



**ENVIRONMENTAL,
SOCIAL AND
GOVERNANCE
REPORT
2019**

**PING AN SECURITIES GROUP
(HOLDINGS) LIMITED**
平安證券集團(控股)有限公司

(Carrying on business in Hong Kong as PAN Securities Group Limited)
(Incorporated in Bermuda with limited liability)
(Stock Code: 00231)



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02 About This Report

Ping An Securities Group (Holdings) Limited (the “Company” together with its subsidiaries as the “Group”) is delighted to publish our annual Environmental, Social and Governance (“ESG”) report (the “Report”) for the year ended 31 December 2019, presenting our continuous commitment to corporate social responsibility. Consistent with last year, this Report emphasizes the balance between business needs, social demand and environmental concerns. The integration of sustainability into our business strategy as well as daily operations is a must. To deal with issues effectively, the understanding and interaction with our employees, consumers and stakeholders are of the highest priority. We believe that the thoughtful management of ESG issues is an essential part of long-term success in a rapidly changing world. With careful and better understanding of ESG risks and opportunities, the Group will be better positioned in diminishing and recycling waste, allocating resources, even though increased regulation is expected to pose greater challenges. In addition, we believe that our expertise, capital, capabilities, and ownership model can be part of the solutions to some of the challenges that communities around the world are already facing, such as the need for waste management and development of an effective workforce. We believe the key to success is to make informed decisions by thoroughly and carefully considering ESG issues.

Finally, the following sustainability strategy is applied to all the work streams:

1. To contribute to environmental sustainability
2. To attract and retain employees
3. To engage with stakeholders
4. To support our employees
5. To sustain local communities
6. To strengthen community relations
7. To enhance supplier commitment

REPORT SCOPE AND BOUNDARY

We fully understand that the ESG policy will have a long-lasting impact on our future development, and our operations and strategies will also influence our society, environment and each stakeholder. Therefore, this Report will provide information and explanation on how the Group contributed to the sustainable development in the financial year.

Apart from focusing on our organizational values, strategy and core competency that contribute to our sustainable development, we also consider the ESG challenges reported by our competitors as well as those communicated with our stakeholders. This allows us to identify potential sustainability issues that might be significant to the Group.

For the reporting period, the material ESG issues were those which had or might have a significant impact on:

- securities industry;
- the global securities market;
- property development and leasing industry;
- the environment or society now or in the future;
- our financial performance or operations; or
- our stakeholders' assessments, decisions and actions.

This Report has been prepared in accordance with ESG Reporting Guide set out in Appendix 27 to the Rules Governing the Listing (the "Listing Rules") of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and has complied with the "comply or explain" provisions. This Report includes the sustainability performance and initiatives of the Group for the period from 1 January 2019 to 31 December 2019, covering the Group's core businesses – the provision of financial services in Hong Kong and property development and leasing in the People's Republic of China (the "PRC"). This Report is published in Chinese and English. Should there be any discrepancy between the Chinese and the English versions, the English version shall prevail.

Unless otherwise stated, this Report covers the period from 1 January 2019 to 31 December 2019 (the "reporting period"). It includes disclosure of significant environmental and social impacts of our operation in Hong Kong and the PRC.

For details in relation to our financial performance and corporate governance, please visit our website <http://www.pingansecgp.com> and our annual reports. We also treasure your feedback and comments on our sustainability performance. Please send your feedback and other sustainability enquires to our email at info@pingansecgp.com.

04 Our Stakeholders

The Group is searching for every opportunity to understand and engage our stakeholders to ensure improvement can be implemented to our products and services. We strongly believe that our stakeholders play a crucial role in sustaining the success of our business.

Stakeholders	Possible concerned issues	Communication and responses
Stock Exchange	Compliance with the Listing Rules, timely and accurate announcements and communications	Meetings, training, roadshows, workshops, programmes, website updates and announcements
Government and other regulatory bodies	Compliance with applicable laws and regulations, preventing crimes and tax evasion, maintain effective communications	Interaction and visits, government inspections, tax returns and other information
Investors	Corporate governance system, business strategies and performance, investment returns	Organizing and participating in seminars, interviews, shareholders' meetings, financial reports or operation reports for investors, media and analysts
Media & public	Corporate governance, environmental protection, human rights	Update of business operations on the Company's web site and prompt publication of announcements
Customers	Service quality, delivery times, reasonable prices, service value, personal data protection	After-sales services
Employees	Rights and benefits, employee compensation, training and development, work hours, working environment	Conducting union activities, trainings, interviews for employees, internal memos, employee suggestion boxes
Community	Community environment, employment and community development, social welfare	Developing community activities, employee voluntary activities and community welfare subsidies and donations

OVERVIEW

We know that the quality of environmental management is very important to our long-term success. Our commitments to the environmental sustainability encompass each of our business units. Our priority is to protect the environment and our target is to minimize environmental impact by adopting the world's leading practices in our activities.

