



BC TECHNOLOGY GROUP LIMITED
BC 科技集團有限公司
Stock code: 863 HK

Incorporated in the Cayman Islands with limited liability



Asia's Leading Digital Asset
and Fintech Company

Parent of



THE TRUSTED
DIGITAL ASSET
PLATFORM

SaaS • Brokerage • Custody • Exchange

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT **2021**

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1. ABOUT THIS REPORT

Introduction

BC Technology Group Limited and its subsidiaries (hereinafter referred to as “BC Group”, or “the Group”) believe that sustainable business practices are integral to the creation of long-term value to society. The Group is committed to corporate citizenship and adding value to its stakeholders through the integration of Environmental, Social and Governance (“ESG”) considerations in its business practices.

The Group is also committed to improving its ESG performance by upholding good corporate governance standards, adopting climate friendly practices, engaging its stakeholders and promoting diversity.

This ESG report (the “Report”) provides an overview of BC Group’s sustainability performance for the year ended 31 December 2021 (“the Reporting Period”). The Reporting Period aligns with the Group’s financial year.

Reporting Principles

BC Technology Group Limited is listed on the Main Board of the Stock Exchange of Hong Kong Limited (“HKEX”) under the stock code “863”. This is the sixth ESG report of the Group and it has been prepared in compliance with the “Environmental, Social and Governance Reporting Guide” set out in Appendix 27 of the Rules Governing the Listing of Securities of Stock Exchange (“Listing Rules”) and based on actual conditions of the Company. It is the first long-form ESG report for the Group be published separately from the Group’s Annual Report. For a comprehensive understanding of the Group’s ESG performance, this Report should be read in conjunction with the Corporate Governance Report in the Group’s 2021 Annual Report.

The Group has adopted the four fundamental reporting principles of the HKEX’s Environmental, Social and Governance Reporting Guide as follows:



Materiality

The content of this Report is determined through a detailed materiality assessment process. The Group engaged an external consultant to assess its materiality through stakeholder engagement. Key material ESG issues were identified and endorsed by the Group’s ESG Committee, and approved by the board of directors (the “Board”).



Quantitative

The standards and methodologies used in the calculation of relevant data in this Report, as well as applicable assumptions are disclosed. Key performance indicators (KPIs) were established, and are measurable and applicable to valid comparisons under appropriate conditions.



Balance

To provide a fair and unbiased picture of BC Group’s ESG performance, both the Group’s achievements and areas for improvement are disclosed.



Consistency

BC Group is consistent in its annual data collection and KPI calculation methodologies to ensure meaningful comparisons of its ESG data are made over time.

Reporting Boundaries

The Report covers all the Group’s global operations during the Reporting Period, including Hong Kong, Mainland China, Singapore, the United Kingdom (the “UK”) and the Americas. The Group regularly reviews the scope of the Report to ensure that any significant impact on the Group’s overall business portfolio is covered.



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股票代號：863 HK

Approval of and Access to the Report

The Board has approved the content of the Report.

The Group values feedback on its overall sustainability practices. Please provide comments by email to ir@bc.group. The Report is available online on the Group website at bc.group and on the HKEX website at www.hkex.com.hk.

2. ABOUT BC GROUP

BC Group is Asia's leading public fintech and digital asset company and is the parent company of the OSL digital asset and blockchain platform. OSL provides software-as-a-service ("SaaS") solutions, brokerage services, automated trading platforms and insured custody services to institutional and professional investors. It conducts a digital asset platform business through its offices in Hong Kong, Singapore, the UK and the Americas.

In December 2020, the Group's OSL Digital Securities unit became the first firm to receive a license from the Hong Kong Securities and Futures Commission ("SFC") to conduct type 1 (dealing in securities) and type 7 (automated trading service (ATS)) regulated activities related to digital assets. It is now the world's first SFC-licensed, listed, digital asset wallet-insured and Big-4 audited digital asset trading platform for institutions and professional investors.

The Group also has two Mainland China based business segments: an advertising business that provides customized advertising and marketing services to customers in the automotive and other industries, and a business park management division that provides operations and management services for commercial property in the Jingwei Park business park in Shanghai.

To learn more about BC Group, please refer to the Group's 2021 Annual Report or visit bc.group.

Board Statement

The Board takes overall responsibility for ensuring effectiveness of the Group's ESG strategy and reporting so the Group can operate its businesses in a responsible and sustainable manner.

The Group's ESG processes and procedures focus on non-financial indicators that outline the Group's approach to sustainability. A number of ESG-related issues covering a number of business aspects are considered when determining these processes and procedures, including: operations, risk and compliance, internal controls, human resources, and marketing and communications. To reinforce the Board's ESG management approach and strategy and further enhance the Group's ESG governance, the Board has delegated the power and authority on all ESG matters to the Group Chief Executive Officer ("Group CEO"), with the support of the ESG Committee (comprising representatives from operations and supporting departments).

For details of the Group's ESG governance structure, stakeholder engagement exercise, materiality assessment and its results, please refer to the section entitled "Approach".

The Group CEO and the ESG Committee evaluates, prioritizes and advises on the effectiveness of the Group's sustainability strategy, and reports regularly to the Board to review its operations and the progress made against ESG-related goals and targets.

Mission

Deliver best-in-class access to digital assets, setting the global standard for innovation, performance, security, and compliance

Vision

Lead the regulated, institutional evolution of the digital asset market

Values

- Be trustworthy and do the right thing
- Ownership and accountability
- Teamwork, collaboration and respect
- Relentlessly innovate for the clients



3.

CHIEF EXECUTIVE OFFICER'S MESSAGE

A Sustainable Future in Digital Assets

I am proud to present the BC Group annual Environmental, Social and Governance Report for the year ended 31 December 2021.

During the Reporting Period, the Group conducted an ESG materiality assessment with a focus on topic areas of intersecting stakeholder interest, relevance to the Group's business and industry, and its ability to make a positive contribution to environmental sustainability and the wider society.

The following key issues were found to be of material importance to the Group's ESG program: carbon emissions, staff wellbeing, gender diversity, corporate governance, anti-money laundering ("AML") and counter-financing of terrorism ("CFT") and anticorruption. The full results of the Group's materiality assessment can be viewed on page 14 of this Report.

The question of energy use and carbon emissions related to digital assets and blockchain has brought ESG topics to the forefront in the digital asset space.

The Group believes that all industries must go beyond simply talking about the problem and take a closer look at supply chains with a view to reducing emissions to zero. In such an environment, however, there is an opportunity for companies in high-energy-use industries such as digital assets to take a leading position in net-zero supply chains.

In 2020, the Group therefore made a public commitment to carbon neutrality. In April 2021, BC Group announced that it had fully offset its carbon footprint for three years (2018–2020) through the purchase and retirement of voluntary carbon credits by OSL via the AirCarbon Exchange ("ACX"), a Singapore-based carbon credit exchange.

As further commitment to sustainability and ESG initiatives, the Group was also pleased to announce in May 2021 that it participated in a strategic funding round for Allinfra Ventures Limited ("Allinfra"), a company that brings access and liquidity to environmental assets using blockchain technology.

In the broader market, credit producers and consumers are rapidly moving towards real time, 24-hour accounting of both emissions and carbon credit generation. The 24-hour, programmable nature of blockchain makes it an ideal candidate to be the underlying data infrastructure for emissions and credit accounting. Therefore, the Group will continue in its commitment to zero emissions, and has tasked its OSL Digital Securities unit with actively developing blockchain-based carbon credit products under its unique security token license.

From a diversity point of view during the Year, the Group reported that 34% of its employees are female. Improving gender diversity metrics continues to be a key initiative for the Group moving forward.

From a corporate governance and AML, CTF, anti-corruption perspective, the Group reported that staff completed 1,948 total training hours during the Year, a significant 212% increase from the previous year.

With the ongoing COVID-19 pandemic, business leaders are facing unprecedented challenges and recognizing the urgency of assuming the responsibility of being better corporate citizens. Businesses can no longer consider ESG a nice-to-have or compliance-driven

topic; instead they must integrate it into core business operations to stay competitive and resilient.

The Group therefore also has a responsibility to be ESG conscious, to invest in its ESG credentials and to be a vocal advocate for ESG in the digital asset space.

In forming and enacting its ESG program for the coming years, the Group will take into account the results of the materiality assessment, as well as feedback from stakeholder interviews, to align its strategy with the issues that deliver the most value to stakeholders.

A key focus for the Group will be improving its social and governance initiatives in alignment with core topics as identified in the 2021 materiality assessment. Specifically, the Group will focus on additional diversity, employee well-being, corporate governance, AML, CFT, and anti-corruption initiatives as part of ongoing ESG strategic planning in 2022 and beyond.

