

2017

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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About This Report

World Intern

This report is the second environmental, social and governance report issued by Nanjing Sample Technology Co., Ltd. (hereinafter referred to as “the Group”, “the Company” or “We”). The report covers the effectiveness of the Group in environmental, social and governance objectives in 2017 and provides information on the policies and practices implemented.

Report Scope

The report covers the business status of the Group and the affiliated companies in Jiangsu, China. Considering that the operating activities of Hong Kong and overseas subsidiaries have little impact on the Group's environmental, social and governance aspect, overseas subsidiaries are not covered in this report unless otherwise stated. The Group plans to gradually increase the scope of disclosure in the future to cover more affiliated companies and overseas subsidiaries.

Report Guide

This report is prepared in accordance with the Main Board Listing Rules Appendix 27 “Environmental, Social and Governance Reporting Guide” of The Stock Exchange of Hong Kong Limited (“the Stock Exchange”). The same interpretation is adopted in this report as that in the Group's 2017 annual report. Should the data disclosed be different from 2017 annual report, the annual report shall prevail.

Report Access

This report will be published on the website of the Stock Exchange and the official website of the Group. This report is published in both Chinese and English versions. In case of difference between the two versions, the Chinese version shall prevail.

Report Feedback

If you have any questions or suggestions about the contents of this report, please feel free to contact the Securities Department of the Company:

Nanjing Sample Technology Co., Ltd.

Address: No. 10 Maqun Avenue, Qixia District, Nanjing City, Jiangsu Province

Tel: +8625-84356666

Email: irm@samples.cn

Website: www.sampletech.com.cn



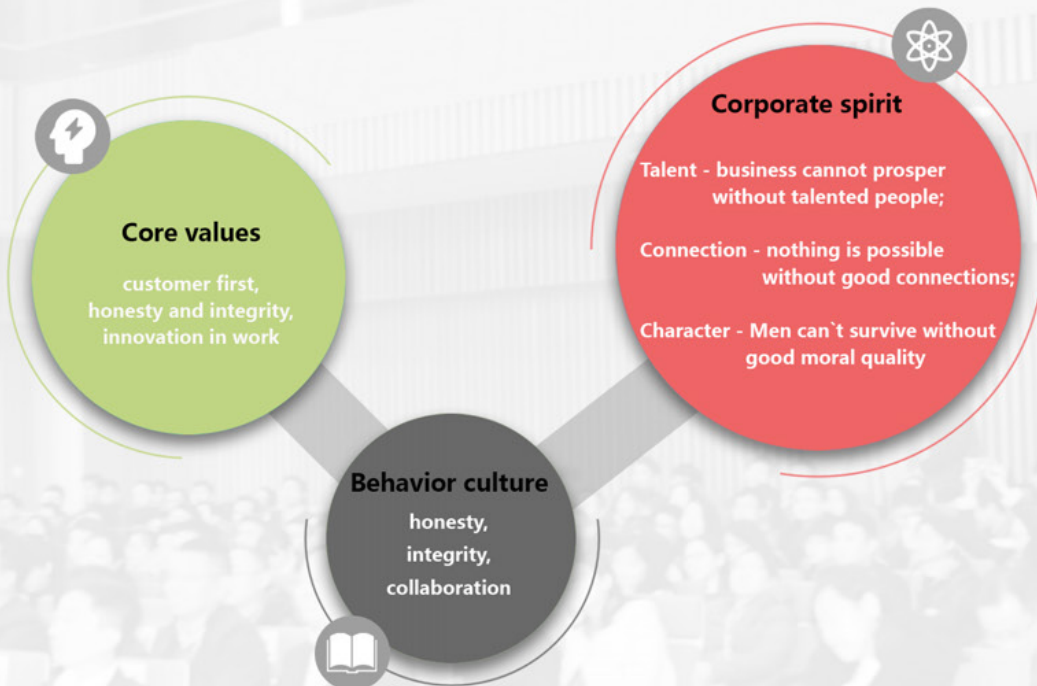
About Sample Technology

Company Overview

The Group was established after the shares restructuring in 2000 and successfully listed on The Stock Exchange of Hong Kong on June 9, 2004. As one of the leading companies in the field of Internet of Things information services, the Company has become the leading Internet of Things intelligent system integrated service provider in China relying on years of technology reserves in radio frequency identification (RFID) technology, video recognition technology, cloud storage, big data processing, etc., focusing on intelligent transportation, intelligent logistics, smart city and other fields. The Company is stepping up its efforts in research and development, deploying in the areas of urban integrated management and comprehensive utilization of underground space, etc., and actively exploring the intelligent application field of Internet of Things.

Corporate Values and Culture

Adhering to the core mission of "To create quality life with wisdom", the Group takes creating value for the society and users as its own responsibility, follows people-oriented principle and regards "Talent, connection and character" as the "Three treasures" of the Company.



In 2017, the Group transformed its perspective and brought together various types of partners based on the project partnership cooperation platform, promoted the establishment of employee sharing mechanism and delegated the rights and liabilities of company operation to managers and employees with incentives and authorization as the starting point. "Bring together people, efforts and concentration to win", work in a down-to-earth way! Meanwhile, the Company was awarded the honorary title of "Model Unit for Private Enterprise Culture Construction in Jiangsu Province" by Jiangsu Federation of Industry and Commerce, which fully affirmed our achievements in concept establishment, system construction, team enhancing, innovative cultural team building and corporate culture construction promotion.



Social Responsibility Management System

The Group continues to implement the corporate social responsibility concept of “Honest operation, continuous innovation, social service and give back to society” . We believe that the focus of corporate social responsibility is to consistently uphold high standards of business and social ethics, continuously improve corporate social responsibility credibility and competitiveness, and actively accept the supervision of stakeholders and the public to promote social harmony jointly.

