



Karin Technology
Holdings Limited

Karin Technology Holdings Limited

Sustainability Report 2022

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About This Report

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

Reporting Period and Cycle

[GRI 102-50, 102-52]

The Report illustrates the overall performance of Karin regarding the economic, environmental and social area from 1 July 2021 to 30 June 2022 (“FY 2022”). It will be published annually.

Reporting Scope and Boundaries

The information disclosed in the Report covers the core and material business units of the Group in Hong Kong, which accounts for more than 70% of our total revenue in FY 2022. Karin will consider expanding the scope of the Report to include other business and locations progressively. If the scope and boundaries of the specific contents vary, they are noted in the relevant section of the Report.

Reporting Framework

[GRI 102-54]

The Report is prepared in accordance with Global Reporting Initiatives (“GRI”) Standards: Core option. The GRI Standards is an internationally recognised framework and was selected for its universal application for reporting on a range of economic, environmental and social performance. The Report also complies with the Singapore Exchange Securities Trading Limited (SGX-ST) Listing Rules (711A and 711B) and the Singapore Exchange Limited (SGX) Sustainability Reporting Guide. The Report should also be read in conjunction with the Annual Report 2022. We have adopted a phased approach to our reporting and will seek to provide additional disclosures over time.

Reporting Principles

[GRI 102-46]

The content of the Report is prepared based on four principles - Stakeholder inclusiveness, Sustainability context, Materiality and Completeness.



Restatement

[GRI 102-48]

No restatement is made for the previous report.

External Assurance

[GRI 102-56]

The financial statements included in the Annual Report 2022 have been audited and assurance by independent auditors. For the Sustainability Report 2022, we have relied on our internal mechanisms, and check to ensure the accuracy of the data and information. Performance data for the corresponding material topic is reported in good faith and to the best of our knowledge.

Availability

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

Feedbacks

[GRI 102-53]

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

Board Statement

[GRI 102-14]

Dear Stakeholders,

The Board of Directors is pleased to present Karin Technology Holdings Limited's fifth full Sustainability Report of Financial Year 2022 (FY 2022).

We recognise that sustainability is increasingly important for business as the world today faces challenging issues, including but not limited to climate change, shortage of natural resources and human rights. Expectations for companies to take the initiative on sustainability are higher. We are committed to embedding human rights considerations into decision-making across the Group and into our policy and governance framework. As a listed company, we recognise the responsibility and opportunity we have to raise awareness among our employees on environmental and human rights issue. In 2020, we enhanced our training on occupational health and safety and the prohibition of forced labour for employees in our logistics network. In 2022, we upgraded warehouse equipment, including warehouse forklifts and fork trucks to secure workplace safety. Looking ahead, we will continuously improve on working environment and working facilities.

We focus on economic, environmental and social areas to underpin our sustainability strategy. We are committed to managing the relevant sustainability risks and opportunities across the portfolio to ensure the long-term well-being of our business while contributing positively to the environment and community. In 2020, the COVID-19 pandemic accelerated the once-in-a-century transformation in the world. We shouldered a high sense of responsibility and mission. Our objectives have gone beyond the simple growth and expansion of our Group. We embody a sense of social value and responsibility. In 2022, in fulfilling our responsibilities to the sustainable development of the economy, environment, and society, Karin undertook various charitable and social activities. We contributed to society by donating to local communities and have given support to the young generation through advanced child education on E-learning.

Risks and business opportunities are always intertwined. As we continue our sustainability journey, metrics and targets that are material to our business will be progressively added, providing even more insights in our future reports. We will continue to strengthen our engagement with key stakeholders and improve our sustainability efforts and practices. We are very focused on proper risk management,

cashflow generation and business continuity planning during a crisis, especially the COVID-19 pandemic. We will continue to evolve after the crisis, the digital transformation towards distributed IT with top-grade cybersecurity provisioning. Looking ahead, we will continue to invest in new infrastructure and grow our management team with the goal of forging a long-term sustainable business.

Board of Directors

Karin Technology Holdings Limited

About Karin

[GRI 102-1, 102-2, 102-3, 102-4, 102-6, 102-7]

Introduction

Listed on the Mainboard of the Singapore Exchange Securities Trading Limited (“SGX-ST”) since March 2005, Karin is a prominent IT & Components Solutions and Services Group with a significant market presence spanning 45 years in Hong Kong and the People’s Republic of China (“PRC”).

From the time when it was established in 1977, our primary business focus has been on electronic components and computer distribution for various electronics industry segments including communications, computer, electrical appliances and utility. During the 1990s, our business expanded to include outsourcing services, IC application design solutions and data storage management solutions. As we prepare to enter our 45th anniversary, we are grateful for the many lessons we have learnt during this long journey that has held us in good stead. Over the years, our growth had always been driven by our willingness to embrace new technology solutions and to adapt our business model as well as our continuing investments into new business areas. Today, Karin Technology is a diversified Group with businesses across Components Distribution, IT businesses, and Consumer Electronics Retail and Distribution.

Since our listing on the SGX-ST Mainboard in 2005, we have carved out an escalating presence in three core businesses - Components Distribution; IT Infrastructure Solutions and Services; and Consumer Electronics Products - in Hong Kong, Singapore, and the PRC markets.

In 2011, Karin added a retail business arm to its operations under the trade name “In-Smart” which was subsequently disposed of on 30 June 2016 and re-invested on 1 April 2018. In 2022, In-Smart new branch opening at Tseung Kwan O, launching a branch at New-territories is a milestone. In addition, Karin has observed an increasing number of projects related to data management, smart solutions and AI, and expand operation office in Macau.

With the region heavily impacted by the pandemic and supply chain disruptions further compounded by a global shortage in component materials and IC chipsets, our Group’s performance depended heavily upon the strength of every member of our staff to work closely with our vendors and customers across all parts of our business and sales operations. To mitigate the effects of the ongoing COVID-19 pandemic,

Karin Group and its management team proactively took steps to transform our business to meet the rapidly changing global economic landscape and the new norms that had emerged from the situation.

Karin is promising as economies and businesses have harnessed technology to adapt to new norms, and well positioned to leveraged. The expansion of Karin enables the cater to strong demand for network security products, cloud solutions services and data solutions and services

Our IMI business had extended its business into power charging solutions for the EV market under the new brand “Karin Power Innovation”. From supplying components to power solutions, to direct selling and installation of charging solutions to customers. The Group eyed on the high growth in this market, and together as part of the global ESG push to enhance efficient energy use. This business development puts Karin Group a step closer to drive and deliver ESG strategy directly to our businesses.

Looking ahead, Karin is cautiously optimistic that the business outlook over the discipline in healthy financing and growth at the strong platform.

