

Corporate Social Responsibility Report



ABOUT CORPORATE SOCIAL RESPONSIBILITY REPORT

This report is the third corporate social responsibility report issued by the Group. It aims to set out the principles and performance of the Group in relation to sustainable development in fulfilling its corporate social responsibility in 2019 and respond to material issues of concern to key stakeholders. Please see the "Corporate Governance Report" section of this annual report or visit the official website of the Group (<http://www.bocomgroup.com/>) for details of the Group's corporate governance.

Basis of Preparation

This report has been prepared in accordance with the principles of materiality, quantitative, balance and consistency as set out in Appendix 27 Environmental, Social and Governance Reporting Guide (the "Guide") under the current Listing Rules. This report is in compliance with the "comply or explain" provisions set out in the Guide, and describes the environmental and social impacts arising from the business and operating activities of the Group.

Scope of Report

Unless specified otherwise, the scope of disclosure of this report covers the businesses directly controlled by the Group in Hong Kong (excluding the mainland businesses of the Group in the PRC). The time range is from 1 January 2019 to 31 December 2019 (the "Reporting Period"). In order to enhance the completeness of the report, some of the content is appropriately traced backward or forward.

Opinion

We value your feedback on this report. If you have any enquiries or valuable suggestions for this report, please feel free to contact us by:

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SUSTAINABLE DEVELOPMENT OBJECTIVES

It is the Group's long-term strategic development goal to develop itself into a comprehensive wealth management and financial services institution with global influence and market competitiveness in the region. While developing its business, the Group also seeks to concurrently fulfil its environmental and social responsibilities and continuously promote the sustainable development of the Group.

The Group adheres to its original intention of creating sustainable value for all stakeholders in four major areas, and is constantly pursuing its further goals.



Corporate Social Responsibility Report

The implementation of sustainable development objectives during the Reporting Period:	
Steady Management	<ul style="list-style-type: none"> Adhering to the strategy of “dealing with changes through stability, making improvements through innovation” to balance risks and returns
Care for Employees	<ul style="list-style-type: none"> Attaching great emphasis to employees’ health and well-being, and striving to create a caring, efficient and collaborative working environment Strengthening business ethics, anti-corruption and anti-money laundering trainings to regulate compliance with high ethical standards in business practices by employees
Care for the Environment	<ul style="list-style-type: none"> Reducing the environmental impact, the overtime air-conditioning charges of the Hong Kong Headquarters Office decreased by 20% as compared with the previous year Encouraging employees to protect the environment and work together to combat climate change Supporting green finance business, and combining green investment with sustainable development needs
Care for the Community	<ul style="list-style-type: none"> Continuously supporting community-friendly developments, supporting promotion and education on ecological environment protection for all walks of life

ENVIRONMENTAL, SOCIAL AND GOVERNANCE SYSTEM

In order to further promote the sustainable development work of the Group and to implement the concept of sustainable development throughout the Group’s daily operations, we formulated the Administrative Measures for Environmental, Social and Governance (“ESG”) Task Force (“Administrative Measures for Task Force”), which aims to clarify the ESG Task Force (“Task Force”) structure, and specifies the responsibilities of the Task Force members and reporting procedures for sustainable development work.

The Board is fully responsible for the Group’s ESG strategies and reporting; its subordinate Task Force consists of an Executive Director (who is also a member of senior management, acting as the leader), the Executive Office (acting as the secretariats) and representatives of seven other relevant functional departments/organisations. In daily operations, the Task Force performs its duties in accordance with the Administrative Measures for Task Force, and regularly reports to the Board.

The major duties of Task Force are as follows:

- to assist the Board in identifying and evaluating the Group's ESG-related risks, including identifying key stakeholders and determining material issues, and assisting in the establishment of appropriate and effective ESG risk management and internal control systems to improve the Group's ESG performance;
- to prepare and submit an annual corporate social responsibility report to the Board for approval and ensure that the report meets regulatory requirements; and
- to assist in reviewing the environmental and social performance of the Group and propose improvement plans.

During the Reporting Period, the Task Force conducted one meeting by way of circulation of written proposals and a work interview to discuss matters related to the 2019 ESG disclosure of the Group.

STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT

In order to achieve sustainable corporate development, the Group understands that we must maintain sufficient communication with our stakeholders and understand their concerns and expectations so that we can more objectively examine the problems that need to be addressed and solved by the Group when developing, managing and implementing sustainable development strategies. In the past year, we have upheld the spirit of mutual interaction, and communicated with internal and external stakeholders through various channels. The following are the main steps of our engagement with key stakeholders and materiality assessment during the Reporting Period:

Step 1: Identify Key Stakeholders and Establish Daily Communication Mechanisms

The Task Force referred to "How to Prepare an ESG Report" issued by the Stock Exchange in 2018 and identified the key stakeholders by assessing "the degree of influence on enterprises" and "the degree of influence of enterprises"; at the same time, we actively communicate with stakeholders through a variety of daily communication channels.

Corporate Social Responsibility Report

Communication Channels with Stakeholders	
Regulatory Authorities	<ul style="list-style-type: none"> • Meetings • Written Responses to Public Consultations • Compliance Reports
Company Employees	<ul style="list-style-type: none"> • Performance Appraisals • Meetings and Interviews/Briefings • Seminars/Workshops/Lectures/Trainings • Team Building Activities/Volunteer Activities • Outstanding Employee Award and Recognition Events
Customers	<ul style="list-style-type: none"> • Customer Satisfaction Surveys and Feedback • Customer Service Centres/Intelligent Customer Service Robot • Daily Operations/Interactions • Telephone/E-mail Communication
Investment Sector	<ul style="list-style-type: none"> • Corporate Communications e.g. Interim Reports, Annual Reports, Announcements and Circulars • Investor Conferences/Roadshows • Analyst Conferences • Roadshow Activities • Investor Mailbox
Financial Sector Peers	<ul style="list-style-type: none"> • Strategic Cooperations • Financial Sector Sharings and Discussions
Community	<ul style="list-style-type: none"> • Volunteer Activities • Community Investment Schemes • Charity Donations
Business Partners	<ul style="list-style-type: none"> • Meetings/Daily Communications • Assessments • Work Inspections and Supervision
Professional Bodies	<ul style="list-style-type: none"> • Meetings • Regular Visits • Working Groups
Media	<ul style="list-style-type: none"> • Media Briefings • Press Releases • Results Announcements • Media Interviews • Wechat Official Account

Step 2: Key Stakeholders Assess Sustainable Development Issues

In order to meet the expectations of various stakeholders regarding the Group and render more specificity to this report, we invited both internal and external stakeholders to participate in this materiality evaluation through questionnaires, including the key stakeholders identified in Step 1.

