

Environmental, Social and Governance Report

環境、社會及管治報告

ABOUT THIS REPORT

This report, as the first Environment, Social and Governance (“ESG”) report of the Group, aims to disclose the overall policies, commitments and strategies on the sustainable development of the Group during the reporting period which covers the period from 1 January 2016 to 31 December 2016. Unless otherwise stated, this report mainly covers the Group’s Hong Kong headquarter and our wholly-owned operating subsidiaries with operational control in the PRC. The above mentioned Group’s companies in Hong Kong and PRC represent the core of our business, contributing almost 90% of the Group’s turnover in 2016.

We have prepared this report to disclose our performance in ESG in accordance with the disclosure requirements of the “ESG Reporting Guide” set out in Appendix 27 to the Listing Rules published by the Stock Exchange.

We welcome any opinions and suggestions with regards to this report and our sustainability performance. Please contact us by email to IR@pax.com.hk.

OUR APPROACH TO SUSTAINABLE DEVELOPMENT

Since PAX was established, we have been upholding the mission of “Becoming a Leading Global Player”. Through unremitting efforts, the Group has laid a solid foundation for its business development and set for us to approach the target of becoming one of the global leading providers of E-payment Terminals solutions. As a responsible corporate citizen, we emphasize integrity and incorporate ESG principles into our daily operation and management, striving to create long-term value for stakeholders.

We believe that sustainable development is one of the core values of the Group. Not only is it closely related to the Group’s performance on environmental protection and community contribution, it is also the foundation of the Group including business practices and our relationship with employees, customers, shareholders, suppliers and business partners. During the reporting period, the Group has formulated the “ESG Policy” to promote and manage matters related to social responsibilities such as environmental protection, health and safety, conduct and ethics as well as compliance with laws and regulations. Details of our management approach to sustainable development of different areas have elaborated in this report.

STAKEHOLDER ENGAGEMENT

Stakeholders’ support and trust are of the utmost importance to the Group’s continuous steady business growth over the years. Our major stakeholders are those groups which are significantly influenced by, or have the ability to influence, the Group’s business, including customers, business partners and suppliers, employees, shareholders and potential investors, and local governments and communities. We firmly believe that communication with stakeholders not only helps us better formulate our business strategy in response to their needs, but also enables us to forecast risks and consolidate the stable development of our business and the community. By virtue of the active communication with stakeholders, through formal and informal channels and on a regular basis, in the course of our day-to-day operation, we have been able to identify certain significant ESG related issues which will be discussed in this report.

關於本報告

本報告是本集團的第一份環境、社會及管治(「環境、社會及管治」)報告，旨在披露本集團於報告期間的整體可持續發展方針、承諾及策略，報告期涵蓋二零一六年一月一日至二零一六年十二月三十一日。除非另有說明，本報告主要涵蓋本集團的香港總辦事處及於中國擁有營運控制權並營運中的全資附屬公司，上述在香港及中國的集團公司乃百富業務的核心所在，相當於本集團於二零一六年度接近90%的營業額。

編製本報告時，我們遵循聯交所發佈的證券上市規則附錄二十七《環境、社會及管治報告指引》的披露要求，披露在環境、社會及管治方面表現。

我們歡迎就本報告及我們的可持續發展表現提供任何意見及建議，請透過電郵IR@pax.com.hk與我們聯絡。

可持續發展方針

自百富成立以來，我們秉承「成為全球領跑者」的使命，經過不懈的努力，本集團在業務發展上鞏固了根基，讓我們邁向成為全球領先電子支付終端解決方案業務供應商之一的目標。作為負責任的企業公民，我們重視誠信，在業務日常營運及管理模式納入環境、社會及管治的原則，致力為持份者締造持久的價值。

我們認為可持續發展是本集團的核心價值之一，除了與本集團的環保表現和社區貢獻息息相關外，亦是本集團的基石，包括業務常規及我們與僱員、客戶、股東、供應商及業務夥伴之間的關係。於報告期內，本集團制定了《環境、社會及管治政策》以推動和管理有關環境保護和健康與安全、行為道德、遵守法律及法規等社會責任的事宜，並在本報告闡述每個領域的可持續發展管理方法。

持份者參與

持份者的支持和信任是本集團多年來業務一直保持上揚的主要原因之一。我們的主要持份者是一些極受本集團業務影響或足以影響本集團業務的群組，包括客戶、業務夥伴與供應商、員工、股東與潛在投資者、當地政府和社區。我們深信與持份者溝通有助我們更妥善地制定業務策略以響應其需要，同時亦讓我們預測風險和鞏固業務和社區的穩健發展。我們在日常營運中通過正式和非正式的渠道，積極與持份者定期溝通和了解，並得出一連串與環境、社會及管治相關的重要議題，在這次報告裡進行討論。

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PEOPLE-ORIENTATION

The Group fully acknowledges that employees are the main driving force for accomplishing corporate missions and business strategies. Therefore, the Group has strived to become a good employer by focusing on people-oriented management and attaching great importance to human resources management. We attract excellent talents through fair recruitment policy, provide employees with training opportunities, career development prospects and growth opportunities for employees. We are committed to providing employees with an ideal work environment. As an equal opportunity employer, we respect principles such as diversity, equality and anti-discrimination. Employees are prohibited from discriminating or insulting the clan, gender, religion, or physical disability of other employees. We have also strictly complied with the provisions of the PRC Labor Law and Hong Kong Employment Ordinance to protect employees' rights and interests, and provide competitive remuneration and benefits to employees, also fostering work-life balance among employees through diverse activities.

