



# SHOUGANG CONCORD GRAND (GROUP) LIMITED

Stock Code : 730

## Environmental, Social and Governance Report **2017**

## TABLE OF CONTENTS

About this Report	2
About the Group	2
Feedback	2
Stakeholder Engagement and Materiality Assessment	3
Operation and Management	5
Business Integrity	5
The Workplace	5
Talent Development	7
Mutual Communication	7
Community Contribution	8
Industry Development	8
Charitable Activity	8
Environmental Protection	9
Emissions	9
Use of Resources	10
HKEX ESG Reporting Guide Index	11

## ABOUT THIS REPORT

Shougang Concord Grand (Group) Limited (the “Company”) and its subsidiaries (collectively, the “Group”) are delighted to present this Environmental, Social and Governance (“ESG”) Report which discloses ESG information from 1 January 2017 to 31 December 2017 (the “Reporting Period”). This report is prepared in accordance with Appendix 27 – Environmental, Social and Governance Reporting Guide of the Rules Governing the Listing of Securities issued by the Hong Kong Exchanges and Clearing Limited (“HKEx”), complying with the “comply or explain” provisions, and is also reviewed by the Board of Directors. The scope of this report mainly covers businesses operated by the Group in Hong Kong and Mainland China.

## ABOUT THE GROUP

The Group has been adhering to the philosophy of “Integrity, Pragmatism, Unity and Innovation” when conducting businesses in Hong Kong and Mainland China. The Group recognizes the importance of sustainable development, actively shoulders its environmental and social responsibilities and strives to be a responsible corporate citizen. As an investment holding company and its subsidiaries are principally engaged in the provision of financial services and property investment and management, impacts on the environment by the Group’s business nature are relatively insignificant when compared to other industries’. Nevertheless, the Group still tries its best to reduce impacts on the environment through its daily operation. Regarding the Group’s business operation, the Group not only complies with all relevant laws and regulations, but also regards its employees as its most important part, therefore continuously improves the working environment and provides sufficient training to promote their long-term development.

Through publishing this report, the Group aims to let the public understand its efforts and performance in pursuing sustainable development during the Reporting Period, to enhance the confidence of stakeholders, and to maintain its industry competitiveness. Looking ahead, the Group will continuously and actively implement various measures on environmental protection and social care, and promote sustainable development within and outside the Group.

## FEEDBACK

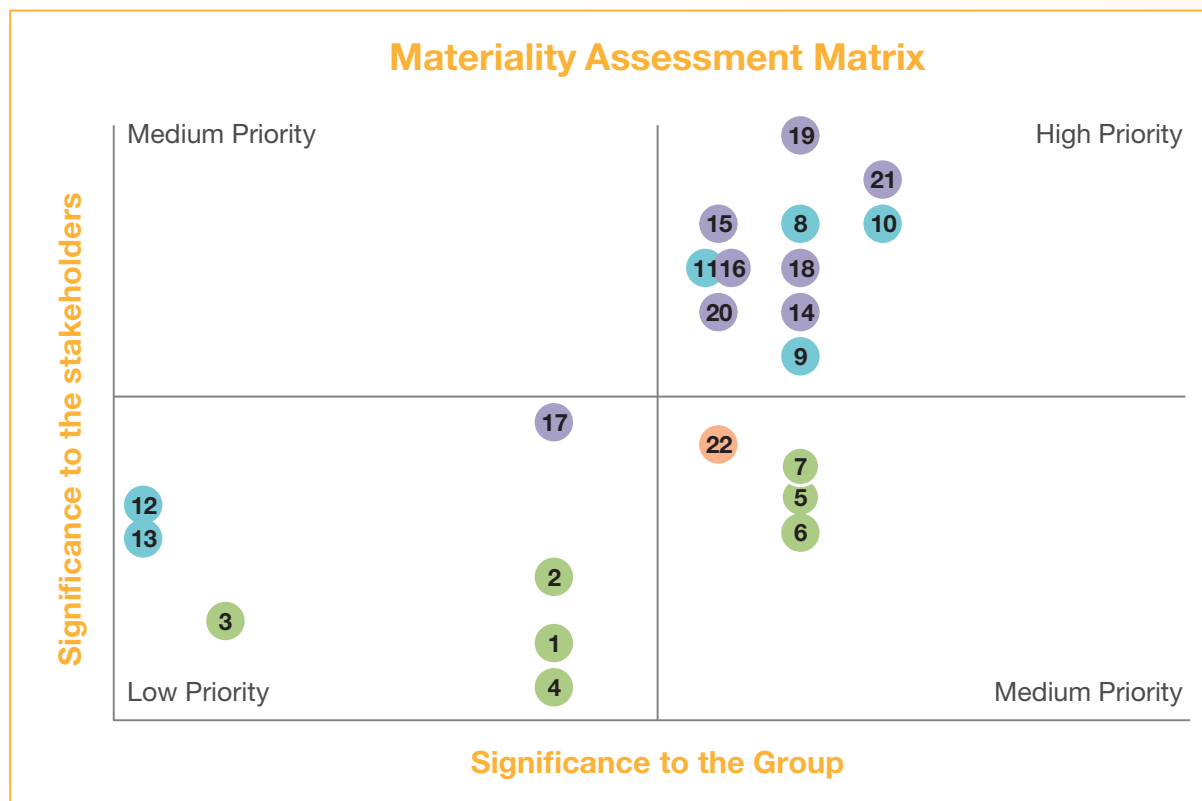
The Group places great attention to any feedbacks from stakeholders on this report and its performance in pursuing sustainable development. You are welcome to contact us through the following email address: [csr@shougang-grand.com.hk](mailto:csr@shougang-grand.com.hk)

## STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT

We believe that the opinions of stakeholders will contribute to the long-term development of the Group. Therefore, the Group appropriately communicates with stakeholders and encourages their participation through different forms of dialogue.



In order to further recognize the importance of various ESG topics to the Group, we invited various stakeholders to complete an online questionnaire survey. It consists of twenty two topics on sustainable development covering labour treatment, environmental protection, supply chain management, and community investment, thereby allowing stakeholders to assess the importance and relevance of each topic to the Group's business and express their opinions. The priorities of various ESG topics to the Group are shown as follows:





ENVIRONMENT		OPERATION	
1	Air pollutants emission	14	Customer satisfaction
2	Greenhouse gas emission	15	Product quality and safety
3	Hazardous waste generation	16	Product and service labelling
4	Non-hazardous waste generation	17	Marketing communications
5	Energy use	18	Intellectual properties
6	Water use	19	Customer privacy
7	Use of materials	20	Supply chain management
		21	Business ethics
WORKPLACE		COMMUNITY	
8	Labour rights	22	Community support
9	Diversity and equal opportunities		
10	Occupational health and safety		
11	Employee development		
12	Child labour		
13	Forced labour		

High Priority	Medium Priority	Low Priority
<ul style="list-style-type: none"> <li>– Customer privacy</li> <li>– Business ethics</li> <li>– Occupational health and safety</li> <li>– Labour rights</li> <li>– Product quality and safety</li> <li>– Intellectual properties</li> <li>– Employee development</li> <li>– Product and service labelling</li> <li>– Customer satisfaction</li> <li>– Supply chain management</li> <li>– Diversity and equal opportunities</li> </ul>	<ul style="list-style-type: none"> <li>– Community support</li> <li>– Use of materials</li> <li>– Energy use</li> <li>– Water use</li> </ul>	<ul style="list-style-type: none"> <li>– Marketing communications</li> <li>– Greenhouse gas emission</li> <li>– Child labour</li> <li>– Forced labour</li> <li>– Air pollutants emission</li> <li>– Non-hazardous waste generation</li> <li>– Hazardous waste generation</li> </ul>

After analyzing the questionnaire results, we discovered that the five most key material topics are customer privacy, business ethics, occupational health and safety, labour rights, and product quality and safety. With these findings in mind, the Group will place greater emphasis on these topics in the future.