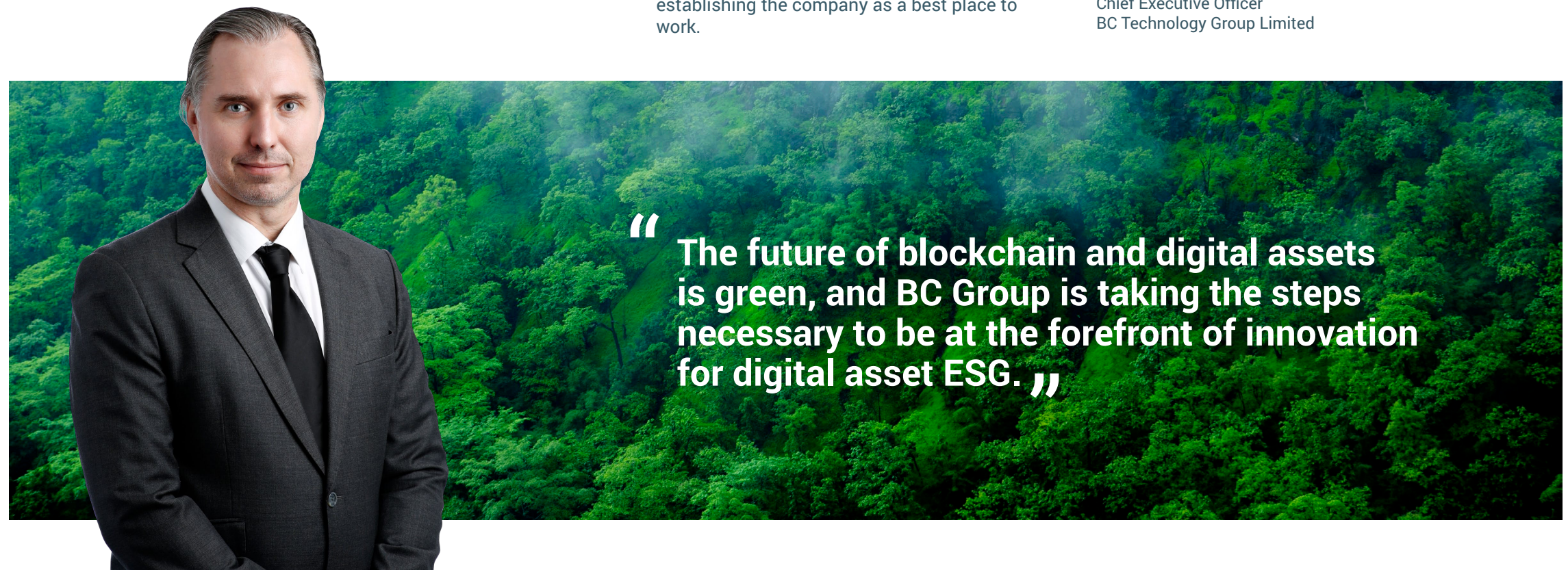
As a leading digital asset and fintech firm, and the world's first and only SFC-licensed, Big-4 audited, listed and insured digital asset platform for institutions and professional investors, BC Group has a duty to examine its business through an ESG lens, with a view to contributing to a sustainable environment and establishing the company as a best place to work.

BC Group's ambition is to be the trusted gateway to digital assets and play a meaningful role in shaping a sustainable future for the communities it serves, while creating long-term value for all of its stakeholders. In alignment with these objectives, the Group is steadfast in its commitment to robust ESG and sustainability programs in tandem with the rapid development of the regulated digital asset market.

The Group's ESG approach empowers it to deliver long-term value for stakeholders and deliver on the Company's mission, vision and values, and address its most material ESG topics through a clear programme of goals, meaningful commitments, and tangible actions. For BC Group, therefore, continuing to embed ESG considerations into its business delivers value to all stakeholders and strengthens long-term shareholder value.

The future of blockchain and digital assets is green, and BC Group is taking the steps necessary to be at the forefront of innovation for digital asset ESG.

Madden Hugh Douglas
Chief Executive Officer
BC Technology Group Limited



“ The future of blockchain and digital assets is green, and BC Group is taking the steps necessary to be at the forefront of innovation for digital asset ESG. ”

4. APPROACH

a. ESG Governance Structure

The Group’s ESG governance structure covers all Group levels, including the Board, management, functional departments and business units. The Board is responsible for setting strategic objectives and is the ultimate responsible party for ESG matters. Day-to-day responsibilities for ESG-related matters are delegated to Group CEO.

In 2020, the Group established the ESG Committee to drive, support and enhance Group’s ESG capability and impact through communication, engagement, strategic planning and execution. With the support of ESG Committee, the Group CEO is responsible for providing direction on and overseeing the development and implementation of BC Group’s strategy and initiatives.

The ESG Committee meets regularly to identify ESG issues and opportunities, oversee the implementation of ESG initiatives, provide recommendations to senior management on ESG-related matters, promote ESG awareness at the Group, and communicate and report on the Group’s ESG initiatives.

Board of Directors	<ul style="list-style-type: none">• Responsible for the long-term success of the Group through monitoring strategy and management execution• Provides oversight of the Group’s financial reporting, internal control systems, business conduct and code of ethics• Provides direction on and oversees the development and implementation of the Group’s ESG initiatives related to corporate sustainability, environmental protection and social well-being
Group CEO	<ul style="list-style-type: none">• Responsible for ESG oversight, strategic development and operations for the Group in alignment with Group mission, vision and values• Supervises the implementation of ESG initiatives
ESG Committee	<ul style="list-style-type: none">• Responsible for carrying out and promoting specific ESG tasks• Prepares ESG reporting and external communications• Promotes ESG awareness at the Group, communicates and reports on BC Group’s ESG initiatives
Group Departments	<ul style="list-style-type: none">• Executes ESG-related tactics• Assists with collection of quantitative data for ESG reporting• Assists the ESG Committee as needed



4. APPROACH

b. Stakeholder Engagement

The Group recognizes that feedback from stakeholders is vital for the Group and its sustainability goals. Understanding shareholders, staff, business partners, customers and regulators’ opinions, priorities and values helps the Group better serve these stakeholders. It also helps the Group understand expectations and concerns stakeholders may have that pertain to governance, management and sustainability.

Engaging stakeholders on an ongoing basis is vital for the Group’s ESG governance and management. The Group proactively and regularly communicates with stakeholders to better understand their expectations and concerns. This enables the Group to respond proactively to opportunities and challenges, and to build long-term loyalty and trust – as an SFC-licensed brokerage and exchange, an employer and corporate citizen. Consistent stakeholder engagement contributes positively to community development, which in turn supports sustainable growth.

The Group conducted a structured stakeholder engagement exercise in 2021 including stakeholder focus groups and interviews. Feedback was provided to senior management, who reviewed the findings and made an evaluation on whether material ESG topics were relevant to the key stakeholder groups.



Stakeholder communication matrix:

Employees	<ul style="list-style-type: none">• Employee engagement survey• Focus group interviews by an independent third-party consultant• Staff training and workshops• Townhall meetings, “Ask Management Anything” sessions and skip-level meetings• Staff performance appraisals
Shareholders and potential investors	<ul style="list-style-type: none">• Annual general meeting• Corporate communications• Interim and annual reports• Announcements and press releases• Investor conference calls and virtual meetings• Monthly investor newsletters• Results briefings• Interviews by an independent third-party consultant
Customers and potential customers	<ul style="list-style-type: none">• Communications with sales representatives and traders• Customer support channels• Corporate website• Interviews by an independent third-party consultant• Daily communications• Social media posts• Press releases• EDMs
Suppliers and vendors	<ul style="list-style-type: none">• Visits and meetings• Due diligence procedures• Regular supplier reviews• Interviews by an independent third-party consultant
Government and regulators	<ul style="list-style-type: none">• Daily communications• Compliance with local laws and regulations• Circulars and guidelines of regulatory authorities• Regular dialogue and meetings

4. APPROACH

c. Materiality Assessment

Focusing on the most important ESG issues can help the Group better utilize its resources to address issues and reduce associated risks. The Group conducted a comprehensive materiality assessment in 2021 and adopted a three-step methodology to identify and review ESG issues that are material to the Group’s business and stakeholders.



1. Identify Relevant Topics

- Discussions with the Group CEO and senior management
- Research of relevant economic, environmental and major social trends and challenges
- Review of available internal documents and peer group companies, creation and curation of a list of relevant ESG topics



2. Assess and Rank

A materiality matrix was created based on the results of internal and external assessments:

- Internal assessment: The ESG Committee assessed material issues based on the Group’s corporate values, development strategy, upcoming market challenges and opportunities
- External assessment: In addition to communicating with stakeholders through regular channels, the Group engaged an independent third-party consultant to conduct interviews of key stakeholders to understand their expectations