Talents Acquisition

With a good quality, stable and capable team, the Group continues to make remarkable achievement in the industry and owns predominant leading products. To provide strong human resources support for the sustainable development of the Company, we have formulated the "Human Resources Management Procedures" to properly regulate the affairs of the Company regarding recruitment, remuneration, dismissal and promotion. In the recruitment process, only the candidates' ability and qualification are our most important assessment factors while other factors such as gender and age will not be considered in the assessment criteria. All applicants need to undergo a series of rigorous selection process, including written examination of professional skills, comprehensive ability tests and supervisor interview and so on before they are officially hired. The Group will strictly keep confidential all applicants' information. We strictly comply with the requirements of labour laws and regulations and have a zero-tolerance policy towards the use of child labour in our operation. In the recruitment process, applicants' identity and particulars, including age, are strictly verified to ensure that all work performed on our behalf is in compliance with all relevant labor laws and regulations. During the reporting period, no incidence of and risks associated with child, forced or illegal labour to which the Group is aware of have emerged.

以人為本

本集團深明員工是企業實踐使命及業務策略的主要動力，因此，本集團一直貫徹以人為本，致力成為優秀僱主，高度重視人力資源管理。我們透過公平的招聘政策吸納優秀人才，並提供培訓機會，給予員工良好的事業發展前景和成長機會。我們積極為員工提供理想的工作環境，作為平等機會僱主，我們推崇多元化、平等、反歧視等原則，嚴禁員工歧視或侮辱其他員工的宗族、性別、宗教、或有身體殘疾的員工。我們嚴格遵守中國勞動法及香港僱傭條例的規定，保障員工的權益，並為員工提供具競爭力的薪酬及福利，同時透過不同的活動讓員工在工作與餘閒中取得平衡。

吸納人才

本集團持續在行業內得到卓越的成就及擁有主導地位的領先產品，實有賴一支素質優良和穩定精幹的團隊。為了公司的可持續發展提供有力的人力資源保障，我們制定了《人力資源管理程序》，妥善規範公司的招聘、薪酬、解僱及晉升工作。在招聘的過程中，唯有應徵者的能力和資質是我們最重視的考核因素，而其他因素如性別、年齡等並不會被列入考核準則。所有申請者需要經過一系列嚴格的選拔過程，包括專業技術筆試、綜合能力測試和主管面談等，才會正式錄用。對所有申請者的資料，本集團會嚴格保密。我們謹遵勞動法規的要求，絕對不允許於營運中涉及童工。我們在招聘的過程中會嚴格地檢查應證者的年齡和身份，確保應證者擁有合法工作的資格。於報告期內，我們並未發現任何存在使用童工之風險。

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Developing People

It is one of PAX's important tasks to provide employees with professional and personal development opportunities, and to motivate employees and upgrade their skills to meet the Group's evolving business needs. Therefore, the human resources department will review the annual training requirements with different departments every year. We have a "Training Management Procedures" in place to enhance the effectiveness of staff training. The trainings of the Company can be broadly divided into three categories: new staff training, internal training and external training. For new staff training, the human resources department will explain the Company's business background, corporate culture and management system etc., coupled with technical trainings for specific positions provided by employees' own departments. The main purpose of internal training and external training is to enrich the professional knowledge of the staff and enhance their comprehensive competence. Upon completion of the trainings, participants are required to submit a training satisfaction questionnaire or training report so that the relevant departments can continuously improve the training contents. In 2016, the average training hours by gender were 18.5 hours for male and 17.1 hours for female, and that by employment type were 4.6 hours for management, and 18.6 hours for technical staff.

Health and Safety

We make our best endeavor to create a safe and healthy workplace for our employees by regularly cleaning the office including the floors, doors, windows, washrooms, conference rooms, balconies and air conditioners. In addition, we provide annual physical checkup and maintain additional group medical insurance for employees. The coverage of this insurance includes, subject to an inspection fee of not more than RMB500, provision of medical insurance for 90% of the out-patient fees to staff to reduce their medical expenses. During the reporting period, we did not have any cases of work-related injury or death.

Remunerations and Benefits

We ensure that our remuneration package is comprehensive and attractive, with employees' remuneration being monthly fixed income plus annual performance bonus. Some employees are granted share options to reward their contribution in accordance with the Company's Share Option Scheme. We strictly comply with relevant national or local labor laws and regulations in the PRC to provide staff with welfare protection. In addition, the "Staff Code" contains detailed information on benefits to which employees are entitled, mainly including social insurance (pension, unemployment, medical treatment, work-related injuries), housing provident fund, medical allowance, accident relief fund, paid leave, paid sick leave, work-related injury leave, long-term sick leave, bereavement leave, marriage leave and compensation leave stipulated by the state. In principle, we pursue a work system of 8 hours per day and 40 hours per week with 1.5 hours break at noon. Work hours and rest breaks are subject to change based on different regions and business requirements. We respect employees' work-rest pattern and employees are encouraged to efficiently complete their work within their daily 8-hour working time, and overtime work is generally not encouraged. A stringent overtime system is also implemented to preclude any forced labour. Under the system, employees must obtain approval from their respective department heads and also the human resources department to ensure that employees shall only engage overtime work as necessitated by work and have sufficient time to rest.

