

CHINA CLOUD COPPER COMPANY LIMITED 中國雲銅股份有限公司

(formerly known as Asia Investment Finance Group Limited 亞投金融集團有限公司) (Incorporated in the Cayman Islands with limited liability) (Stock Code: 33)

2018

Environmental, Social And Governance Report

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ABOUT THE GROUP

China Cloud Copper Company Limited¹ (the "Company") and its subsidiaries (together as "China Cloud Copper" or the "Group") are principally engaged in securities brokerage and asset management, money lending business, credit guarantee and investment business, trading of party products and metals and minerals. Further, to continue to expand the scope of operation, the Group has completed the acquisitions of two subsidiaries and commenced trading of security products and provision of security services during 2018.

¹ Formerly know as: Asia Investment Finance Group Limited

ABOUT THIS REPORT

The third Environmental, Social and Governance Report (the "report") published by the Company allows stakeholders to better understand the progress and direction of development in terms of sustainability by reporting the Group's policies, measures and performance in environmental, social and governance aspects. The report is prepared in English and Chinese and is available at the websites of The Stock Exchange of Hong Kong Limited (the "SEHK") and the Group (www.aifgroup. com).

Reporting Scope

Same as the reporting scope of the previous report, this report focuses on operations of China Cloud Copper between 1 January 2018 and 31 December 2018 (the "Year") in the Hong Kong headquarters ("Hong Kong Office") in relation to securities brokerage and asset management, money lending business, credit guarantee and investment business. Currently, the report does not cover all operations and sites of operation of the Group. In the future, the Group will regularly review the reporting scope, based on the principle of materiality, to ensure that investors and other stakeholders are provided with sufficient and reliable information.

Reporting Standard

The report is prepared in accordance with the Environmental, Social and Governance Reporting Guide (the "ESG Reporting Guide") contained in Appendix 27 of the Rules Governing the Listing of Securities on the SEHK. The four reporting principles: materiality; quantitative; balance; and consistency form the backbone of the report. To enable stakeholders to understand the Group's environmental, social and governance performance more comprehensively, apart from disclosing environmental key performance indicators stipulated in the 'comply or explain' provisions, the Group also reports selected social key performance indicators under the 'recommended disclosure' provisions of the ESG Reporting Guide.

Confirmation and Approval

The Group has formulated an internal control and formal review procedure, striving to ensure the accuracy and reliability of the information presented. The report was confirmed and approved by the Board of Directors of the Company in July 2019.

Opinion and Feedback

Stakeholders' opinions and suggestions will help the Group build a better sustainability strategy. If you have any questions, comments, or suggestions regarding the content or format of the report, please contact the Group via email (info@aifgroup. com).

SUSTAINABILITY GOVERNANCE

The Board of Directors of the Group is committed to upholding a high standard of corporate governance. It believes that sound corporate governance practice can effectively lead the Group to build and achieve its long-term strategies and goals, guiding the Company to seize and respond to opportunities and risks brought by sustainability. Currently, the Board of Directors is mainly responsible for the areas listed below:

- Formulate and review the Company's corporate governance strategy and practices;
- Review and supervise legal and regulatory compliance of the Company's policies and practices; and
- Provide training and professional development opportunities for directors and senior management staff.

To enhance the overall standard of governance, the Group plans to establish an Environmental, Social and Governance Working Group that directly reports to the Board of Directors. With defined terms of reference, the Working Group will comprise senior management staff, representatives of different departments and employees responsible for environmental, social and governance matters. The Environmental, Social and Governance Working Group will assist the Board of Directors to formulate and improve the sustainability strategy and policies applicable to the Group as a whole, and to review and execute the relevant measures.

Risk Management

As the Group's highest decision making and management body, the Board of Directors is responsible for maintaining a sound and effective risk management and internal control system, conducting a full review and identifying the nature and extent of the Group's risk tolerance. Further, the Risk Management Committee is responsible for reviewing and supervising the Group's risk management and internal control measures, and presenting opinions and response measures to the Board of Directors in a timely manner. During the Year, the Board of Directors reviewed the Group's risk management and internal control systems and procedures, including finance, operation and compliance, etc., and considered the internal control and risk management functions sufficient and effective.

Looking ahead: improving risk management

Faced with ever-changing social and environmental issues, the Group is aware that the current risk management and internal control systems do not fully cover sustainability issues. In the future, the Group plans to conduct annual environmental, social and governance risk assessment based on the nature of business in order to identify potential environmental and social risks and confirming solutions in response, thereby improving the functions of risk management.

