



Karin Technology
Holdings Limited

Karin Technology Holdings Limited

Sustainability Report 2019

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About This Report

Karin Technology Holdings Limited (the “Company” together with its subsidiaries, hereinafter referred to as the “Group” or “Karin” or “we” or “us”) is pleased to present the second sustainability report (the “Report”) to share with our stakeholders our management approach to sustainability, our practice and performance, as well as our plans for the coming years.

Reporting Period and Cycle

[GRI 102-50, 102-52]

The Report illustrates the overall performance of Karin regarding the economic, environmental and social area from 1 July 2018 to 30 June 2019 (“FY 2019”). It will be published annually.

Reporting Scope and Boundaries

The information disclosed in the Report covers the core and material business units of the Group in Hong Kong, which accounts for approximately 63 % of our total revenue in 2019. Karin will consider expanding the scope of the Report to include other business and locations progressively. If the scope and boundaries of the specific contents vary, they are noted in the relevant section of the Report.

Reporting Framework

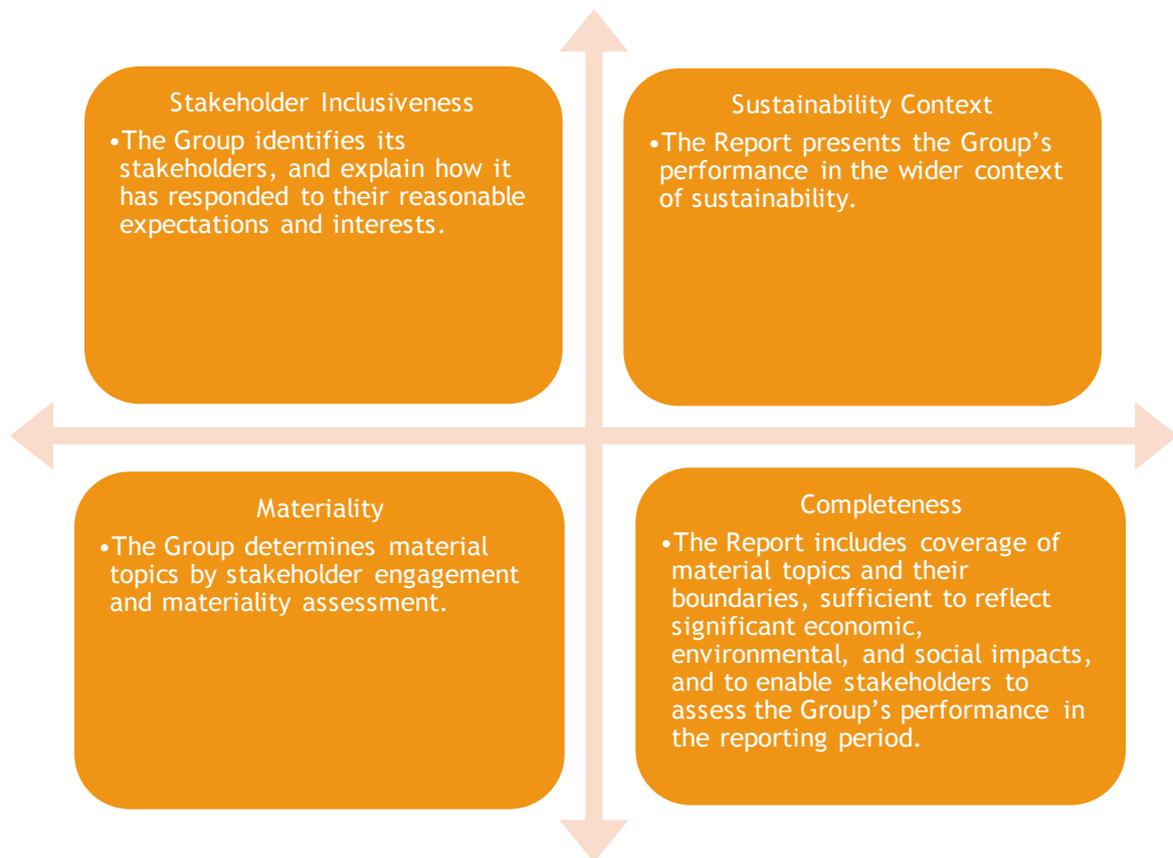
[GRI 102-54]

The Report is prepared in accordance with Global Reporting Initiatives (“GRI”) Standards: Core option. The GRI Standards is an internationally recognised framework and was selected for its universal application for reporting on a range of economic, environmental and social performance. The Report also complies with the Singapore Exchange Securities Trading Limited (SGX-ST) Listing Rules (711A and 711B) and the Singapore Exchange Limited (SGX) Sustainability Reporting Guide. The Report should also be read in conjunction with the Annual Report 2019. We have adopted a phased approach to our reporting and will seek to provide additional disclosures over time.

Reporting Principles

[GRI 102-46]

The content of the Report is prepared based on four principles - stakeholder inclusiveness, sustainability context, materiality and completeness



Restatement

[GRI 102-48]

No restatement is made for previous report.

External Assurance

[GRI 102-56]

We did not obtain external assurance for the Report. We have relied on internal mechanisms to ensure the accuracy of information. Performance data for the corresponding material topic is reported in good faith and to the best of our knowledge. The data is verified using internal mechanism, and checks. Financial statements included in the Annual Report 2019, however, have been audited by independent auditors.

Availability

The Report is published in English and is available on our website: www.karingroup.com. As a conservation measure, we do not publish hard copies.

Feedbacks

[GRI 102-53]

We welcome feedback on the Report and any aspect of our sustainability performance. Comments or feedback can be sent to info@karingroup.com.

Board Statement

[GRI 102-14]

Dear Stakeholders,

The Board of Directors is pleased to present Karin Technology Holdings Limited's second full Sustainability Report of financial year 2019 (FY 2019).

We recognise that sustainability is increasingly important for business as the world today faces challenging issues, including but not limited to climate change, shortage of natural resources and human rights. Expectations for companies to take the initiative on sustainability are higher.

We focus on economic, environmental and social areas to underpin our sustainability strategy. We are committed to managing the relevant sustainability risks and opportunities across the portfolio to ensure the long-term well-being of our business while contributing positively to the environment and community.

As we continue our sustainability journey, metrics and targets that are material to our business will be progressively added, providing even more insights in our future reports. We will continue to strengthen our engagement with key stakeholders and improve our sustainability efforts and practices, with the goal of forging a long-term sustainable business.

Board of Directors

Karin Technology Holdings Limited

About Karin

[GRI 102-1, 102-2, 102-3, 102-4, 102-6]

Introduction

Listed on the Mainboard of the Singapore Exchange Securities Trading Limited (“SGX-ST”) since March 2005, Karin is a prominent IT & Components Solutions and Services Group with a significant market presence spanning more than 40 years in Hong Kong and the People’s Republic of China (“PRC”).

From the time when it was established in 1977, our primary business focus has been on electronic components and computer distribution for various electronics industry segments including communications, computer, electrical appliances and utility. During the 1990s, our business expanded to include outsourcing services, IC application design solutions and data storage management solutions. Since our listing on the SGX-ST Mainboard in 2005, we have carved out an escalating presence in three core businesses - Components Distribution; IT Infrastructure Solutions and Services; and Consumer Electronics Products - in Hong Kong and the PRC markets.

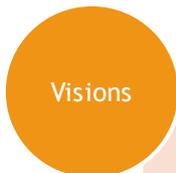
In 2007, I M I Kabel Pte Ltd, a Singapore-based distributor of data control cables for a variety of industries ranging from industrial automation to port and shipyard, offshore oil fields and petrochemical facilities, was acquired by the Group.