培育人才

百富其中一個重要任務是為員工提供專業及個人發展機會，以及激勵員工並提升他們的技能，以配合本集團不斷發展的業務需要，故此人力資源部每年都會與各部門探討年度培訓需求。我們設有《培訓管理程序》，增強員工培訓工作的效果。公司的培訓大致分為三類：新員工培訓、內部培訓和外部培訓。新員工培訓會由人力資源部講解公司業務背景、企業文化以及管理制度等，加上員工所屬部門提供特定崗位的技術培訓。內部培訓和外部培訓，則旨在為員工增加專業知識和提升綜合能力。完成培訓後，參加者需提交培訓滿意度調查表或培訓報告，以便有關部門持續改善培訓內容。在二零一六年，平均受訓時數按性別劃分，男性為18.5小時，女性為17.1小時。按僱員類別劃分，管理層為4.6小時及技術人員為18.6小時。

健康與安全

我們致力為員工塑造一個安全而衛生的工作間，定期清洗辦公室包括地面、門窗、洗手間、會議室、陽台及空調。除此之外，我們為員工提供年度體檢服務和購買額外的團體醫療保險。此保險其中一個保障範圍包括在不超過人民幣500元的檢查費下為員工提供90%的門診醫療保險金，減低員工的醫療費用支出。在報告期中，我們並沒有發生有任何因工受傷或死亡的個案。

薪酬福利

我們確保其薪酬待遇全面及具吸引力，僱員的酬金為每月固定收入加年度表現花紅。本集團部分員工根據公司購股權計劃獲授予購股權，以獎勵其貢獻。我們嚴格遵守中國國家或地方有關勞動法規，為員工提供福利保障。此外，《員工守則》內亦詳細列明員工可享有的福利，主要包括：國家規定的社會保險（養老、失業、醫療、工傷）、住房公積金、醫療補助金、喜傷慰問金、帶薪休假、帶薪病假、工傷假、長期病假、喪假、婚假及補假等。我們原則上奉行每天8小時，每週40小時上班制，中午有1.5小時休息。基於不同地區和業務需求，作息時間會有變動。總體來說，本集團不鼓勵員工加班，並尊重員工的作息時間和鼓勵員工在8小時內有效率地完成工作。我們實施嚴謹的加班制度，同時並不允許強制勞動的情況出現，員工加班需要得到部門領導的批准和人力資源部的確認，以確保加班的原因來自工作需求和保障員工有充分時間休息。

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Pursuant to “Special Rules on the Labour Protection of Female Employees”, we care much about the interests and needs of female employees, and implement a work system of short working hours for lactation period. Female employees who feed babies younger than 1 year old are provided with the flexibility to choose between going to work an hour later, getting off work an hour earlier, or 30 minutes later to work and 30 minutes earlier to get off work. We also value the career development of female employees. Female employees account for approximately 23% of the staff and have equal promotion opportunities as male employees.

Moreover, we emphasize the physical and mental development of employees. During the reporting period, we held a total of more than 200 activities of different themes such as monthly birthday parties, sports activities (including basketball, badminton, football and running) as well as annual party to enable employees to relieve stress, maintain work-life balance, enhance productivity and at the same time cultivate team spirit and promote employees’ sense of belonging to the Company.

Culture of Integrity

We emphasize on business ethics. All business activities within the Group are carried out in good faith and in an ethical and lawful manner. Any forms of corruption, extortion, fraud, bribery, false declaration, money laundering or counterfeiting are prohibited. Our “Staff Code” clearly sets out all the rules that employees are required to comply with. Employees shall promptly report to their department heads if they are likely to accept gifts from customers.

SUPPLY CHAIN AND BUSINESS PARTNERS

While the Group adopts the best environmental and social practices during its operation, it also hopes that its business partners can uphold honesty and treat their employees fairly, protect the environment and abide by the disciplinary code. During the reporting period, the supply chain network comprised of 176 suppliers. The products and services provided by our supply chain cover raw materials, parts and components and outsourcing processing plants and so on. We firmly believe that the quality of our products and services as well as our reputation will be influenced by the ways we work with each other. Therefore, we strive to establish close and long-term cooperation relationships with business partners. In the “Suppliers’ Quality Agreement” between us and our suppliers, we specify our basic requirements for our suppliers in various aspects including occupational health and safety, employee rights protection and corporate social responsibility, which have a positive impact on the supply chain and promote the harmonious development of the society.

我們按照《女職工勞動保護特別規定》，照顧女性員工的權益和需要，實施哺育期短時間工作制。哺育出生後不到1歲嬰兒的女性員工，可彈性選擇延遲上班1小時、提早下班1小時或上班及下班延遲及提前各30分鐘。另外，我們重視女性員工的職業發展，女性員工佔比約23%，並擁有與男性平等的晉升機會。

此外，我們重視員工的身心發展，在報告期內一共舉辦了超過200次不同主題的活動，例如：每月的生日會、體育運動包括籃球、羽毛球、足球、跑步等、周年晚會等，幫助員工舒緩壓力，保持生活與工作的平衡，提升生產力，同時培養團隊精神，促進員工對公司的歸屬感。

廉潔的文化

我們高度重視商業道德，本集團內所有業務活動均以誠信、合乎道德及合法的方式進行，禁止任何形式的貪污、勒索、欺詐、賄賂、虛假聲明、洗黑錢或偽造等行為。我們的《員工守則》清楚列明員工須遵守的所有規定，在員工有可能接受客戶饋贈的情況下，必需立刻報告給部門領導。