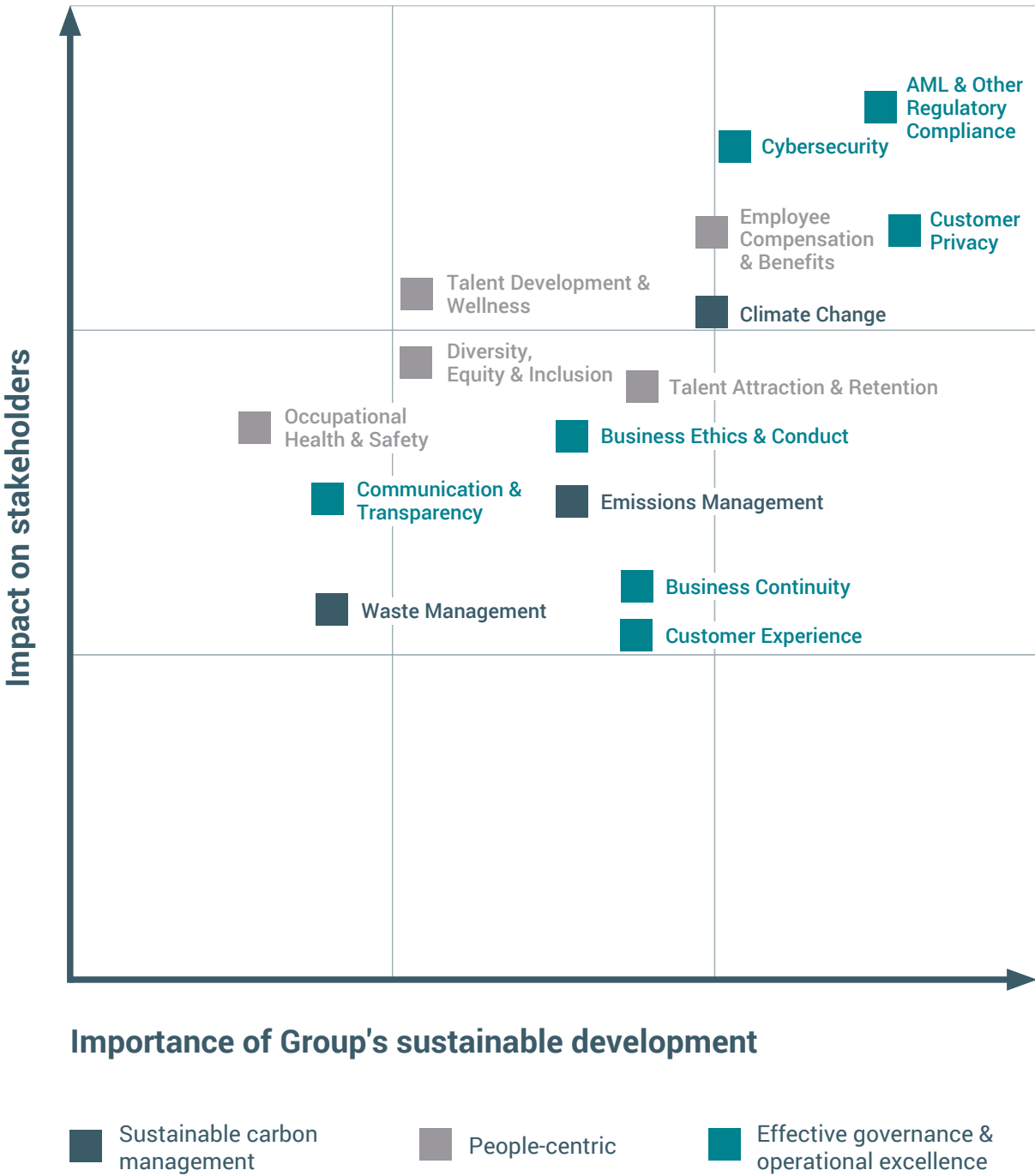


3. Validate Results

- Recommended material issues were discussed by the Group CEO, senior management and ESG Committee, and approved by the Board

d. Materiality Matrix

The feedback collected from the internal and external assessments was reviewed and analysed. The result of the materiality assessment is illustrated below:



4. APPROACH

e. ESG Strategy

BC Group is uniquely positioned as one of the most regulatory compliant, institutionally ready digital asset participants in the world and is consistently executing on its vision to *lead the regulated, institutional evolution of the digital asset market*. This mission goes hand-in-hand with a responsibility to manage the Group’s ESG impact across the blockchain and digital asset industry.

The Group believes in delivering long-term sustainable value creation to its shareholders. In doing so, and while the Group carries on its business, senior management makes choices that bring positive impact to the community. The Group has adopted policies that cover ESG issues that pertain to its businesses, including in the areas of employment and labor practices, business integrity, data security and privacy, AML, CFT, anti-corruption, market surveillance and transaction monitoring policies. The Group is also committed to supporting sustainable environmental standards and to ensure that it implements environmentally friendly operational measures.

Creating and delivering sustainable values to its stakeholders remains an overarching principle for BC Group. The Group’s sustainability framework is built on three pillars.



MATERIAL ESG TOPICS

This Report was developed around these three pillars and each section focuses on one pillar of the framework.



Sustainable Carbon Management

- Climate change
- Emissions management
- Waste management



People-Centric

- Talent attraction and retention
- Employee compensation and benefits
- Talent development and wellness
- Diversity, equity and inclusion
- Occupational health and safety



Effective Governance & Operational Excellence

- Business ethics and conduct
- Business continuity
- Customer privacy
- Cybersecurity
- AML and other regulatory compliance
- Communication and transparency
- Customer experience

5. SUSTAINABLE CARBON MANAGEMENT

Strategic approach:

- Lead the promotion of decarbonization and green innovation in the digital asset industry
- Commit to carbon neutrality initially with ambition to achieve net-zero emissions in the future
- Reduce the carbon footprint produced from the Group's operations
- Increase digitalization and automation and reduce the use of resources and need for business travel



SUSTAINABLE
CARBON
MANAGEMENT

5.1 Responding to Climate Change

Climate change is one of the greatest challenges facing the world today, given its widespread and proven impact on the physical environment and human health and its potential to adversely impact economic growth. Every organization has a responsibility to make an effort to limit the impact of climate change.

The Group believes its most significant contribution will be to align with the Paris Agreement goal of net-zero global greenhouse gas (“GHG”) emissions by 2050. To tackle climate-related risks, the Group targeted reducing emissions from operations and adopting energy-saving measures (please refer to the sections, “Reducing the Group’s Carbon Footprint” and “Waste Management” for more details).

Moreover, the Group purchased carbon credits to offset three years of its carbon emissions in 2021. It is also committed to promoting sustainability through a strategic investment in Allinfra, a blockchain-related ESG company.

In a further commitment to building a sustainable business for investors and the planet, the Group joined the Crypto Climate Accord (“CCA”) as an official Supporter. The CCA, inspired by the Paris Climate Agreement, is a private sector-led initiative for the entire crypto community focused on decarbonizing the cryptocurrency and blockchain industry. The CCA’s objective is to decarbonize the global crypto industry by prioritizing climate stewardship and supporting the entire crypto industry’s transition to net zero GHG emissions by 2040.

The Group mainly engaged in a digital asset and blockchain platform business in 2021 which does not involve any physical production of materials. However, a global increase in temperature may lead to an increase in the Group’s energy consumption from operations. The Group will continue to monitor the potential

risks of climate change and its impact on the Group’s operations and customers and implement preventive measures accordingly. Furthermore, the Group will continue its efforts to control energy consumption and carbon emissions.

Carbon neutrality

“

Carbon offsets are a key initiative in our journey to sustainability and our evolution as a socially responsible business.

”

Hugh Madden
BC Group CEO

In April 2021, BC Group fully offset its carbon footprint for three years (2018–2020) through the purchase and retirement of voluntary carbon credits by OSL via the ACX, a Singapore-based carbon credit exchange. The retirement of the credits represents an offset by BC Group in excess of its reported 647 tCO₂e (tonnes of GHG emissions) for 2018, 2019 and 2020.

The credits were issued under Verra’s Verified Carbon Standard (VCS) Program and generated from a solar renewable power project in India, which meets several United Nations Sustainable Development Goals, including goals related to climate action, good health, quality education, clean water and economic growth.

Details of the retirement of the carbon credits can be viewed on the Verra Registry [at this link](#).

Carbon credit offset

In April 2021, BC Group and OSL purchased 2,000 tons of the voluntary carbon credits via the ACX, more than its reported 647 tCO₂e (tonnes of GHG emissions) carbon offset for 2018, 2019 and 2020 as specified above. The remaining voluntary carbon credits (i.e. 1,353 tons) are kept on the Group’s balance sheet as an investment of green carbon credits.

Allinfra investment

In May 2021, as part of its commitment to a sustainable future, BC Group participated in a strategic funding round for Allinfra, an ESG-related blockchain company providing climate related digital asset products and services.

Allinfra is a provider of tokenization services for the infrastructure and renewable energy sector. It is currently working on several projects related to tokenizing renewable energy data (used for emission credits, carbon reduction credits etc.) from projects in Asia.

5.2 Reducing the Group’s Carbon Footprint

The Group is committed to the long-term environmental sustainability and community development and has, to its best knowledge, complied with all relevant laws and regulations regarding environmental issues in the countries in which it operates. During the Reporting Period, the Group measured and managed its environmental performance in several aspects of its operations.

Air emissions

Air pollution has become one of the biggest issues in cities. The Group has never engaged in industrial or agricultural production and is a service enterprise. Its source of emissions during the Reporting Period was daily office work in a general office environment, and emissions can be categorized as GHG and poison-free waste (domestic waste). The Group had no other harmful waste emissions to the atmosphere.

Due to the nature of its business, the Group does not generate a significant amount of exhaust gas directly during operations. The Group’s air emissions were generated mainly from gasoline consumption from vehicles in Mainland China. During the Reporting Period, the Group planned driving routes to increase efficiency, minimize the number of trips made for business purposes and encouraged the use of video and web-conferencing as a substitute for face-to-face meetings. The decrease in transportation activities reduced the demand for vehicles. Gasoline consumption was therefore significantly reduced, and air emissions declined accordingly. These emissions were considered immaterial to the Group.

GHG emissions

The impact of global climate change is a challenge that businesses and organisations around the world must face and address. The major sources of the Group’s GHG emissions are mainly from direct emissions from gasoline consumption of its vehicles (Scope 1), indirect emissions generated by using outsourced electricity (Scope 2) and other indirect GHG emissions from air travel (Scope 3).

During the Reporting Period, the Group’s total GHG emissions slightly increased by approximately 8.1% compared to the year ended 31 December 2020. This was mainly due to an increase in the consumption of electricity as a result of the resumption of working in physical offices during the Reporting Period compared to the prior year, during which all staff participated in mandatory work-from-home arrangements in the first half of the year due to the COVID-19 pandemic.