## OPERATION AND MANAGEMENT

### Business Integrity

The Group upholds the spirit of professionalism and integrity, thus does not tolerate any forms of bribery, extortion, fraud and money laundering. The Group requires all employees to adopt the principles of integrity, impartiality and honesty. Regardless of any reasons, it is strictly prohibited to solicit or accept gifts for personal use or any form of bribery from any inside or outside parties and business contacts. Inside the Employee Handbook distributed to all employees, it is also clearly stated that employees should consciously observe and maintain relevant work disciplines. The Group has also established a whistle-blowing policy. Whenever employees reasonably suspect any misconduct, they can notify the Group in person or in writing, and appropriate personnel or working team will then be appointed by the Group to investigate the matter. The Group will not disclose the identity of the whistle blower without his or her consent. In addition, the Group also requires that all of its business partners not to bribe its employees in any way. If there is any violation, the partnership will be terminated. During the Reporting Period, the Group did not find any violation of relevant laws and regulations concerning bribery, extortion, fraud and money laundering.



The Group honours its confidentiality obligations and complies with all relevant laws and regulations concerning data privacy. Our employees are strictly prohibited to disclose or misuse any information related to the Group's transactions or operations, business secrets or other confidential information of our customers for their own personal interest. All confidential information and items must only be kept by authorized personnel.

### The Workplace

The Group believes that employees are an indispensable part of our sustainable development. Therefore, the Group is committed to investing resources to improve the well-being of its employees and striving to increase employees' satisfaction with the Group in order to create a pleasant and harmonious working environment.

As a responsible enterprise, the Group strictly complies with all relevant laws and regulations to protect employees with reasonable remuneration and rights. The Group reviews the remuneration package annually and makes adjustments according to factors such as industry practice, individual performance and work experience. In addition to statutory holidays, employees can also enjoy annual leave, sick leave, marriage leave, maternity leave, paternity leave, bereavement leave, exam leave and jury leave. Unless there is genuine work-related demand, the Group does not encourage employees to work overtime. Other benefits provided by the Group include comprehensive medical, life and permanent disability insurance and mandatory provident fund. In order to create a fair and diversified working environment, during the process of recruitment or promotion, the Group insists on taking morality as the priority to ensure that all employees receive equal treatment without any forms of discrimination in relation to gender, nationality, age, disability, marital status or other forms of differences that are unrelated to job requirements. During the Reporting Period, the Group did not find any violation of relevant employment laws and regulations.

As the daily operations of the Group are mainly under an office setting, the Group believes that its occupational safety and health risks are lower than those of other industries. In spite of this, the Group has not disregarded the health and safety of employees. The Group requires its employees to keep their office environment clean and safe. If employees encounter any unsafe conditions or accidents at work, he or she should notify the management promptly. During the Reporting Period, the Group did not find any violation of relevant laws and regulations regarding occupational health and safety.

In addition, the Group regularly organizes various networking activities such as annual dinner and traveling to strengthen the bond among employees and to enhance a harmonious atmosphere. For boosting job morale, the Group has also presented the Long Service Award to recognize employees' prolonged work efforts.



Autumn 2017 - "The Power of Walking"  
Trekking Activity



"Winter 2017 - Cheung Chau Excursion"

## Talent Development

The Group is committed to providing employees with appropriate and adequate training for promoting their long-term career development. All of our new employees will receive induction training to understand the Group's corporate culture, business philosophy, development history, management practices, business operations and other aspects, so that they can adapt to the working environment as soon as possible. In addition, the Group conducts internal and external training for its employees in accordance with development plans and operational needs of various departments. Training contents include professional knowledge and skills and personal development, etc.

### Internal training

- Training programmes are designed according to different positions and actual job needs.
- Focus on flexible and practical team trainings for employees.
- All department heads should supervise their employees regularly on improving their capabilities, and inform their training needs to the Human Resource and Administrative Department periodically.

### External training

- Invite training specialists to deliver customized training programs to employees.
- Employees are encouraged to suggest any job-related training programs and make applications to the Human Resource and Administrative Department.
- The Group will also provide subsidies on external training.

In addition, the Group also conducts performance assessments for its employees each year. A two-way communication method is used to evaluate employees' performance in a comprehensive and objective manner and to enhance employees' understanding of their work standards. The assessment results will then be used as the basis of promotion and pay adjustment.

## Mutual Communication

The Group values the opinions of every employee. For this reason, the Group has set up different communication channels, such as web pages, emails, and meetings for employees to express their real thoughts and suggestions in relation to the Group without any concern. Their valuable opinions will serve as significant factors considered by the Group in its future management decision-making process. The Group strives to strengthen employees' sense of belonging and foster the mutual communication between employees and the management. Meanwhile, the Group has established complaint channels for all employees. Whenever employees believe that their personal interests are infringed, they can choose appropriate channels to appeal to the management.