In 2018, Karin added a retail business arm to its operations under the trade name “In-Smart”.



Missions

Globalization, modernization and technology are the drivers of rapid economic growth and wealth creation, providing many business opportunities to most companies and industries in the coming decades and Hong Kong is indeed the essential gateway to China for the rest of the world while Singapore is the central business hub for ASEAN countries



Visions

Providing competitive products and solutions via product development, technical skill-set and field-application after-sales service is the core competency of Karin Group, the value-added service provider in electronic, retail, IT and infrastructure industries in China, Hong Kong, Macau, Singapore, ASEAN countries today and tomorrow.

Our Products

Our principal business is broadly divided into three main segments, namely (a) Components Distribution; (b) IT Infrastructure and (c) Consumer Electronics Product.



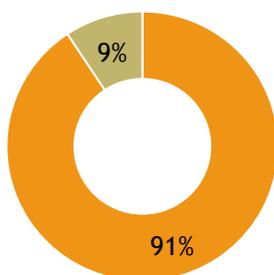
Our People

[GRI 102-8]

Our people are the key most important assets to drive our business. As at the end of FY 2019, there were 172 (FY 2018: 184) employees in Hong Kong. The details¹ of the employee profile by employment contract (permanent and temporary), by employment type (full-time and part-time), by gender are presented in the following figure.

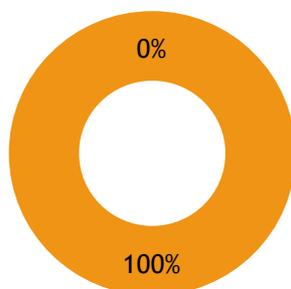
Employee Profile

By Employment Contract



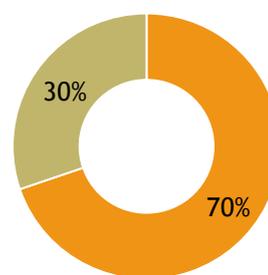
■ Permanent ■ Temporary

By Employment Type



■ Full Time ■ Part Time

By Gender



■ Male ■ Female

Employee Profile	FY 2019		FY 2018	
	Female	Male	Female	Male
By Employment Contract				
Permanent	46	110	58	111
Temporary	6	10	4	11
By Employment Type				
Full-time	52	120	62	122
Part-time	0	0	0	0
Total	52	120	62	122

¹ The data is based on the internal database.

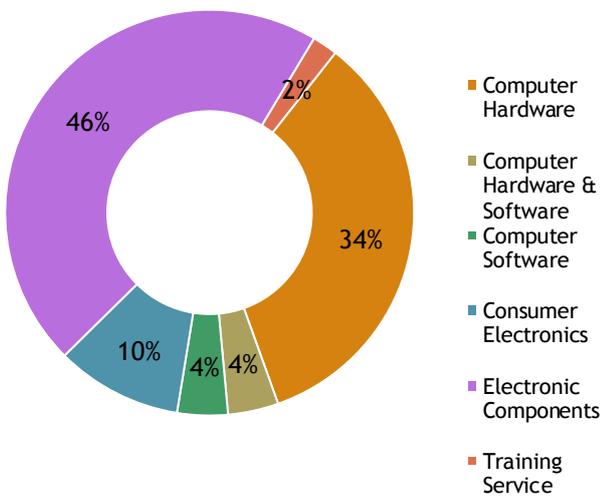
Our Supply Chain

[GRI 102-9, 102-10]

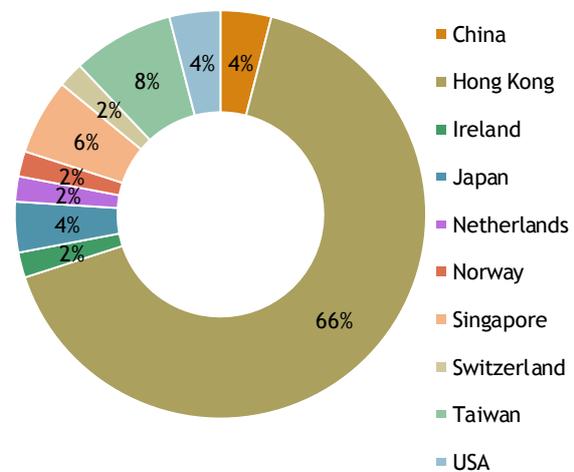
Karin supplies a variety of electronic and computer products. These products are mainly sourced from traders and multinational corporation (MNC) manufacturers located in various locations. We have a Procurement Policy and ISO standard in place which provides procurement guidelines, for instance, the selection and evaluation of suppliers. Our suppliers are selected based on, amongst others, such as past track record, experience, capability and quality. To mitigate the supplier risks, we strive to diversify our supplier bases and strengthen our controls in assessment of new suppliers.

In FY 2019, there were a total of 50 suppliers (FY 2018: 50). The supplier by geographical location and category are illustrated in the following charts. During the reporting period, there was no significant change to our supply chain over the past years.

Total number of Suppliers by Category



Total number of Suppliers by Location



Our Customer

[GRI102-6]

Karin currently has a customer base of more than 1,000 customers comprising MNCs, contract manufacturers, electronic product manufacturers, traders, retailers and business corporations, most of which are located in Hong Kong and in the PRC.

Membership of Associations

[GRI 102-13]

Karin is accredited as an authorized employer by Hong Kong Institute of Certified Public Accountants (“HKICPA”) to train prospective members of the HKICPA.

Corporate Governance and Risk Management

[GRI 102-16, GRI 102-18]

The Board is the highest governance body of Karin that provides oversight of the Group’s activities and performance and is responsible for setting the corporate strategy and business direction of the Group. The Board has established committees, namely, the Audit and Risk Management Committee (“ARMC”), Nominating Committee (“NC”) and Remuneration Committee (“RC”), to assist in the execution of its responsibilities. These committees operate within clearly defined terms of reference and the effectiveness of each committee is reviewed on a regular basis.

Risk Management is an integral part of good corporate governance as well as resources management. Karin has a thorough and comprehensive risk management framework to identify and manage its risks and exposures in an integrated, systematic and consistent manner. For detailed disclosure on risk management, please refer to the Corporate Governance Report enclosed in Annual Report 2019.

Stakeholder Engagement

[GRI 102-40, 102-42, 102-43, 102-44]

Stakeholders' opinions are the solid foundation for the Group's sustainable development and success. By considering the dependence and influence on the Group by the stakeholders and the availability of the resources for the Group, management has identified key stakeholders. The stakeholder engagement helps the Group to develop a business strategy that meets the needs and expectations of stakeholders, enhances the ability to identify risk and strengthens important relationships. Stakeholders can express their opinions through various engagement channels. The relevant stakeholders of the Group, their engagement platforms and the expected concerns are as follows. Our responses to these concerns are illustrated in various sections of the Report.