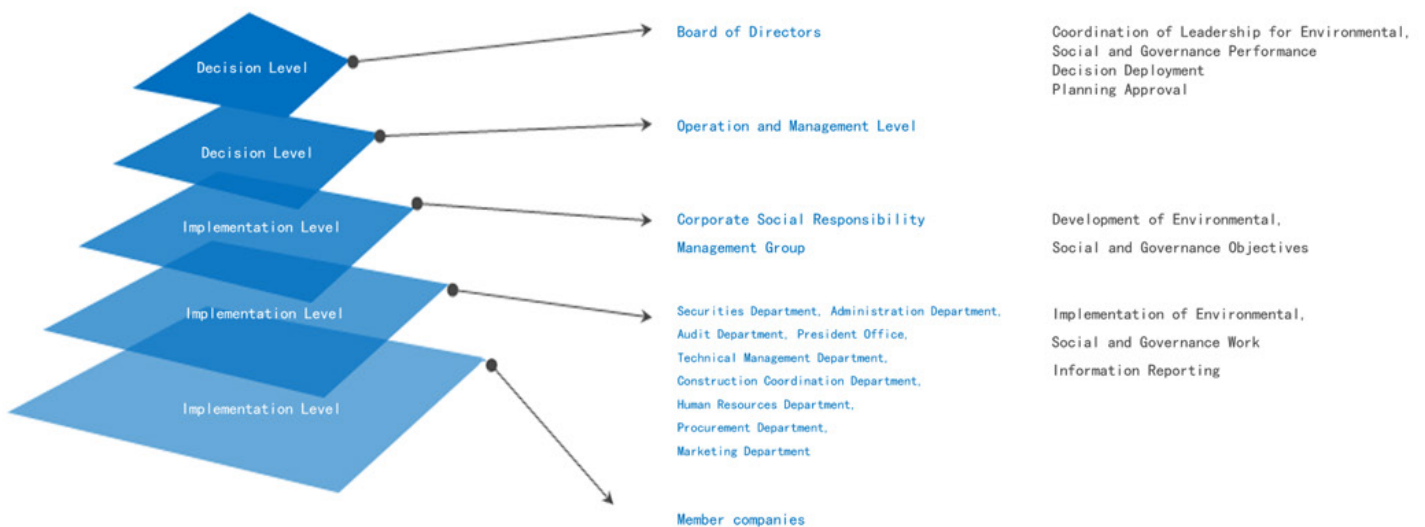


Social Responsibility Management System

Responsibility Concept and Management

The Group integrates environmental and social responsibility into strategic business operations, carefully manages our environmental and social risks, and continuously improves our management system. We have gradually formed a cross-network with management participation, horizontal coordination of functional departments, and vertical coverage of the subsidiaries, integrating social responsibility work into the normal management of the Company.









Effective social responsibility management is inseparable from top management attention and all staff participation. In 2017, from the Board of Directors to the internal departments of the Company, from the sectors to member companies, interaction and sharing were carried out in the Group to continuously identify, measure, manage and report on risks and opportunities related to sustainable development, gradually integrating social responsibility work with sustainable development and corporate development strategy organically with harmony.



Social Responsibility Management System

Stakeholders

In the path of sustainable development, the Group's development is inseparable from the communication and cooperation with stakeholders. In 2017, the Group identified the most important stakeholder groups for the development of the Company based on the characteristics of the business sector, developed the corresponding communication goals and channels for each group, and effectively responded to the stakeholders' expectations.

Related Parties	Communication Channels	Communication Goals
 Customers	Daily communication, feedback, technical seminars, product exhibitions, customer survey, customer service hotline, satisfaction survey, etc.	Product quality, business processes, technological innovation, service quality
 Shareholders and investors	Shareholders' meeting, periodic report, corporate website, teleconferencing, etc.	Corporate operations, information disclosure, corporate governance, return on investment
 Partners	Daily communication, seminars, strategic cooperation, exchange visits, etc.	Fair competition, mutual benefit, compliance management, common development
 Staff	Staff activities, staff training, corporate intranet, WeChat public platform, reporting channel, suggestion box, staff representative conference activities, regular investigation, communication symposium,	Salary and welfare, protection of rights and interests, working environment, education and training, career development, physical and mental health and family care
 Government and Regulatory Authorities	Institutional inspections, official correspondence, work reporting conference, project cooperation	Compliance management, transparent control, legal taxation, social performance, employment protection, resource conservation
 Suppliers	Quality certification, compliance with agreement, inspection and testing, capacity building	Long-term cooperation, supplier certification, honoring contract and keeping promises, fair procurement, quality management, capacity improvement
 Environment	Environmental management, standardized emission, clean production, energy saving transformation	"Three wastes" treatment, energy saving and emission reduction, green low carbon
 Community and Public	Community activities, public welfare activities, social support projects, etc.	Community development, social welfare, environmental protection, business ethics



Environmental Aspect Report

The Group continues to track the latest state-level regional environmental protection laws and regulations, strictly abide by the "Environmental Protection Law of the People's Republic of China", "Law of the People's Republic of China on Prevention and Control of Ambient Noise Pollution", "Law of the People's Republic of China on Prevention and Control of Atmospheric Pollution", "Law of the People's Republic of China on Prevention and Control of Water Pollution" and other related laws and regulations, actively respond to national environmental protection policies and take measures to reduce greenhouse gas emissions and waste generation from multiple aspects. As of the end of the year, the Group had not been subject to any complaints or penalties related to the environment and no environmental pollution incidents had occurred.

Although the Group's main business is low energy consumption industry, we insist on advocating the concept of green environmental protection, continuously raise the aspect of ecological greening, and actively promote energy-saving, emission reduction and rational use of resources. The Group requires each member enterprise to refer to the ISO14001 environmental management system standard, establish environmental management framework to formulate and implement long-term environmental policy. Currently, the Group's member enterprises involved in the construction industry have passed and obtained third-party certification of ISO14001 environmental management system.



Environmental Aspect Report

Aspect A1: Emissions

The Group is engaged in the industrial form different from the traditional manufacturing industry, mainly obtaining value and profits through knowledge innovation and intellectual work. There is no industrial waste water, no exhaust emissions and no environmental pollution. Since establishment, the Company has strictly complied with the requirements of national and local laws and regulations for discharge and disposal. We have actively implemented the “Three Simultaneities” principle of environmental protection facilities and production facilities construction, without any environmental violations or records of environmental violation penalties.