STAKEHOLDER ENGAGEMENT

China Cloud Copper values stakeholder engagement and firmly believes that building mutually trusting relationships not only helps stakeholders understand the Group's work and performance in promoting sustainability, but also allows the Group to understand stakeholders' opinions and needs so as to review its potential risks and opportunities.

The Group communicates with key stakeholders during its day-to-day operations and through different communication channels.

Key stakeholders		
Internal stakeholders	External stakeholders	
Employees	Shareholders, investors, suppliers, business partners, customers, regulatory institutions and the community	
Communication channels		

Company website, email, telephone, meeting, interview, etc.

During the Year, the Group commissioned an independent consultant to assist the preparation of the Environmental, Social and Governance Report. During the process, the consultant assisted the Group's management to review the environmental, social and governance issues included in the ESG Reporting Guide of the SEHK and identified the material issues based on their importance to stakeholders and the level of the Group's social and environmental impact. Based on the results of the review, the management considered that the material issues of the Group in the Year remained unchanged, which include:



Looking ahead: develop more diverse channels of stakeholder engagement

The Group values stakeholder engagement and is on its agenda to strengthen stakeholder engagement by developing more diverse communication channels. The Group plans to identify environmental and social issues that are important to stakeholders by broadly collecting their opinions and suggestions on the Group's sustainability performance, which can assist the formulation of the relevant strategies in the future.

MAINTAINING A GREEN ENVIRONMENT

As a responsible financial institution, environmental sustainability is one of the Group's key concerns in its fulfilment of corporate social responsibility. With regard to office operation, the Group supports green operation and regulates emissions and affairs such as resources management by implementing policies such as the Green Office Guidelines and the Staff Handbook, with a commitment to avoiding and reducing environmental risks and impact created by its business operation.

Greenhouse gases and energy use management

The increased risks of climate anomaly amidst global warming in recent years pose negative impact on global ecological environment and economy. Faced with the issues of climate change, the United Nations adopted 17 Sustainable Development Goals, among which one focuses on climate action and calls for global community and corporations to take urgent actions to mitigate climate change and its impacts.

Greenhouse gases

To understand and manage the impact of its business on climate change, since 2017 China Cloud Copper has begun to record its emissions of greenhouse gases (or "carbon emissions") and has actively formulated and promoted multiple energy saving measures. During the Year, the Group commissioned a professional consultant to assess the greenhouse gas emissions produced by its operations with reference to the guidelines compiled by the Environmental Protection Department and the Electrical and Mechanical Services Department², and international standards such as the ISO14064-1 and the Greenhouse Gas Protocol.

	Emissions (tonnes carbon
Scope	dioxide equivalent)
Scope 1 – Direct emissions	12.5
Scope 2 – Energy indirect emissions	33.5
Scope 3 – Other indirect emissions	29.4
Total greenhouse gas emissions	75.4
Greenhouse gas intensity (construction area per square foot)	0.03

Note:

 Scope 1
 from fossil combustion of mobile source

 Scope 2
 from purchased electricity

 Scope 3
 from disposal of waste paper, use of water, sewage discharge and air business travel

During the Year, the Group's total GHG emissions were 75.4 tonnes carbon dioxide equivalent with a greenhouse gas intensity of 0.03 tonnes carbon dioxide equivalent/square foot of construction floor area. Due to the nature of office operation, the main source of greenhouse gas emissions was emissions of purchased electricity from Scope 2, accounting for 44% of its total emissions, followed by air business travel. China Cloud Copper implements a series of energy saving measures, including adoption of zoning to control specific lighting system and to manage the air conditioner temperature.

² Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings in Hong Kong

Air pollutants

The Group's major air pollutants come from vehicle combustion of gasoline. The air pollutants mainly include nitrogen oxide, sulphur dioxide and respirable suspended particulates. To reduce the environmental and health impact of air emissions, the Group gives priority to purchasing vehicles that meet the Euro 6 emissions standards and ensures vehicle exhaust emissions comply with the relevant standards through regular inspection and maintenance.

Type of air emissions	Emissions (kg)
Nitrogen oxides	2.16
Sulphur oxides	0.07
Respirable suspended particulates	0.16

Use of resources and waste management

China Cloud Copper is committed to cutting waste by reducing resource consumption, reuse and recycling. At the same time, the Group implements water saving and paper saving measures to enhance environmental protection.

