



## Value Convergence Holdings Limited

*(Incorporated in Hong Kong with limited liability)*

Website: <http://www.vcgroup.com.hk>

(Stock Code: 821)

### ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

#### 1. ABOUT THIS REPORT

Value Convergence Holdings Limited (the “**Company**”) is pleased to present its first Environmental, Social and Governance Report (the “**ESG Report**” or the “**Report**”). The Report discloses the sustainability initiatives by the Company and is prepared in accordance with the Environmental, Social and Governance Reporting Guide set out in Appendix 27 of the Rules of Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and is based on the material aspects related to the Company and its subsidiaries (collectively the “**Group**”). Unless otherwise stated, the information in this Report covers the period from 1 January 2016 to 31 December 2016.

The board (the “**Board**”) of directors (the “**Directors**”) of the Company believes that a sound environmental, social and governance structure is vital for the sustainable development of the Group and its stakeholders. The Board has overall responsibility for the Group’s environmental, social and governance strategy. The objective of this Report is to provide the Group’s stakeholders with an overview of the Group’s efforts in handling the environmental, social and governance impacts arising from its daily operations. The Group commits to minimizing the negative impact to the environment, increasing the awareness of employee well-being and contributing more to the community.

#### 2. ENVIRONMENTAL PROTECTION

##### I. Emissions

The Group is an established financial services group committed to delivering premier financial services and products that can fulfill the various investment and wealth management needs of clients in the Greater China region. The

Group's business strategies continues to include enlarging the Group's revenue base through fostering its core businesses, and tapping into new emerging markets with expanded business initiatives. The Group always seeks and explores business opportunities in the PRC markets. Currently, the Group has not involve in real estate and infrastructure development, energy resources and fuel, transportation and manufacturing industries. As such, emissions produced directly by the Group only relates to the business travels taken by staff and the company vehicles provided for the management.

In order to strengthen and enlarge the revenue base of the Group, the Group continues to put effort to explore the PRC financial markets. As such, frequent travels to the Mainland China by the staff are necessary and unavoidable. To optimize the economic effect and minimize the air and greenhouse gas emission, the Group has established two representative offices in Beijing and Xian, the PRC, respectively. With the establishment of the aforesaid representative offices in the PRC for promoting the Group and its services and products, it is expected that the relevant time and costs incurred for travelling to the PRC can be reduced gradually. Meanwhile, the staff are encouraged to use video-conferencing facilities to minimize the need for face to face meetings, hence, to keep business travelling to a minimum.

As a financial services provider, there are no relevant laws and regulations relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste applicable to the Group's business.

## **II. Use of Resources**

Maximization of energy efficiency is one of the ways to protect the Earth. Going green is always a key focus of the Group. In order to reduce our carbon footprint, the Group has implemented green office practices. Staff are encouraged to switch off lighting while they are duty-off. "Light-off" during lunch break is highly recommended. Computers and other electronic equipment should be power off while they are not in use for energy conservation. Meanwhile, staff are always encouraged to keep the air-conditioned room temperature at 25°C.

The Group reviews its environmental practices from time to time and will consider further eco-friendly practices in the operation of our businesses to move towards environmental sustainability.

### **III. Environment and Natural Resources**

The Group adheres to the principle of Recycling and Reducing. Stationeries such as envelopes, letterheads and business cards, as well as interim reports, annual reports and other materials delivered to the shareholders of the Company are printed on environmental friendly paper. Setting of double-sided printing as default printing setting is encouraged. Further, the Group promotes electronic communication instead of paper form communication.

Our wastes are mainly classified into two categories, namely general wastes (household wastes) and recyclable wastes. The administration department will arrange paper recycling supplier to collect the disposal of papers from office, when necessary. Obsolete computer equipments, after removal of data storage devices, are either donated to charities or passed to recyclers together with used computer consumables such as ink and toner cartridges.

The Group did not generate any hazardous waste in the ordinary course of our business. Water consumption is not relevant to our business as well as it relates only to the personal consumption of our staff for their personal hygiene.

## **3. SOCIAL ISSUES**

### **I. Employment**

The Group understands that employees are valuable assets and believes every employee should be respected. As at 31 December 2016, the Group employed a total of 109 employees, which excluded 8 self-employed account executives for brokerage services. All employees were located in Hong Kong.