45th Anniversary Celebration



“In-Smart” new branch opening



Missions

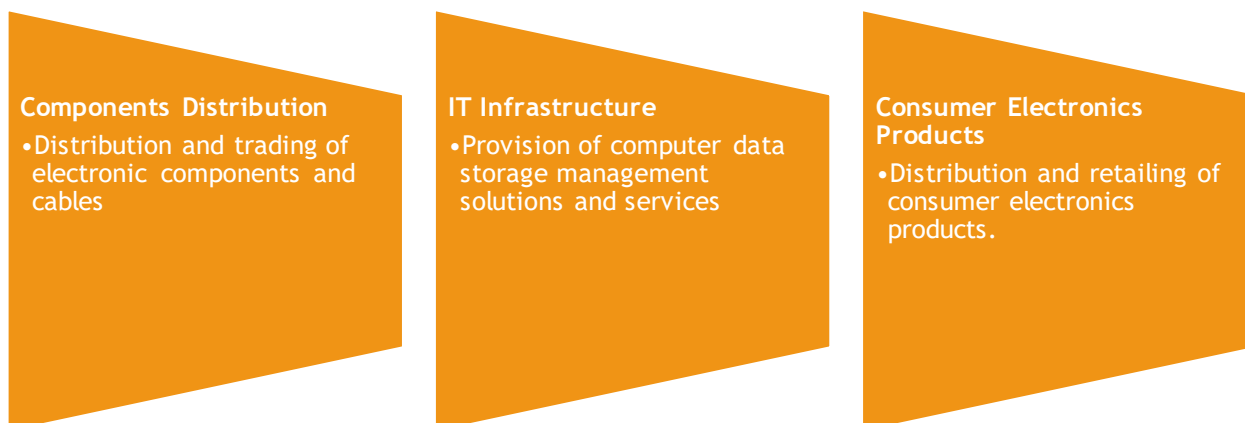
Globalisation, modernisation and technology are the drivers of rapid economic growth and wealth creation, providing many business opportunities to most companies and industries in the coming decades and Hong Kong is indeed the essential gateway to China for the rest of the world while Singapore is the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

Visions

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

Our Business Segment

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



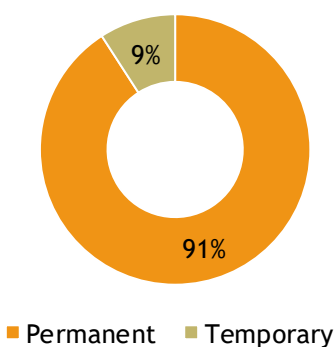
Our People

[GRI 102-8]

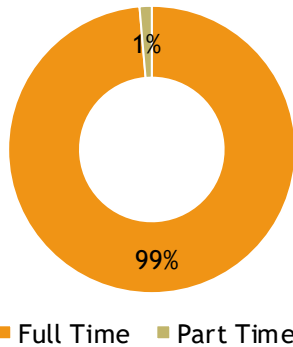
Our people are the key and the most important assets to drive our business. As at the end of FY 2022, there were 219 (FY 2021: 212) employees in Hong Kong. The details¹ of the employee profile by employment contract (permanent and temporary), by employment type (full-time and part-time), by gender are presented in the following figure.

Employee Profile

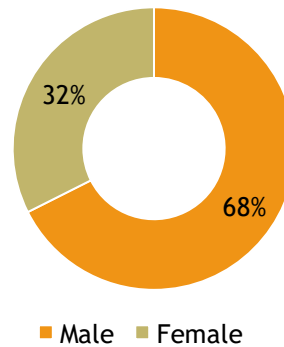
By Employment Contract



By Employment Type



By Gender



Employee Profile	FY 2022		FY 2021	
	Female	Male	Female	Male
By Employment Contract				
Permanent	65	134	63	131
Temporary	6	14	6	12
By Employment Type				
Full-time	70	146	68	142
Part-time	1	2	1	1
Total	71	148	69	143

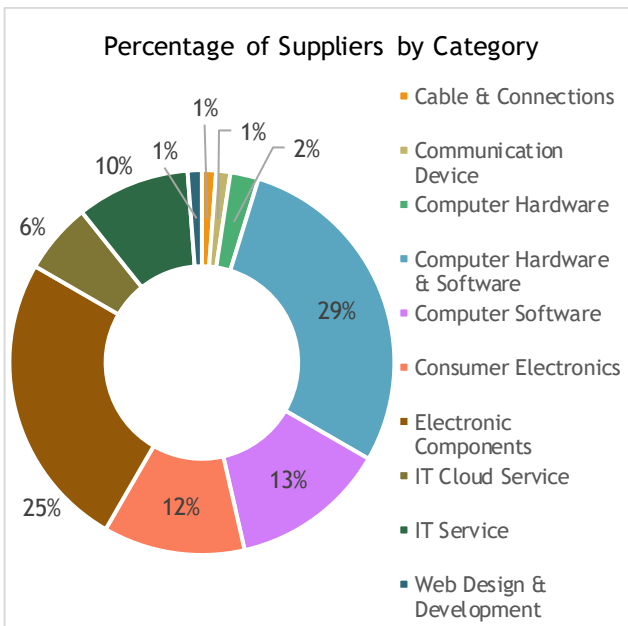
¹ The data is based on the internal database.

Our Supply Chain

[GRI 102-9, 102-10]

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

In FY 2022, there were a total of 84 suppliers (FY 2021: 81). The suppliers by geographical location and category are illustrated in the following charts. In FY 2022, we engaged with a higher variety of suppliers in categories, such as Cable & Connection, and Web Design and Development. We also engaged more suppliers in various location in our business.



Our Customer

[GRI102-6]

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

Membership of Associations

[GRI 102-13]

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

Corporate Governance and Risk Management

[GRI 102-16, GRI 102-18]

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

Risk Management is an integral part of good corporate governance as well as resources management. Karin has a thorough and comprehensive risk management framework to identify and manage its risks and exposures in an integrated, systematic and consistent manner. For detailed disclosure on risk management, please refer to the Corporate Governance Report enclosed in Annual Report 2022.

Stakeholder Engagement

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

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



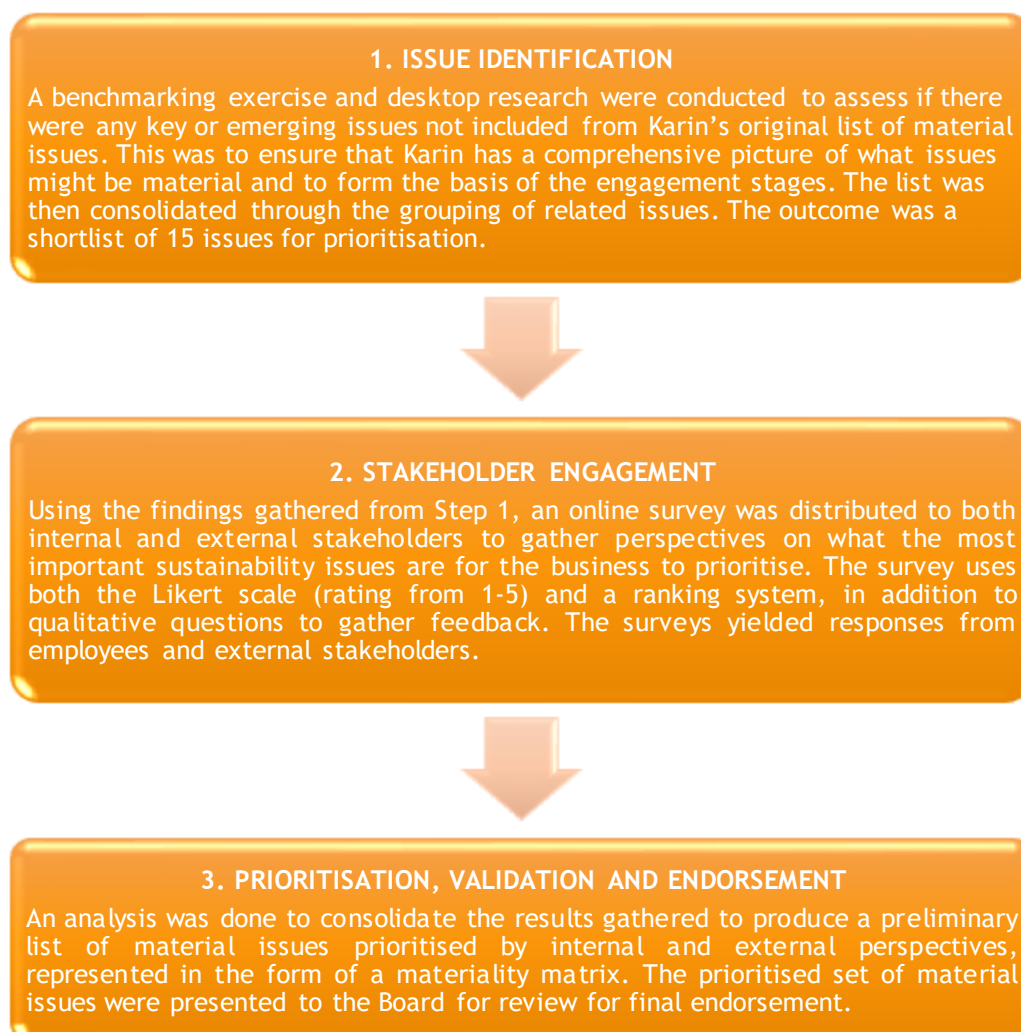
Form of engagement and key concerns of the stakeholder groups

