



中民金融

CM Financial

**China Minsheng Financial
Holding Corporation Limited**

中國民生金融控股有限公司

(Incorporated in Hong Kong with limited liability)

Stock Code: 245

**2016
ENVIRONMENTAL, SOCIAL AND
GOVERNANCE REPORT**

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1. ABOUT THIS REPORT

China Minsheng Financial Holding Corporation Limited (“CMFH” or the “Company”) and its subsidiaries (collectively known as the “Group”) have been pursuing excellence in environmental protection, social responsibility and corporate governance. The Board of Directors (the “Board”) believes that a sound environmental, social and governance structure is vital for the sustainable development of the Group.

This first annual Environmental, Social and Governance Report (the “ESG Report”) is to highlight our approaches and strategies in pursuit of sustainable development during the period from 1 January 2016 to 31 December 2016 (the “Reporting Period”). Corporate governance is addressed separately in the Group’s 2016 annual report. This ESG Report has been prepared with reference to Appendix 27 ESG Reporting Guide published by The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), and is based on the material aspects related to the Group and its stakeholders.

The Board has overall responsibility for the Group’s ESG strategy. The Board is responsible for ensuring that there are appropriate and effective risk management and internal control systems to mitigate ESG related risks to meet stakeholders’ needs and expectations. The Board is committed to be a responsible corporation and has maintained the highest standard on environmental and social practices.

Our continuous improvement relies on your valuable feedback on both the content and the form of this ESG Report. If you have any questions or comments, please send your views to ir@cm-fin.com to help us continuously improve our performance in environmental, social and governance aspects.

2. ABOUT CMFH

During the Reporting Period, we are licensed to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “SFO”), as well as the money lending business under the Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong).

Subsequent to the Reporting Period, type 6 license has also been successfully obtained from the Securities and Futures Commission for advising on corporate finance, subject to certain licensing conditions.

3. OUR APPROACH TO SUSTAINABILITY DEVELOPMENT

As a good corporate citizen, we are committed to creating sustained value for stakeholders by incorporating environmental, social and governance considerations into our operation with a view of becoming a positive force to our environment and the wider community. To be accountable to all the stakeholders, the Company is committed to minimising the negative impact to the environment, increasing awareness of employee well-being and contributing more to the community.

4. LISTENING TO OUR STAKEHOLDERS

Listening to the voices from stakeholders is an essential driving force for the sustainable development of the Group. With various communication channels and meetings, the Group understands stakeholders’ needs and expectations. To reinforce mutual trust and confidence, we are committed to maintaining enduring communication channels, both formally and informally, with stakeholders to enable us to better shape our business strategies in order to respond to their needs and expectations, anticipate risks and strengthen key relationships. We have identified employees, customers, business partners, shareholders, suppliers, regulatory authorities, government and the community at large as our key stakeholder groups. The information collected through different communication processes serves as an underlying basis for the structure of this ESG Report.

5. SCOPE OF THE REPORT

The Group is engaged in seven business segments, namely provision for asset management services (“Asset management”), securities brokerage services (“Securities brokerage”), investment holding (“Investment holding”), investment banking (“Investment banking”), insurance agency services (“Insurance agency”), trading of chemical materials (“Trading of chemical materials”) and other corporate and business activities (“Others”).

Unless otherwise stated, apart from the segment of Trading of chemical materials and Others, this ESG Report covers the sustainability performance and initiatives of our Group.