Environmental Aspect Report

Emissions and Countermeasures

The Group has always taken clean production, energy saving and emission reduction as annual important work, clarified the principles of resources and energy management, and adhered to the concept of energy saving, waste reduction, source control and continuous improvement. While lowering costs and reducing environmental impacts, we have achieved sustainable development in harmony with the environment.

1. Wastewater

The wastewater of the Company is mainly the domestic sewage of the employees, compliant with Grade I standard of "Integrated Wastewater Discharge Standard" (GB8978-1996). The domestic sewage is used for garden irrigation after the treatment of the self-built sewage treatment device in the park to eradicate random discharge.

3. Exhaust gas

The hardware products of our company are commissioned by OEM, and the third party is strictly controlled according to the quality standard. The Company has no production link, hence not involving emissions of air pollutants. The Group implements the policy of comprehensive smoking prohibition in the office area and delineates only certain outdoor area as the smoking area. It is forbidden to store substances that may emit odors and dust in the office. And it is forbidden to incinerate articles so as to reduce the generation of exhaust gas.

2. Noise

The company's main noise equipment is air conditioning unit, compliant with the daytime class C standard of "Noise emission standard for industrial enterprises at boundary" (GB12348-2008). The air conditioning unit equipment adopts low noise model and utilizes building for sound insulation and natural attenuation.

4. Solid waste

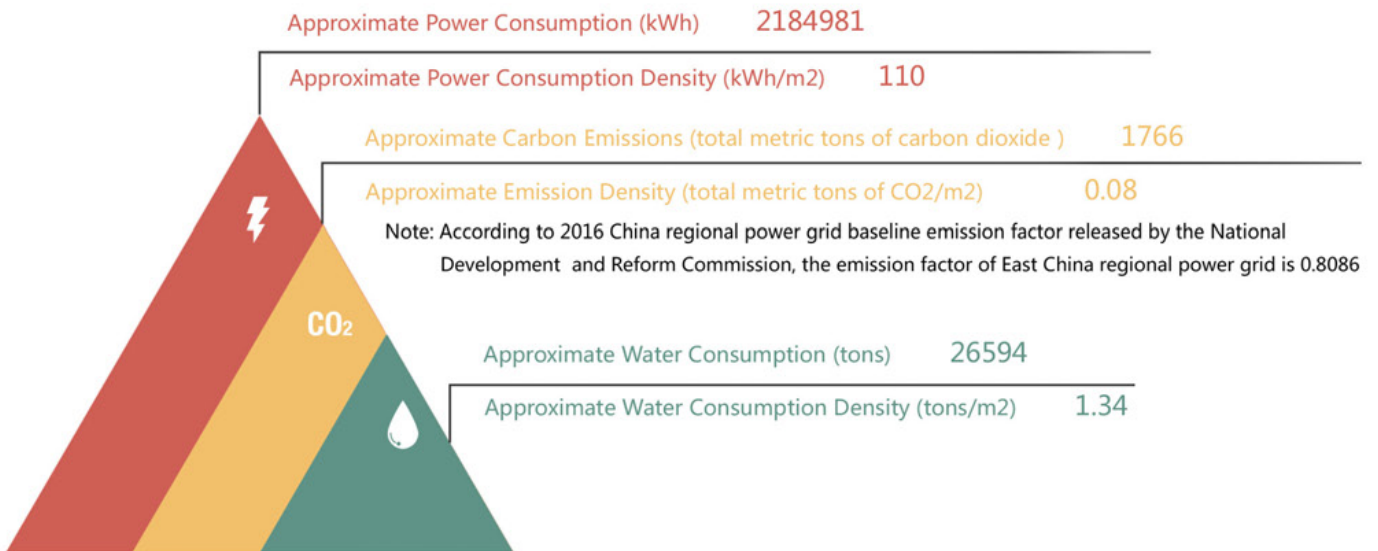
The solid waste generated by the Company is mainly domestic garbage, which is entrusted to municipal sanitation for cleaning and removal. As for paper generated at office, we advocate recycling and reuse to improve resource utilization rate. For waste materials that cannot be recycled or reused, such as computers, printers, copiers, cartridges and other office equipment, we will carry out classified collection, storage and then return to qualified units for zero discharge of waste.



Environmental Aspect Report

Aspect A2: Use of Resource

The Group's energy use mainly includes electric power, water resources and petrol, etc. We will control energy utilization and enhance resource use efficiency through daily behavior management.



Environmental Aspect Report

The main source of water use by the Group is municipal water supply, and a small part is from recycled water. We have actively dedicated to improving our own water conservation and efficiency of usage of water through technological improvement, recycling and reuse.

The Group's power consumption is mainly in the central air-conditioning, lighting and other office electronic equipment in the office area. The Company continuously adjusts the operation mode of power supply and distribution, carries out the transformation of power supply and distribution equipment, and actively reduces power consumption. The air-conditioning unit is used within limited time according to the season and temperature changes. Air-conditioning equipment is turned off automatically half an hour before close of business. In the lighting systems, we adopt smart lighting timing equipment to automatically turn off the lights during non-office hours. In addition, the Company also educates the employees to cherish resources, encourages them to turn off unnecessary lighting in non-business hours at noon and requires them to turn off their computers and other office equipment after work.

In respect of business vehicle management, the Company has taken carpooling measures for business travel through overall planning and dispatching, reduced the number of trips and improved the efficiency of business vehicles. The Company has also purchased unified fuel card, implemented "One vehicle and one fuel card", established vehicle dispatching registration system to avoid misuse. Business vehicles are inspected by the government-designated inspection agency on an annual basis. And vehicles that do not meet exhaust emission requirements are never used. The Company also encourages employees to travel by public transportation and uses new energy vehicles for shuttle buses to and from work. The Company promotes business travel economy management, and advocates replacing unnecessary travel activities by teleconferencing or emails. In case of substantial needs for travel, use of public transport is encouraged to reduce exhaust emissions and greenhouse gas emissions generated by transportation. During the year, the Group has consumed a total of approximately 38,000 L of gasoline in business vehicles.