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

Materiality Assessment

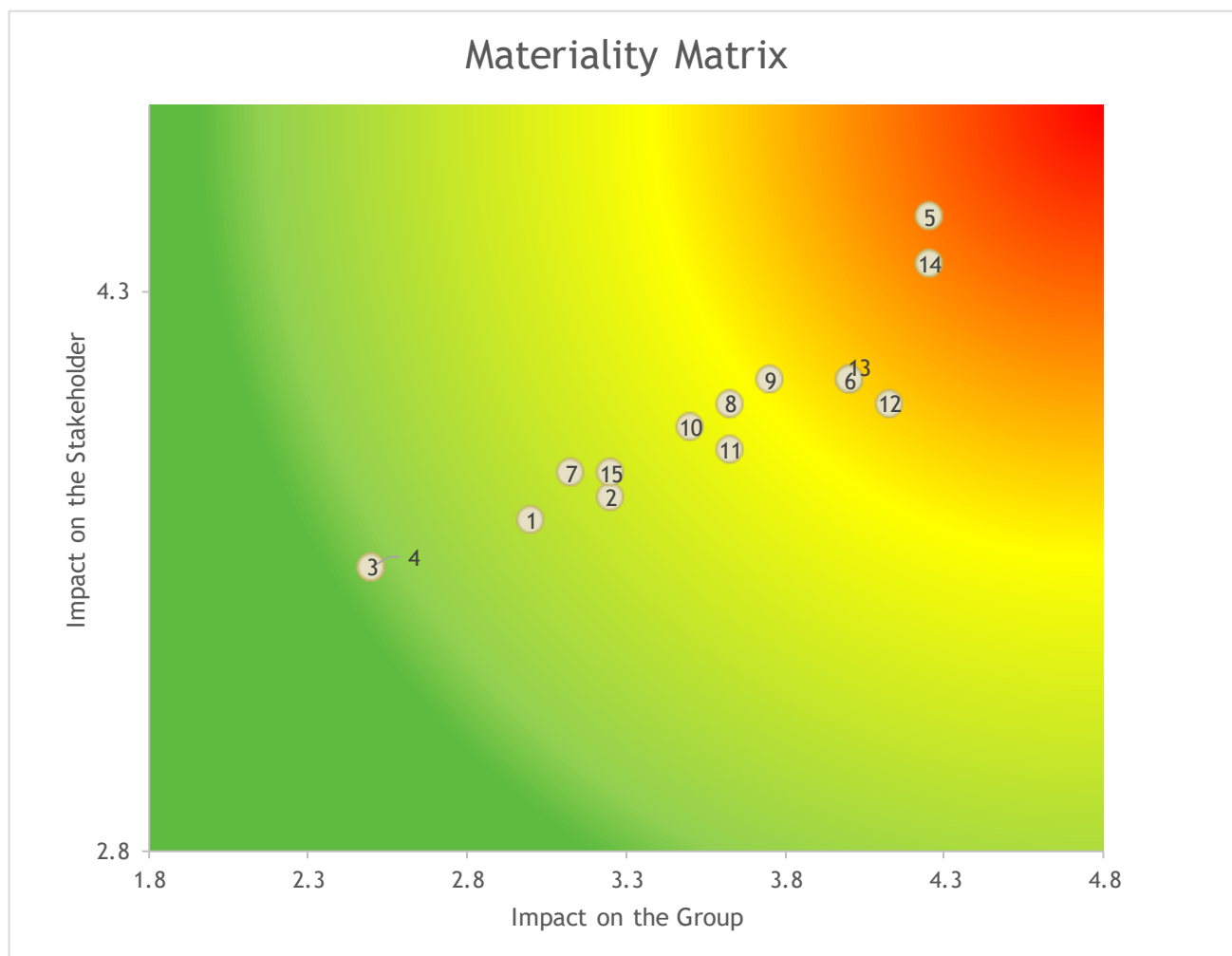
[GRI 103, GRI 102-46, 102-47]

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



Materiality Matrix and Boundary Mapping

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



1 Energy and Emissions	7 Diversity and Equal Opportunities	13 Quality Management
2 Waste	8 Non-Discrimination	14 Anti-corruption
3 Water	9 Occupational Health and Safety	15 Local Communities
4 Material	10 Training and Education	
5 Regulatory Compliance	11 Supply Chain Management	
6 Employment	12 Privacy Protection	

List of Important Sustainability Issues

Based on the materiality matrix, we believe there are 7 material issues, which the most pertinent sustainability issues, include Regulatory Compliance, Anti-corruption, Privacy Protection and Quality Management, Employment, Non-discrimination and Occupational Health and Safety. Our efforts in material areas are addressed within this report. In general, there is no material change regarding the sustainability issues identified.

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

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

FY 2022 Performance Highlights

Area	FY 2022 Target	Performance Update	FY 2023 Target
Anti-corruption	<ul style="list-style-type: none"> Continue with the current practices Maintain zero confirmed incidents for corruption Review the reporting system if needed 	<ul style="list-style-type: none"> No confirmed incident 	<ul style="list-style-type: none"> Continue with the current practices Maintain zero confirmed incidents for corruption Review the reporting system if needed
Energy and Emissions	<ul style="list-style-type: none"> Continue with the current practices, explore various initiatives to save energy and control GHG emissions 	<ul style="list-style-type: none"> Total energy consumption reduced by 49.3% 	<ul style="list-style-type: none"> Continue with the current practices, explore various initiatives to save energy and control GHG emissions Maintain the reducing trend of emissions
Employment	<ul style="list-style-type: none"> Continue with current practices and explore various initiatives to attract and retain talents 	<ul style="list-style-type: none"> New hire rate: 25% Turnover rate: 21% 	<ul style="list-style-type: none"> Continue with current practices and explore various initiatives to attract and retain talents
Occupational Health and Safety	<ul style="list-style-type: none"> Maintain zero cases of work-related injury, occupational disease nor fatality 	<ul style="list-style-type: none"> No case of work-related injury, occupational disease nor fatality 	<ul style="list-style-type: none"> Maintain zero cases of work-related injury, occupational disease nor fatality
Training and Education	<ul style="list-style-type: none"> Continue with current practices and explore various initiatives to improve skills of employees 	<ul style="list-style-type: none"> Provided 38 products and technical training Total training hours: 218.5 hours Average training hours: 1 hour 	<ul style="list-style-type: none"> Continue with current practices and explore various initiatives to improve skills of employees
Non-discrimination	<ul style="list-style-type: none"> Continue with current practices Maintain zero incident of discrimination 	<ul style="list-style-type: none"> No incident of discrimination 	<ul style="list-style-type: none"> Continue with current practices Maintain zero incident of discrimination
Local Communities	<ul style="list-style-type: none"> Continue with current practices and explore various initiatives to 	<ul style="list-style-type: none"> \$10000 cash donation Food and Clothes donation 	<ul style="list-style-type: none"> Continue with current practices and explore various initiatives to