## COMMUNITY CONTRIBUTION

### Industry Development

As part of the financial leasing industry, the Group actively contributes to the industry foundation, and facilitates its healthy and orderly development. Since 2015, the Group's subsidiary, South China International Leasing Co., Ltd. ("SCIL"), has been serving as the vice president unit of the Shenzhen Financial Leasing Association ("SFLA"), a non-profit organization formed by Shenzhen-based enterprises engaged in the financial leasing industry. SFLA regards establishing a self-discipline mechanism for the whole industry, strengthening the education of financial leasing practitioners and promoting the sustainable development of financial leasing companies throughout the province as its missions, as well as to achieve a win-win goal for all parties. During the Reporting Period, SCIL assisted SFLA in organizing a number of capacity building activities, including various conferences, symposia and talent training programs. SCIL will continue to instill the idea of sustainable development, contribute to industry development and give back to the community.



Qianhai Financial Leasing Industry  
Legal Forum



Shenzhen Talent Training Program for  
Financing Leasing Industry

### Charitable Activity

As a responsible company, the Group actively encourages its employees to participate in various activities to give back to the community. The Group will continue to take part, actively plans for future direction and allocate more resources for community activities, aiming to bring more positive impacts to the society.



Elderly Home Visit

## ENVIRONMENTAL PROTECTION

As an investment holding company and its subsidiaries are principally engaged in the provision of financial services and property investment and management, the Group's impacts on the environment and natural resources are relatively minor. In spite of this, the Group is still committed to establishing relevant environmental protection measures within its business operation. During the Reporting Period, the Group complied with all relevant laws and regulations on environmental protection in Hong Kong and Mainland China.



### Emissions

The Group's businesses do not involve major air pollutants emissions, effluent discharges, and generation of hazardous and non-hazardous waste. Relatively the more significant environmental impacts created by the Group are the use of electricity in offices, fuel for vehicles, business travels and their corresponding greenhouse gas ("GHG") emissions. In order to reduce the Group's carbon footprint, the Group extensively uses teleconferencing equipments in its offices to reduce the needs of air travel. Regarding energy consumption and its carbon emissions, the Group has formulated a series of corresponding measures to achieve energy saving and emission reduction, detailed in the later section of this report.

During the Reporting Period, the Group emitted a total of 128.78 tCO<sub>2</sub>e of GHG, with an intensity of 2.43 tCO<sub>2</sub>e per employee. The Group will continue to seek opportunities for energy saving and emission reduction within its business operation and enhance its contribution to sustainable development.

	GHG Emissions	Quantity	Unit
Scope 1	Use of vehicle fuel	36.22	tCO <sub>2</sub> e
Scope 2	Electricity consumption	55.07	tCO <sub>2</sub> e
Scope 3	Business travel	37.49	tCO <sub>2</sub> e
Total		128.78	tCO <sub>2</sub> e
Intensity		2.43	tCO <sub>2</sub> e per employee



## Use of Resources

Regarding resource usage, the Group's businesses do not involve the consumption of raw materials and packaging materials. The Group therefore strives to reduce the use of water, electricity, paper and their corresponding GHG emissions, thereby at the same time lowering any unnecessary operational cost. In addition, the Group did not encounter any problems in obtaining suitable water sources.

The Group encourages employees to practise the spirit of conservation, such as reminding employees to turn off their computer's power and monitor when not in use, adjusting lighting and air-conditioning systems to appropriate levels during office hours, controlling water flow, printing documents on both sides, and recycling waste paper etc.. The Group strives to implement the concept of green office while maintaining a comfortable working environment, so as to enhance employees' awareness of environmental protection. During the Reporting Period, the Group consumed a total of 66,820 kWh of electricity, 14,090.78 litres of vehicle fuel, 0.70 tonnes of paper and 430.59 m<sup>3</sup> of freshwater.

