



VC GROUP
滙盈集團

Value Convergence Holdings Limited

A Hong Kong listed company with stock code: 821

www.vcgroup.com.hk

Delivering **Value**
Through **Excellence**



2017 Environmental, Social and Governance Report

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ABOUT THIS REPORT

Value Convergence Holdings Limited (the “Company”), together with its subsidiaries (the “Group”), is pleased to present this Environmental, Social and Governance Report (the “Report”) to provide an overview of the Group’s management of significant issues affecting the operation, including environmental, social and governance issues. This Report is prepared by the Group with the professional assistance of APAC Compliance Consultancy and Internal Control Services Limited.

PREPARATION BASIS AND SCOPE

This Report is prepared in accordance with Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (the “Listing Rules”) – “Environmental, Social and Governance Reporting Guide” and has complied with “comply or explain” provision in the Listing Rules.

This Report summarises the performance of the Group in respect of corporate social responsibility, covering its operating activities which are considered as material by the Group – provision of financial services comprising securities, futures and options brokering and dealing, financing services, corporate finance and other advisory services, and asset management; and proprietary trading in Hong Kong. With the aim to optimise and improve the disclosure requirements in the Report, the Group has taken initiative to formulate policies, record relevant data as well as implement and monitor measures. This Report shall be published both in Chinese and English on the website of Stock Exchange. Should there be any discrepancy between the Chinese and the English versions, the English version shall prevail.

REPORTING PERIOD

This Report demonstrates our sustainability initiatives during the reporting period from 1 January 2017 to 31 December 2017.

CONTACT INFORMATION

The Group welcomes your feedback on this Report for our sustainability initiatives. Please contact us by email to info@vcgroup.com.hk.

The Group is an established financial services group committed to delivering premier financial services and products that fulfill various investment and wealth management needs of clients in the Greater China region. The core businesses of the Group are provision of financial services comprising securities, futures and options brokering and dealing, financing services, corporate finance and other advisory services, and asset management; and proprietary trading.

Sustainable development is an integral part of the Group's business strategy in order to achieve business excellence and enhance capabilities for long-term competitiveness. The Group is committed to maintaining its operation in a responsible and value-optimising manner for stakeholders and community by incorporating environmental, social and governance considerations into its operation. The sustainability strategy of the Group is based on the compliance with the applicable legal requirements, principle of sustainability and opinions from stakeholders. The Group has established and implemented various policies to manage and monitor the risks related to the environment, employment, operating practices and community. Details of the management approaches to sustainable development of different areas are illustrated in this Report.

STAKEHOLDER ENGAGEMENT

The Group understands that stakeholder engagement is one of the key drivers in the continuous improvement of its performance. The Group has established multiple communication channels to a broad spectrum of stakeholders to enable better formulation of its business strategies in order to respond to their concerns and expectations, strengthen business relationships and anticipate potential risks. The following table provides an overview of the Group's key stakeholders and various platforms and methods of communication.

Key Stakeholders	Expectations	Engagement Channels
Government	<ul style="list-style-type: none"> • Compliance with the laws and regulation • Proper tax payment • Community participation 	<ul style="list-style-type: none"> • On-site inspections and checks • Research and discussion through work conferences, work reports preparation and submission for approval • Annual and interim reports • Website
Shareholders and Investors	<ul style="list-style-type: none"> • Return on the investment • Information disclosure and transparency • Protection of interests and fair treatment of shareholders 	<ul style="list-style-type: none"> • Annual general meeting and other shareholder meetings • Annual and interim reports, announcements • Meeting with investors and analysts, when necessary
Employees	<ul style="list-style-type: none"> • Protection of the rights and interests • Career development opportunities • Self-actualisation • Health and safety 	<ul style="list-style-type: none"> • Training, seminars, briefing sessions • Intranet and emails
Customers	<ul style="list-style-type: none"> • Safe and high-quality services • Stable relationship • Information transparency • Business integrity and conduct • Data privacy 	<ul style="list-style-type: none"> • Website • Annual and interim reports • Email and customer service hotline