Area	FY 2022 Target	Performance Update	FY 2023 Target
	contribute to the local community	<ul style="list-style-type: none"> Support child online learning experience by providing electronic accessories 	contribute to the local community
Quality Management	<ul style="list-style-type: none"> Continue to meet the requirements of ISO 9001:2015 Ensure the effective implementation of the Quality Policy Review the Quality Management system if needed 	<ul style="list-style-type: none"> Overall performance of the quality management system was considered satisfactory by the external ISO auditor Quality Policy was implemented and monitored by senior staff 	<ul style="list-style-type: none"> Continue to meet the requirements of ISO 9001:2015 Ensure the effective implementation of the Quality Policy Review the Quality Management system if needed
Customer Privacy	<ul style="list-style-type: none"> Maintain zero sustained complaints Continue with current practices and explore various initiatives to improve our internal controls in customer data protection 	<ul style="list-style-type: none"> No sustained complaint 	<ul style="list-style-type: none"> Maintain zero sustained complaints Continue with current practices and explore various initiatives to improve our internal controls in customer data protection
Regulatory Compliance	<ul style="list-style-type: none"> Maintain zero incidents of non-compliance 	<ul style="list-style-type: none"> No incident of non-compliance 	<ul style="list-style-type: none"> Maintain zero incidents of non-compliance

ECONOMIC

Anti-corruption

[GRI 103, GRI 205-3]

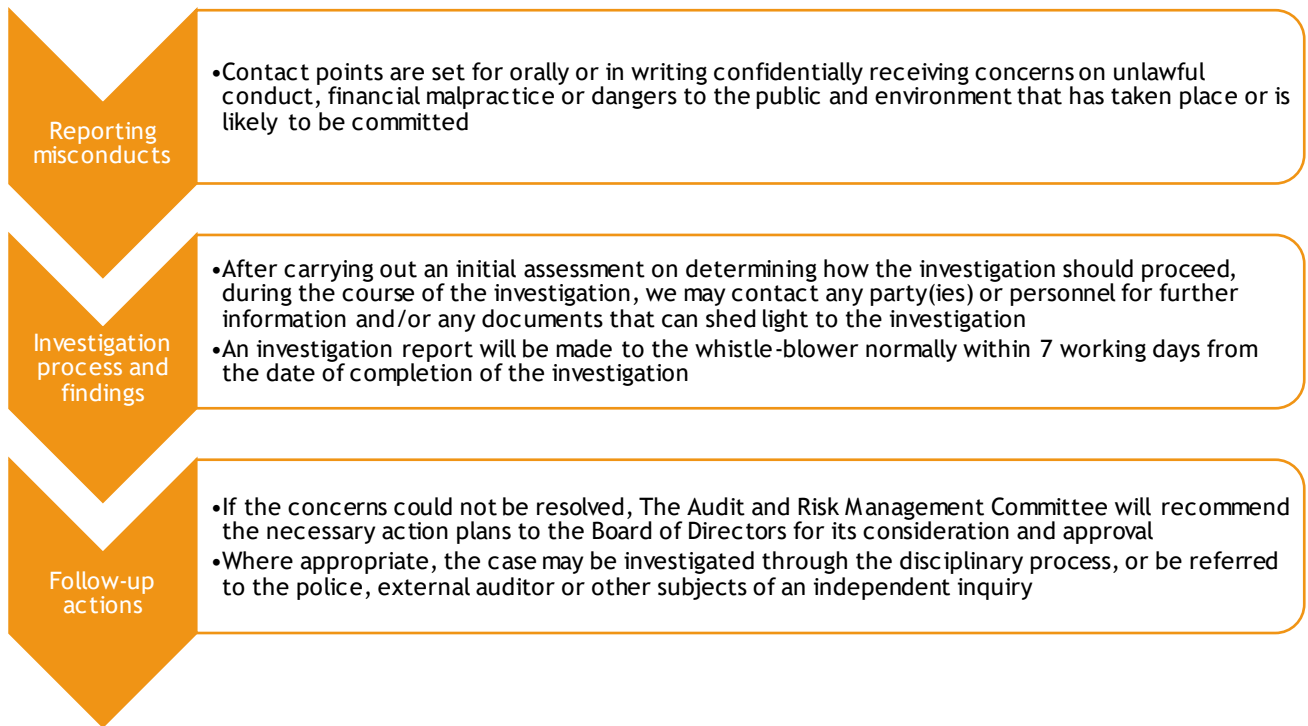
Karin is committed to fostering a culture of corporate compliance, ethical behaviour and good corporate governance. We adopt a zero tolerance towards corruption and manage the risks through prevention and detection of frauds and irregularities.

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

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

Internal Control Procedures

Other than the internal anti-bribery and corruption guidelines as stipulated in the Employee Handbook, the Group has in place a Whistle-blowing Policy (<https://karingroup.com/group-profile/whistle-blowing-policy/>), which is publicly posted on our website. This serves as a communication channel for employees to report concerns relating to the ethical business or personal conduct, accounting and financial matters, integrity and professionalism, or allegations of retaliation for having reported matters in good faith.



Employees are encouraged and welcomed to report his/her concerns via email anonymously. After completion of an investigation, the Audit and Risk Management Committee shall review the actions taken by the Company towards the whistle-blowing initiative and ensure fraudulent practices are reviewed without prejudice, and executed with professional integrity in compliance with the Company's policy.

The Group has also implemented appropriate and effective internal controls at different business processes to prevent and detect fraudulent activities. The Group also provides training for employees relating to anti-corruption and ensures that departmental managers and executives are sufficiently trained and developed to implement the whistle-blowing policy. Fraud assessment exercise is conducted annually and reported to the Board.

In FY 2022, the Group was not aware of any confirmed incidents of corruption. Looking ahead, the Group will continue to implement whistleblowing and other policies to prevent corruption and maintain zero confirmed incidents for corruption.

ENVIRONMENTAL

Energy and Emissions

[GRI 103, GRI 302]

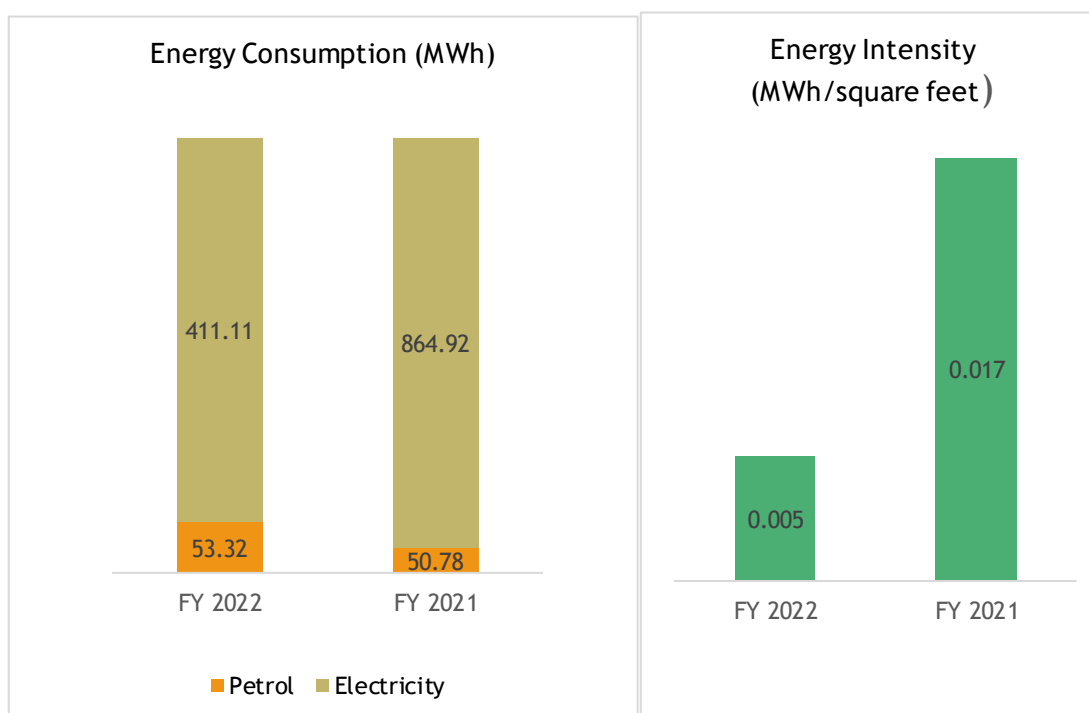
Karin is committed to minimising the environmental impact of our business through resources utilisation and conservation. We notice that there is a gradual concern from the community on climate changes due to the increase in energy consumption and its incurred greenhouse gas (GHG) emissions. The Group's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