Waste

Due to the nature of office operation, the Group mostly produced non-hazardous waste (including office waste paper and other domestic waste), and a small amount of hazardous waste and electronic waste. All wastes were collected and handled by the property management company.

To reduce waste, the Group encourages employees to reduce waste at sources, including reducing the use of plastic products and other disposable products, as well as reusing festive decorations. In addition, the Group implements an office recycling scheme to guide employees to sort and recycle waste paper, plastics, metal and old batteries. It also plans to quantify the recycling performance in the future to review the effectiveness of the measures. The Group was unable to record waste generated during the Year due to personnel changes and thus the relevant data as well as evaluation of the effectiveness of these measures is not available.

Water and other resources

The Group's office operation involves a large number of documents. To reduce paper use, the Group gradually adopts electronic office and encourages employees to switch to electronic communication and reduce printing. Further, the Group prioritised the purchase and use of recycled paper to reduce its impact on forests.

Regarding the use of water resources, China Cloud Copper regularly inspects water use devices to prevent leakage. Looking ahead, the Group will enhance internal communication and promote water-saving habits among employees. Domestic wastewater produced by the Group's office was discharged to the municipal sewer.

Looking ahead: Improve data collection system and formulate conservation targets

The Group will continue to assess, record and disclose annually its greenhouse gas emissions and other environmental data to review the effectiveness of the current measures in order to formulate a carbon reduction target and work plan in the future. At the same time, the Group will provide environmental training for employees and organise environmental promotional campaigns, reaching its vision of green development.

The environment and protection of natural resources

To tackle the severe challenge posed by climate change, the Chinese government encourages the development of environmental industries and eliminates out-dated energy production. China Cloud Copper believes that a fund-oriented approach can assist the development of the environmental sector. During the Year, it invested in includes environmental projects such as fuel cell and green building, reducing the negative impact of the business value chain on the environment and natural resources and promoting green finance development solutions. Looking ahead, the Group will develop a customer environmental and social risk assessment to ensure that all sustainability standards are more comprehensively adopted in its investment decisions.

The Group abides by the relevant laws and regulations such as the Air Pollution Control Ordinance, the Waste Disposal Ordinance and the Water Pollution Control Ordinance. There were no cases of non-compliance in relation to emissions or other environmental issues during the Year.

CREATING A PLEASANT WORK ENVIRONMENT

China Cloud Copper strives to create a sound and safe working environment for employees, supporting their development and ensuring protection of their basic labour rights.

Ensuring employee health and safety

China Cloud Copper cares about employee safety and health management. To create a safe and friendly working environment, the Group regulates measures to prevent occupational diseases or accidents through the Staff Handbook and the Guide to Prevent Occupational Disease and Accidents, and provides regular safety training courses to employees. In addition, the Group has purchased employees' compensation insurance and medical insurance for all employees in order to offer protection against treatment of work-related injury and diseases.

Work-related accidents handling procedures	Specify procedures to handle minor accident and severe injury, including the location of the first-aid kit
Guide to prevent occupational disease	Remind employees of safety practices regarding lifting heavy goods, using computer equipment and operating other office equipment
Fire guidelines	Enhance employees' capacity to response during fires
Bad weather arrangement	Specify work arrangements when typhoon and heavy rain warnings are hoisted

The Group abides by the relevant laws and regulations such as the Occupational Safety and Health Ordinance. During the Year, there were no cases of non-compliance with laws and regulations in relation to health and safety.

Providing development and training opportunities

The Group values employee training and development opportunities and encourages employees in different roles to continuously strengthen their knowledge and skills required in career development so that their potential can be developed. The Staff Handbook stipulates the management approach to employee development and training, which includes setting tailored development and training targets for each employee. Based on these targets appropriate training and development opportunities will be arranged for employees.

Induction session	All new employees have to attend the induction session to learn about the company structure and direction, employee duties and goals, work process and regulations, etc.
Professional training	Provide employees with regular training on licensing requirements of the Securities & Futures Commission of Hong Kong, anti-money laundering regulations and insider trading
Annual assessment	Arrange annual work assessment for employees to facilitate communication between employees and their head of department

Looking ahead, the Group will consider establishing a development and training working group that is responsible for coordination of employee training and development.