The Scope 1 GHG emissions were considered immaterial to the Group and the Group is taking measures and aims to maintain emissions at a minimal level as described in the Report section entitled “Air Emissions”.

Purchased electricity consumption, the Group’s Scope 2 GHG emissions, accounts for the largest portion of the Group’s GHG emissions. The Group aims to continuously reduce energy consumption and enhance the energy conservation awareness of employees through a number of energy conservation strategies and measures, including:

- Use of energy-saving equipment & lighting devices (e.g. LED lights, using energy efficient chillers);
- Use of motion sensors for office lighting which turns off automatically when rooms are not in use;
- Use as much natural light as possible without interfering with office work;
- Prompt replacement of damaged lights to prevent continued electricity consumption when they are not illuminated;
- Programmed switch off of all air-conditioning in the Group’s core offices, typically 19:00

Air travel constitutes the majority of the Group’s Scope 3 GHG Emissions. Due to COVID-19 in past two years, the Group’s air travel remains minimal. The Group has encouraged employees to use video and web conferencing technologies rather than

travelling, whenever possible. With the successful utilization of video conferencing technologies for meetings and collaboration, BC Group remains committed to the continued use of this technology, where feasible, to reduce the need for business travel.

The Group also adopted flexible working arrangements for employees beginning in 2020 with the aim of reducing emissions energy through savings in commuting, less use cars and fuel and less production of office waste.

Moreover, the Group will continue to assess, record and disclose its GHG emissions annually. The Group will continue to refine its data collection system and expand disclosure of Scope 3 GHG emissions in the coming years. The Group is committed to full carbon offsets for Scope 1 and Scope 2 GHG emissions going forward.

5.3 Waste Management

The Group’s businesses do not generate any hazardous waste. During the Reporting Period, only non-hazardous waste (mainly waste paper and toner) was produced by the Group from daily operations.

The Group works diligently to reduce the waste produced from its operations by upholding the principles of reduce, reuse and recycle, and through reducing paper usage through technology.

The Group recognizes the importance of waste reduction and waste separation at source for recycling. The Group has therefore made ongoing efforts to implement various waste management initiatives in its office operations as follows:

- Reduce paper consumption by using electronic means (e.g. email) for communication;
- Promote a paperless office by deepening digitization processes;

- Source office paper that complies with environmental standards and print only when necessary, reusing single-sided printed paper and stationeries;
- Centralize paper procurement, and strictly control the amount used;
- Preset printers to double-sided and black and white printing modes;
- Encourage colleagues to recycle waste, including paper, plastic and aluminum – recycling bins are available in main offices;
- Used laptop sale: almost all staff are provided with a laptop for their work, and it is inevitable that old laptops need to be retired after a certain number of years. The Group offers used laptops for sale to colleagues;
- The Group’s marketing team designed sustainable souvenirs (reusable tote bags, masks etc.) to promote green recycling

The Group aims to continuously streamline procedures and processes to increase efficiency and reduce consumption of day-to-day operational inputs to minimize waste. The Group will also continue to examine the feasibility of paperless systems and the incorporation of these into operational processes.

5.4 Use of Resources

The Group strives to maximize resource efficiency and is gradually transitioning to a low-carbon business model.

During the Reporting Period, direct energy consumption was generated from the use of gasoline which was considered immaterial to the Group. Indirect energy consumption was generated from the electricity consumption which is the primary source of energy consumption from the Group’s operations. The Group aims to improve energy efficiency as part of a continuous improvement process.

Please refer to section, “Reducing the Group’s Carbon Footprint”, for the measures adopted to reduce its energy consumption.

Water consumption

The Group’s business is conducted in office premises where water supply is solely controlled and centrally managed by building property management. It is therefore not feasible for the Group to provide all relevant water consumption data as there is no separate meter for the individual office units to record water usage. Despite this, the Group endeavors to conserve water effectively. Employees are reminded to turn off water taps after use. Water pipe leakage is fixed promptly to avoid unnecessary wastage.

Water consumption has been identified as non-material to the Group.

5.5 The Environment and Natural Resources

The Group’s business activities for the Reporting Period had no significant impact on environmental and natural resources.

The Group is committed to applying industry best practices and to comply with legislation, establish and review safety, security and environmental objectives and targets, use energy and materials efficiently, reduce waste and emissions and communicate its environmental protection policy to staff.

During the Reporting Period, the Group was not aware of any incidents of non-compliance with the relevant laws and regulations related to environmental concerns or that had a significant impact on the Group.

6. PEOPLE-CENTRIC

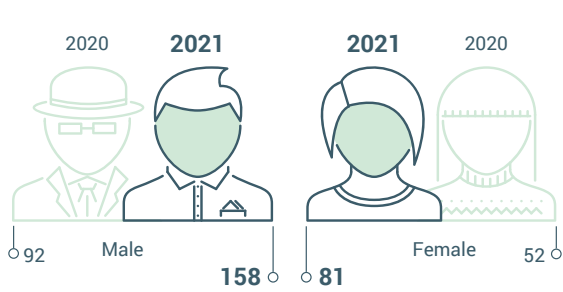
Strategic approach:

- Cultivate a high-performance culture
- Create a supportive work environment that promotes workplace diversity, well-being, health and safety, and advances innovation and inclusion
- Ensure accountable and equitable processes for employment, progression, and rewards to deliver sustainable business results
- Provide a platform for learning and development that helps people grow and build meaningful careers with BC Group

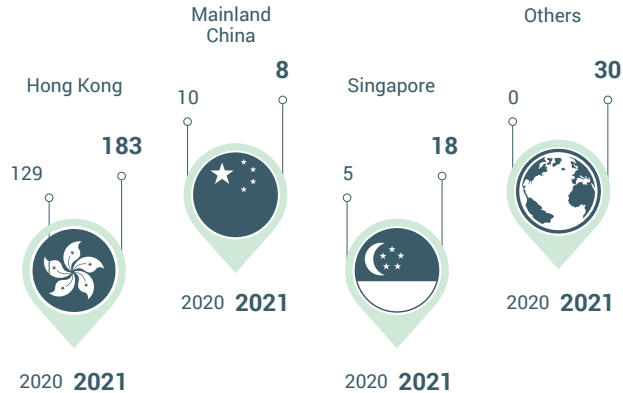
PEOPLE-CENTRIC

PEOPLE-CENTRIC
BY THE NUMBERS

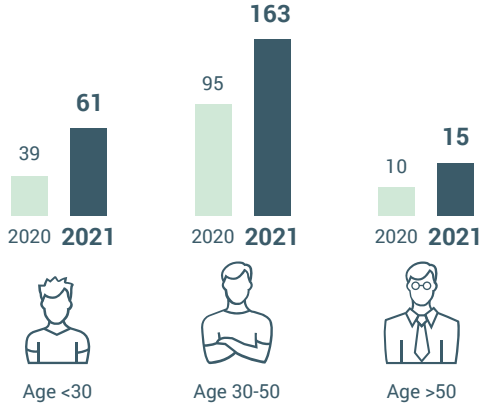
Total number of employees by gender



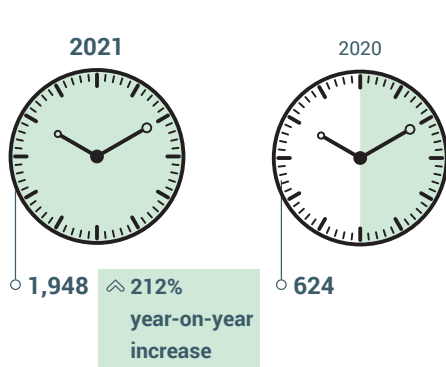
Total number of employees by geographical region



Total number of employees by age group



Total number of training hours



Please refer to the section entitled “Appendix I. Sustainability Performance Data Overview” for specifics of the Group’s workforce demographics.

The Group’s achievements are directly attributable to the efforts of its staff, and the company is committed to employee growth and development. The Group therefore selected being an “employer of choice” as one of its key strategic initiatives during the Reporting Period.

The Group has comprehensive human resources (“HR”) policies. All employees are treated fairly in recruitment, training and development, performance appraisals, promotions, remuneration and benefits. Staff dismissals are based on the Hong Kong Employment Ordinance or relevant local laws and regulations, as well as the requirements stipulated in employment contracts.

The Group is committed to providing equal opportunities for all employees and applicants without regard to race, color, religion, national origin, sex, age, marital status, sexual orientation, disability, political affiliation, personal appearance, family responsibilities, matriculation or any other characteristic protected under local law.

The Group provides a competitive package of benefits to all eligible employees according to job requirements and individual performance. The work of each employee is reviewed on an ongoing basis to provide a systematic means of evaluating performance.

6.1 Building Diversified Teams, Hiring and Retaining the Right People

BC Group actively hires high-calibre people across strategic functions and locations to accelerate global expansion and business performance. The Group’s HR policies are designed to hire and retain people with the right values and behaviors, motivate them to excel and uphold brand equity and core values. The Group actively monitors turnover levels and compares them against industry benchmarks. It also gathers insights through exit surveys. These activities enable the Group to address concerns and implement retention measures, and to ensure that the Group creates an environment in which the employees perform at a high level and grow their careers.

During the Reporting Period, the Group recruited talent to support its growing business and the expansion of its product offering. As at 31 December 2021, the full-time and non-full-time employees of the Group totaled 239, compared to 144 in the prior year.