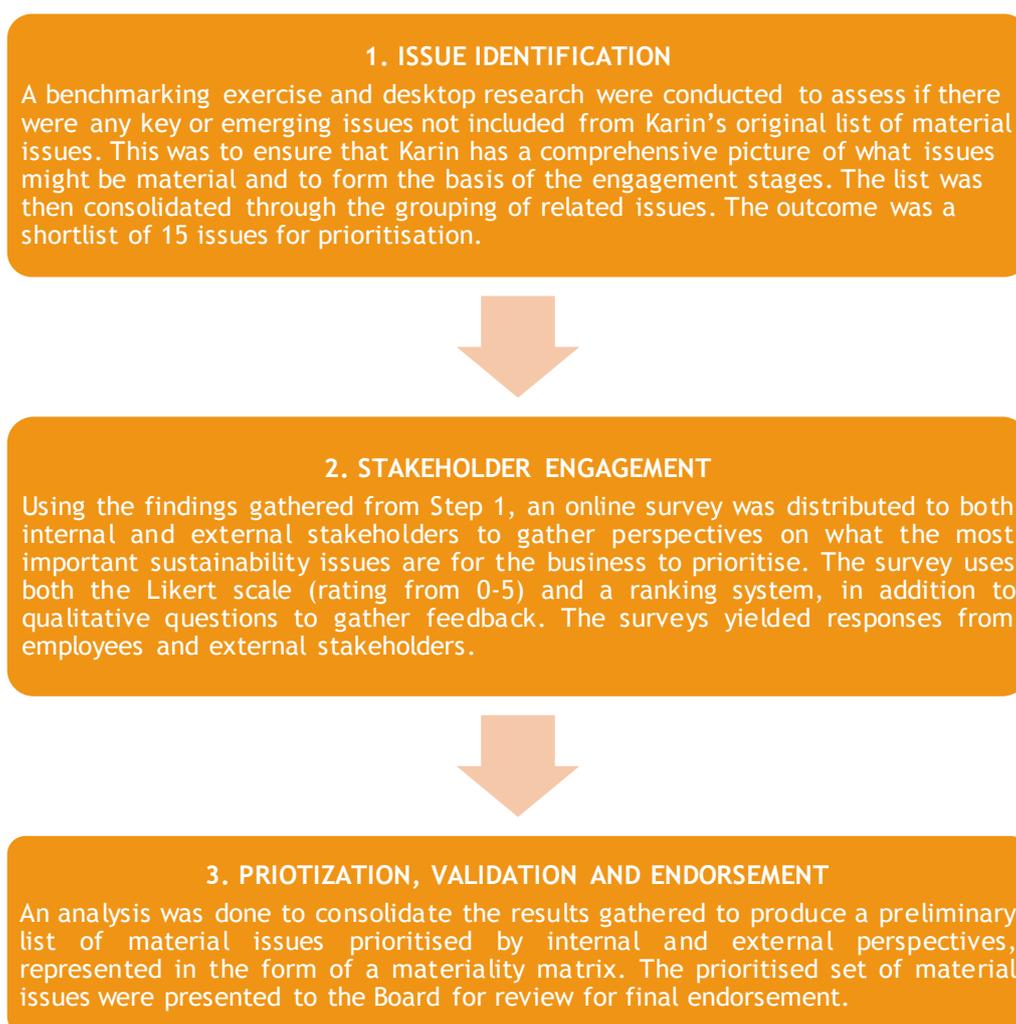
Form of engagement and key concerns of the stakeholder groups

Stakeholder	Priority Concerns	Form of Engagement and Related Frequency
Government, regulator and Media	<ul style="list-style-type: none"> ◆ Anti-corruption ◆ Occupational Health and Safety ◆ Diversity and Equal Opportunity ◆ Regulatory Compliance ◆ Privacy Protection ◆ Quality Management 	<ul style="list-style-type: none"> ◆ Annual reports, interim reports, sustainability reports and other public information
Shareholder and investor	<ul style="list-style-type: none"> ◆ Employment ◆ Local Communities ◆ Privacy Protection ◆ Quality Management 	<ul style="list-style-type: none"> ◆ Annual general meetings and other general meetings of shareholders ◆ Company website ◆ Press releases/announcements ◆ Annual reports, interim reports, sustainability reports and other public information
Employee	<ul style="list-style-type: none"> ◆ Employment ◆ Occupational health and safety ◆ Training and Education ◆ Diversity and Equal Opportunities 	<ul style="list-style-type: none"> ◆ Seminars and training ◆ Performance appraisal ◆ Leisure activities
Customer	<ul style="list-style-type: none"> ◆ Customer Privacy ◆ Quality Management 	<ul style="list-style-type: none"> ◆ Fax, email and customer service hotline ◆ Product and service feedback
Supplier	<ul style="list-style-type: none"> ◆ Anti-Corruption ◆ Material ◆ Wastes Management ◆ Supply Chain Management ◆ Privacy Protection ◆ Quality Management 	<ul style="list-style-type: none"> ◆ Annual audit ◆ Meetings ◆ On-site visits
Business Partners	<ul style="list-style-type: none"> ◆ Employment ◆ Occupational Health and Safety ◆ Training and Education ◆ Non - discrimination ◆ Privacy Protection ◆ Quality Management 	<ul style="list-style-type: none"> ◆ Emails ◆ Meeting
Local Community	<ul style="list-style-type: none"> ◆ Environment ◆ Contribution to the community 	<ul style="list-style-type: none"> ◆ Community services

Materiality Assessment

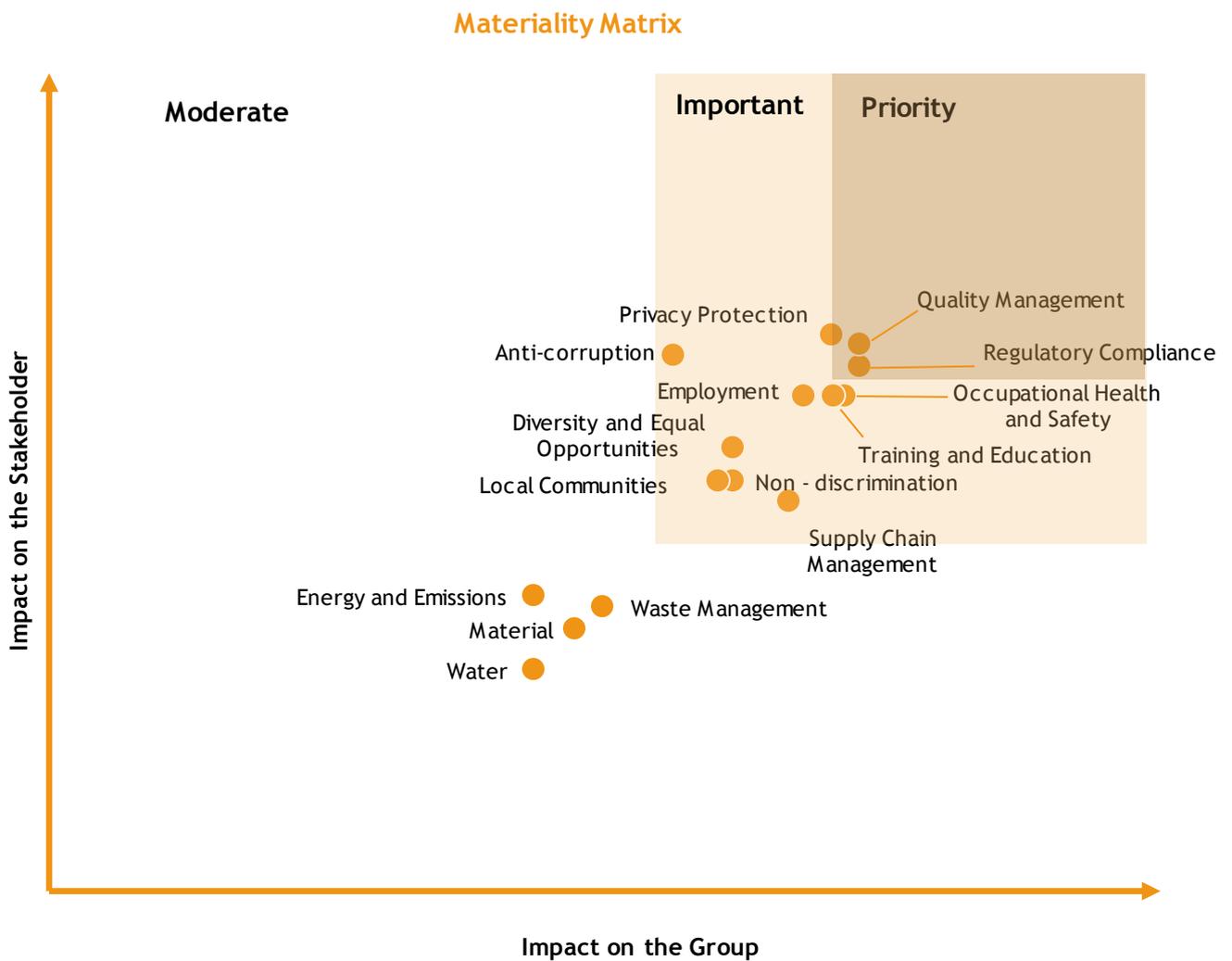
[GRI 102-46, 102-47, 103-1]