- Switch off electrical appliances when they are not in use (such as air-conditioning, computer, printer, photocopier, lighting, etc.)
- Install timer control and occupancy sensor control for office lighting
- During summertime, maintain an average indoor temperature between 24 - 26°C to save energy
- Install thermometers in different areas of the office to monitor the temperature
- Use energy-saving light bulbs, such as compact fluorescent lamps, T5 fluorescent lamps, LED, etc.
- Set the computer in energy-saving mode
- Do not leave the computer on standby mode for too long. They should be completely shut off to save electricity
- Choose electrical appliances with "Grade 1" energy label (such as refrigerator, air conditioner, etc.) whenever possible
- Encourage staff to use stairways instead of the lift
- Reduce paper consumption through application of computer technology (such as e-fax and email)
- Keep the normal setting of the printer to the mode of printing on both sides

Energy Consumption

[GRI 302-1, 302-3]

Since the issuance of the first sustainability report, Karin starts to record and disclose energy consumption for performance evaluation. The total consumption in FY 2022 includes consumption of petrol of mobile vehicles and electricity. Compared with FY 2021, the total energy consumption was reduced by 49.3 % as the lower usage in electricity. Due to the COVID-19 pandemic, the Work from Home (WFH) arrangement has taken place that caused the reduction in energy consumption. The energy intensity is reduced from 0.017 in FY2021 to 0.005 in FY 2022.



Energy Consumption	FY 2022 (MWh)	FY 2021 (MWh)	FY 2020 (MWh)
Petrol	53.32	50.78	32.69
Electricity	411.11	864.92	810.42
Total Consumption	464.43	915.70	843.11
Intensity (per square feet)	0.005	0.017	0.015

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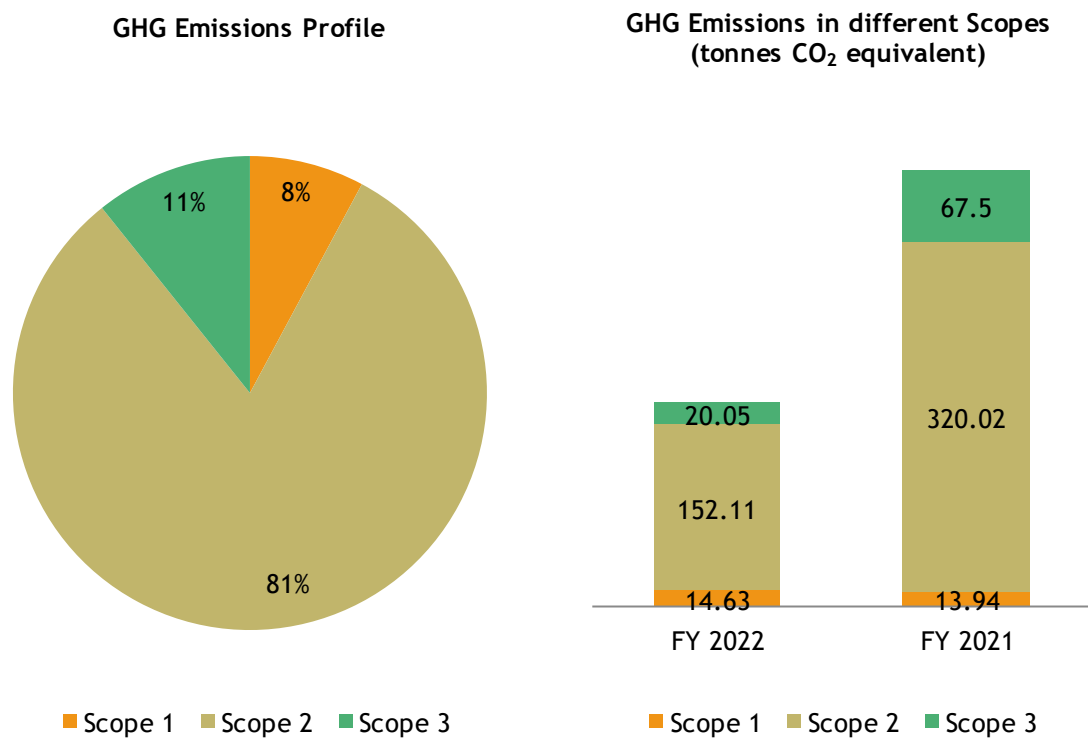
Greenhouse Gas (GHG) Emissions

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

In response to the community's gradual concern on greenhouse gas ("GHG") emissions, climate changes and other related issues, the Group has begun to record and report the GHG emission annually through sustainability report. In order to be in line with the best practice of GHG emissions disclosure, the disclosure was extended in FY 2022. The GHG emissions disclosure was divided into three scopes.

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

In FY 2022, the primary sources of GHG emissions are petrol consumption and electricity consumption. Scope 2 is the major contributor to total GHG emissions. Since the COVID-19 outbreak, the Group's working arrangement of WFH and the Government's restriction of flights have lowered energy usage and limited business travel, resulting in a significant reduction on the total GHG emissions.



GHG Emissions ²	FY 2022 (tonnes CO ₂ equivalent)	FY 2021 (tonnes CO ₂ equivalent)	FY 2020 (tonnes CO ₂ equivalent)
Scope 1	14.63	13.94	8.97
Scope 2	152.11	320.02	502.46
Scope 3	20.05	67.50	105.28 ³
Total	186.79	401.46	616.71

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

³ The Scope 3 GHG Emission calculation and measurement method is corrected.

Intensity (per square feet)	0.002	0.007	0.011
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Looking ahead, the Group will continue to implement energy-saving practices, monitor the consumption and GHG emissions data to seek possibilities for expansion of the scope and target setting.

SOCIAL

Employment

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

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

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

Remuneration, promotion, and dismissal

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

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

Working hours and rest periods

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

Employee benefits and welfare

According to the applicable laws and regulations in Hong Kong, the Group provides various benefits and welfare to the employees. The Group participates in the defined contribution scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance which is available to its employees in Hong Kong. Contributions to the MPF Scheme by the Group and employees are made based on a percentage of employees' basic salaries. The Group's employer contributions vest fully with the employees when contributed to the MPF Scheme. The Group also provides transportation allowance, medical insurance, and compensation insurance for full-time employees. The Group also provides monetary awards, such as discretionary bonus and year end performance bonus. In order to create a cohesive workplace and promote team bonding, the Group held the Christmas Party in FY2022, invited over 200 workers and their family members enjoyed buffet dinner at hotel. During the celebration, children were also treated with Christmas gifts. To celebrate the 45th Anniversary of the Group, lucky draw events has held that awards employees and share the joy.