Environmental Aspect Report

Aspect A3: Environment and Natural Resources

Large volume of greenhouse gas emissions such as carbon dioxide is an important cause of global climate change. We understand that the mitigation of climate change is of important significance for both the Company itself and the world. With the implementation of the national environmental protection policy, the Group actively practices low-carbon economy and green management to promote greenhouse gas emission reduction and mitigate climate change. The Company continues to promote environmental protection concepts both in the Company and outside and implemented environmental protection measures. In daily operation and management, the Company promotes green office and encourages employees to start from little things; posts water-saving and energy-saving signs in the office area to remind everyone of energy conservation and environmental protection; continues to promote paperless workflow and encourages paper recycling. At the same time, the Company is committed to creating garden-style industrial parks, increasing the green coverage rate, regularly maintaining the green planting in office areas, and vigorously promoting the hands-on planting of employees to jointly create a healthy and comfortable office environment.



Social Aspect Report

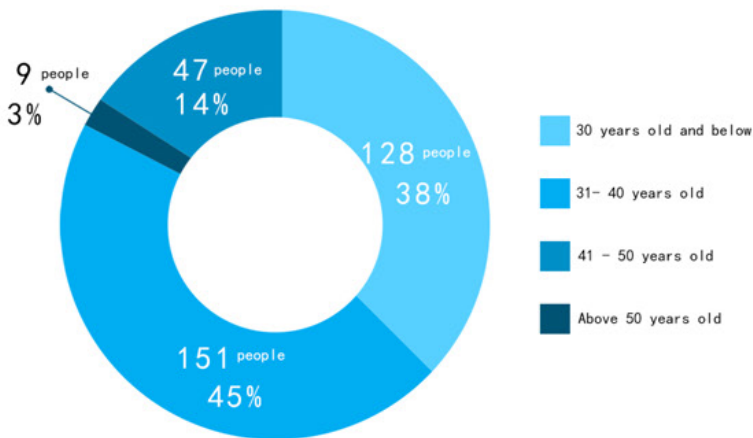
Employment and Labor Practices

The Group has always adhered to the people-oriented principle, insisted on protecting the rights and interests of employees, created a harmonious working atmosphere, led the progress of employees and ensures the safe and healthy work environment to achieve common cause with employees. In fiscal year 2017, the Company has created high-quality work environment and good working environment by standardizing conduct integrity, building perfect welfare system, encouraging employees to participate in professional training, carrying out rich and varied entertainment and building full range of physical and mental health mechanism. Therefore, employees can enjoy the opportunity to grow together with the Group with a sense of belonging and happiness.

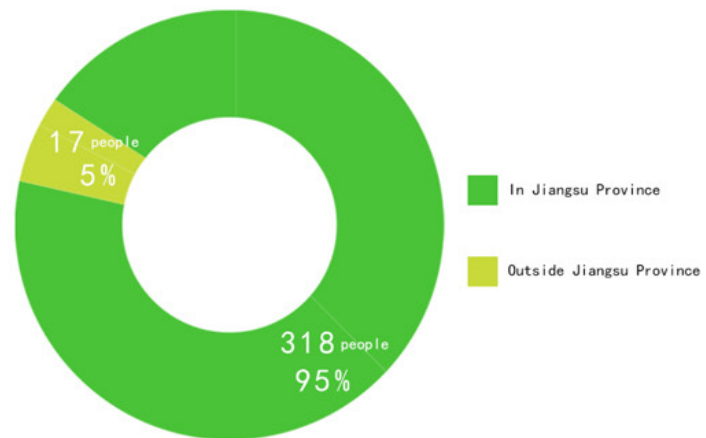
Social Aspect Report

Aspect B1: Employment

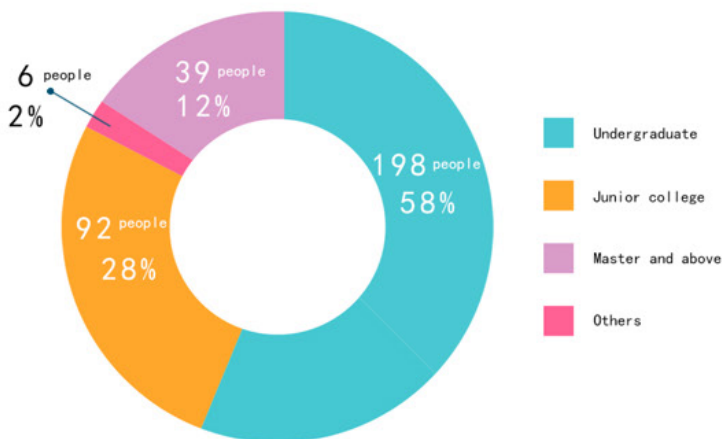
As of December 31, 2017, total employee count of the Group was 335, including 108 female employees and 227 male employees.