Karin's core approach to sustainability and business strategies is to identify, prioritise and manage the material aspects of our business that impact the environment, society and economy most. Our Board members and senior management team prioritises and identifies the most material economic, environmental and social impacts of our business operations through reviewing our existing company policies, compliance requirements, employee surveys, risk registers and benchmarking material issues reported by peers. While assessing our sustainability impacts, risks and opportunities, we considered the expectations and concerns of our critical stakeholders. We also examined sustainability trends in the industry sector and reporting practices of peer companies. Through this exercise, we identified and prioritised material topics as shown in the following table. Material topics have been reviewed and approved by our Board.



Materiality Matrix and Boundary Mapping

The materiality matrix below shows the output from the materiality assessment. A comprehensive list of 15 material issues considered was plotted against the x-axis, which shows the importance of each issue on the business, and against the y-axis, which shows how important each issue is for Karin to manage according to external stakeholders.



List of Important Sustainability Issues

Based on the materiality matrix, we believe the most pertinent sustainability issues include quality management, privacy protection and regulatory compliance. Our efforts in material areas are addressed within this report. In general, there is no material change regarding the sustainability issues identified.

Ranking	Issues	Impact on internal stakeholders	Impact on external stakeholder	Response/Section
Priority	Quality Management	•	•	Quality Management
	Privacy Protection	•	•	Privacy Protection
	Regulatory Compliance	•	•	Regulatory Compliance
Important	Occupational Health and Safety	•		Occupational Health and Safety
	Training and Education	•		Training and Education
	Employment	•		Employment
	Anti-corruption	•	•	Anti-corruption
	Diversity and Equal Opportunities	•		Diversity and Equal Opportunities
	Supply Chain Management	•	•	Our Supply Chain
	Non - discrimination	•		Non - discrimination
	Local Communities	•	•	Local Communities
Moderate	Waste Management	•	•	Note 1
	Material	•	•	Note 1
	Energy and Emissions	•	•	Energy and Emissions
	Water	•	•	Note 1

Note 1: We will consider for further disclosure if the level of materiality increases in the future.

FY 2019 Performance Highlights

Area	FY 2019 Target	Performance Update	FY 2020 Target
Anti-corruption	<ul style="list-style-type: none"> Implement whistleblowing and other policies to prevent corruption Maintain zero confirmed incidents for corruption 	<ul style="list-style-type: none"> 0 confirmed incidents 	<ul style="list-style-type: none"> Continue with the current practices Maintain zero confirmed incidents for corruption
Energy and Emissions	<ul style="list-style-type: none"> Implement energy-saving practices Monitor the consumption and Greenhouse Gas (GHG) emissions data 	<ul style="list-style-type: none"> Electricity consumption reduced by 4% Extended disclosure of GHG emissions 	<ul style="list-style-type: none"> Continue with the current practices explore various initiative to save energy and control GHG emissions
Employment	<ul style="list-style-type: none"> Commit to fair and employment practices by ensuring the recruitment procedures are in place Provide a harmonious working environment to the employees through organising various engagement events 	<ul style="list-style-type: none"> New hire rate: 22% Turnover rate: 25% 	<ul style="list-style-type: none"> Continue with current practices and explore various initiative to attract and retain talents
Occupational Health and Safety	<ul style="list-style-type: none"> Educate new employees about the manual handling operations Review if any material risks in this area 	<ul style="list-style-type: none"> 0 cases of work-related injury, occupational disease nor fatality 	<ul style="list-style-type: none"> Maintain zero cases of work-related injury, occupational disease nor fatality
Training and Education	<ul style="list-style-type: none"> Identify the training needs for employee and encourage employees to attend training by providing incentives 	<ul style="list-style-type: none"> Provided over 200 products and technical training Total training hours: 2,386 Average training hours: 13,87 	<ul style="list-style-type: none"> Continue current practices and explore various initiative to improves skills of employees
Non-discrimination	<ul style="list-style-type: none"> Maintain zero incident of discrimination 	<ul style="list-style-type: none"> 0 incident of discrimination 	<ul style="list-style-type: none"> Continue with current practice

Area	FY 2019 Target	Performance Update	FY 2020 Target
			◆ Maintain zero incident of discrimination
Local Communities	◆ Keep on seek opportunities to contribute to the local communities	◆ Total service hours: 272 hours	◆ Continue with current practices and explore various initiative to contribute to the local community
Quality Management	◆ Review and update to meet the requirement of ISO 9001:2015	◆ Overall performance of the quality management system was considered satisfactory by the external ISO auditor	◆ Continue to meet the requirement of ISO 9001:2015
Customer Privacy	◆ Maintain zero substantiated complaints concerning breaches of customer privacy and losses of customer data	◆ 0 sustained complaints	◆ Maintain zero sustained complaints ◆ Continue with current practices and explore various initiative to improve our internal controls in customer data protection
Regulatory Compliance	◆ Maintain zero incidents of non-compliance	◆ 0 incidents of non-compliance	◆ Maintain zero incidents of non-compliance

ECONOMIC

Anti-corruption

[GRI 103, GRI 205-3]

Karin is committed to fostering a culture of corporate compliance, ethical behaviour and good corporate governance. We adopt a zero tolerance towards corruption and manage the risks through prevention and detection of frauds and irregularities.

The Group strictly abides by the laws and regulations relating to bribery, extortion, fraud and money laundering in Hong Kong, including the Prevention of Bribery Ordinance and Anti-Money Laundering and Counter-Terrorist Financing Ordinance.

The Group has established “Employee’s Code of Conduct”, which is part of the Employee Handbook, setting out the employee’s conducts in dealing with problems related to acceptance of advantages and conflicts of interest so as to educate the importance of ethics and integrity. It is circulated among employees to educate the importance of ethics and integrity.

Internal Control Procedures

Other than the internal anti-bribery and corruption guidelines as stipulated in the Employee Handbook, the Group has in place a Whistleblowing Policy, which is publicly posted on our website, as a communication channel for employees to report concerns relating to ethical business or personal conduct, accounting and financial matters, integrity and professionalism, or allegations of retaliation for having reported matters in good faith.