New Employee Hires

	FY 2022		FY 2021		FY 2020	
	Number	Rate ⁴	Number	Rate	Number	Rate
By Gender						
Male	33	22%	25	17%	33	23%
Female	21	30%	10	14%	14	25%
By Age Group						
Below 30	19	63%	16	53%	19	58%
30 - 50	26	23%	16	13%	24	22%
Above 50	9	12%	3	5%	4	8%
Overall	54	25%	35	17%	47	24%

Employee Turnover

	FY 2022		FY 2021		FY 2020	
	Number	Rate ⁵	Number	Rate	Number	Rate
By Gender						
Male	30	20%	18	13%	3	2%
Female	17	24%	8	12%	1	2%
By Age Group						
Below 30	19	63%	7	23%	1	3%
30 - 50	21	19%	16	13%	3	3%
Above 50	7	9%	3	5%	0	0%
Overall	47	21%	26	12%	4	2%

In FY 2022, the overall employee new hire rate is 25% and the turnover rate is 21%. Looking ahead, the Group will continue to commit to fair and employment practices by ensuring the recruitment procedures are in place and providing a harmonious working environment to the employees through organising various engagement events.

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

⁵ The employee turnover rate equals to the number of employee turnover divided by the number to the employee at the end of the reporting period.

Occupational Health and Safety

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

Karin attaches great importance to the health of its employees and is committed to providing a safe and healthy working environment for them. The Group maintains medical insurance for its employees and adopts practices regarding work safety and occupational health issues. Safety arrangements in cases of emergency such as during typhoons and rainstorm warnings are stated in the Employee Handbook to ensure that all employees are aware of emergency procedures. The guidance for manual handling operation is specifically introduced to employees who work in the warehouse in the orientation training. Apart from training, we equipped warehouse forklifts and fork trucks, workers utilise them to do the heavy lifting during operations. These measures have enhanced the warehouse safety and avoid occupational injuries. Especially for logistics employees, to ensure staff's occupational health and safety, the Labour Department has arranged the Manual Handling Operations and Prevention of Back Injuries seminars and trainings for workers. Apart from occupational health and safety, in the context of the COVID-19 pandemic, the Group responded with a combination of measures for infection prevention and control.

In FY 2022, the Group was not aware of any case of work-related injury, occupational disease nor fatality. Looking ahead, the Group will continue to educate new employees about the manual handling operations and review if any material risks are identified in this area.

Training and Education

[GRI 103, 404-3]

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

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

Our staff regularly attends scheduled training courses, workshops and seminars, including those conducted and sponsored by our MNC suppliers and component manufacturers, to enable our technical

staff to become more familiar with existing and new IT infrastructure, computer data storage management products and new component applications. These courses serve to enhance our awareness of the latest products or upgrades available. These courses also offer in-depth knowledge in some of the latest technologies and insight into the current market trends and other economic factors affecting the electronics industry. Our staff who attends such training courses will disseminate the knowledge gained to the rest of the team through internal meetings and training seminars. In addition, technical knowledge is also acquired through on-the-job training where guidance and supervision are provided by the more experienced staff.

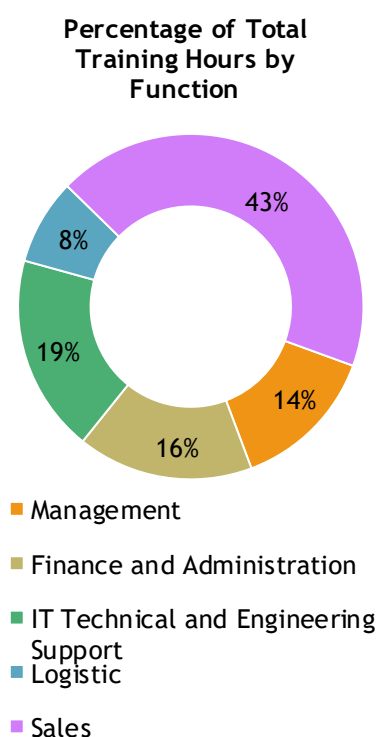
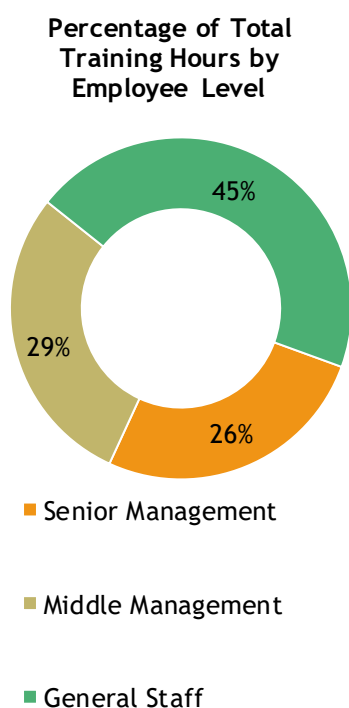
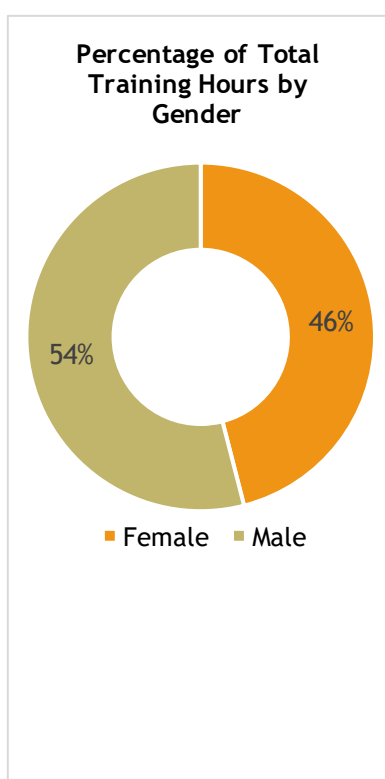
We also place a strong emphasis on developing our management staff through courses which focus on developing management and analytical skills. Our management staff also attends regular industry seminars and conferences which address general technological trends, developments in the electronics industry and economic factors and policies that affect our business. Our logistics staff also attends occupation safety and health training which provide safety concepts and ensure safe operation processes are undertaken in the workplace.

In FY 2022, the Group provided 38 internal and external products and technical training to our employees and the total training hour received by our employees was 218.5 hour. Looking ahead, the Group will continue to identify the training needs for employee and encourage employees to attend training by providing incentives.

