities	<ul style="list-style-type: none">• Compliance• Corporate Governance• Ethical Business Practices• Data Protection and Privacy	<ul style="list-style-type: none">• Economic performance• Customer satisfaction• Procurement practices	<ul style="list-style-type: none">• Water Consumption• Energy Use• Emissions• Waste Management

The next section of our Report details the approach and performance data of the identified material topics. Azeus will continue to review and assess from time to time the relevance and priorities of each of the material aspects to better reflect Azeus' commitment and focus on sustainability in our business.

As a responsible employer, Azeus is committed to promote a fair, diverse and safe working environment for its people while keeping in mind the local communities in places where we operate in.

Employment Practices

Employees

Our people are an integral part of our business for our long-term success. We believe in building a sustainable workforce with focus on competitive compensation packages and a diverse, inclusive, safe and healthy workplace. We work hard to motivate, develop and retain our people. Hiring and retaining skilled IT professional has been challenging in the IT industry as the industry has faced a shortage of skilled workers. With this in mind, we maintain robust policies on hiring IT personnel, who all go through the most stringent recruitment processes.

Based on our core values of “Collaboration and Teamwork” – we strive to create a work environment that is supportive and collaborative where our employees grow and feel valued.

Azeus ensures its offices have in place employment policies and guidelines that addresses fair employment practices, including recruitment, promotion, dismissal, working hours, leaves, insurance, compensation and benefits.

All our global offices, comply with local employment laws and regulations in the countries where the entities operate in.

Employee Engagement Events/Activities

We take pride in organising various team building activities on quarterly basis to foster closer working relationship between the employees and the management team in the respective offices. Throughout the FY2020, Azeus has within the Group, organised company outings, sports fests, a bowling tournament, trick or treat event for family members and fun-filled games during the mid-autumn festival in HK.

Total Workforce

Since our inception in 1991, the Group has grown steadily. Currently, employing over 300 employees across our global offices. The total workforce of the Group in FY2020 is 347, which is an increase from the previous corresponding year (“FY2019”) to augment our existing workforce in order to address the increasing business needs.

	FY2020	FY2019
Permanent	310	279
Contract	37	39
Total Workforce	347	318

New Hire Rates

In FY2020, the Group continued to hire and increase its staff workforce. The breakdown of the new hires by gender and age is shown below:

Gender	FY2020 (%)	FY2019 (%)
Male	70	56
Female	30	44
Age	FY2020 (%)	FY2019 (%)
< 30 years old	89	89
30-50 years old	7	11
> 50 years old	4	0

SOCIAL

Diversity and Equal Opportunities

Equal opportunities are given to all employees and potential candidates to be part of Azeus in all decisions regarding employment, benefits, rewards and professional development. We do not practice discrimination in terms of gender, age, race, religion, physical or mental disabilities, sexual orientation, culture or nationality or political beliefs.

The Azeus Equal Opportunities Policy aims to eliminate, to such extent reasonably possible, against discrimination, harassment of any employee and employ a diverse workforce community. This Policy provides a strong commitment to equal opportunity, and in treating people with dignity and providing equal employment and advancement opportunities for all. All of the Group's employees including employees of contractors working on Azeus' premises must effectively implement the policies into their day-to-day activities and their working relationships with their colleagues.

The Policy is displayed at all our offices and disseminated to all employees and potential employees from the start of the recruitment process.

The Board has the overall responsibility to review the effectiveness of the Azeus Equal Opportunities Policy and where required, takes necessary steps to identify areas of unintentional impact on particular groups in the workforce, as well as what appropriate corrective actions to take, including defining targets for future changes to take place.

The breakdown of employees by gender, age and position is listed below:

Gender	FY2020 (%)	FY2019 (%)
Male	66	64
Female	34	36
Age	FY2020 (%)	FY2019 (%)
< 30 years old	52	48
30-50 years old	44	48
> 50 years old	4	4
Position	FY2020 (%)	FY2019 (%)
Senior Management	3	3
Middle Management	36	37
Executives	61	60

Diversity also applies across broad levels of the Group.

The breakdown of the Management composition is set out below:

	FY2020 (%)
Male	50
Female	50

The breakdown of the Board composition is seen below:

Gender	FY2020 (%)	FY2019 (%)
Male	83	80
Female	17	20
Age	FY2020 (%)	FY2019 (%)
< 30 years old	0	0
30-50 years old	0	0
> 50 years old	100	100

In FY2020, the Group offered regular training on diversity and equal opportunities to employees through its orientation programmes based in different geographical regions and who are engaged in different functions of work.

TARGET ACTIONS FOR FY2021

Diversity and Equal Opportunities	• To promote a culture of diversity and equal opportunities
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Training and Development

The success of our growth depends on the quality of our workforce. We help our employees grow, develop and reach their full potential by providing regular and relevant training programmes to enhance knowledge and skills in order to better perform at work.

Our training framework is designed for all employment levels; and programs are developed based on the needs within the organisation via a Training Needs Assessment ("TNA"). The TNA working group comprises of the Azeus management team and the HR department. The team works to identify and analyse training needs based on organisational direction, needs of employees and projects as well as changes to the processes and procedures. Training needs are evaluated annually. The Azeus Institute is set up to provide the identified training programmes. In FY2020, the training programmes offered by the Azeus Institute focused on the areas of personal development and general security awareness made available through the orientation programmes, web programming and product testing courses.