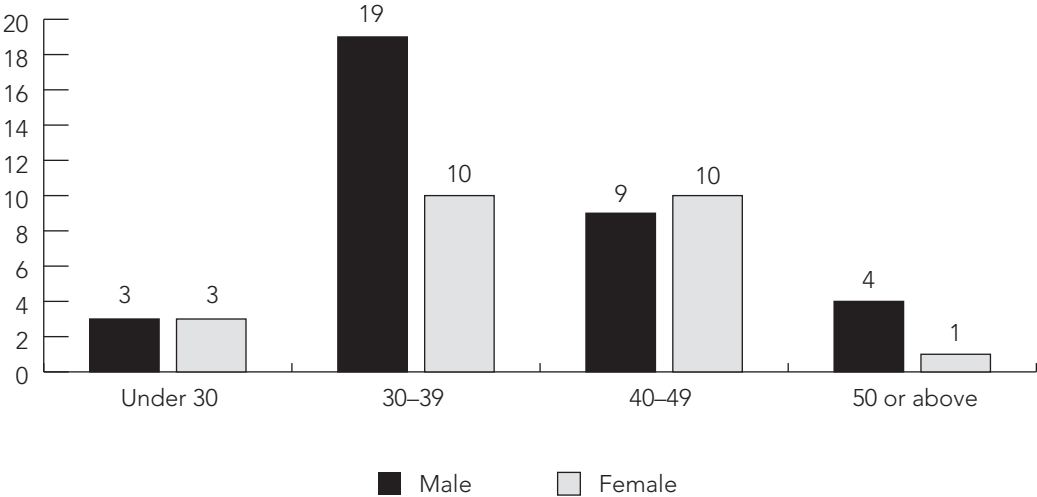
6. SOCIAL ASPECTS

6.1 Value our people

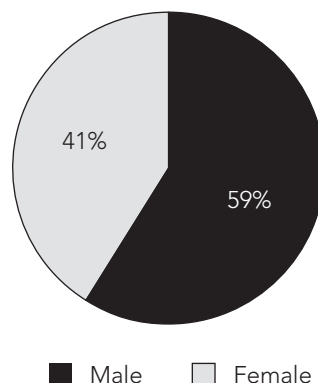
We regard employees as the underlying ingredient for enterprise development and the most valued asset. We believe that every employee should be respected. Attracting, developing and retaining talent is vital to the Group’s success. We also advocate work-life balance and pay close attention to employees’ overall well-being.

As at 31 December 2016, we employed a total of 59 employees, including directors of the Company. All of our employees were employed on a full-time basis. 71% and 29% of the total number employees were stationed in Hong Kong and mainland China respectively.

Distribution of employee by age group



Distribution of employee by gender



We ensure that all employees are under protection of the Employment Ordinance (Chapter 57 of the Laws of Hong Kong) and Labour Contract Law of the People's Republic of China* (《中華人民共和國勞動合同法》). The Group has included employment policies in its "Human Resources Policies" and "Environmental, Social and Governance Policies", covering aspects of salary, compensation, recruitment, promotion, working hours, leave, appraisal systems, equal opportunities, anti-discrimination and benefits.

As an equal opportunity employer, we abide by the principle of equal opportunities and diversity. We are committed in all areas to providing a work environment that is free from discrimination, sexual harassment and unethical labour policy. As the cornerstone of our corporate culture, we continue to adopt a zero-tolerance approach in relation to these matters.

The relevant laws and regulations that have significant impact on the Group relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination and other benefits and welfare during the Reporting Period included the Employment Ordinance, the Minimum Wage Ordinance (Chapter 608 of the Laws of Hong Kong) and the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong). The Group is not aware of any material non-compliance with the relevant laws and regulations that have significant impact on the Group relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination and other benefits and welfare during the Reporting Period.

6.2 Employment

We plan and look for suitable candidates according to our business development plans. We publicly release recruitment information on social platforms and uphold unified and transparent recruitment standards. We select applicants in accordance to the requirements of a particular position, such as educational level, working experience and personal ability, and would not implement discriminatory policies based on the applicant's age, sex, marital status, family status, race, skin colour, nationality, religion, political affiliation or sexual orientation, so as to ensure equal chances of interview to suitable applicants. Our Human Resources Policies set out the standard working hours, paid leaves, rest periods, and dismissal policy to safeguard the rights of our people.

* for identification purpose only

Whenever an employee resigns or gets laid off, designated human resource personnel would carry out exit-interviews to find out the underlying reasons of departure or dismissal, and to ensure full compliance with the relevant employment laws and regulations.

6.3 Employee benefits

We reward and recognise well performing staff by providing a competitive remuneration package. It includes five-day work week arrangement, medical insurance coverage, retirement benefits in the form of a defined contribution to the mandatory provident fund scheme under the Mandatory Provident Fund Schemes Ordinance, discretionary bonuses and reimbursements of professional qualification fees. We also adopted a share award scheme for eligible employees (including directors) to provide incentives to employees for their contributions and continuing efforts to promote the interests of the Group.

To ensure our competitiveness in the local market and fair salary structure, the remuneration policy and package of our employees are reviewed by our management annually.