Step 3: Verify and Review Material Issues

By analysing the evaluation of sustainable development issues by different stakeholders, we have selected 15 material issues across three areas: economic, environmental and social. The Task Force confirmed the relevant material issues to ensure compliance with the Group's sustainable development strategies, and the details will be disclosed in the subsequent sections of this report.

“MATERIAL ISSUES”

Economic

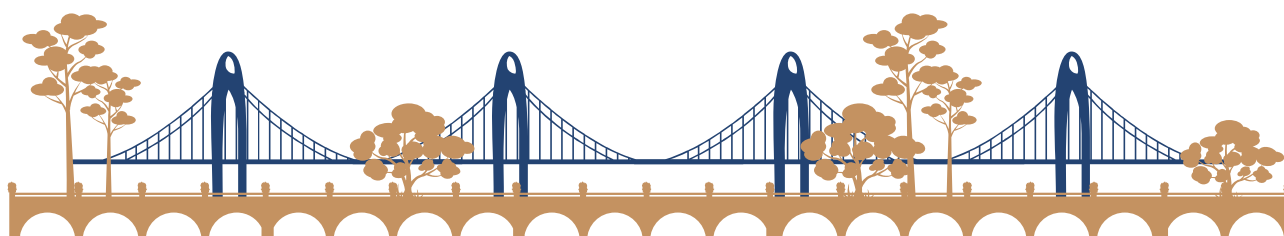
- Risk Management and Internal Control
- Protecting Personal Data and Privacy of Clients
- Anti-corruption and Bribery
- Optimise Financial Services
- Anti-Money Laundering and Counter-Terrorist Financing

Social

- Equal Opportunity
- Employee Benefits and Welfare
- Employee Training and Development
- Occupational Health and Safety

Environmental

- Waste Disposal and Recycling
- Green Office Measures
- Greenhouse Gas Emissions
- Utilisation and Application of Resources
- Green Finance
- Environmental Protection Education and Promotion



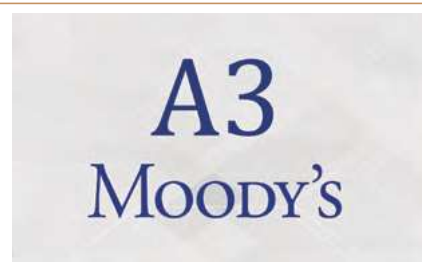
* The above topics are ranked in order of materiality (from top to bottom) according to the stakeholders' survey results

STEADY MANAGEMENT TO PROMOTE HIGH-QUALITY DEVELOPMENT

As one of the earliest licensed securities firms with a PRC background in Hong Kong, and adhering to the strategy of “dealing with changes through stability, making improvements through innovation”, the Group proactively expands into new businesses and improves its products and services, continuously strengthens its financial technology capabilities, improves its operations, enhances coordination and cooperation between the business department and the risk management team, and increases efforts in enforcing greater introspection and prudent internal controls, so as to optimise the balance between risks and returns. In addition, with our outstanding capability in operations management and debt management, we were assigned a first-time credit rating by Fitch Ratings and Moody’s Investor Service, both being major international credit rating agencies, becoming the highest-rated securities company with a PRC background listed in Hong Kong.



Assigned a first-time credit rating by two major international credit rating agencies



Risk Management and Internal Control

The Group is committed to generating long-term value for Shareholders by maintaining good corporate governance and promoting transparency and accountability. The Company has adopted corporate governance guidelines, established risk management and internal control processes, and proactively cultivated a risk management culture at all levels within the Group, so as to achieve effective corporate governance and to monitor, evaluate and manage the principal risks assumed by the Group in its ordinary course of business.

We have established a three-tier risk management structure consisting of (i) the Board; (ii) a risk management committee and special committees; and (iii) the relevant middle and back offices in charge of the execution of risk management. The Board is responsible for establishing the Group’s overall risk management framework, overseeing the Group’s risk management processes, reviewing and approving the Group’s risk management and internal control policies and strategies, and assessing the effectiveness of the Group’s risk management and internal control systems. The risk management committee is the decision-making body in respect of risk management, and Mr. TAN Yueheng, the Chairman and Executive Director, serves as the Chairman of the risk management committee. Please refer to the Risk Management and Internal Control as set out in the section headed “Corporate Governance Report” in this annual report for more details on the Group’s risk management structure, and to the section headed “Environmental, Social and Governance System” in this report for details on the environmental, social and governance structure of the Group.

Anti-Money Laundering and Counter-Terrorist Financing

The Group is determined to eliminate any money laundering and terrorist financing activities, and regards the fight against them as the joint responsibility of all employees. Employees of the Group must fully understand their responsibilities under the laws, including the Anti-Money Laundering and Counter-Terrorist Financing Ordinance, the Drug Trafficking (Recovery of Proceeds) Ordinance, the Organised and Serious Crimes Ordinance, the United Nations (Anti-Terrorism Measures) Ordinance, the United Nations Sanctions Ordinance, the Weapons of Mass Destruction (Control of Provision of Services) Ordinance, etc., and are responsible for reporting any suspected crimes in accordance with the aforesaid laws.

We have strictly complied with the SFC's Guideline on Anti-Money Laundering and Counter-Financing of Terrorism (the "Guideline"), and have formulated an internal "Measures for Anti-Money Laundering and Counter-Financing of Terrorism". It aims to raise awareness of anti-money laundering and terrorist financing among employees and maintain a high degree of alertness within the Group so that we can make judgements on any suspicious transactions and report them promptly. In accordance with the Guideline, we have also designated a compliance officer and a money laundering reporting officer, who are the head of the Legal and Compliance Department and the head of the Anti-money Laundering Compliance Team respectively. They are responsible for supervising all activities to prevent and detect money laundering/terrorist financing within the Group, so as to ensure compliance with laws and regulations.