供應鏈及業務夥伴

本集團在營運過程中採納最佳環保及社會慣例，也期望業務夥伴秉持誠信、公平地對待員工，保護環境和遵守紀律守則。在報告期內，供應鏈網路有176家供應商。我們的供應鏈提供的產品和服務涵蓋原材料、零部件和外協加工廠等，我們深信我們的產品和服務質素以至聲譽，也會受著彼此的合作方式影響，故此我們致力與業務夥伴建立密切和長久的合作關係。我們在與供應商簽訂的《供應商品質協議》中列明我們對於供應商在職業健康與安全、員工權益維護及企業社會責任等方面的基本要求，務求對供應鏈產生正面的影響，並促進社會的和諧發展。

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In terms of the environment, we have formulated the “Control Measures for Environmental Management Substances” to ensure that all materials, parts (such as those used for production of batteries and IC cards), products, production and services are in compliance with European Union standards such as the “Restriction Directive for Hazardous Substances” and the “Waste Electrical and Electronic Equipment Directive” as well as the “Measures for Administration of the Pollution Control of Electronic Information Products” promulgated in China. In the meantime, suppliers are required to sign the “Undertakings, Guarantees and Statements on Non-use of Harmful Substances”, which prohibits suppliers from using substances harmful to the environment and human body during the production of electronic information products. For the product packaging materials, all product packaging materials we purchased have passed the “Technical Standards for Pollution-free Substances in Environmental Management”, which proves that the packaging materials do not contain substances that are harmful to the environment. In addition, the two outsourcing processing plants we are using have obtained the “National Industrial Products Production Permit” from the General Administration of Quality Supervision, Inspection and Quarantine of PRC to ensure the quality safety of products. One of the outsourcing processing plants which has long-term relationship with us has even obtained the ISO 14001: 2004 environmental management system certification in recognition of its world-class environmental protection.

We have established the comprehensive “Management Measures for Suppliers” and properly manage the selection procedures for new suppliers, conduct daily management and evaluation and periodic on-site inspection of suppliers, so as to ensure that suppliers are capable of timely providing products and services with appropriate quality, quantity, prices and guarantee product quality from the source. Our supplier evaluation system makes comprehensive assessments of suppliers according to their costs, delivery time, cooperativeness, quality control, R&D capabilities, services and so on. Qualified suppliers will be listed in the “List of Qualified Suppliers”. We will only employ registered suppliers in the “List of Qualified Suppliers”, and carry out regular on-site evaluation and monitoring of suppliers according to the “Annual Plan for Regular On-site Evaluation of Suppliers”.

PRODUCT RESPONSIBILITY AND INNOVATION

With the mission of “Becoming a Leading Global Player”, we endeavor to adhere to quality excellence and safety standards and incorporate the concept of sustainable development into product design. We also strive to achieve innovation and continuously optimize E-payment Terminals products in the rapidly changing payment industry in order to bring convenience to the society.

Research Results

We concentrate our resources on R&D. Our internal R&D team has outstanding R&D capabilities and is relentlessly upgrading technology and product quality. All of our products are self-developed, with abundant variety to meet the changing needs in the market. As at 31 December 2016, we own more than 70 patents for product technologies and more than 800 domestic and international certifications, such as Paywave and MasterCard Contactless and so on.

The Company’s main products are set out in the section of “Some of Our Products” in the annual report.

環境方面，我們成立《環境管理物質管制辦法》，確保所有物料、零件(如生產電池和集成電路卡)、產品、生產及服務均符合《危害性物質限制指令》及《廢電子電機設備指令》等歐盟標準和中國《電子資訊產品污染控制管理辦法》的規定，同時要求供應商簽署《不使用有害物質承諾保證、聲明書》，禁止供應商在製造電子資訊產品中使用對環境和人體有害的物質。有關產品包裝物料，我們選購的產品包裝物料都通過《無公害環境管理物質技術標準》，證明不含有對環境有害的物質。另外，我們現正使用的兩家外協加工廠已獲得國家品質監督檢驗檢疫總局的《全國工業產品生產許可證》以確保產品的品質安全，而其中一家有長期合作關係的外協加工廠更獲得ISO14001：2004環境管理體系認證，在環境保護方面有國際水準的認可。

我們已建立全面的《供應商管理辦法》，妥善管理新供應商甄選程序、供應商日常管理評估及定期現場審查，以確保供應商的產品和服務具備適時、適質、適量、適價的能力，令產品品質從源頭得到保證。我們的供應商評估系統根據供應商的成本、交貨期、配合度、品質管制、研發能力、服務等對各業務夥伴作出全面評估，合格的供應商將列入《合格供應商名錄》。我們只會聘用《合格供應商名錄》的註冊供應商，並按《年度供應商定期現場評鑒計畫》定期現場評估和監察供應商。

產品責任及創新

本著「成為全球領跑者」的使命，我們致力恪守卓越品質與安全標準，並將可持續發展理念融入產品設計中，在變化迅速的支付產業中力求創新，不斷優化電子支付終端產品，為社會帶來方便。

研究成果

我們集中投放資源於研究與開發，內部研發團隊均具備優秀超卓的研發能力，並不懈地提升技術及產品品質。我們的產品全部為自主開發，種類豐富，迎合變化萬千的市場需要。截至二零一六年十二月三十一日，我們擁有超過70個產品技術專利及超過800個國內及國際認證，如Paywave及MasterCard Contactless等。

公司主要產品載列於年報的《部份公司產品》頁面。

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Protection of Intellectual Property Rights

We absolutely refrain from infringing other copyrights. Over the years, all of our products have been developed by our internal R&D team to cope with market demand. For software R&D in particular, we will apply to the National Copyright Administration of China for patent approval according to the “Regulation for the Protection of Computer Software” and the “Measures for Computer Software Copyright Registration”, and will obtain the “Registration Certificate for Computer Software Copyright” to protect the intellectual properties of the Company from being embezzled.