Employees are welcomed to send his/her concerns via email anonymously. The Group has also implemented appropriate and effective internal controls at different business processes to prevent and detect fraudulent activities. The Group also provides training for employees relating to anti-corruption. Fraud assessment exercise is conducted annually and reported to the Board.

In FY2019, the Group was not aware of any confirmed incidents of corruption. Moving forward, the Group will continue to implement whistleblowing and other policies to prevent corruption and maintain zero confirmed incidents for corruption.

ENVIRONMENTAL

Energy and Emissions

[GRI 103]

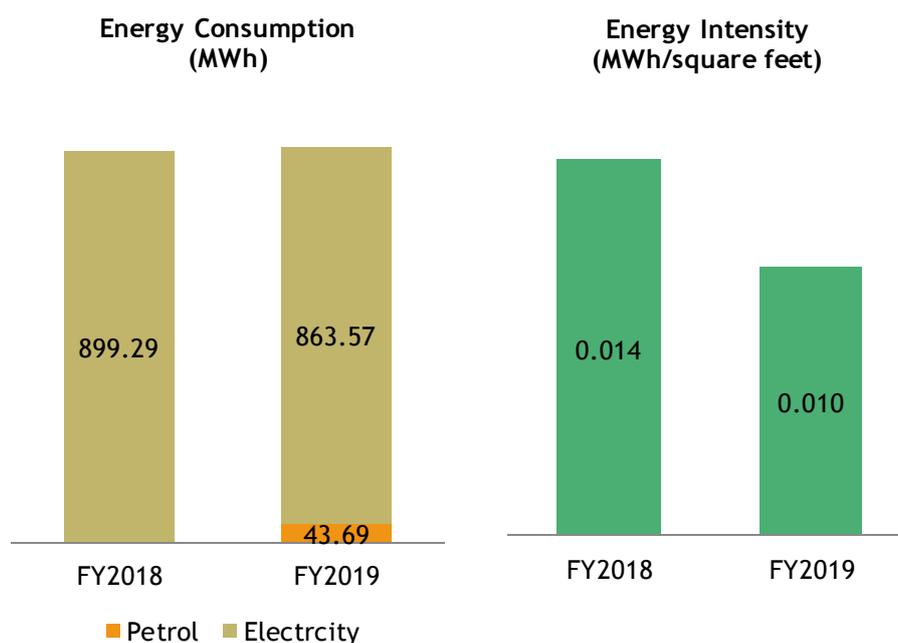
Karin is committed to minimising the environmental impact of our business through resources utilisation and conservation. We notice that there is a gradual concern from the community on climate changes due to the increase in energy consumption and its incurred greenhouse gas (GHG) emissions. The Group's warehouses and offices consume electricity for lighting, air conditioning, office equipment and other uses. The Group has implemented energy-saving strategies in the office to mitigate energy consumption as well as greenhouse gas emissions. Some key practices implemented are as follows:

- Switch off electrical appliances when they are not in use (such as air-conditioning, computer, printer, photocopier, lighting, etc.)
- During summertime, maintain an average indoor temperature between 24 - 26 °C to save energy
- Install thermometers in different area of the office to monitor the temperature
- Use energy-saving light bulbs, such as compact fluorescent lamps, T5 fluorescent lamps, LED, etc.
- Set the computer in energy-saving mode
- Do not leave the computer on standby mode for too long. They should be completely shut off to save electricity
- Choose electrical appliances with "Grade 1" energy label (such as refrigerator, air conditioner, etc.) whenever possible
- Encourage staff to use stairways instead of lift

Energy Consumption

[GRI 302-1, 302-3]

Since the issuance of the first sustainability report, Karin starts to record and disclose energy consumption for performance evaluation. Compared with FY 2018, the electricity consumption was reduced by 4%. The total consumption in FY 2019 includes consumption of petrol of mobile vehicles and electricity.



Electricity Consumption	FY2019 (MWh)	FY2018 (MWh)
Petrol	43.69	Not applicable
Electricity	863.57	899.29
Total Consumption	907.26	899.29
Intensity (per square feet)	0.010	0.014

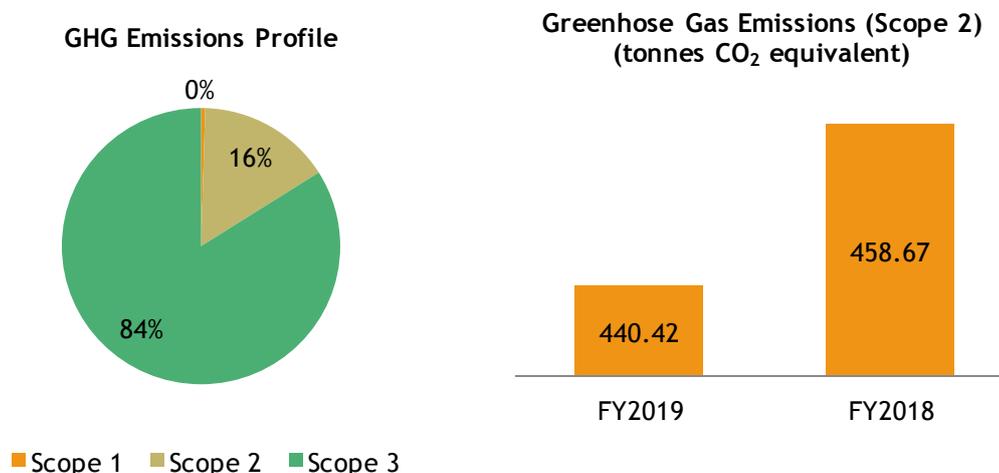
Greenhouse Gas (GHG) Emissions

[GRI 305-1,305-2,305-3, 305-4]

In response to the community's gradual concern on greenhouse gas ("GHG") emissions, climate changes and other related issues, the Group has begun to record and report the GHG emission annually through sustainability report. In order to be in line with the best practice of GHG emissions disclosure, the disclosure was extended in FY 2019. The GHG emissions disclosure was divided into three scopes.

- ◆ Scope 1: The direct emission from the business operations owned or controlled by the Group, including the emission from the Group's vehicle fleet
- ◆ Scope 2: The "indirect energy" emissions from the internal purchased electricity consumption by the Group
- ◆ Scope 3: All other indirect emissions that occur outside the Group, including both upstream and downstream emissions, including the emissions due to electricity used for fresh water processing by the Water Services Department, electricity sewage processing by the Drainage Services Department, methane generation at landfill due to disposal of paper wastes and general wastes

In FY 2019, the primary sources of GHG emission are from petrol consumption, electricity consumption and employee business travel. Scope 3 is the major contributor of the total GHG emissions.



GHG Emissions ²	FY2019 (tonnes CO ₂ equivalent)	FY2018 (tonnes CO ₂ equivalent)
Scope 1	13.79	Not Applicable
Scope 2	440.42	458.67
Scope 3	2,376.06	Not Applicable
Total	2,830.26	458.67
Intensity (per square feet)	0.040	0.007

Moving forward, the Group will continue to implement energy-saving practices, monitor the consumption and GHG emissions data to seek possibilities for expansion of the scope and target setting.

² The calculation of greenhouse gas emissions is made reference to the Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong published by the Environmental Protection Department, and the Electrical and Mechanical Services Department, the latest sustainability reports published by the CLP Power Hong Kong Limited, Hong Kong Electric Investment and The Hong Kong and China Gas Company Limited, Water Supplies Department and Drainage Services Department.