In addition, as an important measure to effectively prevent and detect money laundering/terrorist financing activities, the Group also provides relevant training for the employees. During the Reporting Period, we organised and our employees participated in ten anti-money laundering trainings, with the aim of enhancing their knowledge and capabilities in fighting against money laundering/terrorist financing activities.

Anti-corruption and Bribery

The Group operates its business activities with its core values of honesty, integrity and fairness, attaches great emphasis to self-discipline and integrity, and prohibits all forms of corruption and bribery activities. Measures have been taken to ensure that our employees or licensed representatives comply with the Code of Conduct for Persons Licensed by or Registered with the SFC, the Corporate Finance Advisor Code of Conduct, the Fund Manager Code of Conduct and the SFO, and that they perform their duties strictly and uphold their work ethics. Furthermore, our Compliance Manual has clearly specified the "prohibited gift items" as well as the approval process and monitoring measures regarding offering and receiving gifts. Any giving or receiving of gifts shall be recorded by employees from the same department and reviewed for approval in accordance with relevant requirements in Compliance Manual. We clearly prohibit employees from engaging in any form of corruption or bribery activities, such as giving or receiving cash and expensive gifts.

Corporate Social Responsibility Report

Meanwhile, we are committed to maintaining the highest standards of openness, uprightness and accountability, and encourage our employees and third parties that have business relationship with the Group to report any relevant misconducts in writing or orally in accordance with the Group's Whistleblowing Policy on condition of confidentiality. The competent department of the Group shall issue oral or written confirmation in relation to any report made by an employee as soon as practicable and in any event within seven working days, and shall duly maintain relevant records for follow-up or review. In addition, any third party may report any existing or potential misconduct, fraud or violation to our Legal and Compliance Department upon detection, which will be referred to the Internal Audit Department for recording.

During the Reporting Period, the Directors and employees of the Group have undertaken a total of 24 hours and 517.5 hours of anti-corruption trainings, respectively. Furthermore, we have strictly complied with the Prevention of Bribery Ordinance and all relevant laws and regulations in relation to bribery, extortion and fraud and have not received any lawsuits regarding corruption.

Protecting Personal Data and Privacy of Clients

The Group has formulated the Cybersecurity Awareness Manual and the Information Security Policy in accordance with the Guidelines for Reducing and Mitigating Hacking Risks Associated with Internet Trading published by the SFC to provide clear guidelines on identifying and responding to cybersecurity risks by focusing on three major information security principles of confidentiality, completeness and accessibility. The Information Technology Department conducts network security awareness training and testing among all employees on a regular basis, so as to ensure that all employees master necessary knowledge on network security, in an effort to safeguard our business interests and the personal data of clients and to protect the security of the network ecological environment.

In order to protect trade secrets and privacy of the clients, confidential and sensitive data (information obtained from clients, corporate members, organisations or business partners) must be:

- used only for the specified purpose for which it was collected;
- kept for the period specified under the laws and regulations or the period in respect of the main purpose;
- kept confidential and must not be divulged without authorisation.

During the Reporting Period, we have strictly abided by the Personal Data (Privacy) Ordinance, and established access rights controls and data storage and access monitoring mechanisms to ensure access to protected resources is restricted to authorised users only. Meanwhile, we ensure that all users' access rights are reviewed regularly at least once a year to ensure the reasonableness of the access rights settings. In addition, when an employee leaves the Company, his/her rights to access the information system must be terminated immediately to prevent corporate and customer information from being disclosed.

Maintain and Protect Intellectual Property Rights

In order to regulate and strengthen the management and application of our intellectual property rights and to establish a good brand image, in accordance with the Cybersecurity Awareness Manual of the Group, all employees are prohibited from installing pirated software and any software from an unknown source. All software must not be installed until approved by the department head and the Information Technology Department. Moreover, according to the Regulations on Software Licenses and Copyrights in the Group's Information Security Policy, all software must have a genuine computer software license, and all licensed software are managed by the Information Technology Department.

Meanwhile, we register and update our own trademarks and domain names in Mainland China and Hong Kong in a timely manner. During the Reporting Period, we successfully registered eight domain names. In the future, we will continue to enhance the construction of and procedural systems for intellectual property management, and effectively promote the development of intellectual property management.

Optimise Financial Services

The Group will strive to take the path of high-quality development with respect to scale, build a comprehensive wealth management and financial services institution and realise a balanced development in respect of scale, quality and efficiency, in an effort to create greater values for clients and Shareholders. As one of the earliest licensed securities firms with a PRC background in Hong Kong, we are one of the largest securities firms specialising in securities brokerage and margin financing, corporate finance and underwriting, investment and loans, asset management and advisory businesses. We believe that one of our core competitive strengths is our ability to offer comprehensive and integrated financial services and products that fulfill the various investment and wealth management needs of clients.

In addition, improving our customer experience and satisfaction remains one of our priorities in pursuit of high-quality development. We carefully listen to our customers' opinions and thoughts and actively solve different problems for them, as well as improve and raise the quality standards of our services. We have provided customers with various channels for enquiries and complaints. Customers may contact our customer service centre via various means including phone calls, facsimiles and emails. We have also developed standard procedures for handling customer complaints, ensuring that customer complaints, whether by oral or in writing, will be handled promptly and appropriately. Employees must promptly report to their department heads upon receiving a complaint. The head of the department which received the complaint will investigate the relevant matters accordingly. The Legal and Compliance Department will also further review and investigate the specific complaints and respond to the customers in a timely manner.

Acknowledging the importance of digital transformation and big data, we have formulated and launched the 3-Year IT Application System and Infrastructure Strategic Plan. We have constantly strengthened our infrastructure via the deployment of an artificial intelligence system in our client services and continuous improvements in our online trading platform. With the assistance of modern technology, we strive to improve the customer's experience in the entire service chain covering every aspect including the brand-new online account-opening system, customised investment advice services, circulation of research reports, middle and back offices processing and completion of transactions, so as to maximise the use of our existing resources and create new business opportunities.

Corporate Social Responsibility Report

In the future, we will continue to optimise our organisational structure, promote collaborative business development and diversify our product portfolio and services, with the aim of catering for the wealth management and financing needs of domestic and overseas customers.