Our internal Organisation and Project/Product Training processes outlines a planned and structured approach to learning that aims to produce employees who are capable of executing their roles in the organisation and in their specific teams.

Performance evaluations on the training are conducted for improvement purposes at various levels, including post-trainings and follow-up training feedback surveys.

There was a significant increase in the total number of training hours in FY2020 as compared to FY2019 with focus on meeting the increased business needs in FY2020 to drive efficient productivity.

An overview of the training for the Group over the last three reporting years is as follows:

Training & Education	FY2020	FY2019	FY2018
Total Number of Training Hours	28,160	15,022	11,262

Training & Education	FY2020	FY2019	FY2018
 Technical Training	26,099	13,897	11,094
 Management	1,703	1,115	128
 Health and Safety	358	10	40

TARGET ACTIONS FOR FY2021

Training and Development	<ul style="list-style-type: none"> To provide additional professional trainings to upskill employees To purchase online training licenses for system engineers in the Philippines office
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SOCIAL

Occupational Health and Safety

It is fundamental that our workplaces are free of health and safety hazards. We encourage individual responsibility and good practices towards health and safety at all levels in Azeus as preventive measures at all our offices. Occupational health risks are identified to be a core threat to Azeus.

Azeus has taken steps to implement stringent policies and guidelines to strengthen health and safety standards within the organisation and to comply with the relevant laws and regulations in this area.

A Safety Committee is set up by each of the offices in Hong Kong, the Philippines and the UK to coordinate, implement and administer the safety and health programs for Azeus. The Safety Committee also conducts an annual risk assessment to identify potential workplace safety and health risks, and to take preventive measures against them. The Safety Committee reviews safety standards, systems and performances periodically and is responsible to implement major decisions, policies and safety and health procedures. In response to the COVID-19 pandemic and global lockdown measures occurring towards the end of FY2020, our Business Continuity Plan was quickly activated and is continuously monitored and responded as the situation requires.

Employees can report any health and safety incidences to the HR or Administration Departments.

HK Office

The Health and Safety Policy for the HK office embraces healthy working conditions, and aims to provide adequate control of risks arising from work activities. All of the Management and the employees of Azeus HK must read and observe the Occupational and Health Ordinance under the laws of Hong Kong, in particular the Occupational Safety and Health (Display Screen Equipment) Regulations. The Group had previously identified prolonged use of display screen equipment as a major risk of occupational hazards and injuries in the HK office. With robust policies and regulations in place, there were no reports of any complaints from any prolonged use of display screen equipment in the FY2020.

In view of the COVID-19 pandemic, the HK Office has implemented precautionary measures to reduce the risk of the virus spreading in its office.

Philippines Office

Azeus Philippines established a Policy and Program of Safety and Health to protect employees from workplace injuries. In FY2020, Azeus Philippines identified several major safety risks for the Philippines office which included risks from volcanic eruptions, earthquake, fire and typhoon. Azeus Philippines held an Emergency Preparedness Workshop in December 2019 to raise awareness on these safety risks. Additional measures and efforts were taken to prepare the Philippines office from any unexpected emergencies that may require safe evacuation from the office. Other similar workshops that were scheduled in the FY2020, have been postponed due to COVID-19.

As part of the COVID-19 preparedness, the Philippines office had implemented measures to minimise risk of employee exposure to COVID-19 once its employees returned to the office gradually.

UK Office

Azeus UK implemented the Health and Safety Policy, which aims to create a safe working environment for employees working alone and provides guidance on managing risks related to health and safety. The Directors of Azeus UK have overall and final responsibility for health and safety of the UK office.

Over the last two years, the Group did not experience any incidences of fatalities by work-related injury, high-consequence work-related injuries, recordable work-related injuries, fatalities caused by work-related ill health, and recordable work-related ill health.

TARGET ACTIONS FOR FY2021

Occupational Safety and Health	<ul style="list-style-type: none">To provide First Aid/Emergency Preparedness workshopsTo implement measures to facilitate work from home arrangements for our employees within the Group as part of the COVID-19 response
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Employee Grievance Mechanism

Our employee grievance process provides our employees a formal avenue to raise their concerns on any complaints, difficulties or unlawful discrimination or harassment in confidence to the relevant HR directors in their local offices. Where such grievances may concern their normal line of supervision or management, an employee may approach the relevant Group employee. Employees also have the right to pursue complaints of discrimination to an industrial tribunal or the Fair Employment Tribunal under the anti-discrimination legislation in the country where the employees concerned are hired.