SOCIAL

Employment

[GRI 103, 401-1, 401-2]

Karin believes that the continued service of our management team and skilled employees is one of our key success factors. Having a team of experienced management staff and skilled personnel is critical in maintaining the quality of our services and our relationship with our customers. A high turnover of such personnel without suitable and timely replacement will adversely affect our operations and competitiveness. The Group strictly abides by the laws and regulations relating to employment in Hong Kong, including the Employment Ordinance, Minimum Wage Ordinance, the Employees' Compensation Ordinance and the Sex Discrimination Ordinance.

As the business grows, Karin must establish sustainable human capital to attract and retain talents. The Group has formulated policies and initiatives with respect to discrimination, compensations, promotion, privacy and other relating matters. The Group is committed to providing equal opportunities to all its employees. The Group's recruitment of employees and their subsequent annual appraisal are based on merit, work attitude, cooperation with other staff & workers, and their efficiency and effectiveness of work. Furthermore, the Group does not discriminate according to race, age, gender, religion, ethnicity, facial attractiveness, physical impairments, sexual preference, political viewpoints or nationality.

Remuneration, promotion and dismissal

The Group determines employees' remunerations based on factors such as qualifications, duties, contributions and experience. We have a robust system to assess the performance of the employees, which forms the basis of determination on salary increments, bonus and promotion.

For employee termination, employment might be terminated for non-performance, breach of policies, gross misconduct. For voluntary resignation, an exit interview is conducted with the resigned employee so the Group would identify employee concern or dissatisfaction.

Working hours and rest periods

The Group committed to offering reasonable working hours and rest period to employees. Employees usually work on average 40 hours per week. Employee's working hours may be re-scheduled by his supervisor to suit operational needs. All employees shall be entitled to General Holidays as announced in the Hong Kong SAR Government Gazette each year. In addition to general holidays, employees are entitled to annual leave, birthday leave, marriage leave, maternity leave and sick leave.

Employee benefits and welfare

According to the applicable laws and regulations in Hong Kong, the Group provides various benefits and welfare to the employees. The Group participates in the defined contribution scheme (the “MPF Scheme”) under the Mandatory Provident Fund Schemes Ordinance which is available to its employees in Hong Kong. Contributions to the MPF Scheme by the Group and employees are made based on a percentage of employees’ basic salaries. The Group’s employer contributions vest fully with the employees when contributed to the MPF Scheme. The Group also provides medical insurance and compensation insurance. The Group provides monetary awards, such as discretionary bonus, share options to employees.

Creating a cohesive workplace and promote team bonding, Karin organised various engaging events for our employees, including Christmas Party, Spring Lunch and leisure trip. To promote health and wellness among employees, we also supported our employees to participate various activities.

New Employee Hires

	FY2019		FY 2018	
	Number	Rate ³	Number	Rate
By Gender				
Male	28	23%	31	26%
Female	10	19%	16	25%
By Age Group				
Below 30	14	52%	16	67%
30 - 50	18	17%	22	19%
Above 50	6	15%	9	20%
Overall	38	22%	47	26%

Employee Turnover

	FY 2019		FY 2018	
	Number	Rate ⁴	Number	Rate
By Gender				
Male	32	27%	20	17%
Female	11	21%	14	22%
By Age Group				
Below 30	14	52%	7	29%
30 - 50	23	22%	17	15%
Above 50	6	15%	10	22%
Overall	43	25%	34	18%

In FY 2019, the overall employee new hire rate is 22% and turnover rate is 25%. Moving forward, the Group will continue to commit to fair and employment practices by ensuring the recruitment procedures are in place and providing a harmonious working environment to the employees through organising various engagement events.

³ The new employee hire rate equals to the number of new hires divided by the number to the employee at the end of the reporting period.

⁴ The employee turnover rate equals to the number of employee turnover divided by the number to the employee at the end of the reporting period.

Occupational Health and Safety

[GRI 103, 403-5, 403-6, 403-9]

Karin attaches great importance to the health of its employees and is committed to providing a safe and healthy working environment for them. The Group maintains medical insurance for its employees and adopts practices regarding work safety and occupational health issues. Safety arrangements in cases of emergency such as during typhoons and rainstorm warnings are stated in the Employee Handbook to ensure that all employees are aware of emergency procedures. The guidance for manual handling operation is specifically introduced to employees who work in the warehouse in the orientation training.

In FY 2019, the Group was not aware of any case of work-related injury, occupational disease nor fatality. Moving forward, the Group will continue to educate new employees about the manual handling operations and review if any material risks in this area.

Training and Education

[GRI 103, 404-3]

Karin places a great deal of importance on the career development and training of our employees. Due to the technical nature of our business, staff training is important in ensuring that we keep ourselves abreast of product knowledge and the changing needs of our customers.

The Group has in place procedures to provide a system and instruction for determining training and competence development needs, providing training and maintaining training records. It also sets out organizational knowledge and how it is available to the extent necessary.

Our staff regularly attends scheduled training courses and seminars, including those conducted and sponsored by our MNC suppliers and component manufacturers, to enable our technical staff to become more familiar with existing and new IT infrastructure, computer data storage management products and new component applications. These courses serve to enhance our awareness of the latest products or upgrades available. These courses also offer in-depth knowledge in some of the latest

Product Training



technologies and insight into the current market trends and other economic factors affecting the electronics industry. Our staff who attends such training courses will disseminate the knowledge gained to the rest of the team through internal meetings and training seminars. In addition, technical knowledge is also acquired through on-the-job training where guidance and supervision are provided by the more experienced staff.

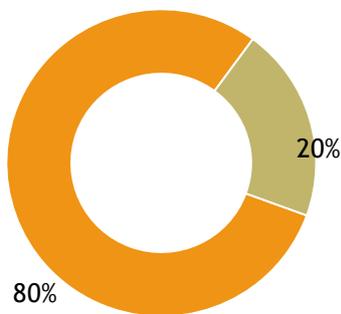
We also place a strong emphasis on developing our management staff through courses which focus on developing management and analytical skills. Our management staff also attends regular industry seminars and conferences which address general technological trends, developments in the electronics industry and economic factors and policies that affect our business.

In FY 2019, the Group provided over 200 products and technical training to our employees and the total training hour received by our employees was 2,386. Moving forward, the Group will continue to identify the training needs for employee and encourage employees to attend training by providing incentives.

Average hours of training

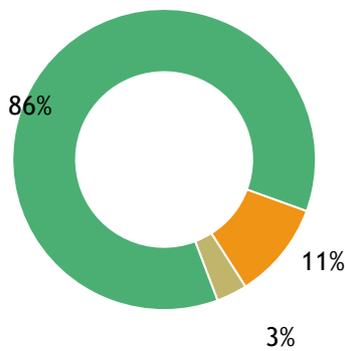
Average Training Hours	FY 2019 ⁵
By Gender	
Male	9.39
Female	15.81
By Level	
Senior Management	18.27
Middle Management	6.18
General Staff	14.44
By Function	
Management	10.93
Finance and Administration	4.66
Logistic	3.58
IT Technical and Engineering Support	31.30
Sales	11.57
Overall	13.87