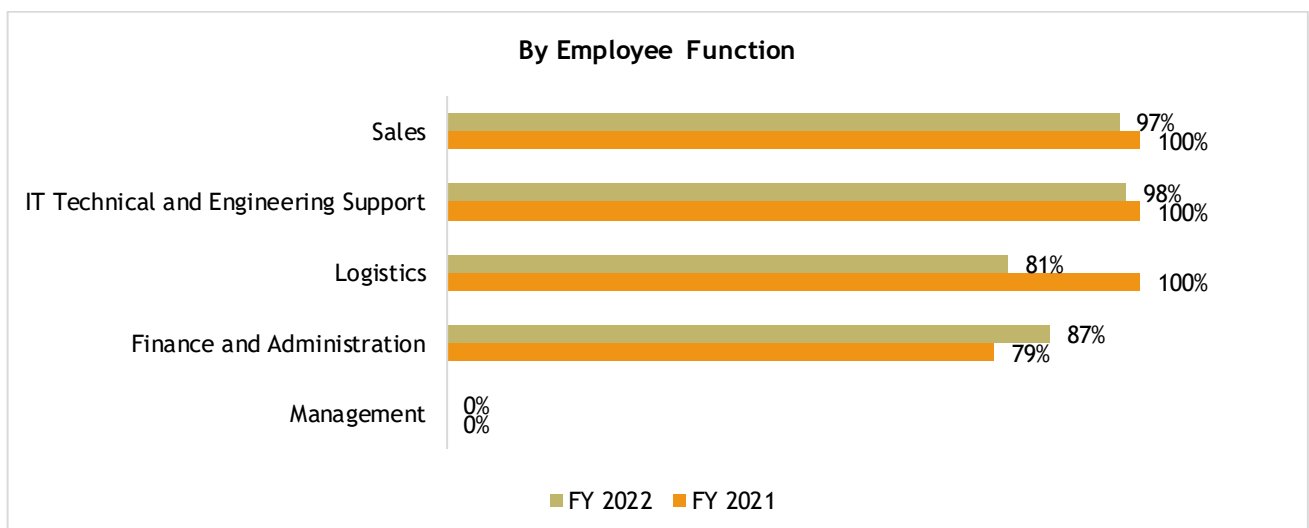
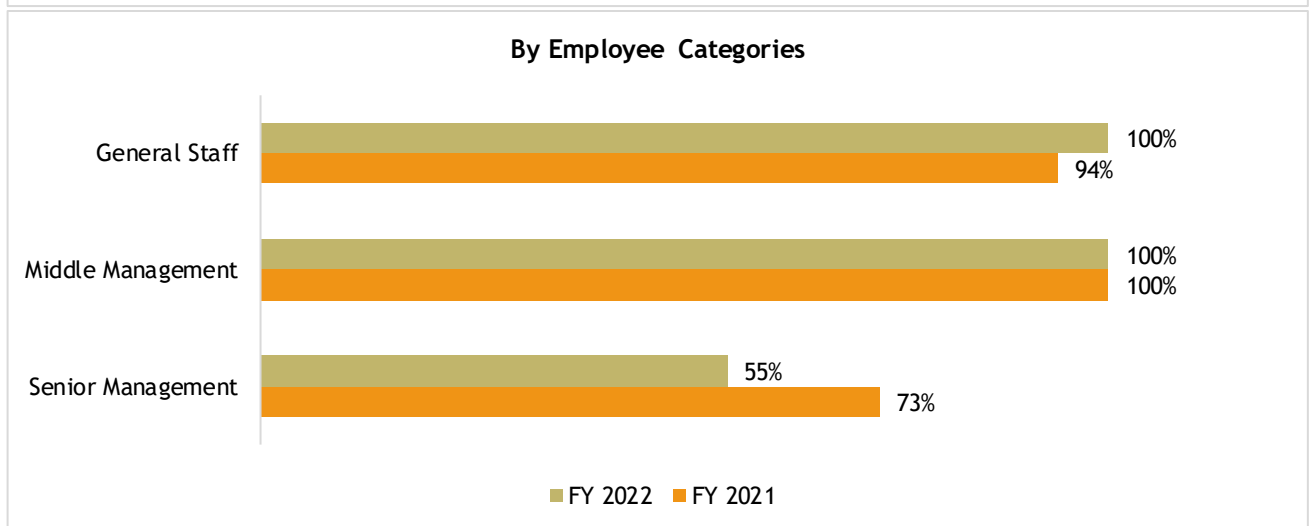
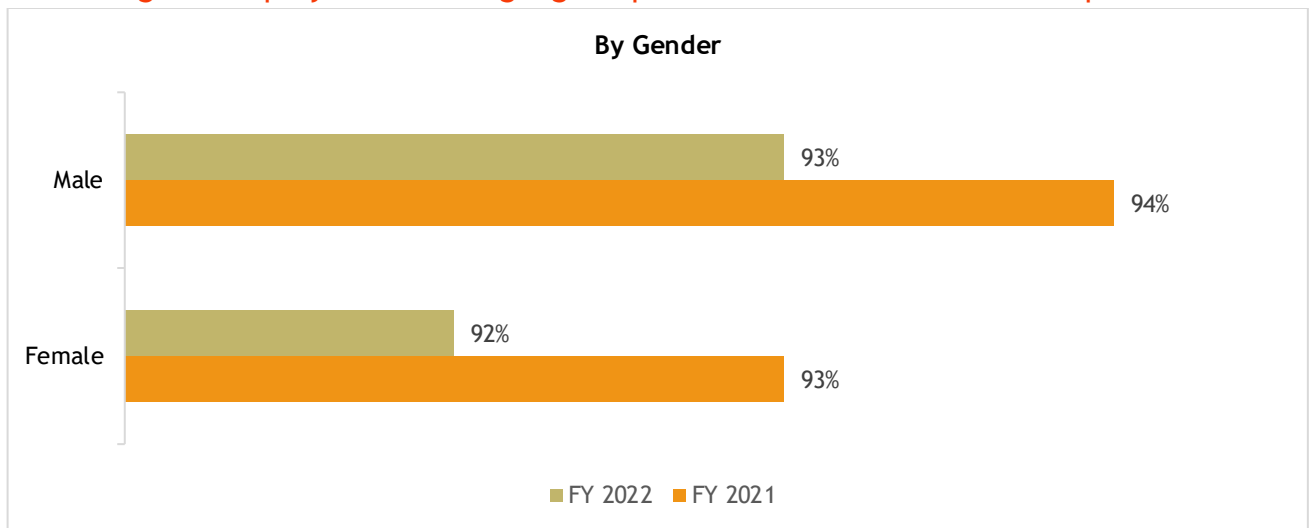
Average hours of training

Average Training Hours	FY 2022	FY2021
By Gender		
<i>Male</i>	0.8	3.16
<i>Female</i>	1.42	0.64
By Level		
<i>Senior Management</i>	5.23	4.09
<i>Middle Management</i>	1.85	0.49
<i>General Staff</i>	0.60	2.64
By Function		
<i>Management</i>	10	5.00

<i>Finance and Administration</i>	0.80	0.80
<i>Logistic</i>	0.65	1.75
<i>IT Technical and Engineering Support</i>	0.61	4.91
<i>Sales</i>	1.21	1.07
Average hours per employee	1.00	2.34



Percentage of employees receiving regular performance and career development reviews



Non-discrimination

[GRI 103, 406-1]

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

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

In FY 2022, the Group was not aware of any incident of discrimination. Looking Ahead, the Group will continue to maintain zero incident of discrimination.

Local Communities

[GRI 103, GRI 413-1]

Karin is committed to maintaining the sustainability of its business and its communities. We aim to develop long-term relations with our stakeholders based on mutual trust, respect and integrity. We also seek to make contributions to programs which have a positive impact on community development. We encourage our employees to volunteer and work through collaboration with strategic giving as well as capacity-building initiatives to try and create a positive impact in the community.

In FY 2022, we help local communities to fight COVID-19 pandemic, we contributed a cash donation of \$10,000 for them to purchase daily necessities during the pandemic. Besides, we value our future generation, and we provided students with an advanced E-learning experience by donating earphones, headphones, and SIM cards. In doing so, we hope is to provide students with accessibility and boost the learning efficiency in online classes. In addition, we also donate brand -new clothes and food to children. Looking ahead, we will keep on seeking opportunities to contribute to the local communities.