Regulate Marketing Management

As a responsible financial services institution, the Group strictly abides by the laws and regulations applicable to the Group such as the SFO, and prohibits illegal advertising and promotion for any products that is not authorised by the SFC. The Compliance Manual of the Group sets out the code of conduct in relation to preparing promotion materials and engaging in advertising and promotion activities. Any speech, interview, meeting or comment to be used in radio, newspapers, journals, magazines or any other media shall be subject to coordination and review by the Executive Office, department head and the Legal and Compliance Department, so as to ensure that all information in the promotion materials are true and fair and are not misleading and to prevent any withholding or omission of facts in bad faith. Moreover, we guarantee the fairness of promotion materials, without false, groundless, misleading or fraudulent information, and we will take both returns and investment risks into consideration.

Supplier Management

Through our cooperation with suppliers, the Group hopes to jointly contribute to the environment and society. The Group has formulated the Regulations on the Purchase and Management of Equipment, which establishes a fair and transparent code for suppliers' selection and management to minimise environmental and social risks in the supply chains.

We select suppliers through a stringent selection process with reference to the suppliers recognised by the BOCOM Group, in an attempt to avoid suppliers with a negative track record and reputation in fulfilling their environmental and social responsibilities. In assessing and selecting a supplier, we value its commitment to and performance of its environmental and social responsibilities and incorporate the following factors into the assessment of suppliers:

- Operational Compliance — compliance with laws, regulations and regulatory practices
- Labour Standards — protection of workers' rights and interests
- Health and Safety — ensuring a safe working environment
- Environmental protection — prevention of pollution and fulfilling environmental responsibilities

GATHERING TALENTS TO BUILD AN ELITE TEAM

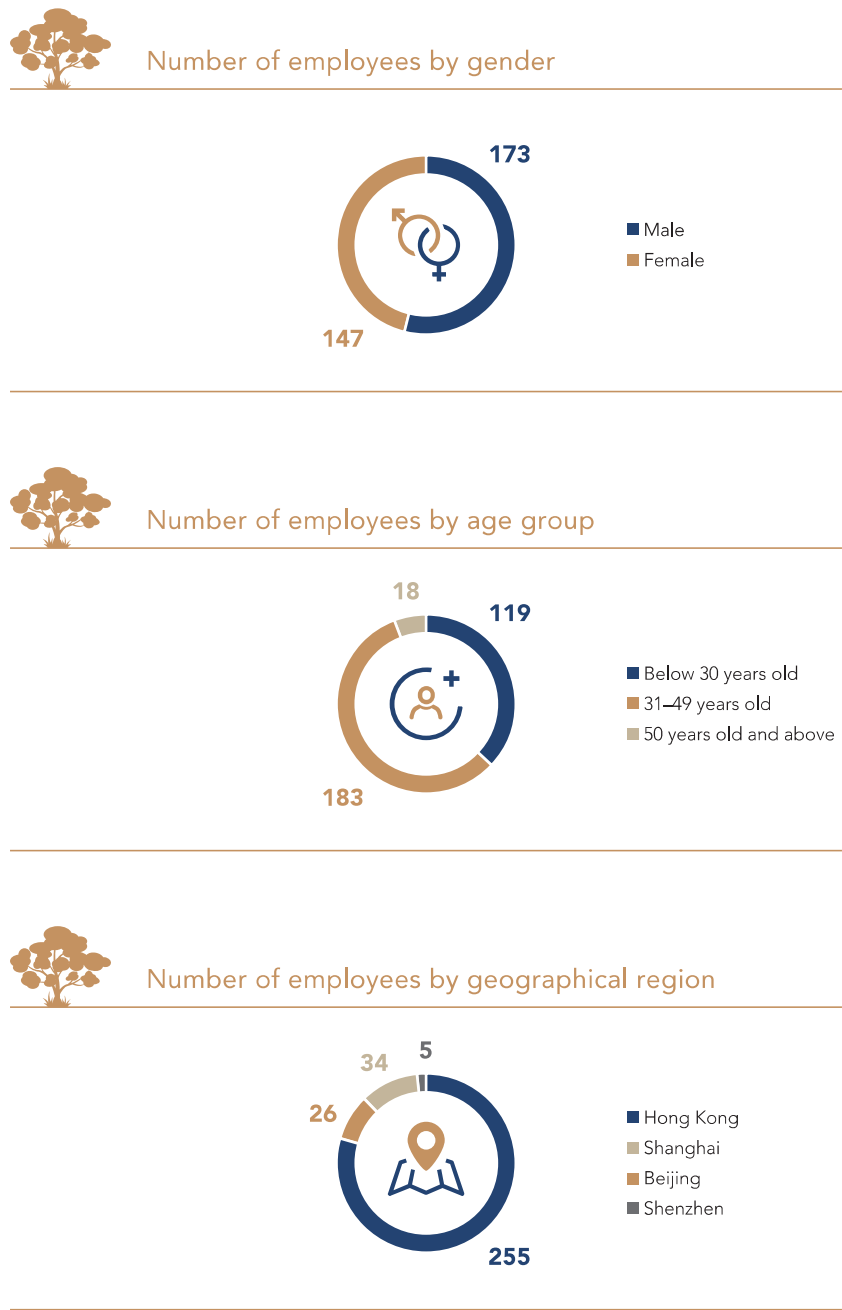
The Group believes that talent is the driving force for corporate development and is also an important intellectual asset. With a talented team as the foundation for development, we are committed to developing core competitiveness with abundant and high-quality human resources, creating a working environment full of humanistic care and building an efficient and collaborative elite team to combine the personal development of our employees with the development of the corporation.

During the Reporting Period, the Group has strictly complied with various Hong Kong laws including the Employment Ordinance, the Employees' Compensation Ordinance, the Minimum Wage Ordinance, and the Mandatory Provident Fund Schemes Ordinance. The Group also complied with the PRC Labour Law, the PRC Labour Contract Law and other relevant laws and regulations to protect the legitimate rights and interests of the employees of the Group. In order to manage employees' organisational behaviour, optimise labour relations and improve corporate management standards, the Human Resources Department of the Group has developed the Human Resources Management System, which aims to regulate matters including recruitment and dismissal, promotion and training, compensation and benefits as well as working hours and holiday arrangements.

Before hiring new employees, we will investigate and confirm that employees meet the statutory working age. In addition, in the case of any discrepancies or mismatches of information, we will require the prospective staff to provide a reasonable explanation. If there is no reasonable explanation, we will revoke or cancel the employment in accordance with the "reasons for termination of employment contract without notice or payment in lieu of notice" clause in strict compliance with the Employment Ordinance.