Local Communities

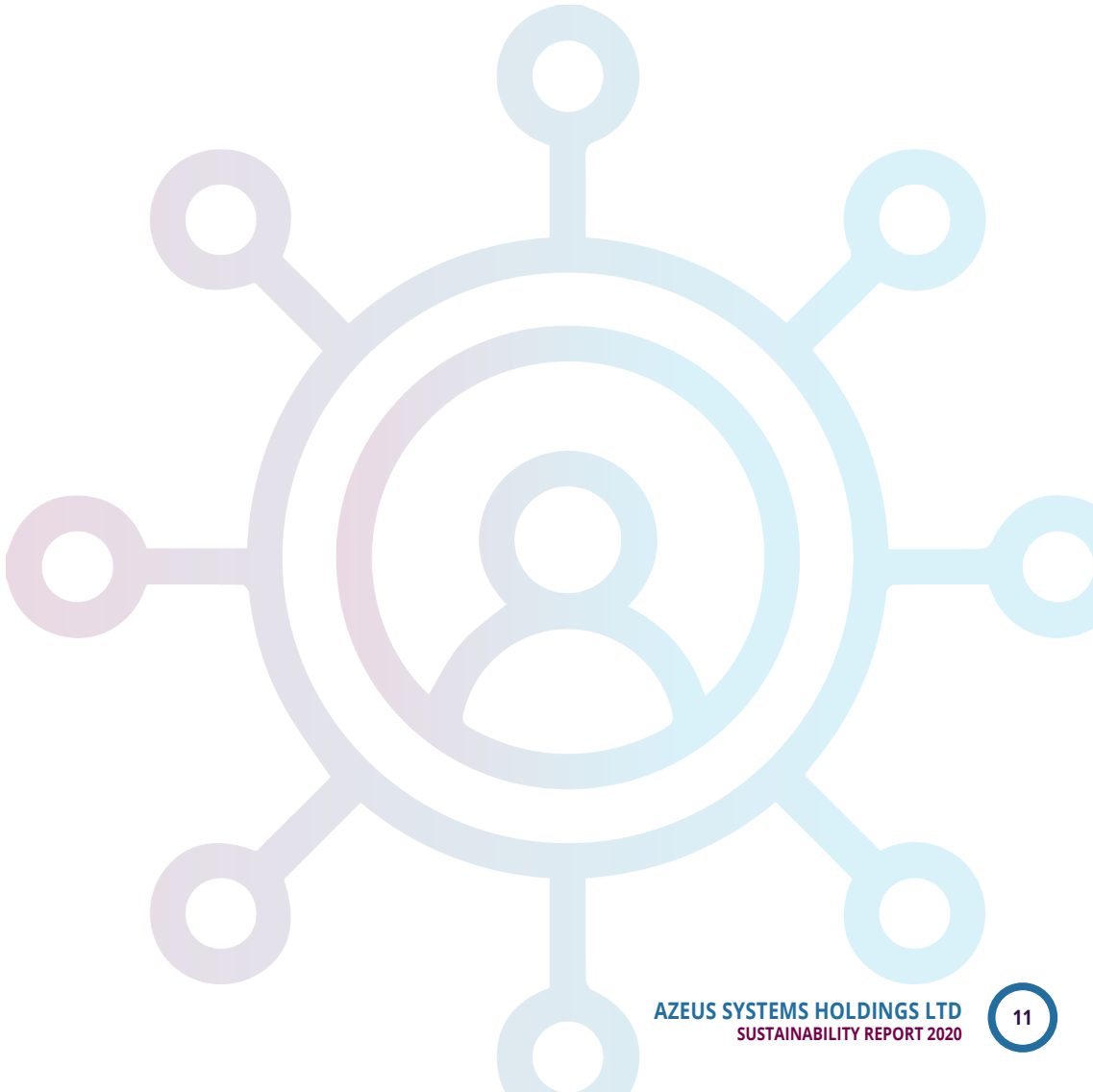
Azeus is committed to go beyond our operations and extend our social responsibility to communities where we operate in. We support various initiatives that we believe support and will build a stronger community.

Azeus provides support to the Group's employees when they volunteer in or sponsor community events. The employees are entitled to take sabbatical leave, financial allowances or stipends, for activities such as teaching in Universities.

We believe in community investments to various programmes to support these initiatives.

In FY2020, a planned Chinese New Year event at an elderly center and other community activities were cancelled and postponed due to the COVID-19 pandemic.

TARGET ACTIONS FOR FY2021	
Local Communities	<ul style="list-style-type: none">To organise free workshops and programmes for the underprivileged community in HK



GOVERNANCE

Azeus aims to be a trusted organisation with the highest ethical standards that promotes integrity, accountability, transparency and strictly adheres to all applicable laws and regulations.

The Group's governance is addressed in the following areas:

Compliance

Azeus places high emphasis on the requirement of its directors, officers and employees to observe applicable laws and regulations in the places where we operate. Azeus is not aware of any non-compliance of any applicable laws and regulations in the FY2020.

Corporate Governance

The Directors and the Management of Azeus are committed to maintain high standards of good corporate governance and transparency to enhance and protect interests of our shareholders and performance of Azeus. We are constantly reviewing existing processes and procedures to ensure effective corporate governance. Details of Azeus' corporate governance activities are available in our Annual Report 2020.

Ethical Business Practices

All our operations are managed in accordance with applicable laws and regulations in each of the country we have businesses in. Our employees are expected to uphold all business transactions with integrity and avoid corruption in any form.

Anti-Corruption and Bribery

Azeus HK's Code of Conduct outlines business conduct and the ethical standards that employees are required to adhere to in their day-to-day work. The Code of Conduct is instilled in all new employees and stressed that anti-bribery laws prohibit the giving or taking of gifts or bribes, the making of facilitation payments or the giving or receiving of favours. All of the Azeus HK employees are expected to comply with this Code.