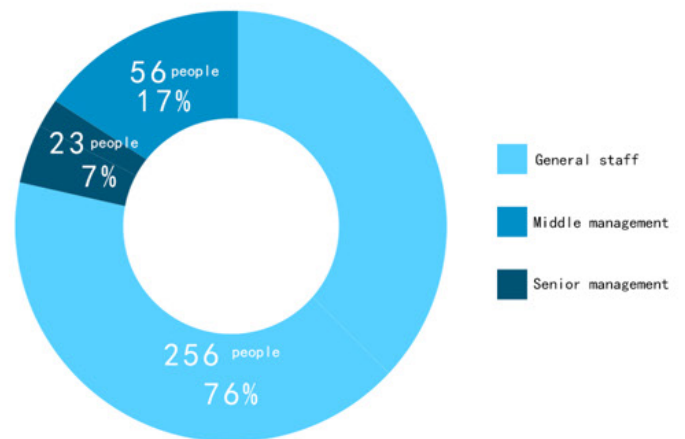
By age



By region



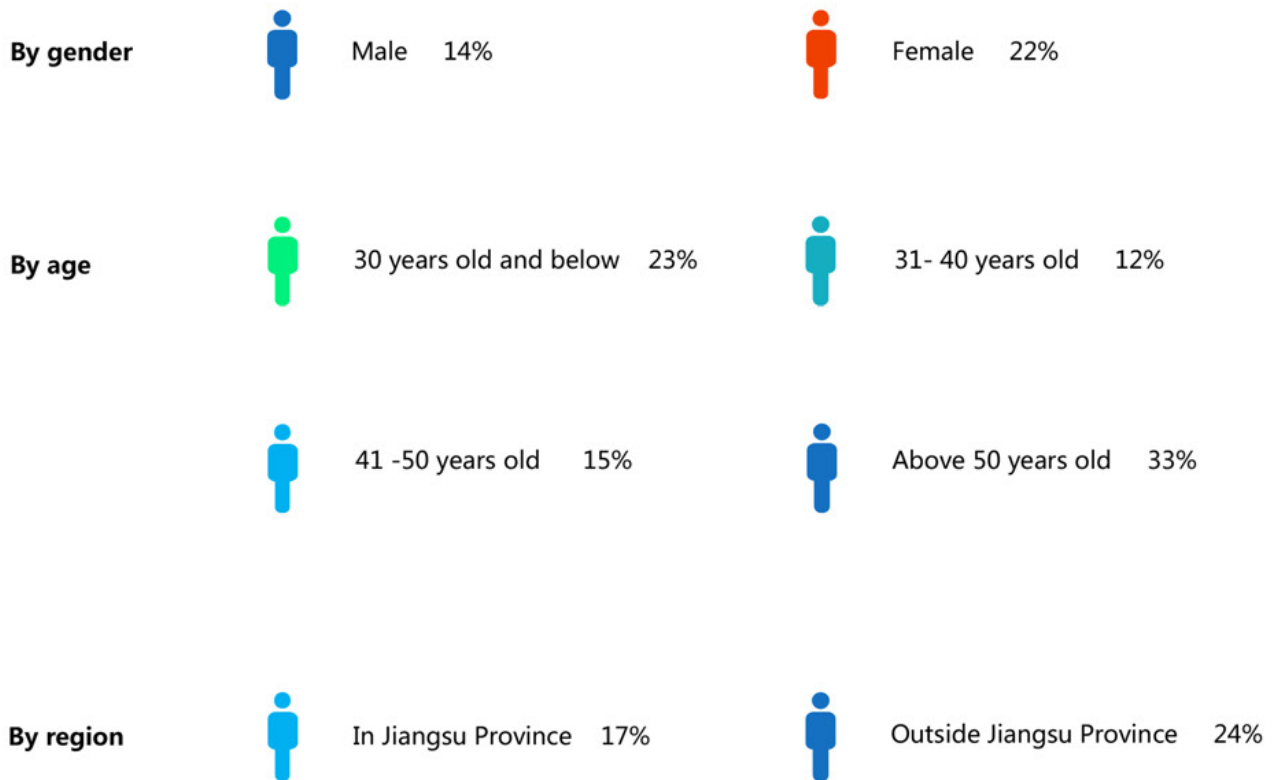
By educational level



By management level

Social Aspect Report

As of December 31, 2017, total employee turnover of the Group was 57, including 24 female employees and 33 male employees. Turnover rate refers to the total number of employees who leave the company voluntarily or due to retirement or dismissal during the year divided by the total number of employees in the same category.



Social Aspect Report



The Group continues to implement staff remuneration improvement plan, optimize external competitiveness of staff remuneration, optimize the staffing structure and strengthen the incentive mechanism based on position, performance and competency.

In the employee recruitment, the Group eliminates discrimination in terms of gender, race, religion and age, implements the principle of two-way selection, equal stress on integrity and ability and merit-based appointment. We strive to create an atmosphere of fair competition, adopt the method of competition for the post, and insist on the principle of talent reasonable flow "ready for both promotion and demotion and mobility management". In remuneration, we adhere to the principle of "Distribution according to work and pay by post" to provide an equal employment environment for talents. Combined with the local economic development level, the Company's operating conditions, value orientation and other factors, the unit price and structure of remuneration is adjusted. Beside linking to employees' job performance, academic qualifications, workload, posts and positions, we also provide employees with more extra benefits based on satisfactory salaries.

Additional Benefits

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- * On-the-job training fund
- * 2 sets of labor working clothes provided for engineering construction and maintenance personnel

- * Annual check-up
- * Free shuttle bus

- * Employee birthday benefits
- * Dormitory for staff

06
Housing fund

01
Endowment insurance

05
Unemployment insurance

Basic Benefits

02
Medical insurance

04
Maternity insurance

03
Industrial injury insurance

- * Commercial supplement medical insurance

- * Lunch, communication subsidy

- * Commercial accident insurance
- * Condolence money for illnesses

- * Traditional festival condolence money
- * Allowance for high temperature

- * Marriage, childbirth and funeral allowance
- * Uniform provided for reception staff

Aspect B2: Health and Safety

The Group strictly abides by the Labor Law of the People's Republic of China, the Production Safety Law of the People's Republic of China, the Law of the People's Republic of China on Prevention and Control of Occupational Diseases, the Regulations on Work-related Injury Insurance and other related laws and regulations as well as the relevant national policies, attaches great importance to the physical and mental health of employees, and carries out comprehensive management of employees' health and safety from the decision-making level to the daily behavioral norms and the professional auxiliary work. The Group requires all member enterprises to refer to the occupational health and safety management system standards, establish safety management framework, formulate and implement long-term safety guidelines. Currently, the member enterprises of the Group involved in the construction industry have passed and obtained third-party certification of occupational health and safety management system.



During the year, the Group did not suffer any loss or death caused by work-related injuries. We achieved excellent results in safety performance and no safety production liability accident occurred. Daily operations were in a stable state, and all processes were controllable and controlled.