Corporate Social Responsibility Report

The Group had a total of 320 full-time employees and no part-time employees during the Reporting Period. The number of employees by gender, age group and geographical region are as follows:



Equal Opportunity

The Group is committed to providing an equal, open and inclusive working environment that eliminates discrimination based on factors such as gender, body type, race and ethnicity. During the Reporting Period, we have strictly complied with the Sex Discrimination Ordinance, the Disability Discrimination Ordinance, the Family Status Discrimination Ordinance and the Race Discrimination Ordinance. We adopt a uniform selection criteria and only consider relevant factors such as qualifications, work experience, skills of the candidates and job requirements. At the same time, we adopt a unified promotion criteria, which considers on-the-job performance, skills and future job requirements when assessing employees. Factors such as gender, family status, marital status, pregnancy or disability are not involved.

Employee Benefits and Welfare

In order to further enhance our competitive strength and maintain a stable elite work force, the Group attaches great importance to the benefits and welfare system of employees to attract and retain talents. In accordance with the Human Resources Management System, we reasonably stipulate employee office hours. Due to the special factors including nature of work, scheduling and staffing of different positions, we have implemented flexible working hours for individual staff. During the Reporting Period, we have strictly complied with the statutory rest day requirements of the place of operation, and do not encourage and never force employees to work overtime. In the event of special circumstances, employees will be allowed to take another rest day.

We offer competitive compensation and benefits superior to statutory requirements with reference to the current employment regulations and market conditions. We protect our employees' rights to enjoy statutory holidays and benefits such as public holidays, annual leave, statutory paid sick leave, maternity and paternity leave, and Mandatory Provident Fund schemes. In addition, we have additional paid leave such as welfare sick leave, birthday leave, marriage leave and compassionate leave. Furthermore, in order to reduce the burden of medical expenses on employees and provide good medical protection, we provide group medical insurance schemes for full-time employees and their immediate family members. The Group also purchases labour insurance for all employees for compensation of work injuries. If an employee has an accident at work, the Group will provide paid work-related injury leave in accordance with the Employees' Compensation Ordinance and bear the relevant medical expenses.

Corporate Social Responsibility Report

In order to create a caring, efficient and collaborative working environment, we regularly organise a variety of welfare activities for our employees on various holidays such as the Women's Day and the Mid-autumn Festival every year, proactively promoting the concept of happy work and aiming to create a happy working environment with a sense of belonging.



Tea Party on the Women's Day



Making mooncakes
on the Mid-autumn Festival



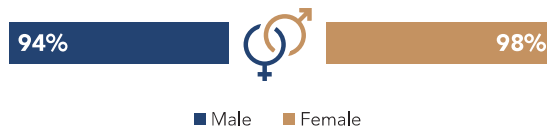
Employee Training and Development

The Group believes employee training is essential to the business development and talent cultivation of the Company. To keep multiple career development channels open for employees, fully stimulate the enthusiasm and creativity of employees, and form a dynamic employee career development mechanism, we organised or invited external professional training institutions to hold various types of programmes, subject talks, symposiums and team building activities, etc., so that employees can acquire more knowledge and skills that meet the needs of their work so as to keep abreast of the latest developments in the industry to cope with the changing economic and business environment. In addition, we also established the Employee Further Studies Sponsorship Scheme to sponsor employees for professional-related courses and exams, so as to help them improve their qualifications.

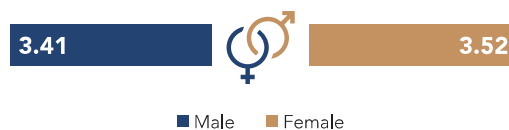
The percentage of employees undertaking training by gender and employee category and the average training hours are as follows (see diagram below):



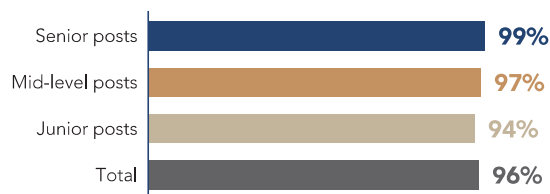
Percentage of employees undertaking training by gender



Average training hours per employee by gender (hours)



Percentage of employees undertaking training by employee category



Average training hours per employee by employee category (hours)



Corporate Social Responsibility Report

During the Reporting Period, we organised orientation training for new employees to further new employees' understanding of the Company's corporate culture philosophy, regulatory requirements and management systems, help them integrate into work faster and improve work efficiency. At the same time, in order to enhance our employees' awareness of and responsibilities regarding legal compliance and professional ethics, we have organised anti-bribery and anti-money laundering training sessions, and jointly organised business ethics and anti-corruption training with the Independent Commission Against Corruption of Hong Kong, with the aim of continually stressing to all our employees the importance of complying with the relevant laws and regulations in the financial services industry, and regulating our employees' adherence to high ethical standards in business practices.



Annual training for anti-bribery and anti-money laundering



To support and broaden the talent pool program, we jointly organised with BOCOM overseas study and training activities for management trainees, whereby the business training will allow them to have a more accurate understanding of the business development strategy, goals and management philosophy in Hong Kong. In the future, we will further carry out various types of training activities to keep improving our employees' professionalism, professional knowledge, teamwork and leadership amongst other skill sets, so as to grow our talent pool.

Occupational Health and Safety

The Group values the health and well-being of its employees and endeavours to provide a safe, efficient and harmonious working environment for its employees. During the Reporting Period, we have strictly complied with the Occupational Safety and Health Ordinance in Hong Kong and the Law of the PRC on the Prevention and Treatment of Occupational Diseases. We took out labour insurance, group life insurance, personal accident insurance and business travel insurance to ensure the occupational health and safety of our employees to the largest possible extent. In addition, we provide various health examination scheme for employees according to their job position, gender and age to meet their different health examination needs.

Pursuant to the Employees' Compensation Ordinance, when a staff member is given a sick leave from a regular hospital or clinic because of injury sustained during employment due to work, we will not deduct from their paid sick days to ensure adequate treatment and rest time. When encountering unavoidable natural disasters such as typhoons and rainstorms, the Group has considered the safety of employees at work and while commuting to work and has established corresponding work arrangements and contingency measures. We also attach great importance to safety education for employees, such as response plans to fires and explosions and organise regular fire drills, to improve employees' fire safety awareness and ensure they know how to protect themselves in the event of a dangerous situation so as to effectively prevent themselves from suffering injuries. During the Reporting Period, the Group did not have any work-related injuries or fatalities.