Resources	Consumption	Unit
Electricity	66,820.00	kWh
<i>Intensity</i>	1,260.75	kWh per employee
Vehicle fuel	14,090.78	litres
<i>Intensity</i>	265.86	litres per employee
Paper	0.70	tonnes
<i>Intensity</i>	0.01	tonnes per employee
Freshwater	430.59	m <sup>3</sup>
<i>Intensity</i>	8.12	m <sup>3</sup> per employee

## HKEX ESG REPORTING GUIDE INDEX

The Group has reported Environmental, Social and Governance performances as of 31 December 2017, in accordance with Appendix 27 – Environmental, Social and Governance Reporting Guide.

HKEx ESG Reporting Guide General Disclosures and KPIs		Policies & Procedures	Explanation/Reference Section
<b>Aspect A Environmental</b>			
A1 Emission	<p>Information on:</p> <ul style="list-style-type: none"> <li>– the policies; and</li> <li>– 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 wastes.</li> </ul> <p><i>Note: Air emissions include NOx, SOx, and other pollutants regulated under national laws and regulations.</i></p> <p><i>Greenhouse gases include carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride.</i></p> <p><i>Hazardous wastes are those defined by national regulations.</i></p>	N/A	<p>ENVIRONMENTAL PROTECTION – Emissions</p> <p>The Group's business operations do not involve significant air emissions, water discharge and generation of waste. The Group has complied with all relevant laws and regulations.</p>
A2 Use of Resource	<p>Policies on the efficient use of resources including energy, water and other raw materials.</p> <p><i>Note: Resources may be used in production, in storage, transportation, in buildings electronic equipment, etc..</i></p>	N/A	<p>ENVIRONMENTAL PROTECTION – Use of Resources</p> <p>The Group's business operations do not involve the consumption of raw materials and packaging materials.</p>
A3 The Environment and Natural Resources	<p>Policies on minimising the operation's significant impact on the environment and natural resources.</p>	N/A	<p>ENVIRONMENTAL PROTECTION</p> <p>The Group's business operations do not have a significant impact on the environment and natural resources.</p>



HKEx ESG Reporting Guide General Disclosures and KPIs		Policies & Procedures	Explanation/Reference Section
<b>Aspect B Social</b>			
B1 Employment	<p>Information on:</p> <ul style="list-style-type: none"> <li>– the policies; and</li> <li>– 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.</li> </ul>	Staff Handbook	OPERATION AND MANAGEMENT – The Workplace
B2 Health and Safety	<p>Information on:</p> <ul style="list-style-type: none"> <li>– the policies; and</li> <li>– compliance and material non-compliance with relevant standards, rules and regulations on providing a safe working environment and protecting employees from occupational hazards.</li> </ul>	Staff Handbook	OPERATION AND MANAGEMENT – The Workplace
B3 Development and Training	<p>Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.</p> <p><i>Note: Training refers to vocational training. It may include internal and external courses paid by the employer.</i></p>	Staff Handbook	OPERATION AND MANAGEMENT – Talent Development
B4 Labour Standard	<p>Information on:</p> <ul style="list-style-type: none"> <li>– the policies; and</li> <li>– compliance and material non-compliance with relevant standards, rules and regulations on preventing child or forced labour.</li> </ul>	Staff Handbook	We have complied with all relevant laws and regulations that have a significant impact on the Group. Child labour and forced labour are strictly prohibited by the Group.

HKEx ESG Reporting Guide General Disclosures and KPIs		Policies & Procedures	Explanation/Reference Section
<b>Aspect B Social</b>			
B5 Supply Chain Management	Policies on managing environmental and social risks of the supply chain.	N/A	The Group's business operations do not involve major links with the supply chain.
B6 Product Responsibility	Information on: – the policies; and – compliance and material non-compliance with relevant standards, rules and regulations on health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	N/A	OPERATION AND MANAGEMENT – Business Integrity  The Group's business operations do not involve material health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress. We have complied with all relevant laws and regulations that have a significant impact on the Group.
B7 Anti-corruption	Information on: – the policies; and – compliance and material non-compliance with relevant standards, rules and regulations on bribery, extortion, fraud, and money laundering.	Staff Handbook Whistleblowing Policy	OPERATION AND MANAGEMENT – Business Integrity
B8 Community Investment	Policies on community engagement to understand the community's needs where it operates and to ensure its activities take into consideration communities' interests.	N/A	COMMUNITY CONTRIBUTION