Donation to local communities



Quality Management

[GRI 103]

Karin adopts the highest industry quality standards to provide exceptional customer service. In order to display our commitment on providing satisfying products and services, we have established Quality Policy and ensure the policy is understood, implemented and maintained at all levels of employees. Quality management is essential for us to meet customer requirements and increase customer satisfaction. We have attained ISO 9001:2015 Quality Management Systems certification.

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

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

Our Quality Assurance Manager is responsible to monitor the compliance of ISO requirements on a timely basis and provides training to employees in order to raise their awareness of the requirements, ensuring the quality of services and support to the customers and stakeholders. The quality objectives were monitored with data analysis and support. Annual audit is carried out by the external ISO auditor to assess our overall performance.

In FY 2022, the overall performance of the quality management system was considered satisfactory by the external ISO auditor. Looking ahead, the Group will continue to review and update our Quality Policy and update to meet the requirement of ISO 9001:2015.

Customer Privacy

[GRI 103, 418-1]

Karin is committed to ensuring the privacy of our customers. All personal information collected will only be used for the business purposes. Given a high security of customer privacy, our intranet is protected by the proper authentication process. In our Employee Handbook, sets of employee's conduct in information protection has covered, and some of the precautionary measures are as follows:

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

In FY 2022, the Group was not aware of any substantiated complaints concerning breaches of customer privacy and losses of customer data. Looking ahead, the Group will continue to maintain zero substantiated complaints concerning breaches of customer privacy and losses of customer data and improve our internal controls in customer data protection.

Regulatory Compliance

[GRI 103, 419-1]

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

In FY 2022, the Group was not aware of any significant non-compliance with the laws and regulations in the social and economic area. Looking ahead, the Group will continue to monitor the update of the latest development relating to the laws and regulations that have a significant impact on the Group and maintain zero incidents of non-compliance.

GRI Content Index

[GRI 102-55]

	GRI Disclosure		Details/Notes
GRI 101: Foundation 2016			
GRI 102: General Disclosures 2016			
Organizational profile	102-1	Name of organisational	About Karin
	102-2	Activities, brand, products, and services	About Karin
	102-3	Location of headquarters	About Karin
	102-4	Location of operations	About Karin
	102-5	Ownership and legal form	P. 142-144, Annual Report 2022
	102-6	Markets served	About Karin
	102-7	Scale of the organization	About Karin P. 62-64, Annual Report 2022
	102-8	Information on employees and other workers	Our People
	102-9	Supply chain	Our Supply Chain
	102-10	Significant changes to the organization and its supply chain	Not applicable - None
	102-11	Precautionary Principle or approach	P. 24-50 Annual Report 2022
	102-12	External initiatives	None
	102-13	Membership of associations	Membership of Associations
Strategy	102-14	Statement from senior decision-maker	Board Statement
Ethics and integrity	102-16	Values, principles, standards, and norms of behaviour	Corporate Governance And Risk Management P. 24-50 Annual Report 2022
Governance	102-18	Governance structure	Corporate Governance And Risk Management P. 24-50 Annual Report 2022
Stakeholder engagement	102-40	List of stakeholder groups	Stakeholder Engagement
	102-41	Collective bargaining agreements	Not applicable - No related agreements
	102-42	Identifying and selecting stakeholders	Stakeholder Engagement
	102-43	Approach to stakeholder engagement	Stakeholder Engagement
	102-44	Key topics and concerns raised	Stakeholder Engagement

GRI Disclosure			Details/Notes
Reporting practice	102-45	Entities included in the consolidated financial statements	P.114-116 Annual Report 2022 The Report covers the subsidiaries in Hong Kong only.
	102-46	Defining report content and topic Boundaries	Reporting Principles Materiality Assessment
	102-47	List of material topics	Materiality Assessment
	102-48	Restatements of information	Restatement
	102-49	Changes in reporting	No significant change in the lists of material topics and topic boundaries
	102-50	Reporting period	Reporting Period
	102-51	Date of most recent report	The previous report was published in Nov 2021
	102-52	Reporting cycle	Annually
	102-53	Contact point for questions regarding the report	Feedbacks
	102-54	Claims of reporting in accordance with the GRI Standards	Reporting Framework
	102-55	GRI content index	GRI Content Index
	102-56	External assurance	External assurance
Material Topics			
GRI 200 Economic topics			
Anti-corruption			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Anti-corruption
	103-2	The management approach and its components	Anti-corruption
	103-3	Evaluation of the management approach	Anti-corruption
GRI 205: Anti-corruption 2016	205-3	Confirmed incidents of corruption and actions taken	Anti-corruption
GRI 300 Environmental topics			
Energy			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Energy and Emissions
	103-2	The management approach and its components	Energy and Emissions
	103-3	Evaluation of the management approach	Energy and Emissions

GRI Disclosure			Details/Notes
GRI 302: Energy 2016	302-1	Energy consumption with in the organization	Energy and Emissions
	302-3	Energy intensity	Energy and Emissions
Emissions			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Energy and Emissions
	103-2	The management approach and its components	Energy and Emissions
	103-3	Evaluation of the management approach	Energy and Emissions
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	Energy and Emissions
	305-2	Energy indirect (Scope 2) GHG emissions	Energy and Emissions
	305-3	Other indirect (Scope 3) GHG emissions	Energy and Emissions
	305-4	GHG emissions intensity	Energy and Emissions
GRI 400 Social topics			
Employment			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Employment
	103-2	The management approach and its components	Employment
	103-3	Evaluation of the management approach	Employment
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	Employment
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Employment
Occupational Health and Safety			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Occupational Health and Safety
	103-2	The management approach and its components	Occupational Health and Safety
	103-3	Evaluation of the management approach	Occupational Health and Safety

GRI Disclosure		Details/Notes	
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	Not applicable - the Group's businesses mainly include office operation.
	403-2	Hazard identification, risk assessment and incident investigation	Not applicable - the Group's businesses mainly include office operation.
	403-3	Occupational health services	Not applicable - the Group's businesses mainly include office operation.
	403-4	Worker participation, consultation, and communication on occupational health and safety	Not applicable - the Group's businesses mainly include office operation.
	403-5	Worker training on occupational health and safety	Occupational Health and Safety
	403-6	Promotion of worker health	Occupational Health and Safety
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Not applicable - the Group's businesses mainly include office operation.
	403-9	Work-related injuries	Occupational Health and Safety
Training and Education			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Training and Education
	103-2	The management approach and its components	Training and Education
	103-3	Evaluation of the management approach	Training and Education
GRI 404: Training and Education 2016	404-3	Percentage of employees receiving regular performance and career development reviews	Training and Education
Non-discrimination			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Non-discrimination
	103-2	The management approach and its components	Non-discrimination
	103-3	Evaluation of the management approach	Non-discrimination
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	Non-discrimination

GRI Disclosure			Details/Notes
Local Communities			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Local Communities
	103-2	The management approach and its components	Local Communities
	103-3	Evaluation of the management approach	Local Communities
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	Not applicable - the Group does not have related local community engagement, impact assessments, and / or development programs as mentioned in GRI 413-1.
Customer Privacy			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Customer Privacy
	103-2	The management approach and its components	Customer Privacy
	103-3	Evaluation of the management approach	Customer Privacy
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Customer Privacy
Socioeconomic Compliance			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Regulatory Compliance
	103-2	The management approach and its components	Regulatory Compliance
	103-3	Evaluation of the management approach	Regulatory Compliance
GRI 419: Socioeconomic Compliance 2016	419-1	Non-compliance with laws and regulations in the social and economic area	Regulatory Compliance
Other material Topics			
Quality Management			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	Quality Management
	103-2	The management approach and its components	Quality Management

GRI Disclosure		Details/Notes
103-3	Evaluation of the management approach	Quality Management