We strive to continuously improve and create value for our stakeholders and ensure that the concept of environmental sustainability is integrated into every part of our daily business operations by complying with all environmental protection policies, practices and laws.

We actively maintain a balance between sustainable corporate development and environmental protection. To ensure the balance is achieved, the Group is monitoring any changes regarding the environment that could have influence on the Company. We are striving to work towards operating in a 'green' office by improving energy efficiency, addressing waste management, supporting environmental education, in order to minimize the negative impact on the environment. During the reporting period, most of our operations are wholly office based. Therefore, our environmental impact is minor compared to that of many other industries.

Major air pollutants emission from gaseous fuel consumption and vehicles during the reporting period and the corresponding period in 2018 are as follows:

Air Pollutant Emission

Type of Air Pollutants	2019 Air Pollutant Emission (kg)	2018 Air Pollutant Emission (kg)
Sulphur dioxide	0.17	0.60
Nitrogen oxides	7.42	6.37
Particulate matter	0.54	0.88

During the reporting period and the corresponding period in 2018, the greenhouse gas ("GHG") emissions from the operation are set out below:

GHG Emission

Type of GHG emissions	2019 Equivalent CO ₂ emission (kg)	2018 Equivalent CO ₂ emission (kg)
Scope 1 Direct emissions	32,645.88	23,388.02
Scope 2 Indirect emission	431,229.60	586,308.79
Scope 3 Other indirect emission	43,168.18	53,867.25
Total	507,043.66	663,564.06
Intensity (kg/revenue HK\$'000)	12.52	8.15

06 Environmental

Note:

The calculation of the GHG is based on the "Corporate Accounting and Reporting Standard" from greenhouse gas protocol.

Scope 1: Direct emission from sources that are owned by the Group

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

Scope 3: Other indirect emission is optional disclosure that includes employee's business travel only

USE OF KEY RESOURCES

The Group complies with policies in the efficient use of resources, including energy and water.

ENERGY EFFICIENCY

Our aim is to reduce energy consumption in our offices. We fully understand the importance of conserving energy and reducing greenhouse gas emission, thus, we established a "Green Office" policy.

We encourage our employees to save energy and resources in their day-to-day operations. As one of the measures we are posting energy saving reminders next to the light switches, copiers, and other conspicuous areas. We support the indoor temperature savings programme while maintaining the average indoor temperature of the office at 24 to 26 degrees Celsius to reduce air conditioning power consumption. We encourage our employees to turn off the power when any electrical appliance (e.g. air conditioners, lights, machines, etc.) is not in use. If a computer is expected to be idle for a long time, it should be powered off instead of being left in the standby mode. Furthermore, we use low power consumption lighting instead of using traditional light bulbs in order to saving energy. Finally, a person who is the last to leave the office is to ensure that all power supplies that are not used are turned off.

Energy consumption by the Group during the reporting period and the corresponding period in 2018 are set out below:

Energy Consumption

Type of energy	2019 Energy consumed (kWh)	2018 Energy consumed (kWh)
Petrol	111,472	88,213
LPG	3,429	4,182
Purchased electricity	539,037	856,797
Total	653,938	949,192
Energy intensity (kWh/revenue HK\$'000)	16.15	11.66

WATER SAVING

The Group did not encounter any problems in sourcing water that is fit for purpose. Water rate charges do not form a separate item in the lease of certain offices, yet the Group encourages staff to reduce water wastage by installing manual taps for using water at pantry in our office. Water saving reminders are posted near the taps to encourage water saving. During the reporting period, the total consumption of water and water intensity were 11,658.00 m³ and 0.29 m³/revenue (HK\$'000), respectively (2018: 60,433.00 m³ and 0.74 m³/revenue (HK\$'000)).

REDUCTION OF PRINTING AND PAPER USAGE

We encourage our staff to work more effectively in a paperless environment. To avoid unnecessary wastage and promote effective usage of paper, we are trying to use e-versions instead of hardcopies as far as practicable. If printing is nevertheless necessary, then the best option is to make double-sided printing and copying. If printing is done on one side we will collect and reuse the papers for printings and copying for internal documents. The recycling paper box is placed next to the copier, making it easy for our employees to collect and re-use the papers. Other default settings such as the adoption of economic mode, black and white output colour, selection of bypass for reuse recycled paper are also encouraged in our office. Besides, containers of ink cartridges and toner of printers and copiers are recycled by the suppliers. Paper is used in our offices and printing out. During the reporting period, the total amount of recycled paper disposed of at landfills was not maintained due to the immaterial usage as a result of the scaled-down operation in the property development segment (2018: 1,630.36 kg). The Group is in the process of arranging each department's responsibilities on quantifying the amount of recycled paper disposed of at landfills in the coming year.