Improve the employment system

A sound employment system is the foundation of talent acquisition and retention. The Group stipulates the various systems relating to compensation, recruitment, promotion, dismissal, working hours, rest periods and other welfare in the Staff Handbook, the Personnel Recruitment System, the Attendance Management System and other management methods. It enables employees to understand the relevant employment policies and terms.

The Group offers fair and competitive salary and welfare to employees. Salary adjustment and distribution of year-end bonus are based on factors such as results of performance review, employee qualifications, performance at work and market conditions. Apart from statutory and public holidays, the Group provides employees with different paid leaves, such as annual leave, maternity leave, marriage leave, compassionate leave and examination leave.

At the same time, the Group advocates equal opportunities and does not tolerate any acts of discrimination and harassment. The Staff Handbook stipulates that employee appointment and promotion are determined by factors such as capabilities, knowledge at work and actual work requirements. Employees should not be treated differently on the basis of gender, marital status, pregnancy, family roles or disability. Besides, the Group prohibits sexual discrimination in the workplace such as sexual harassment. Employees can lodge complaints of the relevant cases through the administrative and human resources department to protect their legal rights from violation.

In addition, the Group respects employees' rights. The Personnel Recruitment System stipulates the prohibition of child labour or forced labour. The human resources department should verify the identity documents and age of applicants during the process of recruitment to prevent hiring any underage individuals. At the same time, the Group respects the rights of employees to resign at will, and promises not to force employees to work by means such as withdrawal of identification documents and with violent threats.

To continuously improve the employee system, the Group plans to formulate an employment diversity policy and set up a child labour and forced labour prevention training to regulate the relevant management measures and enhance employee awareness. The Group abides by the relevant laws and regulations such as the Employment Ordinance. During the Year, there were no cases of non-compliance with laws and regulations in relation to employment (including child labour or forced labour).

OPERATING RESPONSIBILITY

The Group always upholds business ethics in its operation, providing high-quality financial products and services to clients. Therefore, the Group has formulated a series of policies relating to anti-corruption, supply chain management and maintaining product responsibilities, to ensure that the Group's operation fulfils the expectations of internal and external stakeholders.

Anti-corruption

The Group always upholds a high standard of corporate governance. To this end, the Group has formulated the Whistleblowing Policy and the Staff Handbook to regulate employee and corporate behaviour. In addition, the Group has established the anti-corruption working group, to ensure the Group's operation is free of any form of corruption, bribery, extortion, fraud and money laundering.

The Group has set up channels such as designated letter box and mailbox to allow employees and other relevant personnel to report cases of corruption. The Group promises that whistleblowers will not be dismissed or mistreated due to the reporting. Their personal data will be treated with confidentiality. Depending on the nature of corruption incidents, the Group may adopt actions such as carrying out internal investigation and transferring the incidents to external agency or law enforcement agencies.

The Group abides by the relevant laws and regulations such as the Prevention of Bribery Ordinance. During the Year, the Group did not find any cases of non-compliance with laws and regulations in relation to corruption and there were no cases of corruption litigation related to the Group and its employees.

Supply chain risk management

The Group pays attention to the environmental and social performance of suppliers. Through day-to-day coordination and communication, it supervises their modes of operation so as to reduce their impact to the society. To this end, the Group has formulated the Supplier Code of Conduct to regulate the process and standards of supplier selection.

Environment	•	Abide by all the environmental laws and regulations applicable to locations where it operates;
	•	Ensure the hazardous chemical substances, volatile organic compounds and wastewater are properly handled; and
	•	Recycle resources that can be reused wherever possible
Society	•	Prohibit any form of child labour and forced labour;
	•	Respect intellectual property rights including copyrights, patents and trademarks; and
	•	Prevent any acts of corruption, bribery and extortion

Maintain product responsibility

To ensure the safety of products and the legal and regulatory compliance of measures such as customer service handling procedure and privacy protection, the Group has formulated internal policies such as the Customer Complaint Handling Procedure, the Compliance Manual, and the Staff Handbook, to improve the product responsibility management structure of the Group.