Azeus UK has also established its own Code of Conduct for all of its employees to comply and ensure that they perform their duties with integrity, commitment and professionalism. In addition, Azeus UK has in place the Anti-Bribery Policy as part of its commitment to maintain high standards of ethical and integrity in its business activities in the UK and overseas in accordance with the UK Bribery Act 2010. All employees of Azeus UK including contractors, sub-contractors, agents and subsidiaries of Azeus are expected to comply with the Policy.

The employees of Azeus Philippines are also guided by its Code of Conduct to perform their duties with integrity, commitment and professionalism. This Code of Conduct is in place amongst others, for the prevention of bribery, misuse of proprietary information, assets and resources or give rise to any potential conflict of interest by any of the Azeus Philippines employees. Additionally, the Internal Fraud Policy established by Azeus Philippines set out measures for the detection and prevention of fraud that might occur in its office. Internal controls such as proper inventory management and procurement practices as well as ensuring adequate signatories on bank transactions up to a certain limit provide safeguards to detect any irregular activity involving any Azeus Philippines' employee, regardless of position/title or length of service.

In the FY2020, we did not receive any reports or incidents on anti-corruption within the Group. Any reported incidents will be viewed seriously and necessary action to be taken, as required.

We will continue to uphold the highest standard of integrity and transparency in our conduct of business and continue to take measures towards a clean and corruption free environment.

Whistleblowing

The Azeus Whistleblowing Policy facilitates an effective confidential channel and system of supportive response for our employees or any business partners (including suppliers) who do in good faith report any major concerns on any wrong doing relating to any unlawful conduct and financial malpractice within the Group. This Policy applies to all employees of the Group, whether permanent or temporary employee including business partners and employees seconded to any third party.

Any complaints or concerns will be treated in strict confidence and to be raised and escalated through the processes referred to in the Policy. Different channels to raise complaints and concerns are available in the respective jurisdictions.

All whistleblowing reports will be investigated appropriately by either HR or through the disciplinary process; or be referred to the Chairman of the Audit Committee; or referred to the Police or an external auditor or legal advisor to ensure independent and transparent investigations are carried out.

The Policy covers:

- Criminal offence (for example: fraud, corruption or theft) that has likely been committed
- Sexual or physical abuse of any member of staff
- Discrimination on any member of staff
- Failing to comply with legal obligations

In FY2020, no reports were received through the whistleblowing channel.

Data Protection and Privacy

Azeus has implemented measures to safeguard information security within our own organisation as well as our customers.

As part of Azeus' risk management to collect, handle and store customer and other stakeholder's information, Azeus has established procedures to safeguard confidential information, such as the Code of Conduct and the Information Classification Policy.

The Code of Conduct for each of the offices provides that all confidential information, personal data, commercially sensitive information of Azeus including data from customers and the Government, must be held in strict confidence and dealt with in accordance with the relevant laws and regulations. Reminders to comply with the Code of Conduct including anti-bribery, information confidentiality and security are issued to Azeus HK employees from time to time.

As previously reported, Azeus UK has an Information Classification Policy, in line with the ISO 27001:2015 standards, to ensure information assets receive an appropriate level of protection by assigning classifications to the respective information assets according to their level of sensitivity. An Acceptable Use of UK IT Facilities is in place at the UK office to prohibit unauthorised access to information or facilities. Employees must take steps to prevent disclosure of personal passwords or security details, not to leave computers unattended without logging off and managing their removable media for viruses.

These practices adopted by the UK Office are aligned with the regulatory and legislative requirements on intellectual property rights, data protection and privacy of personal information.

Azeus is committed to protect all confidential information and minimise risks against cyber security risks in order to protect the confidential information of all stakeholders through constant monitoring of our IT systems. We are aware that any loss or breach of customer privacy can result in both financial and non-financial losses and lead to reputational damage.

In FY2020, there were no reported incidents of non-compliance or data breach within the Group.

TARGET ACTIONS FOR FY2021

Anti-Corruption	<ul style="list-style-type: none"> • To provide additional and enhanced anti-corruption training to internal stakeholders based in different geographical locations
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ECONOMIC

Azeus strives to achieve sustainable economic excellence while embracing responsible business practices across our operations and supply chain.

Economic Performance

The overall economic performance and profitability of the Group is one of Azeus' core concerns. Many of our stakeholders which includes our shareholders, investors, employees and suppliers, rely on our economic performance.

We monitor our economic performance through our budgeting process. The budget is set annually, reviewed throughout the financial year to monitor whether targets are met and what actions can be taken up to achieve the same. To evaluate our economic performance, internal and external audits are conducted on a regular basis.