We value our people and provide competitive remuneration package to attract and motivate the employees. The Group's employees are selected, remunerated and promoted on the basis of their merit, qualifications, performance and competence. Regular revision for each employee is conducted annually. The Group's remuneration strategy and policy is based on the principles of equity and market competitiveness so as to drive staff to work towards the mission of the Group and to retain talents. Further, as a long-term incentive plan and with the aim of motivating the staff in the continued pursuit of the Company's goal and objectives and to recognize their contributions to the Group, the Company has adopted the share option scheme under which the Company may grant share options to the selected employees to subscribe for

shares of the Company, and two share incentive award schemes under which the Company may grant awarded shares to the selected employees. Apart from the basic salaries, participation in Mandatory Provident Fund Scheme and the incentive schemes as abovementioned, the Group also provides medical coverage, sales commission and discretionary and performance-based bonus to the employees.

During the year of 2016, the Group is not aware of any material non-compliance with the relevant laws and regulations that have significant impact on the Group in relation to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination and other benefits and welfare.

## **II. Health and Safety**

Protecting the health, safety and well-being of our employees is our key priority. The Group commits to offer a safe and healthy workplace for employees. Our administration department inspects the workplace regularly and fixes any unsafe condition in office, whenever necessary. Besides, cleaning of carpets and air-conditioning systems are carried out periodically so as to provide hygienic working conditions for the employees. In order to awake the safety awareness of the employees, employees are encouraged to participate in fire drills organized by the office's property management company.

Other than providing basic welfare benefits to our employees, which include insurance schemes covering travel insurance and medical insurance for all full-time employees, administration department sometimes holds outgoing activities for the employees so as to build a balanced life.

During the year of 2016, 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 providing a safe working environment and protecting employees from occupational hazards.

## **III. Development and Training**

Employees of the Group are encouraged to attend training and development courses so as to keep abreast of their skills and knowledge. Our Compliance Department organizes in-house training courses for all employees of the Group, specifically for those are licenced persons registered under the Hong Kong Securities and Futures Ordinance, and provides ongoing compliance updates

and regulatory requirements to them. Relevant employees are funded to attend the external training courses which are relevant to their works.

Apart from training, all fulltime permanent staff receive a daily market summary about certain important news of the local financial markets. The updates not only provide the local market information to the finance-related employees, but also keep the non finance-related employees know more about the Group's business.

#### **IV. Labour Standards**

The Group strives to prohibit the use of child or forced labour in our business. As a measure of prevention, human resources department checks the identification documents of each potential employee to make sure no child labour is employed by mistake. The Group's Employee Handbook states clearly the duties and responsibilities of the role of each employee to prevent any forced labour.

During the year of 2016, the Group is not aware of any material non-compliance with the relevant laws and regulations that have significant impact on the Group in relation to prevention of child and forced labour.

#### **V. Supply Chain Management**

The Group values mutually beneficial and longstanding relationships with its suppliers. The Group works closely with a number of suppliers in providing financial information solutions. The selection of suppliers is based on criteria such as price, stabilities of the trading platform, customer services team responsiveness, capability and experience, with preference given to potential suppliers that demonstrate their commitment to the environment.

#### **VI. Customer Services**

Satisfying our clients is our vital core. This principle guides all our activities and applies to all business divisions. Transparency and high-quality advice are the key elements to our vital core, which enable us to improve client satisfaction and achieve customer loyalty in the long term.

The Group makes every effort to promptly and fairly investigate and resolve all disputes and complaints lodged by customers, according to clearly written internal procedures. Meanwhile, we have set up designated channels, which including facsimile and email, for client to lodge complaints.

The Group not only focuses on the quality of services provided, it respects customer data privacy and is committed to preventing customer data leakage or loss. Trading information of our client is confidential and will be handled with great care. Staff are instructed to disclose customers' information to other parties, when necessary, on a "Need to Know" basis.

Further, the Group builds up and protects its intellectual property rights by prolonged use and registration of domain names and various trademarks including "VC Group" in Hong Kong. In addition, the Group's trademarks and domain names are constantly monitored and renewed upon their expiration.

## **VII. Anti-corruption / Anti-money Laundering Activities**

The Group's corporate culture is the important part of the Group's operating practices and the key components of the Group's corporate governance framework. The Group has maintained a whistle-blowing policy to allow whistleblowers to disclose information in relation to any unlawful conduct, any incident of corruption, avoidance of internal controls, incorrect or improper financial or other reporting to the management.

In-house trainings on anti-money laundering activities are provided to all staff of the Group. Staff are required to follow the internal guidelines for customer screening and monitoring requirements, proper records keeping requirements, and reporting suspicious circumstances in accordance with the relevant laws, codes and guidelines issued by the regulatory authorities.

## **VIII. Community Involvement**

We strive to excel for our customers and undertake the responsibility of a good corporate citizen contributing to the community by encouraging our staff to enroll in charity and social services.

During the year of 2016, the Group made charitable donations amounting to approximately HK\$65,000.