Examples of patents and copyrights obtained by us during the reporting period are as follows:

Names of Patents

Smart payment terminal (A920)
Mobile payment terminal (D220)
Cable POS terminal (Q80)

Names of Software Copyrights

PAX embedded power management system software V1.0.0
PAX SOC peripheral online debugging tool software V1.1
PAX POS terminal firmware upgrading system software V1.0.0
PAX WinCom multi-functional communication testing system software V1.40
PAX EASYGO application development platform software V1.00.00
PAX POS terminal printing library system software V1.00.00
PAX EUI interface display library system software V1.00.00
PAX monitor virtual machine system software V1.0.0
PAX state secret algorithm library system software V1.0.0
PAX cross-platform virtual machine system software V1.0.0
PAX terminal integrated retail application software V1.0.0
PAX POS terminal RKI remote gold key download system software V1.0.0
PAX POS terminal RKI remote gold Key repairing tool software V1.0.0
PAX POS terminal serial port simulation system communication tool software

Safety and Quality Control

As a responsible corporate citizen, we have always strictly complied with applicable laws and regulations in producing our products. Pax Technology (Shenzhen) has even obtained the ISO 9001: 2008 international quality management system certification. We have also established a comprehensive set of quality management rules (including the “Quality Manual” and the “Standard for Machine Inspection of Finished Products”) according to the ISO 9001 international standards.

保障知識產權

我們杜絕侵犯其他版權。多年來，我們的全部產品都是由內部的研發團隊配合市場的需要所開發。特別是在軟體方面的研發，我們會根據《計算機軟件保護條例》及《計算機軟件著作權登記辦法》向國家版權局申請專利，並得到《計算機軟件著作權登記證書》以保障本公司的知識財產免被盜用。

以下是我們於報告期內獲得的專利及著作權的例子：

專利名稱

智慧支付終端 (A920)
移動支付終端 (D220)
有線 POS 終端 (Q80)

軟件著作權名稱

百富嵌入式電源管理系統軟件 V1.0.0
百富 SOC 外設在線調試工具軟件 V1.1
百富 POS 終端固件升級系統軟件 V1.0.0
百富 WinCom 多功能通訊測試系統軟件 V1.40
百富 EASYGO 應用開發平台軟件 V1.00.00
百富 POS 終端列印庫系統軟件 V1.00.00
百富 EUI 介面顯示庫系統軟件 V1.00.00
百富 monitor 虛擬機器系統軟件 V1.0.0
百富國密演算法庫系統軟件 V1.0.0
百富跨平台虛擬機器系統軟件 V1.0.0
百富終端集成零售應用軟件 V1.0.0
百富 POS 終端 RKI 遠端金鑰下載系統軟件 V1.0.0
百富 POS 終端 RKI 遠端金鑰維修工具軟件 V1.0.0
百富 POS 終端串口模擬系統通信工具軟件

安全與品質控制

作為負責任的企業公民，我們的產品一直嚴格遵循適用法律及法規，百富科技(深圳)更獲得 ISO 9001:2008 國際品質管理體系認證。我們也按照 ISO 9001 國際標準建立了一套完善的品質管理制度包括《品質手冊》及《成品機檢驗規範》。

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Pursuant to relevant PRC regulations (such as the “Implementation Rules for Mandatory Product Certification of Telecommunication Terminal Equipment” (CNCA-C16-01: 2014)), some of our wireless E-payment Terminals products fall within the category of national mandatory certification products which must meet different product standards and technical requirements in China, such as “Information Technology Requirement – Safety – Part 1: General Requirements” (GB4943.1-2011), “Limits and Measurement Methods of Electromagnetic Compatibility for 900/1800MHz TDMA Digital Cellular Telecommunications System - Part 1: Mobile Station and Ancillary Equipment” (GB/T22450.1-2008), “Requirements and Measurement Methods of Electromagnetic Compatibility for 2GHz WCDMA Digital Cellular Mobile Telecommunications System - Part 1: User Equipment and Ancillary Equipment” (YD/T1595.1-2012), so as to obtain the “Certificate for China Compulsory Product Certification” (“3C Certification”) from China Quality Certification Centre as a product safety assurance.

In order to further ensure that the system safety protection mechanism for our payment terminal products can withstand various attacks and to protect sensitive client information, a series of our payment terminal products have strictly complied with the standards of “PIN Transaction Security” and successfully passed the tests conducted by the Payment Card Industry Security Standard Council and was recognized by it. In the meantime, our products for domestic sale in China have also passed the “Safety Certificate for UnionPay Card Acceptance Terminal Product” issued by China UnionPay and the “Certificate of the Commercial Password Products” issued by the Office of the State Commercial Cryptography Administration, which demonstrates our dedication to product safety and quality through our continuous effort to obtain certifications and pass stringent tests for our products before market launch.