The following tables provide an overview of the economic performance of the business segments over the last 2 reporting years:

Professional IT Services

Segment	FY2020	FY2019
Revenue (HK\$)	97.3 million	97.9 million
Share of Group Revenue (%)	54	66

Azeus Products

Segment	FY2020	FY2019
Revenue (HK\$)	83.9 million	49.9 million
Share of Group Revenue (%)	46	34

During the FY2020, the Group recorded a total revenue of HK\$181.2 million, while profit after tax amounted to HK\$12.7 million, which is a 22% increase from the HK\$147.8 million reported in the FY2019. The higher total revenue achieved in FY2020 was mainly from the increased sales of the "Azeus Convene" and "AzeusCare" products, and its associated professional services as well as the higher sale of third-party hardware and software upon the delivery and acceptance of an implementation project completed during FY2020. The Azeus Products segment surged 68.1% to HK\$83.9 million in FY2020 from HK\$49.9 million in FY2019.

There was no significant change to the organisation and our supply chain in the reporting year.

Statement of Economic Value Generated and Distributed

Economic Performance	FY2020 HK\$'000	FY2019 HK\$'000	FY2018 HK\$'000
Total Economic Value Generated (revenue)	181,351	147,925	114,664
Total Economic Value Distributed (operating costs, employee wages and benefits, payments to providers of capital, payments to government and community investments)	168,681	135,292	112,799
Economic Value Retained	12,670	12,633	1,865

AGM@Convene

Given the difficulties faced by listed companies in organising AGMs once the COVID-19 restrictions came into effect, Azeus launched its brand new e-AGM product in April 2020 for listed companies to hold AGMs in a manner that is compliant with the current health and safety regulations and practices to prevent the spread of COVID-19. Stock exchanges and regulatory authorities have recently issued guidelines and changes to rules and regulations to facilitate AGMs to be conducted in a compliant manner during this period. This product allows not only shareholders and listed companies themselves to participate but other parties involved without breaching any quarantine or social distancing restrictions.

In the month of June 2020, Azeus ran virtual AGMs for some 60 customers comprising listed companies, enterprises, business associations and non-profit organisations. Riding on the strong reception for its end-to-end e-AGM solution in Singapore, Azeus has started to market internationally, adding customers from the Philippines and Hong Kong. As this product is new in the market, its contribution is still low. Demand of the product will likely grow given the new trend towards e-AGMs in the 'new normal' environment.

Customer Satisfaction

Our customers are the foundation of our business success. It is important for Azeus to build trust and exceed our customers' needs and expectations by delivering quality and on-time services. Our customer base is spread across Europe, Asia Pacific, America, Africa and Middle East.

Customer Base



The Group has a solid track record of completing over 100 IT services projects for more than 40 Government departments, as well as over 20 projects for the private sector in Hong Kong, many of which are contracts from repeat customers.

We take our customer testimonials seriously and value all feedback constructively.

Azeus is committed to the provision of high levels of quality products and services in software development for turnkey projects, feasibility studies, and software consultancy that we provide to our customers. Under the Azeus Quality Policy, Azeus has implemented the Azeus Quality Management System ("QMS") to achieve the above objectives. All of Azeus employees are responsible to adhere to the procedures of the QMS set out in the Quality Manual. As a Level 5 CMMI company, which signifies the highest quality of products and services, Azeus can successfully deliver solutions in a predictable, replicable and methodical way.

For over 20 years, we have established and optimised procedures and methodologies for our business process to maintain our high standards.

CMMI

Azeus work processes have been continuously assessed at the highest level (Level 5) under the Capability Maturity Model for Software (SW-CMM) model since 2002 and appraised at Level 5 under Capability Maturity Model Integration for Software Engineering (CMMI-SW) model since 2003. These models establish standards for assessing service quality of software development developed by the Carnegie Mellon Software Engineering Institute.

ISO 9001:2015

Since 1997, Azeus HK was awarded the ISO 9001 certification for providing software consultancy services, software development and system integration services, which is the first Hong Kong based IT company to receive the accreditation. Azeus ensures the provision of quality services in every project.

ISO 14001:2015

Azeus is committed to protecting the environment. The HK office has been certified for complying with the requirements of ISO 14001:2015 for the provision of software consultancy, software development and system integration services.

ISO 27001

Since 2015, the UK office has been assessed and certified as meeting the ISO 27001 requirements for software development sales and first line of support. This recognises the efforts of safeguarding information security of the Group.

ECONOMIC

We received positive feedback for our Azeus Convene products based on the customer testimonials in the FY2020.

A dedicated Customer Care and Success team was formed under the Sales and Marketing team to ensure customer satisfaction is addressed in all areas; from customer on-boarding, to usage through to support. Initiatives that the Customer and Success leads have taken in FY2020 include analysing customer data and providing recommendations for customer retention and satisfaction. The various internal teams worked closely working together to improve on product enhancements, product training and support for our customers. Additional Product Support specialists from India were hired for our 24x7 support in the HK office, The Philippines office has also increased the number of trainers in the FY2020 to focus on product training for our customers.

In certain projects such as the Quality Professional Services (QPS), we conduct customer appraisals every 6 months where overall performance scores are compiled annually for internal review and assessment for improvement on customer satisfaction ratings.

TARGET ACTIONS FOR FY2021	
Customer Satisfaction	<ul style="list-style-type: none"> To maintain a high retention and renewal rate To improve inter-departmental cooperation for effective collaborations on product enhancements, product training and support for our customers

Procurement Practices

Proper management of procurement practices is vital for our business. We work with suppliers and vendors who share the Group's commitment in managing our risks throughout the lifecycle of our business operations.