The Group has a diverse workforce in terms of gender and nationality, providing a variety of ideas and levels of competencies that contribute to the Group’s success.

6.2 Training and Development

BC Group seeks to create a workplace that provides continuous learning to staff to equip them with sufficient skills and knowledge and training to meet their full potential.

The Group provides new joiners with a comprehensive on-boarding program to ensure new employees clearly understand the Group’s values and culture and efficiently integrate into the working culture. The on-boarding program provides information on the Group’s structure, an introduction to the different departments of the Group, the employee code of conduct, an overview of company policies and procedures and other important HR-related activities.

The Group also provides annual training to employees on business ethics, compliance, money laundering and sanctions, insider trading, information security and cyber risk awareness and conflicts of interest.

In addition, the Group offers regular “Lunch & Learn” and e-learning sessions to equip staff with industry knowledge and other important information and skills. As the first SFC-licensed digital asset trading platform to conduct type 1 and 7 regulated activities related to digital assets, the Group also sponsored training for all employees engaging in regulated activities to enhance their technical skills and professional expertise and ensure compliance.

During the Reporting Period, the total number of training hours by Group staff was 1,948, with a 99.2% employee coverage rate.

6.3 ‘Speak-Up’ Culture

The Group encourages employees to act with courage and integrity, and to “speak up,” and use sound judgement in challenging situations.

Creating channels and opportunities for staff to speak with senior management is important to the Group as this direct and transparent communication style is a key element in the Group’s open and dynamic company culture.

The Group holds regular townhall meetings, and regularly conducts “Ask Management Anything” sessions and skip-level meetings with staff to create an open dialogue between the staff and management and better understand employee experiences and needs.

The Group also conducts an employee engagement survey on an annual basis. The survey allows staff to freely share comments and valuable feedback about their experiences at the Group, which allows the HR and management to create appropriate staff wellbeing programs.

6.4 Well-Established Performance Management

The Group uses a fair and transparent process to assess the competencies and experience of candidates during recruitment and has fair and equitable employment, remuneration, promotion and termination procedures. The company utilizes a well-established 360-degree performance appraisal and feedback system and encourages regular feedback meetings between reporting managers and staff. The annual performance review is a formal opportunity for managers and employees to assess performance and strengthen working relationships with a view to assisting the company to accomplish its objectives. The review process also provides an opportunity to discuss progress, provide feedback and recognition, identify support that may be needed, and address issues that could affect an individual’s wellbeing.

The HR team utilizes a cloud-based goal management system to provide employees direction, and outline objectives for employees. This tool also supports managers and helps them guide employees and communicate and align expectations. All staff have a formal review at the end of each year, during which they discuss with their managers their progress against established goals achievements. The results influence pay recommendations during the annual review.

BC Group offers competitive remuneration to attract talented staff. Remuneration is determined by several factors, including but not limited to, individual performance, behavior and market benchmarks. The company uses performance-based remuneration to motivate and incentivize staff and meet business objectives. A portion of pay is discretionary and is based on the Group’s performance and an individual’s contribution and performance. The Group also provides employees with the opportunity to become BC Group shareholders through its Share Options Scheme and Share Award Plan.

6.5 Promoting Diversity, Equity and Inclusion

BC Group is committed to creating an inclusive, equal, and diverse working environment, where all employees feel valued and respected for who they are and for the work they contribute.

The Group’s equal opportunity policy is outlined and incorporated in its employee handbook and was created around the principle of an inclusive workplace culture with zero tolerance for discrimination or harassment. All harassment is strictly prohibited, and a reporting channel is provided to employees as a forum where the Group can handle and investigate any potential reports of harassment.

The Group’s HR policies strictly comply with all applicable local laws, legislations and ordinances. As an equal opportunity employer, the Group is committed to providing equal opportunities to all employees and applicants regardless of race, colour, religion, national origin, sex, age, marital status, sexual orientation, disability, political affiliation, personal appearance, family responsibilities, matriculation or any other characteristic protected under local law. Each person is evaluated based on personal skill and merit.

Moreover, the Group prohibits the use of child labor and forced or compulsory labor at all its units and suppliers. No employee is made to work against his/her will or work as forced labor, or is subject to corporal punishment or coercion of any type related to work. The Group has zero tolerance to employment of child labor and forced labor by the suppliers. The Group is not aware of any non-compliance with relevant rules and regulations on preventing child or forced labor.

The Group also embraces gender diversity and women represented 33.9% of employees across the Group during the Reporting Period. Staff receives training on diversity, inclusion, equal opportunity and human rights matters that are relevant to the Group’s operations.

6.6 Promoting Employee Well-being

Employees who enjoy a good work-life balance are better equipped for high performance. The Group regularly reviews employee benefits against market benchmarks to ensure they are fit for purpose and support staff wellbeing.

The Group embraces workforce diversity and promotes productivity, irrespective of physical and geographical locations. During the Reporting Period, the Group supported colleagues working from home and provided other forms of flexible working arrangements designed to protect health and safety. To consider and accommodate employee requests in an equitable, consistent and sustainable manner, the Group also rolled out a flexible working arrangement (“FWA”) to allow employees to work from home or other BC Group offices more frequently, depending on the nature of their job, the requirements of the business, and their own circumstances.

The Group also has staff mobility programs that enable employees to transfer to other office locations. Having the right people in the right place helps ensure the company to mobilise its resources to meet complex challenges for its customers. It also supports staff development.

The Group has reviewed and updated employee annual leave and entitlement benefits to promote work-life balance in the last two consecutive years.

6.7 Health and Workplace Safety

BC Group is committed to a work environment that enables employees to be at their physical and mental best.

The COVID-19 pandemic presented physical and mental health challenges. Lockdowns, quarantine, travel bans, and social distancing measures all raised concerns about increased social isolation and impact on mental well-being. The Group therefore offered employees resilience workshops, physical fitness workshops and healthy lunch options over the past two years.

In addition, the Group also provides comprehensive insurance benefit packages that include hospitalization and surgical benefits, outpatient treatment, dental services and wellness support.

The Group is committed to innovations and enhanced technology in the workplace, with the goal of becoming a more efficient and agile organization.

Ensuring the health and safety of employees is also one of the Group’s prime responsibilities and it endeavours to provide a safe and healthy working environment for employees and protects them from work-related accidents or injuries.

During the Reporting Period, the Group ensured full compliance with relevant occupational health and safety legislations of Hong Kong, Mainland China and other relevant jurisdictions. The Group also maintained a healthy and safe working environment with no occurrences of work-related fatalities. As the Group is principally engaged in a digital assets platform business and advertising and business park management services businesses, the Group believes that potential occupational hazards are relatively low.

6.8 Meeting the Challenges of COVID-19

COVID-19 poses a significant threat to public health. The Group implemented social responsibility and employee safety programmes to protect employees against infection and minimize the impact of the pandemic.

To further lessen infection risks, the Group established and implemented guidelines on working from home, split site operations and team shifts, social distancing and restrictions on moving from one office to another, depending on the severity level of the pandemic in each location. COVID-19 enquiries raised by employees were promptly handled by the HR team to ensure they were answered in a timely and consistent manner and in line with local laws and regulations. Employees were continuously kept up to date with changes to work arrangements via internal communications platforms on a regular basis.

To safeguard staff during COVID-19, the Group also took the following measures:

- Prohibited visitors from key operations floors and stopped staff moving between offices unnecessarily;
- Body temperature checks for staff and visitors at building entrances;
- Provision of surgical masks and disinfectant gel in communal areas;
- Increased the frequency of office cleaning;
- Suspended workplace social events

- Encouraged remote and flexible working arrangements;
- Encouraged video conferencing over face-to-face meetings;
- Reminded employees to maintain good personal hygiene such as wearing surgical masks properly and washing hands frequently in office;
- Requested that employees who travelled overseas stay at home for self-quarantine;
- Requested that employees declare recent travel and potential virus exposure history

BC Group believes that vaccination is an important public health measure to effectively control COVID-19. In the second quarter of 2021, the Group introduced a vaccination incentive program to encourage employees to get vaccinated. Under the program, employees who get vaccinated were provided with shopping coupons, paid sick leave for vaccination days and an opportunity to enter into a lucky draw to win prizes.

The Group will closely monitor the pandemic and strengthen precautionary measures as necessary.

7. EFFECTIVE GOVERNANCE & OPERATIONAL EXCELLENCE

Strategic approach:

- Manage risks and opportunities related to the Group's businesses
- Maintain and ensure the sufficiency and relevance of the risk management framework and its application sustainable business practices
- In compliance with laws and regulations, commit to operational excellence and create long-term value for shareholders and stakeholders
- Establish a corporate culture of create ethics and integrity and improve the transparency of corporate operations.

EFFECTIVE
GOVERNANCE &
OPERATIONAL
EXCELLENCE

The Group is committed to high standards of regulatory compliance, operational transparency and encourages fair and orderly digital asset markets. The Group recognizes both the social benefits – including the opportunity for greater financial inclusion and value protection in cases of geopolitical conflicts – and the perils of abuse in the transfer of digital assets in all parts of the world via the internet.

The Group has compliance safeguards and opted into regulatory frameworks covering AML and CFT that are applicable to financial institutions in Hong Kong and other operating jurisdictions. The group applies institutional-grade AML and “know-your-customer” (“KYC”) standards to all platform users to prevent financial crime and regulatory circumvention. Further, blockchain analytics tools are utilized by the OSL platform to analyse sources of the digital assets received by the Group, and further enhance its compliance framework.

