

Environmental, Social and Governance Report **2020**



中金投集团

China Financial Services Holdings Ltd

China Financial Services Holdings Limited

(Incorporated in Hong Kong with limited liability)

(Stock code: 605)

CONTENTS

Introduction	2
Reporting Scope	2
Reporting Framework	2
Reporting Period	3
Stakeholder Engagement	3
Materiality Assessment	4
Environmental	5
Social	11
The ESG Reporting Guide Content Index of the Stock Exchange of Hong Kong Limited	20

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Introduction

China Financial Services Holdings Limited is an integrated financial services provider which mainly provides one-stop financing services to small and medium enterprises, micro-enterprises as well as individuals.

The Group has been established to providing customised financial solutions to small and medium-sized enterprises (“SMEs”) in Hong Kong and Mainland China for over ten years. As a responsible corporate, the Group understands that it plays a part in promoting sustainability in the financial service industry and has therefore incorporated sustainability elements into its business operations. Looking forward, the Group aims to build stronger relationships with its stakeholders to formulate its sustainability strategy.

This Environmental, Social and Governance Report (the “ESG Report”) summarises the environmental, social and governance (“ESG”) initiatives, plans and performances of the Group and demonstrates its commitment to sustainable development.

The ESG Governance Structure

The Group manages its ESG issues by employing a top-down management approach, the Board of Directors (the “Board”) oversees and formulates the Group’s ESG strategies.

To systematically manage the ESG issues, the Group has set up an ESG working taskforce (the “Taskforce”) that comprises staff from relevant departments. The Taskforce is responsible for collecting relevant ESG data, analysing and identifying the Group’s ESG issues. The Taskforce will then report to the Board for the evaluation and subsequent implementation or revision of the Group’s ESG strategies.

Reporting Scope

This Report includes the Group’s business activities in the offices in Beijing, Chengdu, Chongqing, Shenzhen and Hong Kong. The ESG key performance indicators (“KPIs”) data were gathered and analysed, the performance on the KPIs are disclosed in this ESG Report and are supplemented by explanatory notes.

Reporting Framework

The ESG Report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide (the “ESG Reporting Guide”) as set out in Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

Information relating to the Group’s corporate governance practices will be stated in the Corporate Governance Report of the separately published 2020 Annual Report.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Reporting Period

The ESG Report describes the ESG activities, challenges and measures taken by the Group during the financial year ended 31 December 2020 ("FY2020").

Stakeholder Engagement

Stakeholder participation is an essential part of formulating the Group's business strategy and approach towards sustainability. Therefore, the Group adopts an open and ready attitude when communicating with its key stakeholders, including but not limited to, government and regulatory authorities, shareholders and investors, employees, customers, suppliers, banks, media and the public.

Through a wide range of communication channels and engagement methods, the Group seeks to further understand the relative interests and priorities of each stakeholder category and make appropriate and necessary adjustments in the Group's decision-making process. A list of engagement platforms that the Group uses to engage directly with its stakeholders are shown below:

Stakeholders	Engagement platforms	Expectations
Government and regulatory authorities	<ul style="list-style-type: none"> • Routine reports • Written or electronic correspondences • Supervision on local laws and regulations 	<ul style="list-style-type: none"> • Compliance with local laws and regulations • Stability in business operations
Shareholders and investors	<ul style="list-style-type: none"> • General meeting and other shareholder meetings • Annual and interim reports • Announcements and circulars • Investor meetings • Company website 	<ul style="list-style-type: none"> • Sustainable profitability • Shareholder return • Corporate governance • Business compliance
Employees	<ul style="list-style-type: none"> • Training, seminars and briefing • Performance reviews • Intranet • Regular meetings 	<ul style="list-style-type: none"> • Remuneration, compensation and benefits • Fair and competitive employment • Safe working environment
Customers	<ul style="list-style-type: none"> • Customer service hotline and email • Face-to-face meetings 	<ul style="list-style-type: none"> • High-quality products and services • Rapid response and customer satisfaction
Suppliers	<ul style="list-style-type: none"> • Suppliers' satisfactory assessment • Face-to-face meetings and on-site visits 	<ul style="list-style-type: none"> • Fair and open procurement • Win-win cooperation