6.4 Health and safety

Although our operation is predominantly office-based, we strive to comply with the relevant Ordinances relating to occupational safety. We aim to offer and maintain a safe and healthy working environment for employees to protect them from work-related accidents or injuries. We are committed to achieving this goal by implementing the following key measures:

- provide and maintain in all workplaces under the Group's control a working environment which is safe and poses no threat to health
- provide sufficient first-aid kits at workplaces
- participate in fire drills organised by property management company regularly
- carry out inspection and fix unsafe condition(s) immediately
- provide medical insurance coverage to our employees
- prohibit smoking in all enclosed areas within our offices, without exception

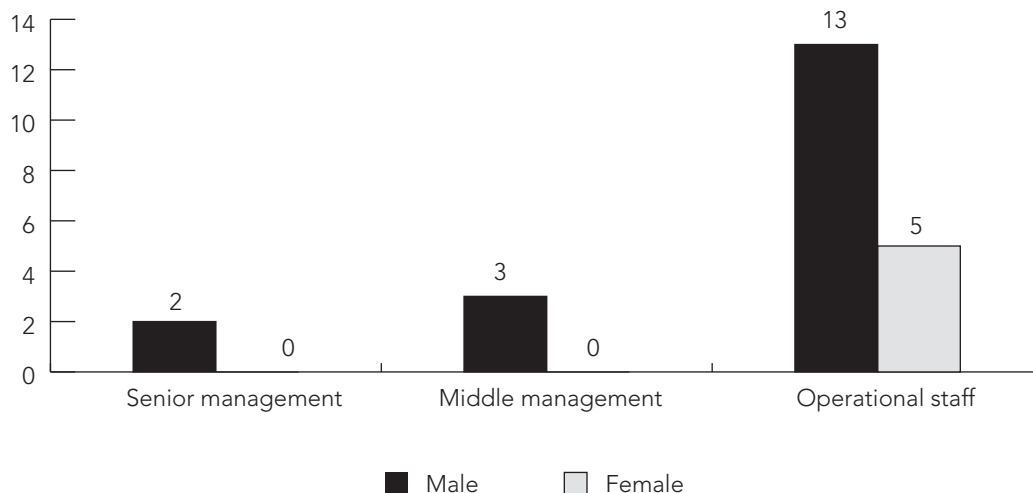
With the above measures, we did not have any work-related fatal incident or work-related injury during the Reporting Period and we are not aware of any material non-compliance with the relevant laws and regulations that have significant impact to the Group in providing a safe working environment and protecting employees from occupational hazards during the Reporting Period.

6.5 Development and training

We placed a great emphasis on career development of talents and are dedicated to providing our employees with abundant opportunities for career development. We encourage and sponsor employees to attend relevant job-related courses to enrich their knowledge and skills.

We also provide briefings and other training programmes to develop and refresh directors' knowledge and skills, and update all directors on the latest development regarding the Rules Governing the Listing of Securities on The Stock Exchange Limited (the "Listing Rules") and other applicable regulatory requirements with a view to ensuring compliance and their awareness of good corporate governance practices.

Number of employees trained by employee category



6.6 Labour standards

We strictly emphasise on the prohibition of engaging child labour and forced labour. As a measure of prevention, when signing contract with a staff member, we check the identification documents to ensure that no child labour is employed by mistake. Before any staff member officially takes office, Employee Handbook would be provided to clearly state the duties and responsibilities of the role to prevent any forced labour.

We are not aware of any non-compliance with relevant rules and regulations on preventing child or forced labour during the Reporting Period.

6.7 Supply chain management

Due to its business nature, our suppliers consist mainly of general office supplies suppliers, for example, water, paper and stationery. We generally select suppliers based on their scale of business and reputation. Our suppliers should comply with all relevant local and national laws and regulations in relation to unethical behaviour, bribery, corruption and other prohibited business practices. When a supplier is found to be inconsistent with our policy or contractual requirements, we will terminate future cooperation until the situation has been improved.

During the Reporting Period, we are not aware that any key suppliers had any significant actual and potential negative impact on business ethics, environmental protection, human rights and labour practices, nor any of them had any non-compliance incident in respect of human rights issues.

6.8 Product responsibilities

For financial services business, we do not have any material impact over health and safety and advertising labelling that relates to our product and service.

Instead, we have to comply with the requirements under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), the Listing Rules and the SFO for the disclosure of information and corporate governance.

Hence, we attach great importance to the protection of client information security, and requires all business departments, branches and subsidiaries to protect client information security strictly. We adhere to the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong) and all collected customer information will only be used for business purposes and will be kept confidential.

During the Reporting Period, the Group has had no non-compliance case regarding violation of the Personal Data (Privacy) Ordinance and we are not aware of any non-compliance with relevant rules and regulations for the Reporting Period.

In addition, to protect the legal interests of investors and fulfill the responsibility of protecting investors, a policy and procedures have been established in handling investors' complaints. The policies has specified the division of responsibilities for clients' complaints, complaints handling mechanism, emergency complaints handling mechanism and the responsibility investigation for complaints handling.