Total Training hours by Gender



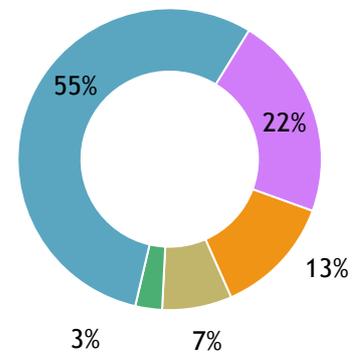
- Male
- Female

Total Training hours by Employee Level



- Senior Management
- Middle Management
- General Staff

Total Training hours by Function

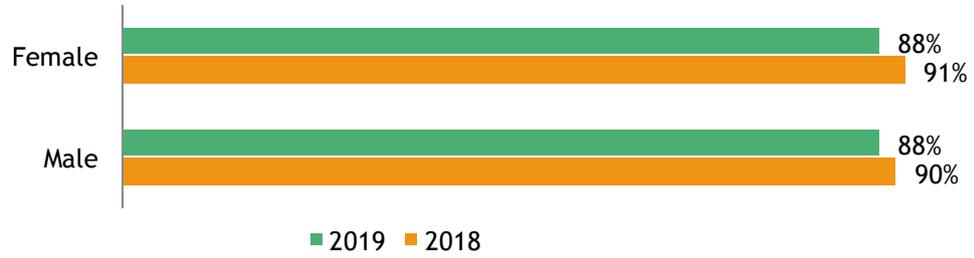


- Management
- Finance and Administration
- Logistic
- IT Technical and Engineering Support
- Sales

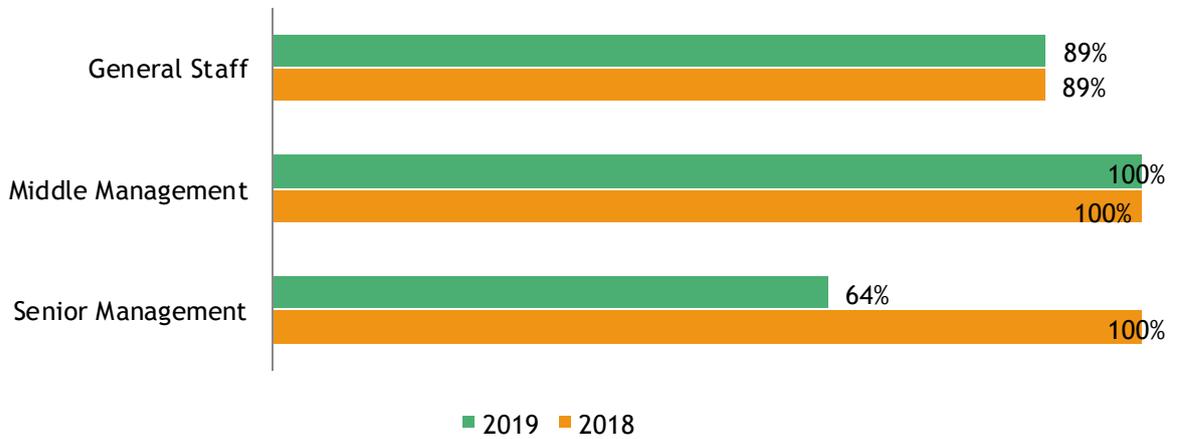
⁵ Data has been collected since FY2019

Percentage of employees receiving regular performance and career development reviews

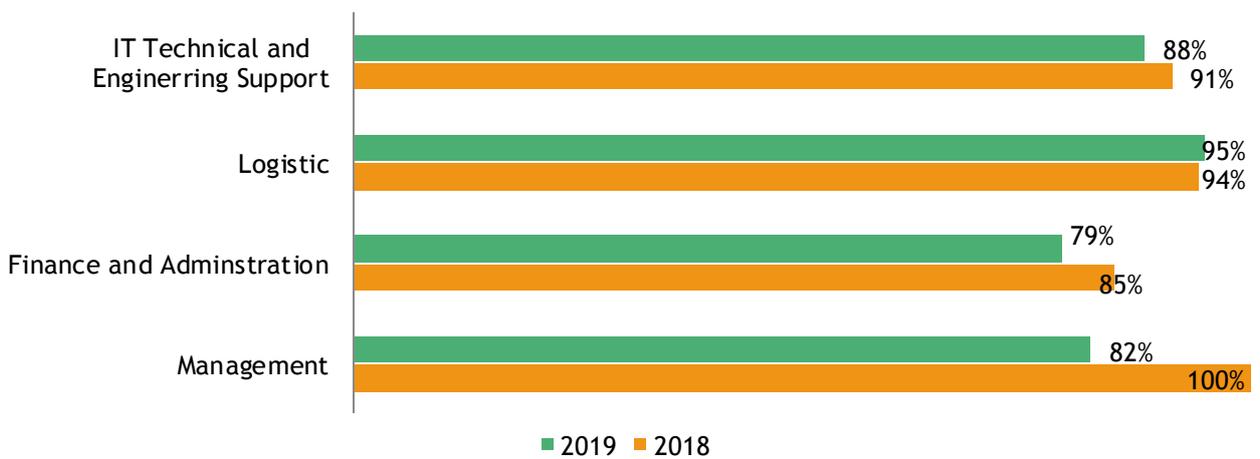
By Gender



By Employee Categories



By Employee Function



Non-discrimination

[GRI 103, 406-1]

Karin is committed to ensuring that the work environment it provides is free from harassment, discrimination and any behaviour that can harm productivity. The management of each department is responsible for formulating and implementing the Group's working environment policy, which contains the standards in this regard. The Group strictly abides by the related laws and regulations in Hong Kong, including the Employment Ordinance and the Sex Discrimination Ordinance.

Sexual harassment is strictly forbidden in the workplace. Behaviour that regards as sexual harassment is clearly defined in our Employee Handbook. A grievance mechanism is established that employees can complain to the Company. Human Resource and Administration Manager will responsible to coordinate both informal and formal complaints and handle them confidentially.

In FY 2019, the Group was not aware of any incident of discrimination. Moving forward, the Group will continue to maintain zero incident of discrimination.

Local Communities

[GRI 103]

Karin is committed to maintaining the sustainability of its business and its communities. We aim to develop long-term relations with our stakeholders based on mutual trust, respect and integrity. We also seek to make contributions to programs which have a positive impact on community development. We encourage our employees to volunteer and work through collaboration with strategic giving as well as capacity-building initiatives to try and create a positive impact in the community. The Group has been awarded as “Caring Company” by the Hong Kong Council of Social Service for three consecutive years.

In FY 2019, our employee volunteered to support the food bank managed by Kwun Tong Methodist Social Services and home visits. Our employees served for approximately 272 hours in total. Moving forward, we will keep on seek opportunities to contribute to the local communities.

Volunerring for food bank



Quality Management

[GRI 103]

Karin adopts the highest industry quality standards to provide exceptional customer service. Quality management is essential for us to meet customer requirements and increase customer satisfaction. We have attained ISO 9001:2015 Quality Management Systems certification.

We conduct visual quality checks on products distributed by our Components Distribution segment for damages made during transit. For our IC Application Design segment, our field application design engineers check to ensure that the product prototype we designed meet our clients' specification and will be approved by them. Products that we assembled for our customers under the IT Infrastructure segment are tested by our engineers, certified by our vendors, before delivery. Products that do not pass our quality checks are returned to the relevant suppliers.

For our IT Infrastructure segment, our Group's IT storage and service management team provides technical support, maintenance and consultation services to our customers.

Our Quality Assurance Manager is responsible to monitor the compliance of ISO requirements on a timely basis and provides training to employees in order to raise their awareness of the requirements. Bi-annually audits are carried out by the external ISO auditor to assess our overall performance.

In FY 2019, the overall performance of the quality management system was considered satisfactory by the external ISO auditor. Moving forward, the Group will continue to review and update to meet the requirement of ISO 9001:2015.