Social Aspect Report

Safe Production System

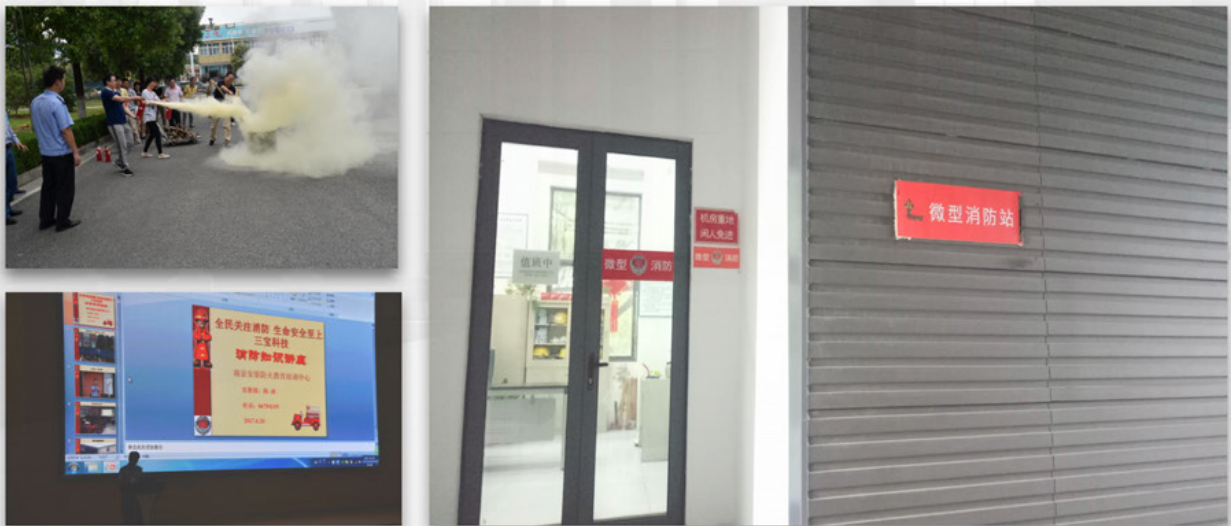
The Group always pays attention to the safety production, comprehensively protects the health and safety of the employees and forms safety management framework from top down, from the Group to the business sectors and the member enterprises, striving to achieve production with "Zero accident". Company administration department is responsible for safety production management and holds safety work conferences from time to time to integrate safety work into every aspect of the business system, strictly implement the requirements of national safety production law, and undertake safety management responsibilities at various levels. In 2017, the Group focused on improving safety systems and standards, conducting safety compliance project of the Group in depth, researching and solving core issues and common risks of safety and compliance, and implementing improvement activities such as occupational protection and fire safety, and achieved good results.



Occupational safety protection and training

The Group attaches great importance to safety production and takes the opportunity of safety standardization to effectively implement safety work, undertaking the responsibility for the safety of each employee and surrounding groups. A number of mini fire stations are set up in the office area of the Company, which are equipped with fire emergency systems. The administration department conducts inspections and maintenance on fire protection systems every month.

The Group carried out more than 10 safety inspection activities throughout the year and conducted special detailed safety inspections in key areas. The problems identified were rectified in a timely manner and the rectification rate reached 100%. In addition, the Company organized safety training four times and engaged fire department professionals to conduct fire drills twice. Accumulated training time totaled 28 hours.



Regular staff medical examination

Focusing on and preventing employee occupational diseases is an important task of the Group to protect employees' physical and mental health. In 2017, according to the bi-annual welfare policy, the Group selected a professional medical examination agency to conduct physical examinations for all employees, with the physical examination coverage rate up to 100%. At the same time, the Company purchased additional commercial supplementary medical insurance for all employees. We also strengthened occupational disease prevention and propaganda to build a solid firewall for employees' physical and mental health.

Aspect B3: Development and Training

Employee growth is the driving force behind the development of the Company. The Group attaches great importance to the development, cultivation and reserve of talents, actively improves the staff training system, strives to expand the promotion path for employees and fully taps the development potential of employees. We facilitate the team development through reasonable promotion channels for talents and ensure that everybody can fully display their talents and tap their full potential.



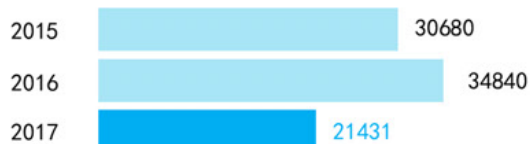
Social Aspect Report

The Group actively establishes learning organization. The learning and training system includes personnel training systems, training course systems, business support systems, sustainable development learning and other aspects. The training forms are various and can be divided into on-the-job training, skills training, management training, team building training, personal qualifications training, etc. In daily business activities, lectures by external experts, tutor guiding apprentices, weekly sharing, video learning and reading activities are common in the company to actively cultivate talents for future business development, enable employees to develop their talents, further tap their potential and support continual value increment.

Number of staff training



Number of participants



2017 annual Percentage of trainees (%)