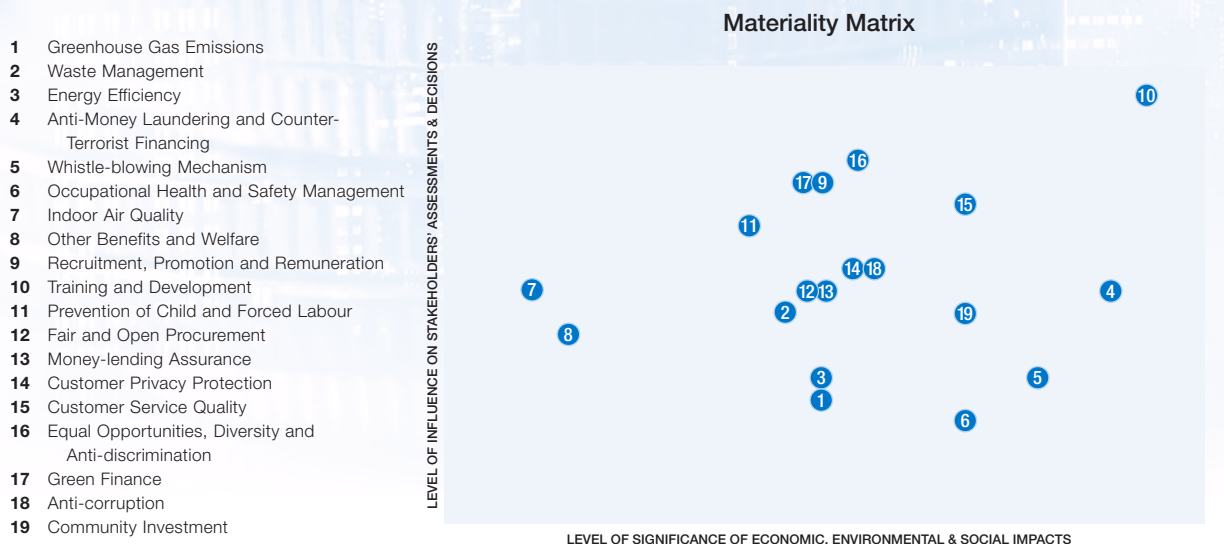
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Stakeholders	Engagement platforms	Expectations
Banks	<ul style="list-style-type: none"> • Post-loan tracking • On-site visits • Work conferences 	<ul style="list-style-type: none"> • Repay loans on time • Operate in an honest and credible manner • Closely monitor operating conditions
Media and the public	<ul style="list-style-type: none"> • ESG report • Company website • Regular reports and announcements 	<ul style="list-style-type: none"> • Transparency of financial and ESG issues disclosure • Compliance with legislations

The Group firmly believes that in the long run, the contributions of its stakeholders will prove to be beneficial in improving identified ESG issues while addressing potentially overlooked ESG issues.

Materiality Assessment

As mentioned, the Group deeply values the feedback of the relevant stakeholders and their opinions on what ESG aspects they consider as material. Based on the previously identified material ESG issues, a materiality assessment was conducted during FY2020 by the Group's stakeholders. The result, which reflects the relative importance of different material ESG issues assessed by different groups of stakeholders, is shown below:



For FY2020, the Group confirmed that it has established appropriate and effective management policies and internal control systems for ESG issues and confirmed that the disclosed contents are in compliance with the requirements of the ESG Reporting Guide.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Contact Us

The Group welcomes stakeholders to provide their opinions and suggestions. You can provide valuable advice in respect of the ESG report or the Group's performances in sustainable development by writing to Room 5606, 56/F, Central Plaza, No. 18 Harbour Road, Wan Chai.