6.9 Anti-corruption

As a listed company in Hong Kong, we believe that the integrity of business lays the foundation of corporate social responsibility, as well as a fundamental element for a business's competitive advantage and sustainability. For these reasons, we have adopted a policy of zero tolerance towards bribery, extortion, fraud and money laundering.

When establishing business relationship with clients, we implement anti-money laundering management rules, including client identification and evaluation of money laundering risks.

We actively and independently designed monitoring model for suspicious transactions and made efforts to continuously improve the identification capability of suspicious transactions.

To increase the knowledge of anti-money laundering, trainings have been and will continuously to be provided to staff on topics, such as the danger of money laundering, anti-money laundering regulations, the role of the employees in anti-money laundering, how to identify suspicious transactions, ways to report suspicious transaction, the consequences if one fails to comply with the anti-money laundering regulations.

The Group is not aware of any material non-compliance with the relevant laws and regulations that have significant impact on the Group relating to bribery, extortion, fraud and money laundering during the Reporting Period.

6.10 Community involvement

Being a socially responsible corporation, we are committed to improving the social and economic welfare of the communities in which we operate. We participated in Konica Minolta Green Concert — Power Triathlon during the Reporting Period. It was an event that features environmental topics, sports, music, and charity. It drew public attention to energy issues and environmentally friendly lifestyle choices. We have also donated an amount of HK\$15,000 to Silence (“龍耳”), a Hong Kong charity serving the hearing impaired personnel so as to inspire and unleash individual talent and harness collective strength.



7. ENVIRONMENTAL ASPECTS

Our principal business activities do not have significant impact on the environment and natural resources. Despite this, protecting environment is one of our key concerns and we are committed to raise environmental awareness among our staffs, partners, and stakeholders.

We are not aware of any material non-compliance with the relevant laws and regulations that are related to air and greenhouse gas emissions, discharges into water and land, generation of hazardous and non-hazardous waste during the Reporting Period.

7.1 Emissions

In respect of emissions, as a non-manufacturing company, we do not produce wastewater, exhaust gas and hazardous waste emissions in daily operations. Our greenhouse gas (“GHG”) emissions are primarily indirectly generated from the consumption of electricity in office operations.

7.2 Energy management

Going green is always a key focus of the Group. As energy consumption accounts for a major part of our GHG emissions, we have adopted a variety of approaches to put energy-saving and emission reduction work into effect throughout daily operation:

- Drinking water dispensers are set with timer for automatic shut-off for water boiling after office hours or fall within the Hong Kong Electrical and Mechanical Services Department (“EMSD”) certified electricity consumption rating
- Installed lighting fixtures with LED lighting or T5 fluorescent tubes, with certain rooms containing motion sensors for automatic switch-off when idle
- Implemented the 4R Environmental Management Model including Reduce, Reuse, Recycle and Replace to cultivate green culture among employees
- Installed high-performance electrical equipment including air conditioning and electricity systems within EMSD Energy Efficient Registration Scheme standards
- Employees are instructed to turn off light and unnecessary energy device to reduce energy consumption and avoid unnecessary waste of energy
- Turn off unused equipment when leaving office
- Deploy natural light and use energy-saving lightings
- Participated in charity event, such as the Konica Minolta Green Concert 2016 Power Triathlon and the bike to promote this initiative

We will review our environmental policies from time to time and will consider further eco-friendly practices in the operation of our businesses to move towards environmental sustainability.

7.3 Wastes reduction

Our wastes are mainly classified into two categories, including general wastes (household wastes) and recyclable wastes. We did not generate any hazardous waste in the ordinary course of business. In order to lighten the load of landfills, we adopt a responsible waste management policy, including waste avoidance, waste reduction from its source and wastes reuse, recycling and responsible disposal.

The following key measures have been implemented for reducing wastes:

- Running of internal recycling program on a continuous basis for consumable goods such as toner cartridges and paper to minimise negative impact on the environment and natural resources.
- Using environmentally friendly products, such as recycled paper as key printing material
- Promotion of waste recycling by encouraging our staffs to use 3-tiered waste separation bins
- Recycling of glass drinking bottle in office
- Promotion of electronic communications instead of paper form communications
- Promotion of "think before you copy" attitude
- Setting of double-sided printing as default printing setting
- Adoption of electronic reimbursement system to reduce use of paper

7.4 Water use management

Our key water usage arises from toilet flushing, water tap and drinking water. We operate in leased office premises of which water supply and discharge are controlled by building management who considered provision of water usage data to individual occupant not feasible. We promote water-saving behavior by posting slogans at office.

We will continue to look for opportunities to reduce further emissions and wastes on an ongoing basis in order to minimise the Company's negative impacts on the environment and natural resources.

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