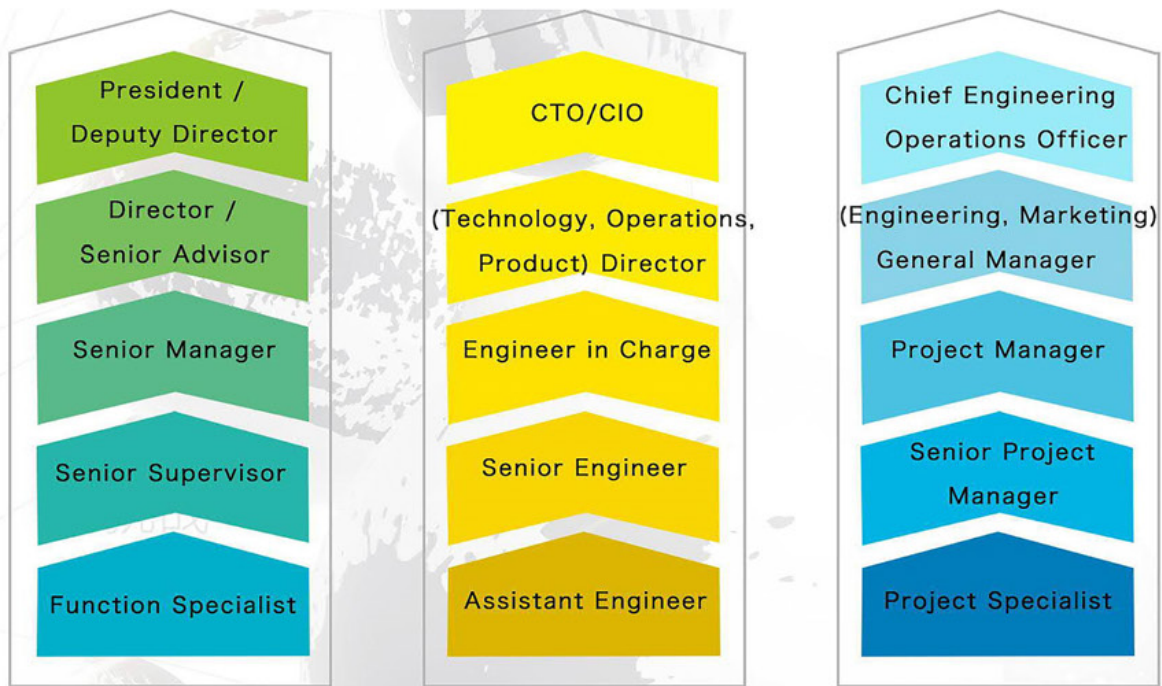


2017 annual Per capita training time (hours/person)



Social Aspect Report

To create core workforce, the Group implements the concept of career management concept, strives to broaden the career development path for employees, formulates a promotion evaluation system, and sets three different promotion channels of functional management, technological innovation and integrated production according to different positions.



Function management channel Technical innovation channel Integrated production channel

Aspect B4: Labor Standard

Labor legal compliance

The Group respects international human rights and labor standards, strictly abides by relevant laws and regulations, and provides fair and legal employment opportunities. The Group has implemented the corresponding policy measures to absolutely prohibit the employment of child labor and forced labor. We are committed to protecting basic human rights, respecting employee diversity and diverse cultures, and prohibiting any form of discrimination, bullying and other acts that harm the dignity of others, so as to enable employees to work with dignity in an equal and harmonious work environment.

Protection of basic rights and interests of employees

The Group has signed labor contracts with employees in strict accordance with the Labor Law of the People's Republic of China and the Labor Contract Law of the People's Republic of China, continued to strengthen the labor contract signing and termination management, and clearly regulated posts, working hours, compensation and benefits, etc. to ensure compliance with labor standards and protect the legitimate rights and interests of employees. During the year, the Group complied with employment-related laws and regulations at the place of operation and no labor disputes have occurred.

Humane employee care

Helping female employees

The Group safeguards the legal rights and special rights of female employees, and earnestly implements laws and regulations such as the Law on the Protection of Rights and Interests of Women and the Labor Protection Regulations for Women Employees and implements the taboo labor and “Three phases” protection regulations for female employees. In annual medical check-up project, the Company provides multi-category medical examination programs specifically for female employees. On the International Working Women's Day, the Company arranges vacations for female employees and distributes festival bonus or welfare items. At the same time, the Company educates and guides the majority of female employees to actively participate in business practice activities, and constantly improves the female employees' learning ability, innovation ability, and continuously improves the overall quality and competitiveness of female employees.

Rich cultural and sports activities

To enrich the leisure life of employees and improve the physical fitness of employees, the Group has established professional badminton court, basketball court, table tennis room, tennis court, gym, etc. in the office park, which are open to employees free of charge. The Company organizes various cultural and sports activities from time to time, such as basketball, Mountaineering, chess, badminton, table tennis, etc. to relieve the pressure on employees, improve the teamwork capability and enhance the cohesion of the Company.



Social Aspect Report

Humanization measures

To facilitate employees to obtain commuter shuttle time information, the Company has set transfer time board in the guard duty room, waiting point, parking lot and other places to help employees get familiar with the Company shuttle bus lines and shift time information.

Considering the problem that employees may have no babysitter to take care of their children during holidays, we engage professional trainers such as badminton coaches and painting teachers to provide free venues and training opportunities for children during the holidays and solve the worries of the employees, allowing them to carry out their job contentedly.



Operating Practice

"Customer-oriented" is the core value of the Group and also the cornerstone of our long-term survival and development philosophy. Guided by this core concept, the Group strives to meet the needs of customers and provide them with the best solutions. Through long-term experience accumulation and learning from the quality management methods of outstanding companies at home and abroad, we have formed management model suited to our own development with continual optimization through the practice of various sectors and member enterprises.

Aspect B5: Supply Chain Management

Stable supply chain is the basis for the Group's reliable production; while the quality of raw materials supplied by suppliers has significant impact on the Group's final products. The Group strictly follows the requirements of ISO 9001 supply chain management quality standards and continues to improve the supervision and management processes of the supply chain system. We have formulated standardized supply chain management system to standardize procurement management and business operation requirements at all levels, monitored product quality, and clarified the proper qualifications and capabilities of qualified suppliers. Not only the performance of the supplied products needs to be strictly examined by the Company, but also the performance of the supplier's environmental protection, safety production and employee occupational health shall be reviewed by the Company.

The Group also attaches great importance to fair competition in the procurement process and has established unified supplier access standard. Material procurement is carried out by price inquiry and comparison with at least three suppliers. For project procurement, tendering and bidding is adopted if possible to ensure that the procurement process is fair, just and open. During the year, the Group had more than 800 suppliers of raw materials, engineering project equipment and production accessories, all of whom were located in China.