BATTERY RECYCLING

In addition to electronic and water saving, and reduction of printing and paper usage, we also have the recycling of single-use batteries or rechargeable batteries. We understand our devices may unavoidably contain batteries, thus, we have placed a battery recycling box for collecting them. Collected batteries will be delivered to public recycling bin regularly.

HAZARDOUS AND NON-HAZARDOUS WASTE

The Group generated no significant hazardous waste during the reporting period. Besides, we did not consume any packaging material due to our business nature.

Relevant non-hazardous waste records are not maintained for the reporting period due to the immaterial waste produced as a result of the scaled-down operation in the property development and leasing segment in the PRC (2018: non-hazard waste was 18.00 tonnes). The Group is arranging responsibilities of relevant department and personal on quantifying the amount of hazardous and non-hazardous waste in the coming year.

ENVIRONMENTAL EDUCATION

We believe that the most effective way to achieve and sustain environmental excellence is through increasing environmental awareness among our employees. We provide the guidelines and policies, so that our employees have a good knowledge in green developments and operations. Furthermore, we also advocate planting in the office. In addition to having it as a decoration in the office, it helps to relax workplace stress.

COMPLIANCE AND GRIEVANCE

During the reporting period, no non-compliance incidents or grievances were found in relation to environmental aspect that have a significant impact on us.

OUR PEOPLE

The key to success is a strong and well organized team, which is a pool of qualified experienced talents. Without their continued commitment and contribution, we will not be able to operate or serve our customers. It is therefore our top priority to make sure that our employees work in a fair, safe, healthy and happy working environment that facilitates their personal growth and career development. We focus on assisting our staff in achieving their career goal and self-development. We provide trainings and seminars to our staff and encourage them to grow together.

Below is a detailed breakdown of our employees by gender, age group and employment category as at 31 December 2019 and 2018:

	2019		2018	
	Number of staff	% of total	Number of staff	% of total
By gender				
Male	38	46	56	49
Female	44	54	59	51
Total	82	100	115	100
By age group				
30 or below	31	38	32	28
31-40	22	27	42	36
41-50	14	17	15	13
51 or above	15	18	26	23
Total	82	100	115	100
By employment category				
Normal	50	61	66	57
Middle	24	29	37	32
Senior	8	10	12	11
Total	82	100	115	100

Below is a detailed breakdown of our employees turnover rate by gender and age group as at 31 December 2019 and 2018:

	2019	2018
Turnover rate by gender		
Male	51%	25%
Female	39%	15%
Turnover rate by age group		
30 or below	41%	19%
31-40	63%	24%
41-50	21%	20%
51 or above	41%	15%

OCCUPATIONAL HEALTH AND SAFETY

We focus our efforts on providing a safe working environment for our employees as well as caring for the overall wellbeing of our employees. In relation to employment and labour practices, we focus on employment, health and safety, training and development.

The health and safety of our employees are the highest priority for us.

In view of the outbreak of novel coronavirus ("COVID-19") in the beginning of 2020, the Group has taken a host of measures to help containing the spread of the disease and to safeguard our employees.

Guideline of Office Safety and Health Information is posted on conspicuous area to inculcate the importance of workplace safety in our employees.

We also have first aid box in case of any injury. Furthermore, in any event if any of our employees is injured during their work, we have put an injury claim procedure in place to cover their medical costs. The Group was not aware of any material non-compliance with relevant laws and regulations during the reporting period.

EMPLOYEE REMUNERATION AND BENEFITS

The individuality and diversity that every employee brings to the business and seeks to create a positive working environment wherever we operate are very important for us.

Our employees' remuneration is benchmarked against market rates. Performance assessment is carried out to measure employees' overall achievement of goals and performance. We believe that we can improve our performance and productivity with a comprehensive performance appraisal system, as well as a performance-oriented corporate culture.

We also offer a wide variety of paid leave including maternity, compassionate and study leave. Besides, we also provide free newspapers and magazines for staff to read in their free time.

TRAINING AND DEVELOPMENT

We believe that the staff is the greatest asset of the Group and by investing in employees with training will promote job satisfaction, increase motivation and lower staff turnover. Our staff are motivated to take continuous professional development (“CPD”) courses, work-related courses and seminars by education allowance.

Below is a detailed breakdown of the percentage of trained employees by gender and employment category during the reporting period and the corresponding period in 2018:

	2019	2018
Employee trained by gender		
Male	39%	45%
Female	61%	55%
Employee trained by employment category		
Normal	75%	70%
Middle	18%	49%
Senior	7%	92%

The average training hours for employees by gender and employment category during the reporting period and the corresponding period in 2018 are as follows:

	2019 Hours per employee	2018 Hours per employee
By gender		
Male	0.79	2.21
Female	0.81	3.05
By employment category		
Normal	0.52	2.56
Middle	0.44	2.59
Senior	2.25	3.25

WORK-LIFE BALANCE

To ensure that our employees have a balanced and healthy lifestyle, we provide activities, such as annual dinner and employees travelling programme, for our employees every year to enhance their loyalty to the Group and the unity of our employees.