We always believe that maintaining a work-life balance is essential for sustainability as well as the physical and mental health of every employee. To this end, we actively organised a variety of activities for our employees, such as a number of sports and handicraft events to enhance the physical fitness of employees and strengthen their cohesiveness as a team so that employees can de-stress and to promote physical and mental health through physical exercise and culture events.



Taking Immediate Action to Fight against the Epidemic

Since the end of 2019, the wide spread of COVID-19 (the “Epidemic”) has significantly impacted China and even the whole world. Although the major impact of the Epidemic and the relevant prevention and control measures proactively taken by the Group are not covered by the Reporting Period, we have chosen to make timely disclosure on the measures and actions taken during the Epidemic given its importance to the Group and all stakeholders.

In order to prevent and control the further spread of the Epidemic and to ensure the health and safety of our employees, we promptly set up a steering group for the prevention and control of the Epidemic which consists of the Chairman (as head of the steering group), all members of the Executive Committee and the head of each of the Executive Office, Human Resources Department, Finance and Accounting Department and Administration Department (as steering group members), so as to give full play to their respective duties and functions to coordinate our efforts in the prevention and control of the Epidemic.



I. Strengthening the leading organisations and systems:

We issued the Notice on Strengthening Safety Measures during the Spring Festival Holiday (《關於做好春節假期安全工作的通知》) before the Spring Festival holiday and have established the reporting system for timely information on the prevention and control of the Epidemic. With the rapid development of the Epidemic, we promptly formulated and issued the Notice on the Prevention and Control of the Epidemic and Work Arrangements after the Spring Festival Holiday (《關於春節假期後疫情防護和工作安排的通知》), the Further Notice on the Current Work Arrangements during the Period of Epidemic Prevention and Control (《關於當前防疫期工作安排的進一步通知》) and other relevant notices, so as to ensure the health and safety of our employees and smooth business operations;



II. Increasing efforts in Epidemic prevention and control:

We have adopted special work arrangements, and all employees returning to Hong Kong from areas heavily affected by the Epidemic are required to undergo self-quarantine for 14 days and fill out a health report on a daily basis. In addition, no employee will be allowed to enter the work premises without taking a temperature check and wearing a face mask, and we regularly sterilise all public facilities in the work premises every day. In addition, we have cancelled all onsite visits and meetings and arranged for video and telephone conferences instead;



III. Strengthening health protection with a people-oriented approach:

We promptly implemented centralised procurement of protective face masks which have been distributed to employees of all departments, so as to ensure an ample supply of protective materials such as face masks and hand sanitiser. During the Epidemic period, we paid great attention to the physical health and emotional condition of our employees, learned about their needs and provided more guidance on public opinions. We also sent accurate and reliable information on the Epidemic prevention and control to our employees via our working group account, with the aim of disseminating authoritative popular science knowledge and promoting a healthy lifestyle.

CARING FOR THE ENVIRONMENT AND PROMOTING EFFICIENT OPERATIONS

As a company that values social responsibility, the Group has always maintained a balance between achieving business development and environmental protection, and strives to be a supporter of the green environment and a builder of ecological civilisation.

Green Office Measures

The Group belongs to the financial industry and thus does not have a direct and significant impact on the environment and natural resources in its daily operations, however, we still actively promote green office tips to achieve energy and resource savings. During the Reporting Period, we carried out environmental protection measures to achieve energy conservation, water and fuel savings as well as waste reduction and recycling, and proactively implemented its green procurement policy. The following are the main energy conservation and environmental protection measures that we implement in the daily office operations:

Saving Paper

We promote a paperless working environment and encourage employees to: use electronic methods as much as possible, such as e-mail and scanning, to circulate and communicate information; reduce unnecessary color printing; use double-sided photocopying and reuse recycled paper or waste paper by setting up a waste bin next to the printing machine; and use spreadsheets, e-accounting systems and e-procurement systems to handle administrative matters. Through a series of measures, we aim to gradually reduce the use of printing ink and save paper.



Corporate Social Responsibility Report

Saving Electricity

We have posted a “turn off the lights” notice near all lighting switches to remind employees to turn off all lighting fixtures when they leave. We remind our staff to turn off all unnecessary power sources, such as photocopiers, computers, water dispensers and coffee machines before they leave and before the holidays. In addition, our cooling and warming air conditioning system is also connected to the centralised control and monitoring system (CCMS) and building management system (BMS) to adjust the temperature and usage hours rationally, so as to enhance energy efficiency.

Saving Water

The Group purchases and installs taps with water saving labels and infrared sensors to avoid wasting water resources. We post water saving notices in each washroom to encourage employees to save water. In addition, we provide cups for guests in the conference room to reduce consumption of bottled water. Due to the business nature, we are not a high water-consuming company. The water used in our office is mainly from the government’s water supply system, and there is no difficulty in finding water sources.

Reasonable Use of Vehicles

The vehicles of the Group are used for accommodating clients, transportation for meetings, etc. We provide low-carbon driving training for our drivers and require our employees to make more appropriate arrangement for itineraries to avoid the situation of idling engines and maximise vehicle fuel efficiency, in an effort to reduce air pollution caused by driving the vehicles; we also regularly inspect vehicles and maintain them in a timely manner to minimise reductions in fuel efficiency caused by aging and abrasion of vehicle parts.

Hong Kong office areas¹ — Resource consumption

Class	Consumption in 2019	Intensity of consumption in 2019
Fuel consumption (gasoline) ²	13,575.00 L	2,262.50 L/vehicle
Water consumption ³	806.96 tonnes	3.16 tonnes/person
Electricity consumption	882,381.00 kWh	3,460.32 kWh/person
		189.00 kWh/m ²
Paper consumption (A4)	7,097.71 kg	27.83 kg/person
Paper consumption (A3)	124.74 kg	0.49 kg/person

Waste Disposal and Recycling

During the Reporting Period, the Group has been in strict compliance with the Waste Disposal Ordinance of Hong Kong. We believe waste reduction requires radical measures starting from the source, and therefore we estimate the amount needed before purchasing office stationery to avoid overstocking. We prefer reusable and refillable products to eliminate the reliance on disposable and non-recyclable products. We put up waste classification instructions in our offices to encourage employees to classify and recycle waste, such as cans, plastic, waste paper, glass bottles and other recyclable materials, and the recycled waste is then put into the central recycling bins of the office building for collection. For non-repairable waste electrical appliances and devices, we will pass them to qualified recyclers to recycle and reuse, and ensure they are appropriately handled. For waste toner cartridges or inkjet cartridges, we will arrange for suppliers to recycle them on a regular basis.