STAKEHOLDER ENGAGEMENT

Key Stakeholders	Expectations	Engagement Channels
Suppliers and Partners	<ul style="list-style-type: none"> • Long-term partnership • Honest cooperation • Fairness and openness • Information resources sharing • Risk reduction 	<ul style="list-style-type: none"> • Business meetings, supplier conferences, phone calls, interviews • Regular meeting • Review and assessment
Financial Institution	<ul style="list-style-type: none"> • Compliance with the laws and regulations • Information disclosure 	<ul style="list-style-type: none"> • Information disclosure • Reports
Media	<ul style="list-style-type: none"> • Transparent information • Communication with media 	<ul style="list-style-type: none"> • Websites of the Company and the Stock Exchange
Public and Communities	<ul style="list-style-type: none"> • Career opportunities • Community involvement • Environmental responsibilities • Social responsibilities 	<ul style="list-style-type: none"> • Volunteering • Charity and social investment • Annual and interim reports

ENVIRONMENTAL ASPECTS

As a financial services provider, the principal business activities of the Group do not have significant impact on the environment and natural resources. In spite of this, the Group is committed to continuously improving the environmental sustainability of its business by establishing relevant emission reduction and energy saving initiatives to manage its emissions and maintain green operation.

During the reporting period, the Group was not aware of any specific laws and regulations that had significant impact on the Group related to air and greenhouse gas emissions, discharges into water and land, generation of hazardous and non-hazardous waste.

EMISSIONS

Air Pollutants Emission

Regarding the business nature of the Group, the amount of air pollutants emission is insignificant. The air pollutants emitted by the Group are mainly generated from the company vehicles.

During the reporting period, the air pollutants emission was as follows:

Type of air pollutants	Unit	Amount
Nitrogen oxides (NO _x)	kg	16.63
Sulphur dioxide (SO ₂)	kg	0.47
Particulate matter (PM)	kg	1.22

Greenhouse Gas (“GHG”) Emission

GHG is considered as one of the major contributors to the climate change and global warming. During the operation of the Group, energy consumption accounts for a major part of its GHG emission. The Group places great emphasis on improving energy efficiency and reducing energy consumption so as to reduce GHG emission. The Group has adopted energy saving initiatives mentioned in the section “Use of Resources” of this Report.

The Group continues to explore other business and investment opportunities in the PRC in order to strengthen the revenue base of the Group. Hence, employees may be required to travel to the PRC on business trips. The Group strives to reduce the GHG emission associated with business air travels by establishing two representative offices in Beijing and Xian, the PRC, respectively and encouraging employees to conduct video conferences when practicable to reduce the number of required business air travels.

ENVIRONMENTAL ASPECTS

During the reporting period, the GHG emission was as follows:

Type of GHG emission	Unit	Amount
Scope 1 ¹	tonnes of CO ₂ e	85.32
Scope 2 ²	tonnes of CO ₂ e	200.14
Total GHG emission	tonnes of CO₂e	285.46
GHG emission intensity	tonnes of CO ₂ e/area in sq. ft.	0.015

Hazardous and Non-hazardous Wastes

The Group's operational activities do not generate any hazardous waste. During the Group's operation, paper waste accounts for a major part of the non-hazardous wastes generated by the Group. The Group endeavours to minimise paper consumption during operation and strengthen the environmental awareness of employees in order to mitigate paper waste. As such, the Group has introduced various paper reduction measures. Reports such as annual reports and interim reports, and stationeries such as envelopes, letterheads and business cards delivered to the shareholders of the Group are printed on environmental-friendly paper. Besides, default double-sided printing is set on printers to maximise paper usage. The Group also promotes electronic communication to reduce paper consumption and engages paper recycling companies to collect waste paper for recycling.

In addition to paper waste, used computer consumables and obsolete computer equipment account for the non-hazardous waste during the Group's operation. The used computer consumables such as ink and toner cartridges are collected and recycled by recycling companies. The obsolete computer equipment is either donated to charities or recycled by recycling companies.

As it is the first year required to disclose data of waste generation, the Group did not record the amount of non-hazardous waste generated during the reporting period. However, in order to better formulate measures to reduce the amount of non-hazardous waste generated, the Group will take the initiative to record relevant data in the coming year.

¹Scope 1: Direct emissions from sources that are owned or controlled by the Group.

²Scope 2: Indirect emissions from the generation of purchased electricity consumed by the Group.

ENVIRONMENTAL ASPECTS

USE OF RESOURCES

The Group places great emphasis on ensuring efficient use of energy and resources. The Group aims to promote resources saving by adopting green office practices and motivating our employees to participate in resources conservation activities.