Customer Privacy

[GRI 103, 418-1]

Karin is committed to ensuring the privacy of our customers. All personal information collected in whichever formats or platforms will only be used for the purposes for which the information have been collected which have been made known to the customers. Our intranet is protected by proper authentication process. Our Employee Handbook sets out the employee's conduct in information protection. Some of the precautionary measures are as follows:

- A non-disclosure agreement is required to be signed by an external party if there is an exchange of sensitive information.
- Firewall and anti-virus solution are installed to protect the internal network and prevent the computers from virus infection.
- Confidential information should be communicated through formal Company's email instead of mobile applications.

In FY 2019, the Group was not aware of any substantiated complaints concerning breaches of customer privacy and losses of customer data. Moving forward, the Group will continue to maintain zero substantiated complaints concerning breaches of customer privacy and losses of customer data and improve our internal controls in customer data protection.

Regulatory Compliance

[GRI 103, 419-1]

Karin recognises that the failure to comply with local laws and regulations may result in a significant impact on the reputation and operation costs. The Group adheres to the highest standards of corporate governance and has established clear policies and procedures to ensure compliance with all applicable laws and regulations. Designated personnel are responsible to oversee the compliance of the laws and regulations. The Group has ensured its compliance with all the relevant laws and regulation that have significant impact on the Group.

In FY 2019, the Group was not aware of any significant non-compliance with the laws and regulations in social and economic area. Moving forward, the Group will continue to monitor the update of latest development relating to the laws and regulations that have a significant impact on the Group and maintain zero incidents of non-compliance.

GRI Content Index

[GRI 102-55]

	GRI Disclosure		Details/Notes
GRI 101: Foundation 2016			
GRI 102: General Disclosures 2016			
Organizational profile	102-1	Name of the organization	About Karin
	102-2	Activities, brands, products, and services	About Karin
	102-3	Location of headquarters	About Karin
	102-4	Location of operations	About Karin
	102-5	Ownership and legal form	P. 139-140, Annual Report 2019
	102-6	Markets served	About Karin
	102-7	Scale of the organization	About Karin P. 54-56, Annual Report 2019
	102-8	Information on employees and other workers	Our People
	102-9	Supply chain	Our Supply Chain
	102-10	Significant changes to the organization and its supply chain	Not applicable - None
	102-11	Precautionary Principle or approach	P. 22-42 Annual Report 2019
	102-12	External initiatives	None
	102-13	Membership of associations	Membership of Associations
Strategy	102-14	Statement from senior decision-maker	Board Statement
Ethics and integrity	102-16	Values, principles, standards, and norms of behaviour	Corporate Governance And Risk Management P. 22-42 Annual Report 2019
Governance	102-18	Governance structure	Corporate Governance And Risk Management P. 22-42 Annual Report 2019
Stakeholder engagement	102-40	List of stakeholder groups	Stakeholder Engagement
	102-41	Collective bargaining agreements	Not applicable - No related agreements
	102-42	Identifying and selecting stakeholders	Stakeholder Engagement
	102-43	Approach to stakeholder engagement	Stakeholder Engagement
	102-44	Key topics and concerns raised	Stakeholder Engagement
Reporting practice	102-45	Entities included in the consolidated financial statements	P. 109 -111 Annual Report 2019 The Report covers the subsidiaries in Hong Kong only.
	102-46	Defining report content and topic Boundaries	Reporting Principles

GRI Disclosure			Details/Notes
			Materiality Assessment
	102-47	List of material topics	Materiality Assessment
	102-48	Restatements of information	Restatement
	102-49	Changes in reporting	No significant change in the lists of material topics and topic boundaries
	102-50	Reporting period	Reporting Period
	102-51	Date of most recent report	The previous report was published at Jun 2019
	102-52	Reporting cycle	Annually
	102-53	Contact point for questions regarding the report	Feedbacks
	102-54	Claims of reporting in accordance with the GRI Standards	Reporting Framework
	102-55	GRI content index	GRI Content Index
	102-56	External assurance	External assurance
Material Topics			
GRI 200 Economic topics			
Anti-corruption			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Anti-corruption
	103-2	The management approach and its components	Anti-corruption
	103-3	Evaluation of the management approach	Anti-corruption
GRI 205: Anti-corruption 2016	205-3	Confirmed incidents of corruption and actions taken	Anti-corruption
GRI 300 Environmental topics			
Energy			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Energy and Emissions
	103-2	The management approach and its components	Energy and Emissions
	103-3	Evaluation of the management approach	Energy and Emissions
GRI 302: Energy 2016	302-1	Energy consumption within the organization	Energy and Emissions
	302-3	Energy intensity	Energy and Emissions
Emissions			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Energy and Emissions

GRI Disclosure			Details/Notes
	103-2	The management approach and its components	Energy and Emissions
	103-3	Evaluation of the management approach	Energy and Emissions
	GRI 305: Emissions 2016	305-1: Direct (Scope 1) GHG emissions	Energy and Emissions
	305-2	Energy indirect (Scope 2) GHG emissions	Energy and Emissions
	305-3	Other indirect (Scope 3) GHG emissions	Energy and Emissions
	305-4	GHG emissions intensity	Energy and Emissions
GRI 400 Social topics			
Employment			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Employment
	103-2	The management approach and its components	Employment
	103-3	Evaluation of the management approach	Employment
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	Employment
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Employment
Occupational Health and Safety			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Occupational Health and Safety
	103-2	The management approach and its components	Occupational Health and Safety
	103-3	Evaluation of the management approach	Occupational Health and Safety
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	Not applicable - the Group's businesses mainly include office operation.
	403-2	Hazard identification, risk assessment and incident investigation	Not applicable - the Group's businesses mainly include office operation.
	403-3	Occupational health services	Not applicable - the Group's businesses mainly include office operation.
	403-4	Worker participation, consultation, and communication on occupational health and safety	Not applicable - the Group's businesses mainly include office operation.
	403-5	Worker training on occupational health and safety	Occupational Health and Safety
	403-6	Promotion of worker health	Occupational Health and Safety
	403-7	Prevention and mitigation of occupational	Not applicable - the Group's businesses

GRI Disclosure			Details/Notes
		health and safety impacts directly linked by business relationships	mainly include office operation.
	403-9	Work-related injuries	Occupational Health and Safety
Training and Education			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Training and Education
	103-2	The management approach and its components	Training and Education
	103-3	Evaluation of the management approach	Training and Education
GRI 404: Training and Education 2016	404-3	Percentage of employees receiving regular performance and career development reviews	Training and Education
Non-discrimination			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Non-discrimination
	103-2	The management approach and its components	Non-discrimination
	103-3	Evaluation of the management approach	Non-discrimination
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	Non-discrimination
Local Communities			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Local Communities
	103-2	The management approach and its components	Local Communities
	103-3	Evaluation of the management approach	Local Communities
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	Not applicable - the Group does not have related local community engagement, impact assessments, and/or development programs as mentioned in GRI 413-1.
Customer Privacy			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Customer Privacy
	103-2	The management approach and its components	Customer Privacy
	103-3	Evaluation of the management approach	Customer Privacy

GRI Disclosure			Details/Notes
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Customer Privacy
Socioeconomic Compliance			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Regulatory Compliance
	103-2	The management approach and its components	Regulatory Compliance
	103-3	Evaluation of the management approach	Regulatory Compliance
GRI 419: Socioeconomic Compliance 2016	419-1	Non-compliance with laws and regulations in the social and economic area	Regulatory Compliance
Other material Topics			
Quality Management			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Quality Management
	103-2	The management approach and its components	Quality Management
	103-3	Evaluation of the management approach	Quality Management