A. Environmental

A1. Emissions

General Disclosure and KPIs

The Group is principally engaged in the provision of integrated short-term financing services, comprising short-term financing, funds management-related services and consultancy services.

Despite the Group's limited environmental impact given its office-based business nature, it is recognised that environmental protection must be done collectively; individual efforts of business entities are equally important. The Group is committed to maintaining or improving existing policies while creating new policies to mitigate potential direct and indirect negative environmental impacts arising from its business operations.

During FY2020, the Group was not aware of any material non-compliance with laws and regulations, including but not limited to, the Waste Disposal Ordinance of Hong Kong, the Environmental Protection Law of the People's Republic of China, the Prevention and Control of Environmental Pollution by Solid Waste of the People's Republic of China, the Water Pollution Prevention and Control Law of the People's Republic of China and Prevention and the Control of Atmospheric Pollution of the People's Republic of China that would have a significant impact on the Group.

Air Emissions

Due to its business nature, the Group considers that air emissions generated are of an insignificant level. Guidelines on the efficient use of fuel will be described in "Scope 1 – Direct GHG Emissions".

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Greenhouse Gas ("GHG") Emissions

The principal GHG emissions of the Group are generated from the petrol consumption of vehicles (Scope 1) and purchased electricity (Scope 2).

Scope 1 – Direct GHG Emissions

The Group has established clear guidelines to ensure the efficient use of fuel and to reduce direct GHG emissions from petrol consumption in its operations, as shown below:

- Plan routes ahead of time to optimise fuel consumption;
- Switch off the engine whenever the vehicle is idling; and
- Conduct regular vehicle maintenance to ensure optimal engine performance and fuel use.

Scope 2 – Indirect GHG Emissions

The Group's largest source of GHG emissions arises from the use of purchased electricity. Electricity consumption accounts for the total indirect GHG emissions within the Group. In efforts to reduce energy consumption, the Group has initiated energy-saving measures, which can be found in "Aspect A2 – Use of Resources".

Total GHG emissions increased by approximately 9.22% from approximately 100.78 tCO₂e in FY2019 to approximately 110.07 tCO₂e in FY2020. The increase was mainly due to the full-year effect of the emissions generated from the Shenzhen and Chongqing branches, which were acquired by the Group in April and October 2019 respectively. Nevertheless, employees' awareness of reducing indirect GHG emissions has been increased through the implementation of the above-mentioned measures.

Discharges into Water and Land

Due to the Group's business nature, the discharges into land are insignificant. Similarly, there was no significant and unreasonable amount of sewage water discharged; used water is discharged to the municipal sewage network to the regional water treatment plant.

Summary of GHG emissions performances:

Indicator ¹	Unit	FY2020	FY2019
Scope 1 – Direct GHG emissions	tCO ₂ e ²	5.32	4.80
• Petrol consumption			
Scope 2 – Indirect GHG emissions	tCO ₂ e	104.75	95.98
• Purchased electricity			
Total GHG emissions	tCO₂e	110.07	100.78
Intensity ³	tCO ₂ e/employee	0.44	0.34

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Note:

1. GHG emissions data is presented in terms of carbon dioxide equivalent and is based on, but not limited to, “The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards” issued by the World Resources Institute and the World Business Council for Sustainable Development, “How to prepare an ESG report – Appendix 2: Reporting Guidance on Environmental KPIs” issued by the Stock Exchange, the “Global Warming Potential Values” from the IPCC’s Fifth Assessment Report, 2014 (AR5), the latest published Baseline Emission Factors for Regional Power Grids in China, Sustainability Report 2019 published by the CLP Power Hong Kong Limited and the HK Electric Investments Sustainability Report 2019 published by the HK Electric.
2. tCO₂e is defined as tonnes of carbon dioxide equivalent.
3. As at 31 December 2020, the Group had approximately 250 full-time employees. The data is also used for calculating other intensity data.