Energy Consumption

The energy consumption of the Group comes from purchased electricity for premises operation and fuel used by vehicles. In view of the scarcity of energy, the Group has advocated various energy conservation strategies. Computer and other electrical appliances are switched off when they are not in use. Lights and air-conditioners are turned off when leaving the offices after work. The Group also encourages its employees to switched off non-essential lights during lunch break. Besides, employees are encouraged to maintain the temperature of air-conditioners at an energy-efficient level of 25 degrees Celsius.

During the reporting period, the energy consumption was as follows:

Type of energy	Unit	Amount
Purchased electricity	MWh	253.34
Petrol	MWh	250.00
Diesel	MWh	37.47
Total energy consumption	MWh	540.81
Energy intensity	MWh/area in sq. ft.	0.028

Water Consumption

The business of the Group is operated in leased office premises where the water supply is solely controlled by the building management company. In this case, it is not feasible for the Group to provide water consumption data as there is no separate sub-meter to record the water consumption data. The water consumption only comes from the personal consumption of employees for their personal hygiene and it is not significant to the Group's business.

THE ENVIRONMENT AND NATURAL RESOURCES

Regarding the business nature of the Group, the Group is not aware of any significant impact of its business activities on the environment and natural resources. With the aforementioned green office practices to reduce air pollutants and GHG emissions, waste generation and resources consumption, the Group strives to enhance environmental sustainability and minimise the impacts on the environment.

EMPLOYMENT AND LABOUR PRACTICES

EMPLOYMENT

The Group believes people are the most valuable assets and resources to the continuing development and success of the Group. As such, the Group aims to attract and retain talents, maintain a safe and equal working environment for its employees, provide development opportunities and promote health and well-being of its employees to ensure that the Group's value of creating a rewarding and vibrant work environment is live out. The staff handbook covers the Group's standard in respect of compensation and dismissal, recruitment and promotion, working hours, rest periods and other benefits and welfare.

During the reporting period, the Group was not aware of any non-compliance with the relevant laws and regulations that had 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.

Anti-discrimination, Equal Opportunities and Diversity

The Group strives to construct a diverse and inclusive workplace where all its employees are treated with dignity and respect. The Group is dedicated to providing equal opportunity in all aspects of employment and maintaining a workplace that is free from discrimination or harassment against any individual on the basis of seniority, nationality, gender, age, marital status, disability, race, color, religion or sexual preference. The Group fully complies with relevant laws and regulations, including the Sexual Discrimination Ordinance (Chapter 480 of the Laws of Hong Kong), the Family Status Discrimination Ordinance (Chapter 527 of the Laws of Hong Kong), the Disability Discrimination Ordinance (Chapter 487 of the Laws of Hong Kong) and the Race Discrimination Ordinance (Chapter 602 of the Laws of Hong Kong).

Remuneration and Promotion

Remuneration and promotion opportunities are crucial to retain and motivate employees in achieving key objectives of the Group. The Group provides remuneration and promotion opportunities for its employees according to their merits, qualifications, performance and competence, and in accordance with the Employment Ordinance (Chapter 57 of the Laws of Hong Kong) and the Minimum Wage Ordinance (Chapter 608 of the Laws of Hong Kong). The Group performs regular salary review by benchmarking jobs with relative market positions to ensure its remuneration practices are competitive and aligned with market rate. For promotion of employees, the Group conducts performance appraisal at least once annually to evaluate overall performances of employees. The data collected is used to serve as reference in considering promotion.

SOCIAL ASPECTS

Other Benefits and Welfare

In order to motivate employees in the continued pursuit of the Group's goals and objectives, the Group has adopted long-term incentive plan (share option scheme and share incentive award scheme) and short-term incentive plan (discretionary bonus). The share options, share awards and discretionary bonus may be granted to eligible employees depends on business performance of the Group and individual work performance in accomplishing objectives being laid out in the annual performance appraisal of employees.

In addition to incentive plans, the Group provides mandatory provident fund in accordance with the Mandatory Provident Fund Ordinance (Chapter 485 of the Laws of Hong Kong), medical benefits and sales commission to its employees. Employees are also entitled to holidays and leaves such as annual leave, marriage leave, maternity leave, paternity leave and compassionate leave. Recognising the importance of a work-life balance to a motivated and productive workforce, the Administration Department organises outdoor activities for employees to relax and promote a healthy lifestyle.