We pay attention to the safety issue relating to the customers’ usage of our electronic products. As such, we provide product manual which guides users about the machine set-up, product usage and some points to note about using lithium battery.

With regard to placing advertisements of our products and services, our policy is to promote our business in strict compliance with relevant applicable laws and regulations including Advertisements Law of the PRC to root out inappropriate claims in our advertisement in protection of the legitimate rights and interests of consumers.

Our quality policy is “full-force participation, scientific management, people orientation and customer satisfaction”. We follow the principle of “quality first, customer first”, and reinforce the people-oriented management to fully release the potential of staff. Supported by a sound system, we continue to steadily provide customers with satisfactory products and services. We will set a practicable quality goal every year. In 2016, our overall goal is to maintain 95% or more customer satisfaction, through the systematic and active participation of all departments.

依據中國相關規定如《強制性產品認證實施規則電信終端設備》(CNCA-C16-01: 2014)，我們部份無線電子支付終端產品屬於國家強制性認證產品類別，必須達到中國不同的產品標準和技術要求，如《資訊技術設備安全第1部分：通用要求》(GB4943.1-2011)、《900/1800MHz TDMA數位蜂窩移動通信系統電磁相容性限值和測量方法第1部分：移動台及其輔助設備》(GB/T22450.1-2008)、《2GHz WCDMA數位蜂窩移動通信系統電磁相容性要求和測量方法第1部分：使用者設備及其輔助設備》(YD/T1595.1-2012)等，以取得中國質量認證中心的《中國國家強制性產品認證證書》(簡稱3C認證)，確保產品的安全性。

為進一步保證我們的支付終端產品的系統安全防護機制能夠抵擋各種攻擊，以保護敏感的客戶資料，我們一系列的支付終端產品嚴謹達到《PIN交易安全》標準，並成功通過PCI安全標準協會的測試及獲得認可。同時，我們面向中國國內銷售的產品，亦通過了銀聯頒發的《銀聯卡受理終端產品安全認證》及國家密碼管理局頒發的《商用密碼產品型號證書》，證明電子支付終端產品在推向市場前，已經過各類嚴格測試及認證。

我們非常關注使用者使用電子產品的安全問題，因此我們的產品附有產品說明書，提示使用者關於安裝、使用產品及使用鋰電池要注意的事項。

就產品及服務廣告而言，我們的政策是在推廣業務時嚴格遵循相關適用法律法規包括中華人民共和國廣告法，杜絕不正當的聲明，以保護消費者的合法權益。

我們的品質方針為「全員參與、科學管理、以人為本、客戶滿意」，遵循「質量第一，顧客至上」的原則，堅持以人為本，充分激發員工的潛力，以完善健全的體系作保障，持續穩定地向顧客提供滿意的產品和服務。每年我們均會訂立一個可實行的品質目標，二零一六年度我們的總目標是，通過各個部門有系統及積極的參與，保持客戶滿意度達95%以上。

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Every year, we conduct regular on-site inspection activities for large customers, communicate with their leaders and terminal managers and understand their use of our machines. We pay special attention to and cherish the opinions and suggestions provided by our customers. Take one of our large banking customers as an example, we visited and conducted on-site inspections for 90 branches of such customer during this year. Services we provided during such inspections include on-site machine repairs, provision of technical trainings for terminal managers and customer visits. We also highly value the collection of problems on-site and the handling of such problems, which help us improve our products and services.

In order to understand customer satisfaction with our products and services, we have formulated a "Customer Satisfaction Survey", and we make sample surveys on key customers every year. We also cherish our customers' valuable recommendations, which will keep on driving us towards further product quality and after-sales services enhancement.

After-sales Service Management

Through the establishment of a series of quality control systems for after-sales services, including the "Management Manual for the After-sales Service Department", the "Management Procedures for Customer Satisfaction" and the "Management Procedures for Customer Complaints", we provide customers with professional, timely and standardized after-sales service to win the trust of customers, and to ensure that our products can meet customers' expectations.

We have printed contact information including hotline, QQ Mail, WeChat and e-mail on all products for customer inquiries. We have an experienced after-sales service team who will handle customer complaints according to the "Management Procedures for Customer Complaints". For customer complaints, our policy is that customer problems must be resolved within 24 hours, and complaint cases accepted will be recorded in the quality control systems and followed up and handled by the after-sales service team. Meanwhile, the team will identify the reasons with the relevant responsible departments and develop preventive measures. If there is no complaint of the same type and the improvement measures have been completed one month later, the team will close the complaint case.

GREEN OPERATION

Although our business does not involve production, the development, sales and related services of operational E-payment Terminals products will still have certain impacts on the environment. In this regard, the Group actively assumes its responsibility to protect the environment. We endeavor to reduce possible impacts of our operation on the environment and comply with the requirements of national or local environmental regulations in the PRC. Through formulating the "ESG Policy", the Group implements the policy of "active integration of ESG aspects into the operation of our business". We continue to improve our measures on environmental management, reduce the consumption of resources, reduce the production of wastes, and ensure that the wastes are disposed in a safe and responsible manner. Meanwhile, we enhance our performance in environmental protection through education and training of our employees, and will continue to monitor and analyze the progress and achievements of environmental protection.