EQUAL EMPLOYMENT OPPORTUNITIES

We are dedicated to promote equal opportunities for all of our employees in different areas, such as recruitment, compensation and benefits, training and promotion, and any allowance. We believe that each individual has his/her unique strengths that can add value to the Company and society in general. All employees are assessed based on their ability, performance and contribution to the Group. Employment contracts are strictly subject to the relevant laws and regulations. During the reporting period, there was no discriminatory act reported or complaint received in relation to equal opportunity, transfer, promotion, recruitment, termination, severance, holidays, benefits or training.

HUMAN RIGHTS

Respecting human rights has been an integral part of our approach to sustainability. We fully comply with labour laws or other relevant legislations that prohibit child labour and forced labour. We want to be sure that all our employees understand that harassment and discrimination are not tolerated in the Group. We do not employ any person below the age of eighteen at our workplace. Our employees' rest time is well respected and the employees enjoy paid holidays, and overtime compensation hours and pays in line with the local laws and regulations. We are committed to provide a working environment where all employees are treated equally. All employees are assessed based on their ability, performance and contribution, irrespective of their nationality, race, religion, gender, age or family status. During the reporting period, we did not identify any breach in legislation related to these areas.

SUPPLY CHAIN MANAGEMENT

The Group works closely with its subcontractors who are committed to high quality, environmental, health and safety standards. As stipulated subcontractors bidding policy, the Group maintains a list of approved subcontractors who have been assessed and approved by us for invitation for tendering process. Our assessment may include (i) evaluating subcontractors' recent performance; (ii) reviewing third-party assessments or certification held by our subcontractors; (iii) assessing whether our subcontractors have sufficient resources and skills to fulfil the specific requirements; (iv) reviewing their requisite licences and registrations; and (v) reviewing the quotation and/or subcontracting fee provided. The Group from time to time reviews and updates our internal list of approved subcontractors according to their performance assessment. During project implementation, our designated department will meet with the engaged subcontractors and closely monitor their work progress and performance in order to ensure full compliance with all the requirements and provisions of our tender documents. Thus, we believe there are no significant environmental and social risks for our management decision on supply chain management.

COMMUNICATION CHANNEL

We have internal staff complaint procedures to ensure proper channels are in place for employees to lodge complaints. If an employee would like to lodge a complaint, he/she can report direct to his/her department head directly. If the results are not satisfactory, further complaints can be lodged to a Director. We encourage our employees to provide feedback and suggestions. Employees can lodge a complaint or accusation against senior management.

For external channel, the Group considers customers as a major stakeholder and enables after-sales services to address customer's concerns and requests on a timely basis. Designated customer services team is responsible to follow up inquiries from corporate website and hotline with records. Upon cessation of the certain regulated activities under the financial services segment in late 2019, we took our first opportunities to notify our customers to deal with their securities under our brokerage services.

During the reporting period, there were no cases of non-compliance with the relevant laws or regulations regarding product responsibility.

CUSTOMER PRIVACY PROTECTION

Our customers are our priority, and our dedication to serving them involves protecting their data and ensuring their legal right to privacy. To ensure that we comply with the requirements of the Personal Data (Privacy) Ordinance ("PDPO"), our employees are required to follow the PDPO in handling the sensitive privacy information and data access.

Notice on Personal Data is attached in the client's agreement to ensure that our customers understand the purpose of collecting their personal information and those we are committed to abide by the PDPO. Our customers' personal information is maintained with care and can only be accessed by authorized persons for authorised purposes. We also engage external professionals in IT sector to do regularly checks and maintain our computer system to ensure that we have a sufficient protection of all our customers' personal information. During the reporting period, the Group did not discover any significant risk exposure in relation to privacy information and data access.

ANTI-CORRUPTION

To promote a good and ethical business culture, we have a Corruption Prevention Guide and Toolkit on Directors' Ethics on the prevention of corruption, fraud, bribery, extortion, money laundering and any malpractice or unethical practices. Our employees are encouraged to report any suspected cases of corruption to their department heads. We promise to keep the identity of whistleblowers confidential. We are committed to thoroughly investigate each enquiry, feedback and complaint and have it resolved fairly, timely and in the strictest confidence. During the reporting period, no corruption case was reported.

COMMUNITY INVESTMENT

As a socially responsible company, the Group is committed to understanding the needs of the communities in which we operate. The Group strives to develop long-term relationship with our stakeholders and seek to make contributions to programmes that have a positive impact on community development.