HEALTH AND SAFETY

The Group places the highest priority on securing health and safety of all its employees. The Group is in strict compliance with the Occupational Safety and Health Ordinance (Chapter 509 of the Laws of Hong Kong) to ensure occupational health and safety of its employees. The Group strives to provide and maintain a safe and healthy working environment for employees to protect them from work-related injuries.

The Group's Administration Department is responsible to monitor the workplace and ensure any unsafe situation is fixed promptly. The Group carries out cleaning of carpets so as to provide hygiene environment for employees. Besides, the air-conditioners are cleaned periodically to reduce the dust level of indoor air and increase efficiency of the ventilation system. To enhance the safety awareness of employees, they are encouraged to participated in fire drills organised by the office's property management company to be prepared to respond in the event of emergency. In order to protect the safety of employees under extreme weather, the Group has established special work arrangements for typhoon and rainstorm warning.

During the reporting period, the Group was not aware of any non-compliance with the relevant laws and regulations that had significant impact on the Group in providing a safe and healthy working environment.

DEVELOPMENT AND TRAINING

The Group considers the skills and knowledge of its employees as the key elements of the Group's continued business growth and success. As such, the Group encourages its employees to participate in training programs to enhance their skills and competencies to meet the business needs and personal growth. The Compliance Department of the Group organises in-house training courses and provides updates of compliance and regulatory requirements to all employees, especially for the licensed persons who are registered under the Securities and Futures Ordinance.

In addition to in-house training, the Group provides training sponsorships for all full-time employees to act as motivations for employees to attend external training programs and obtain professional memberships. Employees are encouraged to attend external training programs offered by recognised and accredited institutes to update their professional knowledge and awareness of market trends.

The Group updates the financial knowledge of employees by providing all full-time employees a daily market summary about news of the local financial markets. It helps not only finance-related employees to discharge their duties, but also non-finance related employees to familiarise with the Group's business.

LABOUR STANDARDS

The Group is committed to supporting the effective abolition of child labour and upholding the elimination of all forms of forced and compulsory labour. The Group adheres to the relevant laws and regulations, including the Employment Ordinance (Chapter 57 of the Laws of Hong Kong) and the Employment of Children Regulations (Chapter 57B of the Laws of Hong Kong), and strictly prohibits recruitment of child labour. During the recruitment process, applicants are required to present their identity documents to Human Resources Department for age verification as prevention of engaging child labour.

During the reporting period, the Group was not aware of any non-compliance with relevant laws and regulations related to recruitment of child labour or forced labour practices.

SOCIAL ASPECTS

OPERATING PRACTICES

SUPPLY CHAIN MANAGEMENT

The Group strives to maintain long-term and stable relationships with suppliers who provide financial information solutions. In selecting suppliers, the Group takes into considerations their prices, stabilities of trading platform, customer services, capabilities and experiences, as well as sustainability performance.

PRODUCT RESPONSIBILITY

Service quality is always of the utmost concern in the Group's operation. The Group continues to provide high-quality services in order to meet the expectations of our clients and enhance their satisfaction.

The Group believes the opinions from its clients are valuable input for its continuous improvement and vital to its pursuit for excellence. The Group welcomes opinions from customers by establishing designated channels such as facsimile and email. Upon the receipt of disputes and complaints, they are investigated and resolved promptly by the Group according to internal procedures.

The Group is aware of the importance in handling customer information. The Group complies with the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong) and takes high precaution in ensuring their confidentiality to avoid misuse or leakage of personal data. The trading information of our clients is confidential and handled with due care. The Group has incorporated its requirements into staff handbook and requires employees to abide by the guidance on prohibiting any unauthorised disclosure of confidential information.

The Group has always attached great importance to the protection of its intellectual property rights. The Group has registered domain names and various trademarks including "VC Group" in Hong Kong and Macau. The Group's domain names and trademarks are constantly monitored and renewed upon their expiration.

ANTI-CORRUPTION

The Group is committed to upholding the high standards of business ethics and integrity. The Group strictly complies with the Prevention of Bribery Ordinance (Chapter 201 of the Laws of Hong Kong) enforced by the Independent Commission Against Corruption to prevent unethical pursuit. The Group's whistle-blowing policy allows whistleblowers to report any unlawful conduct, any incident of corruption, avoidance of internal controls, incorrect or improper financial or other reporting to the management.

In addition, all staff of the Group are provided with in-house trainings on anti-money laundering activities. They are required to fully abide by 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.