我們每年向大型客戶提供定期的巡檢活動，與客戶的領導及終端管理人員溝通及了解他們使用我們機器的情況，我們特別關注及珍惜客戶對我們提供的意見及建議。以我們其中一個銀行業的大型客戶為例，於本年度，我們到訪90家分行進行巡檢，服務包括現場機器維修、為終端管理人員提供技術培訓及客戶拜訪等。我們亦非常重視現場的問題收集以及其問題的處理情況，以助提高我們的產品及服務水準。

為了解客戶對我們的產品及服務的滿意度，我們制定了《客戶滿意度調查表》，每年都會向重點客戶抽樣進行調查。同時，我們非常珍惜客戶寶貴的建議，它們都會成為我們繼續提高產品品質及售後服務的方向。

售後服務管理

我們透過設立一系列售後服務品質管制制度，包括《售後服務部管理手冊》、《客戶滿意度管理程序》及《客戶投訴管理程序》等，為客戶提供專業、及時和規範的售後服務，贏得客戶信任，並確保產品達到客戶期望。

我們在所有產品印上聯絡方法包括熱線電話、騰訊郵箱、微信及電郵等供客戶查詢。我們擁有一支經驗豐富的售後服務團隊，他們會根據《客戶投訴管理程序》處理客戶的投訴。對於客戶投訴，我們的原則是必須在24小時內解決為客戶問題，經受理後的投訴個案會記錄在品質管制系統中，並由售後服務團隊進行跟蹤處理。同時，團隊會向相關負責部門查明原因和制定預防措施。如果一個月後，沒有相同類型的投訴而改善措施已完成，團隊會把投訴結案。

綠色營運

儘管我們業務並不涉及生產，但在營運電子支付終端產品的開發、銷售及相關服務上仍會對環境構成一定影響。對此，本集團勇於承擔保護環境的責任，我們致力減低其營運對環境可能造成的影響，符合中國國家或地方要求的環保條例。本集團通過制定《環境、社會及管治政策》落實「積極把環境、社會及管治的元素融入其業務的營運」的方針。我們不斷改良對環保管理的措施，減低對資源的耗用，減少對廢物的製造，並確保廢物的棄置得到安全與負責任的處理。與此同時，我們透過對員工的教育與培訓來提升本集團在環保方面的表現，並會持續監測與分析環保的進展與成果。

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Wastes Disposal

As the Group's businesses do not involve production lines, major wastes are terminal machines and tools which have been used by the customers and need to be disposed of. Customers are generally advised to scrap the whole machines which have been used for more than three years. During the reporting period, a total of 45,028 terminals have been scrapped on behalf of the customers. Most of them come from the Mainland China. To effectively regulate the process of scrapping, recycling and destroying machines, we have developed the "System for Scrapping and Destroying Machinery". Scrapped machines which have been recycled will be delivered to government-recognized recycling companies to carry out electronic waste recycling and decomposition, in order to reduce the impact of e-waste on the environment.

Use of Resources and Greenhouse Gas Emissions

Based on the business characteristics of the Group, we summed up the main aspect involving the use of resources which include paper, electricity and water consumed by office buildings.

In recent years, we have strengthened the concept of environmentally-friendly office, including promotion of paperless office, placing "save paper" notice, using light emitting diode (LED) lighting, wastes classification, encouraging staff to reduce business travels by video conferencing, keeping the air conditioner at 25 degrees celsius, selecting energy-saving appliances and gradually replacing ordinary taps with sensor taps and so on in a bid to reduce the use of resources as well as greenhouse gas emissions. The Group has noted that the financial reports printed every year consume a certain amount of ink and paper. Therefore, we implement the use of biodegradable soy ink to replace traditional oil ink since this year. Meanwhile, in order to support the conservation of forest resources and protect the ecosystems, we use paper certified by the Forest Stewardship Council ("FSC"), which proves that the paper comes from FSC-managed forests and FSC-regulated production and sales chains.

AWARDS AND RECOGNITION

This year, our business development received recognition from various parties, including the government and the industry sector. We have been awarded the certificate of "Top 100 Software Income Enterprises in Shenzhen for 2015" and included in the "List of Through Train Service Enterprises" published by the General Office of the People's Government of Shenzhen. This service was launched by the People's Government of Shenzhen to promote the development of enterprises rooted in Shenzhen. Next year, the Group will benefit from this service in strengthening our cooperation and effective communication with the government.

In addition, PAX was named as one of the most competitive companies in the List of Asia's 200 Best Under A Billion in "Forbes". Also, PAX was voted as one of the "Asia's Most Honored Companies" by global investors in "2016 All-Asia (ex-Japan) Executive Team" ranking initiated by "Institutional Investor", an international financial magazine, which is one of the highest honors recognized in the industry.