The Group has policies and measures to address any non-compliance or security issues; including policies relating to conflicts of interest, market surveillance and transaction monitoring tools to maintain fair and orderly digital asset markets. It has also established security measures and protocols in accordance with industry standards, with insurance that provides safeguards in case of thefts or losses of digital assets held in the Group’s platforms. The Group maintains a data privacy policy in accordance with relevant laws and industry practices.

The Group is committed to honesty, integrity and fairness in its business operations. It supports fair trade and operations practices and ensures all marketing and communication materials are updated in compliance with government regulations in the regions in which it operates.

The Group is not aware of any material non-compliance with relevant laws and regulations on health and safety, advertising and privacy matters related to services provided or related to bribery, extortion, fraud and money laundering during the Reporting Period.

7.1 Corporate Governance

Strong corporate governance is essential for delivering sustainable shareholder value. The Group is committed to maintaining high standards of corporate governance to safeguard the interests of its shareholders and to enhance corporate value and accountability. For details of the Group’s corporate governance, please refer to the “Corporate Governance Report” in the Group’s FY2021 Annual Report.

To drive sustainable change in the marketplace and within the Group, the Group has set up an ESG Committee to oversee and steer ESG strategy and operations. Please refer to the section “ESG Governance Structure” in this Report for more details.

7.2 Business Ethics & Integrity

The Group is a market leader that aims to set the global standards for security and compliance in digital assets and is committed to upholding ethical business practices.

To reinforce a strong culture of integrity and compliance among employees, the Group has a personal account dealing policy and mandatory training for all staff on ethics, business standards, bribery and corruption. The Group regularly reviews and updates its policies to strengthen and enhance business resilience and to meet stakeholder expectations.

The employee code of conduct lays out expectations for ethical behaviour for all staff and aligns with the Group’s core values. All employees are required to comply the code of conduct and sign it annually.

7.3 Anti-Corruption

The Group has a zero-tolerance approach to bribery and corruption. In accordance with local regulations, including the Prevention of Bribery Ordinance and the financial professional ethics guidelines issued by the Hong Kong Independent Commission Against Corruption (“ICAC”), as well as industry best practices, the Group also has created its own anti-corruption and anti-bribery management framework. This framework sets out relevant principles and requirements as well as management roles, responsibilities and mechanisms, including evaluation, training, and whistleblowing.

The Board is responsible for setting a “top-down” anti-corruption and anti-bribery strategic direction, and for upholding the Group’s commitment to strictly abide by relevant laws and regulations as well as its corporate culture. In addition, and to promote and communicate an anti-corruption and anti-bribery culture, the Group offers regular business ethics training.

During the Reporting Period, all directors and staff completed training on company values and conduct which covered, among other topics, anti-bribery and corruption.

During the Reporting Period, no legal cases regarding corrupt practices were concluded or brought against the Group or its employees.

7.4 Whistleblowing

The Group promotes integrity and prevents unethical pursuits. It encourages reporting of suspected irregularities, human rights abuses and workplace misconduct, and provides grievance and whistle-blowing channels.

The Group has a whistle-blowing procedure for reporting fraud, corruption, bribery, extortion and money laundering, encourages reporting of suspected fraudulent actions and business irregularities and provides clear channels specifically for this purpose.

The Group encourages whistleblowing when appropriate for confidential reporting of any actual or suspected misconduct. All whistleblowing cases are handled and investigated by subject matter experts and treated confidentially and without threat of recrimination. Any possible improprieties in any matter related to the Group will be escalated.

BC Group is committed to ensuring that processes are in place such that investigation of the reports and follow-up actions are handled confidentiality, properly and appropriately. The Group will also review and refine the procedures regularly to ensure effective whistleblowing system is implemented.

During the Reporting Period, no whistleblowing concerning criminal offences or misconduct was reported.

7.5 Anti-Money Laundering and Counter-Financing of Terrorism

The Group strictly abides by all laws and regulations on AML/CFT in Hong Kong and has implemented AML/CFT and crime prevention work, and formulated an AML/CFT policy in compliance with relevant laws and regulatory requirements, the Group’s risk management strategies and the recommendations of international organisations such as the Financial Action Task Force.

The Group’s Risk Committee sets the Group’s AML risk tolerance and formulates resolutions for various business units to follow. Acting in accordance with policies and regulatory requirements, staff conscientiously carry out tasks with respect to customer acceptance, customer due diligence, ongoing monitoring, suspicious transaction investigation and whistleblowing, and customer and transaction record keeping, among others. The Group has a comprehensive set of sanctions screening systems and suspicious transaction monitoring mechanisms, and this is regularly enhanced to effectively identify suspicious customer accounts and transactions.

In accordance with the recommendations and guidance of the SFC, the Group conducts regular AML/CFT risk assessments, which includes: recording identification and assessment steps for relevant risks, qualitatively and quantitatively analysing relevant information, determining overall risk levels, and outlining specific risk mitigation measures to be adopted.

The Group provided employee training and regularly incorporated examples of financial crime into training and internal circulars during the Reporting Period.

- All employees are required to attend training on AML at least once annually;
- Online compliance training is organised for new employees, and new frontline employees are required to complete comprehensive training courses;
- External AML experts are regularly invited to communicate with and conduct training for the Board, management and employees and share the latest AML regulatory requirements and international cases.

In addition, the Group provides customers with timely fraud risk and AML reminders through website notifications and emails.

The pandemic has changed financial transaction patterns and increased electronic transaction volumes and the use of digital assets. Accordingly, during the Reporting Period, the Group actively strengthened relevant controls and introduced innovative technologies to strengthen AML/CFT practices.

7.6 Services Excellence

The Group prides itself on customer care and social responsibility, customers are at the heart of its service strategy, planning and execution.

BC Group’s constantly takes feedback from customers into consideration; with the ultimate goal of offering impeccable service and customer satisfaction. Based on feedback from customers, the Group adjusts its services as needed.

During the Reporting Period, the Group laid the foundation for a data-driven services approach to accompany its digital service offering and its white-glove customer relationship management. This updated approach includes the measurement of customer focused KPIs using a Net Promoter Score.

The Group makes every effort to promptly and fairly investigate and resolve all disputes and complaints lodged by clients. All client complaints are handled by the Compliance department. Upon receipt of a client complaint, Compliance will analyse and investigate in a timely manner and report its findings to senior management. Senior management will review the investigation report to determine if the client complaint has been substantiated. If so, it will then determine an offer of rectification or compensation to the client. Details of which will be communicated to the client in a timely manner in order to finalise the complaint process. Once the client complaint has been finalised, senior management and compliance will determine whether internal controls and procedures need to be enhanced or any other appropriate actions are required. During the Reporting Period, no substantial client complaints were received.

7.7 Intellectual Property and Brand Management

The Group protects its intellectual property rights by prolonged use and registration of domain names and various trademarks. The Group’s trademarks and domain names are constantly monitored and renewed prior to expiration. Furthermore, the Group immediately takes action against any incorrect news or erroneous public materials published by unauthorised third parties that reference the Group, its IP, brands or subsidiary companies.

The Group’s internal and external communications, marketing and advertising collateral provides distinct and transparent information on the company and its practices and ensures that the Group does not violate or infringe the intellectual property rights, patents or rights of third parties.

During the Reporting Period, the Group was not aware of any incidents of non-compliance with regulations and voluntary codes concerning the provision and use of the Group’s products and services, which cover product and service information, marketing communications including advertising, promotion and sponsorship, and property rights including intellectual property rights that would have a significant impact on the Group.

The Group also has policies in place to govern its internal and external communications and help employees learn about the Group’s brand identity and guidelines.

7.8 Effective Risk Management

A robust risk management framework is a cornerstone of operational excellence, resilience, and brand reputation. The Group has therefore established a robust risk and governance structure to ensure all risks are identified, assessed, managed, controlled and monitored.

The Board has ultimate responsibility for oversight of the Group’s risk management activities; and the Board Risk Management Committee is responsible for advising the Board on the Group’s overall risk tolerance and risk management strategies. The Board’s Risk Management Committee is supported by the Group Risk Committee and various sub-committees such as the Operational Risk Committee, the Crisis Management Team, the Client Onboarding Committee, the Technology Risk Committee and the New Product Committee, each of which comprises various members of senior management and operational department heads. The ESG Committee was also formed and has oversight of ESG risk management initiatives.

The Group’s risk management framework encompasses, without limitation, key risk vectors of market and credit risk, technology risk and cyber security, operational risk as well as legal, regulatory, fraud and reputational risk. This framework is clearly enunciated through a comprehensive suite of policies that drive operational controls and procedures.

The Group operates with a formal “four lines of defence” model, which sets out clear responsibilities for overseeing and coordinating risk assessment and mitigation of the Group’s risks to ensure they are effectively identified, measured, monitored and controlled.

1st Line of Defence – Business Management

Individual business units own and manage risk and are responsible for undertaking and establishing appropriate controls to operate effectively.

2nd Line of Defence – Compliance, Finance and Risk Management Departments

These oversight functions bring expertise, process excellence and controls alongside the 1st Line of Defence and help ensure that risk and control procedures are operating as intended.

3rd Line of Defence – Internal Audit

Internal Audit provides an independent and objective assurance of the effectiveness and adequacy of the Group’s internal control system, with a primary reporting to the Board through the Audit Committee.