Waste Management

Hazardous Waste Handling Method

Due to the Group’s business nature, no material amount of hazardous waste was generated by the Group during FY2020.

Non-hazardous Waste Handling Method

The majority of non-hazardous waste generated by the Group was general waste and office paper. Although the amount of non-hazardous waste generated was not considered to be material, the Group will continue to look for opportunities to pursue environmentally friendly initiatives and further reduce waste generation. By encouraging and reminding its employees to practise the following list of green initiatives, the Group has seen sustainable behavioural changes among its employees.

Green measures include, but not limited to, the following:

- Recycle used single-sided office paper;
- Adopt double-sided printing or photocopying;
- Print electronic correspondences only when necessary; and
- Recycle obsolete office and electronic equipment.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The generation of non-hazardous waste increased by approximately 17.74% from approximately 4.34 tonnes in FY2019 to approximately 5.11 tonnes in FY2020. The increase was mainly due to the full-year effect of the non-hazardous waste generation from the Shenzhen and Chongqing branches, which were acquired by the Group in April and October 2019 respectively. Nevertheless, employees' awareness of reducing the generation and disposal of non-hazardous waste has been increased through the implementation of the above-mentioned measures.

Summary of major non-hazardous waste disposal performances:

Category of waste	Unit	FY2020	FY2019
Office paper ⁴	Tonnes	4.78	3.95
General waste	Tonnes	0.33	0.39
Total non-hazardous waste	Tonnes	5.11	4.34
Intensity	Tonnes/employee	0.02	0.01

Note:

4. Figure excludes 0.10 tonnes of paper that were recycled.

A2. Use of Resources

General Disclosure and KPIs

Through keeping track of ESG-related KPIs and continuing with the Group's internal monitoring programme on the procurement and use of resources, the Group has identified that the major resources consumed remained to be electricity, water, paper and petrol. Therefore, the Group deemed the existing policies and procedures effective in governing the usage of these resources.

In particular, the Group's "Construct Green Operation" (《建構綠色運營》) policy states a number of green measures, which includes:

- Pre-set air-conditioning temperature at the offices;
- Encourage digitalisation to promote a paperless working environment;
- Promote the use of teleconferences or video conferences; and
- Reduce the frequency of unnecessary business air travels.

Energy Efficiency

The Group believes that all branches of the Group including its subsidiaries and departments should be unified in committing to reducing the Group's environmental impact. Therefore, a detailed internal policy was set out to require all subsidiaries of the Group to comply with the Group's energy-saving policy.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Given the Group's business nature, applicable green measures are largely limited to the usage of electrical appliances and lighting in the offices. Nevertheless, the Group strives to further reduce energy consumption by strictly following the energy-saving measures below:

- Adopt operating lighting control systems based on actual need;
- Switch off unnecessary lightings and electrical appliances when not in use;
- Purchase energy-efficient equipment on replacement of obsolete equipment;
- Set all computer screens and printers to standby mode after a certain period;
- Post eye-catching stickers on energy efficiency as a reminder to employees; and
- Encourage employees to utilise public transportation where possible.

Energy consumption increased by approximately 11.99% from approximately 160,218.76 kWh in FY2019 to approximately 179,432.87 kWh in FY2020. The increase was mainly due to the full-year effect of energy consumption from the Shenzhen and Chongqing branches, which were acquired by the Group in April and October 2019 respectively. Nevertheless, employees' awareness of reducing energy consumption has been increased through the implementation of the above-mentioned measures.

Summary of energy consumption performances:

Type of energy	Unit	FY2020	FY2019
Direct energy consumption • Petrol	kWh	19,377.87	17,444.18
Indirect energy consumption • Electricity	kWh	160,055.00	142,774.58
Aggregated energy consumption	kWh	179,432.87	160,218.76
Intensity	kWh/employee	717.73	534.07

Water Consumption

Due to the Group's business nature, the water usage is only confined to water used by employees at the offices. Despite the fact that the water usage was not disproportional, the Group continues to promote the importance of water conservation to its employees.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aside from posting banners around the office with messages to raise awareness of water conservation, the Group also implemented a list of water conservation measures, as shown below:

- Regularly inspect water taps to prevent leakage;
- Install dual-flush water cistern in toilets; and
- Install aerators in the faucets of the washrooms.