The Sustainable Procurement Policy is a Group wide policy that encourages the purchase of all products and services that are manufactured, delivered, used and disposed of in an environmentally and socially responsible manner. The topics under this Policy are addressed during the induction training programmes for new employees and regularly reminded to the employees and suppliers when procuring goods and services. All suppliers must be notified of this Policy.

Azeus HK implemented the Instruction for Green Procurement practices that outlines the procurement process.



TARGET ACTIONS FOR FY2021	
Procurement Processes	<ul style="list-style-type: none"> To work with committed suppliers to ensure that our guidelines are being met

ENVIRONMENT

Azeus is committed to contribute to the global goals of minimising the environmental impact and ensure compliance with environmental legislations by efficiently using and conserving available resources across our business operations. We aim to continuously improve our environmental performance through application of international standards and best practices.

Azeus HK and Azeus UK have separate Azeus Environmental Policies for their offices to promote sound practices on environmental protection within all departments across their operations. Several environmental initiatives have been introduced in both offices addressing recycling, waste reduction, reduction of energy consumption and natural resources and reduction of carbon footprint. All employees and contractors of Azeus HK and Azeus UK are expected to comply with the Azeus Environmental Policy that is reviewed on an annual basis.

Azeus recognises that any change in climate such as extreme weather change in today's environment, may have an impact on the Group's ability to access resources and sustain operations. In order to mitigate environmental related risks that may impact Azeus, Azeus HK implemented the Environmental Management System (EMS) in 2018 to comply with the ISO 14001:2015 standards. The EMS is a systematic process developed to identify and address non-conformities, environmental accidents, and incidents through both corrective actions and preventive measures to minimise impact to the environment and the potential for reoccurrence. The EMS also handles enquiries, complaints (both internal and external) and nonconformities of the EMS. All practices to manage environmental impacts on office activities of Azeus HK are set out in the Environmental Instruction – Environmental Office Practices. As part of Azeus HK's commitment to the ISO 14001:2015 standards, all suppliers and contractors are required to observe the requirements under the Environmental Guidance Notes when dealing with the Group.

The Azeus Environmental Policy and the Azeus Environmental Guidance Notes for the HK office are published on our website, www.azeus.com.

The HK office provides routine environmental training programmes for new employees as part of their onboarding orientation to encourage its employees to be mindful of the conservation efforts carried out by Azeus HK. Additional training will be arranged for the existing employees if there are any new or major changes made to the policies, regulations or guidelines. Our Environment Management Representative (EMR) based in the HK Office, monitors and evaluates the EMS to ensure that our employees, suppliers and contractors align their activities with these standards. The Environmental Management System Committee, is a working group set-up in the HK office to manage of the ISO 14001:2015 matters.

Use of Resources



Water

Water is an essential component of our ecosystem. At Azeus, we take our responsibility towards managing and working towards reducing our water consumption across our operations seriously although our water consumption is relatively low as compared to other industries.

In our previous Report, Azeus reported that the Group has undertaken a series of water reduction initiatives to manage the use of water in our building operations.

Examples of initiatives that the Group has implemented since the previous reporting years are:

- Regularly checking pipes and taps for leakage
- Repair immediately any pipe leakage detected
- Regularly monitoring water consumption
- Adopting water efficient appliances
- Placing signages at strategic locations in the offices to conserve water

The table below sets out the raw water consumption of our key offices over the last 3 reporting years:

Region	FY2020 (cubic meter)	FY2019 (cubic meter)	FY2018 (cubic meter)
Hong Kong	39	48	59
Philippines	187	155	214
United Kingdom	45	15	58
Total Water Consumption	271	218	331

ENVIRONMENT

We monitor water consumption on a regular basis and through our efforts to drive the water reduction initiatives, the HK office has seen a 19% water reduction in FY2020 from FY2019. Water consumption may increase for cleaning purposes in the next reporting year due to COVID-19. The areas of focus on water consumption in the HK office are based on the results of the annual internal carbon audit carried out by Azeus HK.

TOTAL WATER CONSUMPTION



TARGET ACTIONS FOR FY2021

Water	<ul style="list-style-type: none"> To monitor and review the outcomes of the water reduction initiatives put in place in the previous years To increase awareness of reducing water consumption to new employees To reduce total water consumption and total water discharge
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Energy

We believe that investing our time towards energy efficiency will not only provide a positive influence on our environment but also help reduce our energy costs in the long-term.

To achieve our target for FY2020, Azeus continues to develop and implement new energy conservation initiatives for the Group. We identified the new ways to improve energy consumption for the Philippines office. These initiatives include replacement of fluorescent lights with LED system throughout the Philippines office commencing from June 2019 and replacement of some office appliances to energy saving models. The HK office successfully managed to reduce electricity consumption by 16% in FY2020 as compared to the FY2019, achieving the FY2020 1% target rate.