The Group is in the process of establishing an Internal Audit Department which will work closely with the Operational Risk team. The Operational Risk Team runs the annual Risk and Control Self-Assessment program which is a forward-looking evaluation of processes and procedures aimed at targeting weaknesses and deficiencies before they can cause failures, incidents or issues.

4th Line of Defence – External Audit

External audit provides an independent and objective assurance and to assess compliance with relevant standards and controls. The Group engages PwC as its external auditor, which conducts a comprehensive yearly audit of financial reporting as well as regulatory compliance and other operational policies and procedures.

7.9 Risk Culture

The Group’s robust risk management framework is a combination of top-down and bottom-up components.

The top-down component is explained in section 7.8 “Effective Risk Management” and remains an active framework for identification and management of risks and exposures.

The bottom-up component is founded on the statement: “all staff are risk managers,” which has been presented to all staff as the key risk management message by the Chief Risk Officer.

All staff have been tasked with one risk management directive: “escalate when you have a concern.”

Issue and incident escalation is key to early identification and rapid remediation of risks. Staff are required to escalate to line managers, up through department heads and if necessary to the company’s Crisis Management Team.

7.10 Business Continuity and Crisis Management

Three tenets form the basis of BC Group’s Business Continuity methodology:

- 1. Staff safety above all else
- 2. Ability to maintain business activity
- 3. Client experience and safety

When an incident requires management intervention, the Crisis Management Team (“CMT”) takes control so that:

- A single decision-making body has full coverage of all aspects of the challenge at hand;
- Clarity of action and elimination of confusion is provided for all staff;
- Internal and external communication is via a single contact point

The CMT also drives all business continuity initiatives so that robust fail-over mechanisms are specified, tested against stress scenarios, and implemented. These fail-over mechanisms are a combination of technology disaster recovery components as well as departmental business continuity procedures.

7.11 Supply Chain Management

The Group values mutually beneficial and longstanding relationships with its suppliers. Contracts and agreements are performed in compliance with contractual requirements and all suppliers are treated with respect and equality.

The Group works closely with service providers that mainly offer information technology, professional and marketing services. The selection of suppliers is based on criteria such as price, customer service team responsiveness, capability and experience (or more), with preference given to potential suppliers that demonstrate their commitment to the environment.

Regular reviews of existing suppliers are also conducted related to anticorruption, bribery, etc., with all conflicts of interests (including potential conflicts) declared. Relevant laws and regulations, as well as customer confidentiality obligations, were strictly followed and quality year-round services were provided.

The Group is on alert for unfavorable news of its engaged suppliers on related to environmental impact. In the event of such news, the Group will internally discuss the need to change the supplier.

During the Reporting Period, the Group had 314 suppliers. Suppliers by region data was not available as the information was not needed in the current procurement management practices. The Group will continue to refine the procurement management framework and expand the details of disclosure.

The Group was not aware of any key suppliers that had any significant actual or potential negative impact on business ethics, environmental protection, human rights and labor practices, nor did any supplier have any non-compliance incident with respect to human rights or environmental issues.

7.12 Information Security, Customer Privacy Protection

In alignment with its mission to be an industry leader providing secure and compliant technology for digital asset products and services, it is critical for BC Group to set standards for the protection of information assets from unauthorized access and compromise or disclosure. Accordingly, BC Group has adopted comprehensive policies detailing data protection to help manage and protect its information assets, and has detailed guidelines on data security, data sharing, data retention/disposal and data classification.

Moreover, as the potential impact of cyberattacks may include but is not limited to financial loss, reputational damage and loss of customers, the Group is committed to the protection of the organizations’ information assets against internal and external threats. The Group’s cybersecurity framework includes the following tenets:

- Protection of information and systems against unauthorized access;
- Confidentiality of information must be assured;
- Integrity of information must be maintained;
- Availability of information for business processes must be guaranteed;
- Information Security Risk Management must be an ongoing control process

To achieve these goals, the Group strictly complies with comprehensive internal policies and industry best practices regarding information security. BC Group provides staff with up-to-date information security and cyber risk awareness training on a periodic basis. The Group also continually strengthens its data security policy and instructs employees to report security incidents. The Group’s cybersecurity experts investigate numerous alerts from different data sources and, if necessary, escalates matters to the internal incident team.

Data privacy is overseen by individual businesses and functions as first-line risk owners, while the Chief Information Security Officer, Chief Risk Officer and Chief Information Officer are the first-line control owners to maintaining and implementing the overall information security framework, providing support and compliance of the information security framework. The Group’s Technology Risk Committee provides second-line oversight for reviewing the policies, exception management and escalating significant cyber risk to the Board Risk Management Committee.

There were no substantiated complaints concerning breaches of customer privacy or losses of customer data for the Group during the Reporting Period.

7.13 Cybersecurity

The Group has a cybersecurity framework to help identify risks across the organization. A “defence in depth” approach is taken to protect information and system assets including, but not limited to, the following technology aspects:

- Strict traffic flow and whitelisting;
- Application and service isolation;
- Multi-factor authentication enforcement;
- Activity monitoring and threat hunting across systems and services;
- Vulnerability and patch management program;
- Secure baseline configuration across systems and services.

The Group’s total defence approach encompasses:

Digital defence

Cold wallets are based on air-gapped infrastructure located within secure vaults.

Physical defence

Secure vaults are designed with robust physical protections, including man traps, biometrics, dual control, CCTV and 24/7 monitoring.

Process defence

All custody systems, processes and operations adhere to strict segregation of duties, dual control and split knowledge, and are designed to ensure end-to-end security providing maximum protection of client assets.

Slippage detection and prevention

This includes 24/7 real-time monitoring of cold and hot wallets and reconciliation against multiple data sources to detect anomalies. Emergency controls are available to halt all asset withdrawals in the event of a detected anomaly.

Integrated blacklists and address whitelisting capability ensures wallets can only send to verified client addresses.

Insurance

Insurance coverage for hot and cold wallets holding client assets.

7.14 Wallet Operations

The Group has a dedicated 24/7 wallet operations team which performs wallet-related tasks such as transferring digital assets to the hot wallet or to clients via the offline cold wallet.

Following best practices for internal controls, all activities throughout the wallet lifecycle process are designed to include dual control, four-eyes checks, segregation of duties and split knowledge.

With dual control, no single member of staff in the Group can perform any wallet functions. All wallet withdrawals can only be initiated by the users of the Group’s platform and then processed by the wallet operations team with strict maker and checker authorization (four-eyes) required for the transfer of digital assets and other sensitive functions. Limit controls are enforced, and address whitelisting (strict and non-strict) can be enforced for customers. Checker authorization for certain transactions makes use of geographically separated, overseas approvers.

The Group also operates a 24/7 monitored reconciliation engine. The engine tracks transactions and digital asset transfers in real-time and performs 2-way and 3-way matching of these transactions and transfers. Engine operators initiate additional checks should there be exceptions detected.

The Group has documented Standard Operating Procedures (“SOP”) for every aspect of wallet operations such as wallet management, hot and cold wallet withdrawals, vault enrolment and vault operations.

All new and existing wallet operations team members are required to attend training and refreshers on a periodic basis and new staff will initially perform their duties under supervision for a period of time after training to ensure smooth operations. New staff also must undergo employee screening.

The Group also performs regular Business Impact Analysis (“BIA”) and creates or enhances Business Continuity Plans (“BCP”) as a result of the BIA. Regular Disaster Recovery (DR) drills are carried out as part of BCP.

7.15 Vault Safety

The Group’s digital asset private keys are securely hosted in FIPS 140-2 Compliant HSM’s within dedicated physical security vaults.

The vault is protected by a 24/7 dedicated intrusion monitoring team manned by an independent alarm monitoring organization. The vault is located in a secure building with its own physical security controls, CCTV monitoring and 24/7 security guards.

Entry to the vault is via multi-factor physical authentication and it contains isolated and localised CCTV. All personnel entering the vault are subject to a strict search and remove policy and a log register is maintained for entry/exit.

Access and traffic flow to the vault is controlled by man-trap doors with biometric authentication and traditional lock and key.

These hardware security modules (“HSMs”) are directly connected to air gapped computers which are never connected to the internet or any other networks, even during transaction signing procedures.

The HSMs never leave the vault and the private keys are non-exportable.

Wallet infrastructure software is proprietary. All systems and hardware are sourced from trusted and diverse vendors and securely opened and configured under supervised conditions. All systems require hardware based two-factor authentication devices.

The Group also maintains disaster recovery sites with scheduled annual drills.

7.16 Community Investment

The Group encourages staff to take part in community welfare and voluntary work and the Directors actively maintain communication with non-governmental organizations to understand community needs for the sake of fulfilling its responsibility and to give back to society.