廢物處理

我們的業務不涉獵生產線，最主要有關的廢棄物是客户曾使用過而需要報廢的終端機。一般我們建議客戶整機使用超過三年後便進行報廢。在報告期內，我們一共代客戶報廢了45,028台終端機，而大部分客戶來自中國大陸。我們為有效規範報廢、回收及銷毀機具的流程，制定了一份《機具報廢及銷毀制度》。回收的報廢機具會交由政府認可的回收公司進行電子垃圾回收和分解，減低電子廢物對環境的影響。

資源使用及溫室氣體排放

基於本集團的業務特性，我們歸納出主要涉及資源使用的方面，包括辦公樓耗用的紙張、電量和水資源。

我們近年加強環保辦公的理念包括提倡無紙化、貼出節約用紙標識、使用LED光管、廢物分類、鼓勵員工使用通過視頻形式召開會議而減少出差、保持空調在25度運行、選用節能電器和逐步更換感應式水龍頭等等，藉以減少資源使用同時減低溫室氣體排放。本集團注意到每年印刷的財務報告耗用一定程度的墨水和紙張，因此從本年度落實選用生物可分解的大豆油墨來取代傳統的石油油墨，同時選用森林管理委員會（「森林管理委員會」）認可的紙張，證明紙張是來由森林管理委員會管理的森林及其監管的生產銷售鏈，支持保護森林資源及維護生態系統。

獎項與殊榮

本年度我們在業務發展上得到各方位包括政府與業界的認可。我們被頒發《2015年度深圳市軟件業務收入前百家企業》榮譽證書和被深圳市人民政府辦公廳列入《直通車服務企業名單》，此服務是由深圳市人民政府推出，目的促進企業紮根深圳的發展。來年，本集團將受惠於此服務，加強與政府的合作及有效溝通。

除此之外，百富在《福布斯》的前200名全亞洲營業額十億以下最有競爭力的公司名單上榜上有名。同時，百富在財經國際雜誌《機構投資者》舉辦的「2016年亞洲（日本除外）最佳企業管理團隊」排名評選中，獲來自全球各地的投資者投票評選為「亞洲最受尊崇企業」之一，是業內認可的其中一個最高殊榮。

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PAX was also granted various awards with excellent performance and professionalism, including:

2016 All-Asia (ex-Japan) Executive Team

One of Asia's Most Honored Companies

Asia's Best Website (Technology and Hardware), Second Place (Overall)

Moreover, PAX honoured as the "Asia's Outstanding Company on Corporate Governance" in the 11th "Asia Excellence Recognition Awards" organized by "Corporate Governance Asia".

COMMUNITY INVESTMENT

As a responsible corporate citizen, the Group undertakes social responsibilities actively, grows together with the community, and spares no efforts to contribute to society with particular attention to environmental protection.

During this year, we participated in the Green Power Hike organized by Green Power to contribute some efforts to environmental protection. Looking forward, we will actively seek opportunities to contribute to society in different ways and help the communities in need.

The Group's ESG Policy encourages and supports employees to volunteer their time to help less advantaged people in the community and employees are encouraged to join volunteer work from time to time.

OUTLOOK

Over the years, by adhering to the mission of "Becoming a Leading Global Player" and in line with the principles of "full-force participation, scientific management, people orientation and customer satisfaction", PAX has continued to pursue business innovations to satisfy the demand of customers in various industries. According to the Nilson Report released in September 2016, approximately 10% of the global shipping volume of E-payment Terminals in 2015 came from PAX. Nevertheless, "Becoming a Leading Global Player" represents not only the Group's vision on the principal business, but also symbolizes our attitude towards environmental and social affairs.

Looking ahead, the Group will continue to strive to incorporate the ESG considerations into its business operations and the decision-making process, and also strive to make contributions to environment and society in pursuance of sustainable development at all levels.

We hope to take this opportunity to express our sincere gratitude to our shareholders and other stakeholders for their long-term support for and confidence in the Group. Valuable input of all sorts will form the basis of our development strategies for sustainability, enable us to take responsive actions to the expectations and needs of stakeholders, create long-term value for them and fulfill corporate social responsibilities with dedicated efforts.

百富憑藉卓越表現及專業水準，囊括多個獎項，其中包括：

2016年亞洲(日本除外)最佳企業管理團隊

亞洲最受尊崇企業之一

亞洲最佳網頁(科技及硬體)第二名(綜合)

另一方面，百富榮獲由《亞洲企業管治》雜誌舉辦的第十一屆「亞洲企業管治大獎」頒發「亞洲優秀企業管治公司」的殊榮。

社區投資

作為負責任的企業公民，本集團積極承擔社會責任，與社區共同成長，對回饋社會不遺餘力，對環保方面我們尤為關注。

本年度我們參加了綠色力量舉辦的環島行慈善行山比賽，為環保出一分力。展望將來，我們會積極尋求機會以不同的形式貢獻社會，幫助有需要的社群。

本公司之環境、社會及管治政策鼓勵及支持員工以志願形式援助其社區中的弱勢群體員工不時參加義工活動。

展望

百富多年來秉承「成為全球領跑者」的使命，本著「全員參與、科學管理、以人為、客戶滿意」的原則，在業務上我們不斷追求創新，以迎合不同客戶在不同行業的需求。根據二零一六年九月發佈的尼爾森報告，百富佔二零一五年全球電子支付終端出貨量約10%。然而，「成為全球領跑者」不僅代表本集團對主要業務之願景，同時亦象徵我們對環境及社會事宜上抱持的態度。

本集團展望未來，將會繼續致力把有關環境、社會及管治的考慮融入業務運作及決策過程，為環境及社會作出貢獻，追求各層面的可持續發展。

我們希望藉此機會向股東及其他持份者對本集團長期的支持及信任致以衷心的感謝。來自各方面的寶貴意見乃是我們制定可持續發展策略的基礎，使我們能以行動回應持份者的期望及需要，為他們創造長遠價值，並致力實踐企業社會責任。