Product information	The Group emphasises the provision of clear and accurate guidelines for customers to help them understand the characteristics and risks of the Group's products or services before purchase. Besides, the Group promises not to mislead customers to purchase products with exaggerated advertising. The Group is actively formulating the relevant advertising and labelling policies to regulate affairs related to product responsibility.
Customer privacy	The Compliance Manual stipulates that appropriate preventive measures should be adopted to protect customers' personal information from being disclosed to any third- party organisations or individuals. All communication content should also be kept confidential.
Complaint handling	The Group has established a customer complaint handling mechanism. When customer complaints are received, the employee should record the content of the complaint and submit it to their seniors for further processing. In case of emergencies, the Compliance Manager will directly report the complaint to the Board of Directors. Upon completion of complaint handling, the relevant employees should give the customer a written or oral reply.

The Group abides by laws and regulations including the Competition Ordinance and the Personal Data (Privacy) Ordinance. During the Year, there were no cases of non-compliance with laws and regulations in relation to product responsibility.

PROMOTING COMMUNITY DEVELOPMENT

Corporate growth is closely linked to community development. As a company that values fulfilment of social responsibility, China Cloud Copper cares for and gives back to society through community donations and encouraging employees to participate in volunteer services. During the Year, the Group organised promotional campaigns regarding anti-bullying on campus and community resident health seminars to provide help to the disadvantaged community in society.

Looking ahead, the Group will continue to understand the needs of the community to formulate policies and plans relating to community investment. By leveraging its sector expertise, community donations and encouraging employee participation in volunteer services, it will inject more energy and positive influence into the community.

SUMMARY OF KEY PERFORMANCE INDICATORS

Environmental Key Performance Indicators

		Unit
Type of emissions and the relevant emission data		
Nitrogen oxides	2.16	kg
Sulphur oxides	0.07	kg
Respiratory suspended particulates	0.16	kg
Total greenhouse gas emissions		
Scope 1	12.5	tonne of CO ₂ -e
Scope 2	33.5	tonne of CO ₂ -e
Scope 3	29.4	tonne of CO ₂ -e
Total greenhouse gas emissions	75.4	tonne of CO ₂ -e
Greenhouse gas intensity	0.03	tonne of CO ₂ -e/square foot of
		construction area
Energy consumption		
Petrol	43.4	MWh equivalent
Electricity	41.9	MWh
Total energy consumption	85.3	MWh equivalent
Energy intensity	0.03	MWh equivalent/square foot of
		construction area
Water consumption		
Total water consumption	22.00	Cubic metre
Water intensity	0.007	Cubic metre/square foot of
		construction area

ESG REPORTING GUIDE CONTENT INDEX

Material	Content	Page Index/Remarks
Aspect		
A. Environme	ntal	
A1 Emissions		
General Disclosure	Information on:	6, 8
	(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.	
A1.1	The types of emissions and respective emissions data.	7, 14
A1.2	Greenhouse gas emissions in total and intensity.	6, 14
A1.3	Total hazardous waste produced and intensity.	The Group is unable to record waste data
A1.4	Total non-hazardous waste produced and intensity.	The Group is unable to record waste data
A1.5	Description of measures to mitigate emissions and results achieved.	6-7
A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	7
A2 Use of Re	sources	
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	6
A2.1	Direct and/or indirect energy consumption by type in total and intensity.	14
A2.2	Water consumption in total and intensity.	14
A2.3	Description of energy use efficiency initiatives and results achieved.	6-7
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	The Group faced no issues in sourcing water fit for purpose; 7
A2.5	Total packaging material used for finished products and, if applicable, with reference to per unit produced.	The Group's operation does not involve the use of packaging materials.
A3 The Enviro	onment and Natural Resources	
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	6
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	8

Material	Content	Page Index/Remarks
Aspect		
B. Social		
B1 Employme	ent	
General Disclosure	Information on:	10
	(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.	
B2 Health and	d Safety	
General Disclosure	Information on:	9
	(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.	
B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	9
B3 Developm	ent and Training	
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	9
B4 Labour Sta	andards	
General Disclosure	Information on:	10
	(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.	
B4.1	Description of measures to review employment practices to avoid child and forced labour.	10

Material	Content	Page Index/Remarks
Aspect		
B5 Supply Ch	ain Management	
General Disclosure	Policies on managing environmental and social risks of the supply chain.	11
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	11
B6 Product R	esponsibility	
General Disclosure	 Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer 	The Group's operation does not involve in product health and safety; 12
B6.5	relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress. Description of consumer data protection and privacy policies, how they are implemented and monitored.	12
B7 Anticorru	ption	
General Disclosure	Information on:	11
	(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.	
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.	11
B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	11
B8 Communi	ty 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.	13