Below is an overview of the various responsible energy conservation initiatives that Azeus has adopted:

Electrical appliances

- Switching off the idle office equipment (e.g. monitors, computers, printer and photocopiers) when they are not in use
- Setting appliances to energy saving mode, where possible

Air-conditioning

- Ensuring that external doors are closed to conserve internal heat/cold
- Switching off air-conditioning system after office hours
- Repair any leaks in the air ventilation system

Lighting

- Maximising the use of natural light
- Switching off office lights when not in use

ENVIRONMENT

Our energy consumption performance over the last 3 reporting years is as follows:

Region	FY2020 (GJ)	FY2019 (GJ)	FY2018 (GJ)
Hong Kong	236	281	318
Philippines	1,067	1,020	1,099
United Kingdom	11	9	24
Total Energy Consumption	1,314	1,310	1,441

TOTAL ENERGY CONSUMPTION



TARGET ACTIONS FOR FY2021

Energy	<ul style="list-style-type: none"> To reduce electricity usage in Philippines and UK offices
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Emissions

Greenhouse gas (“GHG”) emissions contribute to climate change. Azeus is committed to further reduce our emissions as part of our social responsibility to support global efforts on climate change.

Azeus has conducted a carbon assessment on its operations based on GHG protocol guidelines relevant in the respective jurisdictions. For consistency, Azeus will annually assess, record and disclose our GHG emissions in order to improve our emissions reduction targets.

To achieve the FY2020 targets on GHG emissions, Azeus continues to explore different ways to improve its data collection system and prioritise actions for reduction of GHG emissions. The HK office utilised the carbon audit excel template provided by the HK Environmental Protection Department to collect the required data on GHG emissions.

Our GHG emissions over a period of 2 reporting years for the offices in Hong Kong, Philippines and the UK are set out below:

Scope	FY2020 (tonnes)	FY2019 (tonnes)
Direct (Scope 1) GHG Emissions	0	0
Indirect (Scope 2) GHG Emissions	265	285
Other indirect (Scope 3) GHG emissions	39	42
Total GHG Emissions	304	327

ENVIRONMENT

The Groups' total emissions are mainly associated with indirect emissions generated by consumed and purchased electricity and other indirect emissions that may include purchased town gas, methane generation at landfill due to disposal of paper waste, electricity used for fresh water and sewage by the HK Government Department. The indirect emissions are monitored on a regular basis.

There was a decrease of 7% in the indirect GHG emissions in FY2020 as compared to FY2019.

Azeus continues to apply GHG reduction initiatives through its green application technology.

Azeus Green Application Technology: Convene Board Portal

Convene, an award-winning meeting solution provider that enhances the effectiveness and efficiency of meetings, from organising and distribution to conducting, documenting, and generating actions. It supports both paperless and remote meetings, enabling staff to save on paper costs for printing documents, as well as transportation costs for traveling to meeting venues. Cost savings can be verified using this calculator: <https://www.azeusconvene.com/paperless-board-meeting-savings-calculator>.

Convene has received multiple awards from prestigious institutions:

In 2016, Convene was hailed as the Storage and Information Management Solution of the Year at the concluded European IT & Software Excellence Awards, besting hundreds of software entries from more than 31 countries. Convene also brought home two silver awards Best in Biz International Awards in two categories: Most Innovative Product of the Year – Enterprise and App of the year – Enterprise and SMB.

In 2017, Convene was the winner of the Golden Peacock Innovative Product/Service Award that was established by the Institute of Directors (IoD) of India. It is a great honour for a Hong Kong-based product to win an award in India, where the top IT companies are based.

In 2018, Convene received 2 accolades from Internationally acclaimed institutions – A Silver award for Innovation in Business Utility Apps at the Asia-Pacific Stevie Awards and the title SaaS Enterprise Solution of the Year at the European IT & Software Excellence Awards.

Azeus Green Application Technology: AGM@Convene

Azeus launched its brand new e-AGM product in April 2020, largely conceptualised around the need to drive advocacy for all shareholders to exercise their rights. This product strived to redefine how corporate entities hold AGMs – in a meaningful and engaging manner that is compliant with the current social distancing and safety restrictions, despite the challenges and constraints brought about by the pandemic.

TARGET ACTIONS FOR FY2021

Emissions	<ul style="list-style-type: none"> To reduce indirect emissions of Carbon Dioxide (“CO₂”) by reducing paper consumption in the HK office
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Waste Management

Azeus is committed to reducing, reusing and recycling waste material generated by the Group.

The Azeus HK and the Azeus UK are guided by the Environmental Policy to apply waste minimisation principles; by reusing, recycling as well as ensuring proper disposal methods of waste material. The Group aims to minimise waste in its operations and office usage and work with only licensed and qualified contractors to treat and safely dispose the different types of waste. The Environment Instructions for Waste Management set out internal practices for the HK office to adopt on waste generation and management.

The EMR is delegated the authority to monitor our waste management practices are adhered to by the employees and contractors. The Administration Department of Azues HK is responsible to take corrective actions on any non-compliance identified by the EMR.

The types of waste generated by Azeus and how they are handled are described below:

General Waste	<ul style="list-style-type: none"> • Solid wastes are segregated to general refuse, paper wastes, packaging wastes and metal wastes for recycling • Personnel (for example, cleaning staff or contractor) are assigned to collect and transfer the waste to storage area
Chemical Waste	<ul style="list-style-type: none"> • Licensed collectors are appointed to collect and dispose of uninterruptible power supply (UPS) batteries. • UPS batteries are stored in separated storage container
Regulated electrical equipment	<ul style="list-style-type: none"> • Appropriate practices are adopted to collect the regulated electrical equipment, for example: <ul style="list-style-type: none"> - Selecting the available free removal services provided by suppliers - Delivering to community Green Stations - Delivering to E-Waste Collection Vehicle stations - Appointing Licensed Collectors

The tables below provide an overview of waste generated by our offices in the Group.