¹ The Hong Kong office areas of the Group include the Headquarters Office in Central, Hong Kong, and the Tsim Sha Tsui office, with a total area of 4,668.7 m² and 255 employees in aggregate.

² Fuel consumption was generated from: 6 official vehicles over which the Group has operational control in the Hong Kong office areas during the Reporting Period.

³ Due to the centralised water supply in the building, this part was calculated based on the average water consumption and daily water consumption of each floor provided by the building management office.

Corporate Social Responsibility Report

Hong Kong office areas – Waste generation

Class	The amount generated in 2019	The intensity generated in 2019
Hazardous waste		
Waste fluorescent light tubes	45 tubes	0.0086 tube/m ²
Waste toner cartridges	166 cartridges	0.65 cartridge/person
Non-hazardous waste		
Waste paper ⁴	2166.73 kg	8.50 kg/person
Computer cases	66 cases	0.26 case/person

Focus on Air Quality

We encourage employees to save energy and reduce electricity consumption as well as turn off unnecessary lighting during lunch, overtime and outside office hours. Before statutory holidays, employees are prompted to turn off all unnecessary power sources, such as photocopiers, computers and water dispensers. This has extended the product lifespan of light bulbs and various types of equipment, reduced waste generation, and reduced greenhouse gas emissions due to reduced energy consumption.

In addition, we proactively advocate the practice of green procurement, and select electrical appliances with Grade 1 Energy Labels, with the aim of improving energy efficiency. During the Reporting Period, starting from the ordinary working scope of our staff, we implemented environmental procedures step by step, and arranged for designated staff to inspect compliance by our workers on a regular basis. Thanks to the strict implementation of a series of measures, overtime air-conditioning charges of the Hong Kong Headquarters Office were reduced by 20% compared to last year.

⁴ The amount of the waste paper was estimated based on 30% of our paper consumption (A3 and A4).

Hong Kong office areas – Greenhouse gas emissions

Greenhouse gas emissions scope	Volume of emissions in 2019	Unit
Scope 1 ⁵ :	36.11	tonnes
Scope 2 ⁶ :	680.14	tonnes
Scope 3 ⁷ :	135.08	tonnes
Total volume of greenhouse gas emissions (Scopes 1, 2 & 3)	851.33	tonnes
Intensity of greenhouse gas emissions (Scopes 1, 2 & 3)	0.18	tonne/m ²
	3.34	tonnes/person

Greenhouse gas emissions of the Hong Kong office areas can be divided into direct emissions (Scope 1) and indirect emissions (Scopes 2 and 3). The sources of greenhouse gas emissions under each scope are: fuel used by vehicles (Scope 1), electricity consumption during business operations (Scope 2), and the flight emissions as a result of employees' overseas business trips and paper consumption (Scope 3).

In addition to focusing on climate issues such as global warming, we also value the environmental impact of other air pollutants. During the Reporting Period, we have strictly complied with the Air Pollution Control Ordinance of Hong Kong. The identified sources of air pollutant emissions are mainly from the 6 official vehicles over which the Group has operational control in the Hong Kong office areas.

⁵ The computation method and relevant emission factors of greenhouse gas emissions (Scope 1) are based on: the Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong (2010 Edition) jointly issued by the Electrical and Mechanical Services Department and the Environmental Protection Department.

⁶ The computation method and relevant emission factors of greenhouse gas emissions (Scope 2) are based on: the "Carbon Emissions Calculator" by HK Electric Investments Limited and the 2018 Sustainability Report – Data and Downloads by CLP Power Hong Kong Limited.

⁷ The computation method and relevant emission factors of greenhouse gas emissions (Scope 3) are based on: Appendix 2: Reporting Guidance on Environmental KPIs of the Stock Exchange, and the Carbon Emissions Calculator of the International Civil Aviation Organisation (<https://www.icao.int/environmental-protection/CarbonOffset/Pages/default.aspx>).

Corporate Social Responsibility Report

Hong Kong office areas – Air pollutant emissions⁸

Types of air pollutant emissions	Volume of emissions in 2019	Unit
NOx emissions	5.46	kg
SOx emissions	0.20	kg
CO emissions	49.08	kg
PM2.5 emissions	0.12	kg

During the Reporting Period, the Group standardised our work on environmental data collection, and for the first time produced and disclosed statistics in relation to all aspects of the Hong Kong office areas. In the future, based on the figures of this Reporting Period, we will compare yearly figures, so as to enhance environmental performance disclosure.

Green Finance

As a responsible financial services institution, while attaching great emphasis to the impacts on the environment imposed by its business operations, the Group also focuses on green finance services due to its business nature, proactively supports environmental protection projects, and combines green investment with sustainable development needs, so as to boost the construction of ecological civilisation.

Negative Screening Strategy

In conducting project assessments, we, on principle, eliminate projects in industries involving high pollution, high energy consumption, military, pornographic and gambling businesses. For investment projects with the same return rate, we give priority to green projects. In addition, at the post-investment management stage, we keep a close watch over the counterparty for any negative media reports. Upon occurrence of an event on the part of the counterparty with a significant negative social impact, we will issue a risk alert to the front office business department and procure the business department to adopt an appropriate response strategy.