APPENDIX I:
SUSTAINABILITY PERFORMANCE DATA OVERVIEW

Environment

Air emissions

Air Emissions	Units	2021	2020
Nitrogen oxides (NO _x)	Emissions kg ¹	0.89	20.27
Sulphur oxides (SO _x)	Emissions kg ¹	0.002	0.05
Particulate Matter (PM)	Emissions kg ¹	0.08	1.94

Greenhouse gas (GHG) emissions

GHG Emissions	Units	2021	2020
Direct GHG Emissions (Scope 1)	tCO ₂ e	0.35	8.11
Indirect GHG Emissions (Scope 2) ²	tCO ₂ e	189.06	169.28
Other Indirect GHG Emissions (Scope 3)	tCO ₂ e	5.39	2.78
Total Scope 1 and 2 GHG Emissions	tCO ₂ e	189.41	177.39
Total Scope 1,2 and 3 GHG Emissions	tCO ₂ e	194.80	180.17

Greenhouse Gas (GHG) Emissions Intensity	Units	2021	2020
Total Scope 1 and 2 GHG Emissions/Office Area ³	tCO ₂ e/m ²	0.06	0.05
Total Scope 1,2 and 3 GHG Emissions/Office Area ³	tCO ₂ e/m ²	0.06	0.05
Total Scope 1 and 2 GHG Emissions/Employee ⁴	tCO ₂ e/headcount	0.99	1.28
Total Scope 1,2 and 3 GHG Emissions/Employee ⁴	tCO ₂ e/headcount	1.02	1.30

Waste management

Hazardous Waste

During the Reporting Period, no significant amount of hazardous waste was produced and emitted to water and land.

Non-hazardous Waste	Units	2021	2020
Paper Purchased ²	tonnes	0.95	0.74
Toner Purchased ²	pieces	12	10

Non-hazardous Waste Intensity	Units	2021	2020
Paper Purchased/Employee ⁴	tonnes/headcount	0.005	0.005
Toner Purchased/Employee ⁴	pieces/headcount	0.063	0.072

Direct & indirect energy consumption

Type of Resources	Units	2021	2020
Gasoline	liter	150	3,435
Purchased Electricity ²	kWh	271,923	214,307

Resources Consumption Intensity	Units	2021	2020
Gasoline/Employee ⁵	Liter/headcount	18.75	343.50
Purchased Electricity/Employee ⁴	kWh/headcount	1,423.68	1,541.78

Water consumption

Water Consumption & Sourcing Water

Water consumption has been identified and confirmed as non-material to BC Group. The Group's operations mainly use municipal water and has no issues in sourcing water.

Packaging materials

Packaging Materials

The Group is a fintech company and does not require large-scale consumption on packaging.

1. Unit changed from Emissions tonnes to Emissions kg.
2. Electricity usage and paper & toner consumption data has been collected from its Hong Kong and Mainland China offices. The Group uses business service centres in Singapore, UK and Mexico. No separate electricity usage data was obtained, and all costs are included in rental expenses. Paper used in Singapore, UK and Mexico will be on consumption and it is considered immaterial to the Group during the Reporting Period.
3. Calculated based on a gross floor area of Hong Kong and Mainland China offices (2021 & 2020: approximately 3,500 square metres).
4. Calculated based on number of employees in Hong Kong and Mainland China offices (2021: 191 employees; 2020: 139 employees).
5. Gasoline consumption is generated from vehicles in Mainland China, and the Group uses the number of employees in Mainland China for calculation of consumption intensity (2021: 8 employees; 2020: 10 employees).

Social

Employees

Total number of employees by gender, age group, employee type and geographical region

Breakdown	2021		2020	
	Number	(% of total staff)	Number	(% of total staff)
Total number of employees by gender				
Female	81	33.9	52	36.1
Male	158	66.1	92	63.9
Total number of employees by age group				
Age <30	61	25.5	39	27.1
Age 30–50	163	68.2	95	66.0
Age >50	15	6.3	10	6.9
Total number of employees by employment type				
Full-time	238	99.6	142	98.6
Non Full-time	1	0.4	2	1.4
Total number of employees by geographical region				
Hong Kong	183	76.6	129	89.6
Mainland China	8	3.3	10	6.9
Singapore	18	7.5	5	3.5
Others	30	12.6	–	–
Total	239		144	

Gender by employee category

Breakdown	2021			2020		
	Female	Male	Total	Female	Male	Total
Gender by employee category						
Senior management	5	22	27	5	18	23
Mid-level employees	34	90	124	19	44	82
General employees	42	46	88	28	30	39
Total	81	158	239	52	92	144
Gender by employee category (% of total staff)						
Senior management	2.1	9.2	11.3	3.5	12.5	16.0
Mid-level employees	14.2	37.7	51.9	13.2	30.6	56.9
General employees	17.6	19.2	36.8	19.4	20.8	27.1
Total	33.9	66.1	100	36.1	63.9	100

Employee turnover rate by geographical region, age group and gender

Breakdown	2021	2020
Employee turnover rate by gender (%)		
Female	33.1	38.0
Male	30.4	26.0
Employee turnover rate by age group (%)		
Age <30	52.0	42.5
Age 30–50	24.0	25.3
Age >50	24.0	26.7
Employee turnover rate by geographical region (%)		
Hong Kong	34.0	32.3
Mainland China	22.2	–
Singapore	17.4	18.2
Others	20.0	–
Total	31.3	30.3

Training and development

Breakdown	2021		2020	
	Number	(%)	Number	(%)
Total training hours	1,948		624	
Average training hours per employee	8.15	99.2	4.34	91.7
Average training hours by gender and percentage				
Female	7.56	97.5	3.97	82.7
Male	8.45	100	4.55	96.7
Average training hours by employee category (%)				
Senior management	5.47	100	3.33	82.6
Mid-level employees	9.18	100	4.51	95.2
General staff	7.53	97.7	4.56	94.8

Misconduct cases

Breakdown	2021	2020
Confirmed incidents categories		
Discrimination	–	–
Corruption	–	–

Occupational health and safety performance

	2021	2020
Number of fatalities as a result of work-related injury	–	–
Fatalities rate as a result of work-related injury	–	–
Lost days due to work injury	–	–
Rate of lost days due to work injury	–	–

APPENDIX II:
HONG KONG STOCK EXCHANGE ESG REPORTING GUIDE CONTENT INDEX

HKEX ESG Reporting Guide Reference	Description	Section of this report
A. Environmental		
Aspect A1: Emissions	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	5. Sustainable Carbon Management
	(A1.1) The types of emissions and respective emissions data.	5.2, Appendix I (Air Emissions)
	(A1.2) Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	5.2, Appendix I (GHG Emissions)
	(A1.3) Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Not applicable as no material hazardous waste was produced in the Group's operations.
	(A1.4) Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	5.3, Appendix I (Waste Management)
	(A1.5) Description of emissions target(s) set and steps taken to achieve them.	5.2
	(A1.6) Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	5.3

HKEX ESG Reporting Guide Reference	Description	Section of this report
Aspect A2: Use of Resources	Policies on the efficient use of resources, including energy, water and other raw materials.	5.4
	(A2.1) Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	5.4, Appendix I (Direct & Indirect Energy Consumption)
	(A2.2) Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Water consumption has been identified as non-material to the Group.
	(A2.3) Description of energy use efficiency target(s) set and steps taken to achieve them.	5.4
	(A2.4) Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Not applicable as the Group did not have issue in sourcing water due to its business nature and locations.
	(A2.5) Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Due to the Group's business nature, the use of packaging material is considered as immaterial to the Group as the Group.
Aspect A3: The Environment and Natural Resources	Policies on minimising the issuer's significant impact on the environment and natural resources.	5. Sustainable Carbon Management
	(A3.1) Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	5.5
Aspects A4: Climate Change	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	5. Sustainable Carbon Management
	(A4.1) Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	5.1

HKEX ESG Reporting Guide		
Reference	Description	Section of this report
B. Social		
Aspects B1: Employment	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	6. People-Centric
	(B1.1) Total workforce by gender, employment type, age group and geographical region.	Appendix I (Employees)
	(B1.2) Employee turnover rate by gender, age group and geographical region.	Appendix I (Employees)
Aspects B2: Health & Safety	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	6.6, 6.7, 6.8
	(B2.1) Number and rate of work-related fatalities.	Appendix I (Occupational Health & Safety Performance)
	(B2.2) Lost days due to work injury.	Appendix I (Occupational Health & Safety Performance)
	(B2.3) Description of occupational health and safety measures adopted, how they are implemented and monitored.	6.6, 6.7, 6.8

HKEX ESG Reporting Guide		
Reference	Description	Section of this report
Aspects B3: Development & Training	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	6.2
	(B3.1) The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Appendix I (Training and Development)
	(B3.2) The average training hours completed per employee by gender and employee category.	Appendix I (Training and Development)
Aspects B4: Labor Standards	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.	6.5
	(B4.1) Description of measures to review employment practices to avoid child and forced labor.	6.5
	(B4.2) Description of steps taken to eliminate such practices when discovered.	6.5

HKEX ESG Reporting Guide		
Reference	Description	Section of this report
Aspects B5: Supply Chain Management	(B5.1) Number of suppliers by geographical region.	7.11
	(B5.2) Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	7.11
	(B5.3) Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	7.11
	(B5.4) Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	7.11
Aspects B6: Product Responsibility	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	7. Effective Governance & Operational Excellence
	(B6.1) Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not applicable
	(B6.2) Number of products and service-related complaints received and how they are dealt with.	7.6
	(B6.3) Description of practices relating to observing and protecting intellectual property rights.	7.7
	(B6.4) Description of quality assurance process and recall procedures.	7.6
	(B6.5) Description of consumer data protection and privacy policies, how they are implemented and monitored.	7.12, 7.13

HKEX ESG Reporting Guide		
Reference	Description	Section of this report
Aspects B7: Anti-Corruption	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	7.2, 7.3, 7.5
	(B7.1) Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Appendix I (Misconduct Cases)
	(B7.2) Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	7.4
	(B7.3) Description of anti-corruption training provided to directors and staff.	7.3
Aspects B8: Community Investment	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	7.16
	(B8.1) Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	7.16
	(B8.2) Resources contributed (e.g. money or time) to the focus area.	7.16