Hazardous Waste

	FY2020 (kg)	FY2019 (kg)
Hazardous Waste	200	158
Non-Hazardous Waste	535	538

TARGET ACTIONS FOR FY2021

Waste	<ul style="list-style-type: none"> • To continuously explore initiatives on how to reduce wastage
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GRI CONTENT INDEX

GRI Standard	Disclosure	Page	Reference
GRI 102: General Disclosures 2016			
102-1	Name of the organisation	1	-
102-2	Activities, brands, products and services	1-2	-
102-3	Location of headquarters	1	-
102-4	Location of operations	1	-
102-5	Ownership and legal form	1	-
102-6	Markets served	1, 15	-
102-7	Scale of the organisation	1-2	-
102-8	Information on employees and other workers	7-8	-
102-9	Supply chain	16	--
102-10	Significant changes to the organisation and its supply chain	-	No significant changes to the organisation's supply chain
102-11	Precautionary principle or approach	4	-
102-12	External initiatives	-	Under review
102-13	Membership of associations	-	No information available
Strategy			
102-14	Statement from senior decision maker	3	-
102-15	Key impacts, risks and opportunities	4	-
Ethics and Integrity			
102-16	Values, principles, standards and norms of behavior	1	-
102-17	Mechanisms for advice and concerns about ethics	11	-
Governance			
102-18	Governance structure	4	-
102-21	Consulting stakeholders on economic, environmental and social topics	5	-
102-29	Identifying and managing economic, environmental and social impacts	6	-
Stakeholder Engagement			
102-40	List of stakeholder groups	5	-
102-41	Collective Bargaining agreements	-	No information available
102-42	Identifying and selecting stakeholders	5	-
102-43	Approach to stakeholder engagements	5	-
102-44	Key topics and concerns raised	5	-
102-45	Entities included in the consolidated financial statements	-	See Azeus Annual Report 2020
102-46	Defining report content and topic boundaries	2	-
102-47	List of material topics	6	-
102-48	Restatements of information	-	No restatements of information
102-49	Changes in reporting	-	No
102-50	Reporting period	2	-
102-51	Date of most recent report	-	30 August 2019
102-52	Reporting cycle	-	Annual
102-53	Contact point for questions regarding the report	2	-

GRI Standard	Disclosure	Page	Reference
GRI 102: General Disclosures 2016			
102-54	Claims of reporting in accordance with the GRI Standards	2	GRI Standards (Core Options) referenced claim
102-55	GRI content index	22-24	-
102-56	External assurance	2	Under consideration for future reports
MATERIAL TOPICS			
GRI 201: Economic Performance 2016			
103-1	Management approach disclosures	14	See Azeus Annual Report 2020
201-1	Direct economic value generated and distributed	14	-
201-4	Financial assistance received from government	-	No financial assistance received from any government
GRI 302: Energy 2016			
103-1	Management approach disclosures	18	-
302-1	Energy consumption within the organisation	19	-
302-4	Reduction of energy consumption	18	-
GRI 303: Water and Effluents 2018			
103-1	Management approach disclosures	17	-
301-1	Interactions with water as a shared resource	17	-
303-2	Management of water discharge – related impacts	18	-
GRI 205: Anti-corruption 2016			
103-1	Management approach	12	-
205-3	Confirmed incidents of corruption and actions taken	12	-
GRI 305: Emissions 2016			
103-1	Management approach disclosures	19	-
305-1	Direct (Scope 1) GHG emissions	19	-
305-2	Energy indirect (Scope 2) GHG emissions	19	-
305-3	Other indirect (Scope 3) GHG emissions	19	-
305-5	Reduction of GHG emissions	20	-
GRI 306: Waste 2020			
103-1	Management approach disclosures	21	-
306-1	Waste generation and significant waste-related impacts	21	-
306-2	Management of significant waste- related impacts	21	-
306-3	Waste generated	21	-
GRI 401: Employment 2016			
103-1	Management approach disclosures	7	-
401-1	New employee hires and employee turnover	7	-
GRI 403: Occupational Health and Safety 2018			
103-1	Management approach disclosures	10	-
403-1	Occupational health and safety management system	10	-
403-2	Hazards, identification, risk assessment and incident investigation	10	-
403-9	Work related injuries	10	-
403-10	Work-related ill health	10	-

GRI CONTENT INDEX

GRI Standard	Disclosure	Page	Reference
GRI 404: Training & Education 2016			
103-1	Management approach disclosure	9	-
404-1	Average hours of training per year per employee	9	-
404-2	Programs for upgrading employees skills and transition assistance programs	9	-
GRI 405: Diversity & Equal Opportunity			
103-1	Management approach disclosure	8	-
405-1	Diversity of governance bodies and employees	8	-
GRI 413: Local Communities			
103-1	Management approach disclosure	11	-



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