Aspect B6: Product Responsibility

The Group's business covers a wide range of fields including road transportation, customs logistics, urban construction, road transport vehicles, etc. We always focus on user needs and provides high-quality products and full range of caring services; we always consider safety requirements carefully from the R&D design stage and ensure product safety through rigorous calculations and repeated tests. Each sector and member enterprises design, manufacture and ensure that the products and services are fully compliant with the regional standards for product sales region based on their own qualification licenses.

During the year, the Group strictly complied with the national policy system related to health and safety, advertisements, trademarks and privacy issues of the products and services provided, as well as the "Construction Law of the People's Republic of China" , "Consumer Protection Law of the People's Republic of China" , "Advertisement Law of the People's Republic of China", "Cybersecurity Law of the People's Republic of China" and the relevant laws and regulations, and did not receive any complaints about violations.

Quality Management System

The Group started to implement ISO9001 (2000 version) quality standards since August 2001. In July 2002, we passed ISO9001-2000 quality management system certification. Each member enterprise has improved their quality management system including ISO9001 according to the nature of their products and services and actively conducted external certification.



Corporate R&D management is of great significance to the survival and development of the Company, which is related to core competitiveness. To create the truly sustainable development capability for the enterprise, we must establish and implement R&D management system that is appropriate for the Company and build a professional and efficient R&D management team that is standardized and efficient. We have established a R&D management system based on DB32/T2771-2015 "Enterprise R&D Management System" to make R&D work standardized, further improve R&D performance, shorten product R&D cycle, reduce R&D costs, control R&D risks and improve core competitiveness. In 2017, the Group obtained the "Corporate R&D Management System Certificate for Qualified Implementation Enterprise in Jiangsu Province" with high scores.



Customer Satisfaction

Based on the safety and reliability of product quality, the Group has always provided customers with practical services from the customer's perspective. Especially for products and services involving engineering projects and system integration, we invite customers directly to participate in the product design process more often so that the final product can fully meet customer demand. In addition, the various sections and member enterprises of the Group formulate appropriate customer management methods based on the nature of products and services as well as customer groups, communicate with customers in a timely manner by establishing special customer complaint handling department and regularly organizing customer satisfaction survey for feedback, and carry out continuous improvement of product quality and service levels. In the known scope of the year, the Group did not recall products sold or delivered due to safety or health reasons and did not receive any customer complaints about products and services.

The Group also attaches great importance to the protection of individual privacy of customers and strictly abides by relevant national laws, regulations and policies of the "Cybersecurity Law of the People's Republic of China" . The Group did not receive any complaints about disclosure of customer privacy within the known scope in this year.

Protection of intellectual property rights

The Group attaches great importance to the planning and management of intellectual property, continuously improves the relevant systems of intellectual property rights, strengthens the management of the daily affairs of intellectual property such as patents and trademarks, and raises the awareness of intellectual property work responsibilities of all employees. In 2017, we vigorously promoted the establishment of an intellectual property management system and passed the annual supervision and audit of the intellectual property management system. This not only was the affirmation of the Company's intellectual property management work and system operation results, but also encouraged all employees' passion for innovation and promoted the innovation, protection and application of intellectual property rights. In the known scope of the year, the Group did not have any disputes concerning intellectual property right infringement.



Aspect B7: Anti-corruption

According to the "Criminal Law of the People's Republic of China", "Law of the People's Republic of China on Anti-Money Laundering" and other national laws and regulations, as well as the "Party Standards for Honesty and Self-discipline" and other internal rules and related policies and systems, the Group has established long-term mechanism "Dare not, cannot corrupt and do not want to be corrupt" for the prevention and control of integrity risk and the implementation of "Zero tolerance" ruling.

The Company has long been committed to training and educating external customer suppliers, internal management personnel and key personnel in integrity practice. We persist in the promotion of honesty and integrity, organize the training on anti-corruption and the promotion of honesty, and have held two sessions of management seminars with a total of more than 300 participants. The audit department of the Company is responsible for supervising the compliance management. At the same time, we have set compliance management personnel and implemented internal control management systems, policies and measures. The Company provides e-mail, telephone, mail and other clear reporting channels to encourage employees to report suspicious internal violations.

In the known scope of the year, the Group had no violations of regulations or disciplines. The number of employee reporting was zero, and there was no case of corruption lawsuits.





Community

Aspect B8: Community Investment

The Group has always focused on corporate image and social responsibility and sought to give back and contribute to society. The Group encourages and creates conditions for employees to contribute to the community by donating money or volunteering. The employees of the Company actively use their spare time to participate in activities such as afforestation and nursing care homes organized by social organizations.

The Group supports the development of education and scientific research institutions mainly in the direction of business development and strengthens the government-industry-university-research cooperation. The Group and the Massachusetts Institute of Technology (MIT) jointly undertook the project of "Building City-level Logistics APT Model", which solved the problems of centralized integration of freight transportation into and out of the city and the last kilometer planning and deployment. This project acceptance was successfully completed this year. During the implementation period, 3 invention patents and 3 software copyrights were applied for and 2 papers were published.

In the future, the Group will make re-planning according to the directions and inputs of community support and take it as one of the important areas for the Company to fulfill its social responsibilities.



Future Outlook

In 2018, the Group will continue to strengthen its social responsibility strategy guidelines so that all sectors and member enterprises will incorporate the corporate social responsibility factors such as environmental protection, resource conservation, occupational safety and health, and community development into key strategic initiatives when formulating their development strategies. We will promote the balanced development of enterprise; improve the organizational structure, refine the management process, clarify the responsibilities for division of labor, strengthen the construction of social responsibility system, and continue to promote the construction of social responsibility management system, so that all business entities can perform their social responsibilities better.

Currently, the Group has set sail on the journey toward the goal of “Smarter planet and perceive China” . In the future, the Group will rely on continuous technological innovation and large-scale investment in science and technology to strengthen the talent team and continuously activate the pulse of innovation and development. We are committed to becoming a highly recognized leader in China's Internet of Things field that has the core IOT technology to provide users with IOT solutions and implement IOT value-added service.



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Nanjing Sample Technology Co., Ltd.
(股份代號：1708)