During the reporting period, the Group was not aware of any non-compliance with the relevant laws and regulations that have significant impact on the Group relating to bribery, extortion, fraud and money laundering.

COMMUNITY

COMMUNITY INVESTMENT

As a socially responsible enterprise, the Group is constantly aware of the community needs and strives to bring a positive impact on community development. The Group encourages its employees to dedicate their time and skills to supporting local communities.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING INDEX

Subject areas, aspects, general disclosures and Key Performance Indicators (KPIs)		Section	Pages
A. Environmental			
A1: Emissions			
General Disclosure		"Emissions"	6-7
KPI A1.1	The types of emissions and respective emissions data	"Emissions – Air Pollutants Emission"	6
KPI A1.2	Greenhouse gas emissions in total and, where appropriate, intensity	"Emissions – Greenhouse Gas Emission"	7
KPI A1.3	Total hazardous waste produced and, where appropriate, intensity	Not applicable to the Group's business.	N/A
KPI A1.4	Total non-hazardous waste produced and, where appropriate, intensity	The Group will take the initiative to record the data in the coming year.	N/A
KPI A1.5	Description of measures to mitigate emissions and results achieved	"Emissions – Greenhouse Gas Emission"	6
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	"Emissions – Hazardous and Non-hazardous Wastes"	7

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING INDEX

Subject areas, aspects, general disclosures and Key Performance Indicators (KPIs)		Section	Pages
A2: Use of Resources			
General Disclosure		"Use of Resources"	8
KPI A2.1	Direct and/or indirect energy consumption by type in total and intensity	"Use of Resources – Energy Consumption"	8
KPI A2.2	Water consumption in total and intensity	Not feasible for the Group to obtain water consumption data.	N/A
KPI A2.3	Description of energy use efficiency initiatives and results achieved	"Use of Resources – Energy Consumption"	8
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved	"Use of Resources – Water Consumption"	8
KPI A2.5	Total packaging material used for finished products and, if applicable, with reference to per unit produced	Not applicable to the Group's business.	N/A
A3: The Environment and Natural Resources			
General Disclosure		"The Environment and Natural Resources"	8
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	No significant impact of activities on the environment and natural resources is noted	N/A

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING INDEX

Subject areas, aspects, general disclosures and Key Performance Indicators (KPIs)		Section	Pages
B. Social			
Employment and Labour Practices			
B1: Employment			
General Disclosure		"Employment"	9-10
KPI B1.1	Total workforce by gender, employment type, age group and geographical region	–	–
KPI B1.2	Employee turnover rate by gender, age group and geographical region	–	–
B2: Health and safety			
General Disclosure		"Health and Safety"	10
KPI B2.1	Number and rate of work-related fatalities	–	–
KPI B2.2	Lost days due to work injury	–	–
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	"Health and Safety"	10
B3: Development and Training			
General Disclosure		"Development and Training"	11
KPI B3.1	The percentage of employee trained by gender and employee category	–	–
KPI B3.2	The average training hours completed per employee by gender and employee category	–	–
B4: Labour Standards			
General Disclosure		"Labour Standards"	11
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour	"Labour Standards"	11
KPI B4.2	Description of steps taken to eliminate such practices when discovered	–	–

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING INDEX

Subject areas, aspects, general disclosures and Key Performance Indicators (KPIs)		Section	Pages
Operating Practices			
B5: Supply Chain Management			
General Disclosure		"Supply Chain Management"	12
KPI B5.1	Number of suppliers by geographical region	–	–
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored	–	–
B6: Product Responsibility			
General Disclosure		"Product Responsibility"	12
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	–	–
KPI B6.2	Number of products and service related complaints received and how they are dealt with	–	–
KPI B6.3	Description and practices relating to observing and protecting intellectual property rights	"Product Responsibility"	12
KPI B6.4	Description of quality assurance process and recall procedures	–	–
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored	"Product Responsibility"	12

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING INDEX

Subject areas, aspects, general disclosures and Key Performance Indicators (KPIs)		Section	Pages
B7: Anti-corruption			
General Disclosure		"Anti-corruption"	12
KPI 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 case	–	–
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	"Anti-corruption"	12
Community			
B8: Community Investment			
General Disclosure		"Community Investment"	13
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport)	–	–
KPI B8.2	Resources contributed (e.g. money or time) to the focus area	–	–