Green Bonds

On 17 April 2019, acting as a joint global coordinator, a joint bookrunner and a joint lead manager, we again assisted Modern Land to issue green bonds with a principal amount of US\$200 million, which helped to expand green financing channels and promoted the sustainable development of green technology real estate business. The issuance of such green bonds is aimed at funding new and existing projects and businesses with environmental benefits that align with the Green Bond Principles, which was classified as refinancing of qualified green assets. On 28 November 2019, acting as a joint bookrunner and a joint lead manager, we assisted Jiangxi Provincial Water Conservancy Investment Group Corp. (江西省水利投資集團有限公司) to issue three-year senior unsecured green bonds with a principal amount of US\$300 million. The proceeds of the green bonds will mainly be used for the infrastructure construction of Jiangxi water conservancy, rectification for ecological environment and development of clean energy. The bonds became the first overseas green bonds issued not only in Jiangxi, but also in the national pilot green finance zones. Our continuous efforts in assisting Modern Land and Jiangxi Provincial Water Conservancy Investment Group Corp. to issue green bonds also demonstrate our commitment to green finance, helping to promote the development of green finance.

⁸ The computation method and relevant emission factors of the air pollutant emissions are based on: the EMEP/EEA Air Pollutant Emission Inventory Guidebook – 2016 issued by the European Environment Agency.

CARE FOR THE COMMUNITY, EMBRACE HIGH-VALUE DEDICATION

Giving back to society historically remains one of our primary means to fulfill our corporate social responsibility. While pursuing business development, the Group actively organised and its employees participated in a variety of public welfare activities, with the aim of facilitating community-friendly development. We have worked with the Hong Kong Community Chest and made donations for many consecutive years, and participated in various large-scale charity fundraising events such as "Walk for a Million" to support communities in need. In addition, we actively supported the efforts by all walks of life in the promotion and education of ecological environment protection, sponsored HK\$100,000 to Friends of the Earth (HK) and jointly promoted the "Tree Planting Challenge 2019" and other environmental protection activities.



Tree Planting Challenge 2019 Certificate



On 28 April 2019, 39 employees of the Group participated in the tree planting and hiking activity "Friends of the Earth (HK) – Tree Planting Challenge 2019". As one of the participating organisations, we jointly planted approximately 1,500 native tree seedlings during the activity, and called for employees to care for trees and join hands to combat climate change.

Corporate Social Responsibility Report



On 6 January 2019, we organised our employees' participation in "The Community Chest 50th Anniversary Walk for a Million (Central-Wanchai Bypass)" charity walk, and donated HK\$15,000 to support family and child welfare services of the Community Chest.



On 1 June 2019, three employee representatives of the Group participated in the "Everbright Spartan Corporate Championship 2019". They demonstrated strong teamwork spirit in a series of obstacle course races, showing great physical strength, willpower and endurance and also making contributions to charity.

In addition, we made donations to "ORBIS", one of the charity recipients of the event, to support those suffering from preventable blindness.

APPENDIX: HKEX “ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE” CONTENT INDEX

Aspect	Index	Content Index	Relevant Sections/ Notes
A. Environmental			
A1: Emissions	General Disclosure	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	Focus on Air Quality, Waste Disposal and Recycling
	A1.1	The types of emissions and respective emissions data	Focus on Air Quality
	A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	Focus on Air Quality
	A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	Waste Disposal and Recycling
	A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	Waste Disposal and Recycling
	A1.5	Description of measures to mitigate emissions and results achieved	Green Office Measures, Focus on Air Quality
	A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	Waste Disposal and Recycling

Corporate Social Responsibility Report

Aspect	Index	Content Index	Relevant Sections/ Notes
A2: Use of Resources	General Disclosure	Policies on efficient use of resources including energy, water and other raw materials	Green Office Measures
	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)	Green Office Measures
	A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility)	Green Office Measures
	A2.3	Description of energy use efficiency initiatives and results achieved	Green Office Measures
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved	Green Office Measures
	A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced	Not Applicable to Principal Activities
A3: The Environment and Natural Resources	General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources	Green Office Measures
	A3.1	Description of the significant impacts of activities on the environment and natural resources and actions taken to manage them	Green Office Measures, Care for the Community, Embrace High-value Dedication

Aspect	Index	Content Index	Relevant Sections/ Notes
B. Social			
B1: Employment	General Disclosure	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	Gathering Talents to Build an Elite Team
	B1.1	Total workforce by gender, employment type, age group and geographical region	Gathering Talents to Build an Elite Team
	B1.2	Employee turnover rate by gender, age group and geographical region	Consideration for Future Disclosure
B2: Health and Safety	General Disclosure	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	Occupational Health and Safety
	B2.1	Number and rate of work-related fatalities	Occupational Health and Safety
	B2.2	Lost days due to work injury	Occupational Health and Safety
	B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	Occupational Health and Safety
B3: Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work and description of training activities	Employee Training and Development
	B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management)	Employee Training and Development
	B3.2	The average training hours completed per employee by gender and employee category	Employee Training and Development

Corporate Social Responsibility Report

Aspect	Index	Content Index	Relevant Sections/ Notes
B4: Labour Standards	General Disclosure	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 labour	Gathering Talents to Build an Elite Team
	B4.1	Description of measures to review employment practices to avoid child and forced labour	Gathering Talents to Build an Elite Team
	B4.2	Description of steps taken to eliminate such practices when discovered	Gathering Talents to Build an Elite Team
B5: Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain	Supplier Management
	B5.1	Number of suppliers by geographical region	Consideration for Future Disclosure
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored	Supplier Management
B6: Product Responsibility	General Disclosure	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	Protecting Personal Data and Privacy of Clients, Maintain and Protect Intellectual Property Rights, Regulate Marketing Management
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	Not Applicable to Principal Activities
	B6.2	Number of products and service related complaints received and how they are dealt with	Optimise Financial Services
	B6.3	Description of practices relating to observing and protecting intellectual property rights	Maintain and Protect Intellectual Property Rights
	B6.4	Description of quality assurance process and recall procedures	Not Applicable to Principal Activities
	B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored	Protecting Personal Data and Privacy of Clients

Aspect	Index	Content Index	Relevant Sections/ Notes
B7: Anti-corruption	General Disclosure	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	Anti-Money Laundering and Counter-Terrorist Financing, Anti-corruption and Bribery
	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	Anti-Money Laundering and Counter-Terrorist Financing, Anti-corruption and Bribery
	B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	Anti-Money Laundering and Counter-Terrorist Financing, Anti-corruption and Bribery
B8: Community Investment	General Disclosure	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	Care for the Community, Embrace High-value Dedication
	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport)	Care for the Community, Embrace High-value Dedication
	B8.2	Resources contributed (e.g. money or time) to the focus area	Care for the Community, Embrace High-value Dedication