The Group did not encounter any problem in sourcing water that was fit for purpose and did not note any abnormal water usage in FY2020.

Total water consumption increased by approximately 16.26% from approximately 3,962.30 m³ in FY2019 to approximately 4,606.38 m³ in FY2020. The increase was mainly due to the full-year effect of water consumption from the Shenzhen and Chongqing branches, which were acquired by the Group in April and October 2019 respectively. Nevertheless, employees' awareness of reducing water consumption has been increased through the implementation of the above-mentioned measures.

Summary of water consumption performance:

Indicator	Unit	FY2020	FY2019
Total water consumption	m ³	4,606.38	3,962.30
Intensity	m ³ /employee	18.43	13.21

Use of Packaging Material

Due to the Group's business nature, the use of packaging material is not considered as a material ESG issue to the Group.

A3. The Environment and Natural Resources

General Disclosure and KPIs

As an ongoing commitment to good corporate social responsibility, the Group continues to search for possibilities to reduce negative environmental impact arising from its daily business operations and provide a more pleasant working environment to its employees.

Indoor Air Quality

Indoor air quality in the offices is regularly monitored and measured. During FY2020, the indoor air quality of the Group's offices was satisfactory. Air-purifying equipment is used in offices and the air conditioning system is cleaned periodically to improve indoor air quality by filtering pollutants, contaminants and dust particles.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Green Finance

As financial investors become more aware of sustainability elements in financial investments, the Group is in the process of establishing a sustainable development framework. The Group sees the opportunity in the fast-growing green finance sector following the adoption of the “One Belt, One Road” national development strategy. To this end, the Group has established the “Guidelines on Establishing Green Finance System” (《關於構建綠色金融體系的指導意見》) to promote green finance. The Group provides bespoke financing options for green finance-related enterprises through its internal risk management system.

The Group also encouraged its employees to include sustainable development performance as investment criteria and gave the following guidance:

- No investments in enterprises with serious environmental pollution and impact;
- No investments in enterprises with outdated technology; and
- No investments in enterprises with safety hazards.

The Group is of the view that enterprises that place great emphasis on sustainable development sustain lower operational risks, which in turn lower the risk of the Group’s investment portfolio and generate a more stable return to the Group.

B. Social

B1. Employment

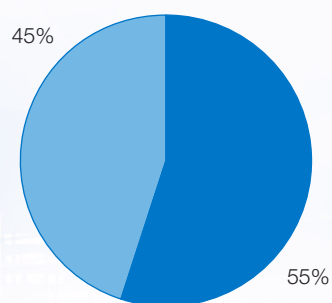
General Disclosure

Employees are the most valuable asset of the Group and are the foundation of the Group’s success. In order to create sustainable growth for the Group, good recruitment and retention practices must be enforced to maintain or enlarge the talent pool. Furthermore, the Group upholds the principle of “paying respect to the dedicated, utilising the competent, fostering the aspiring and incentivising the innovative” (「尊重敬業之士、任用有才之士、培養有志之士、獎勵創新人才」) when making human resources adjustments.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

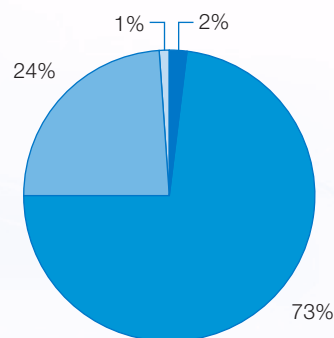
As at 31 December 2020, the Group had approximately 250 full-time employees. The breakdown of employees according to gender, age group and geographical region are as follows:

Employees by Gender



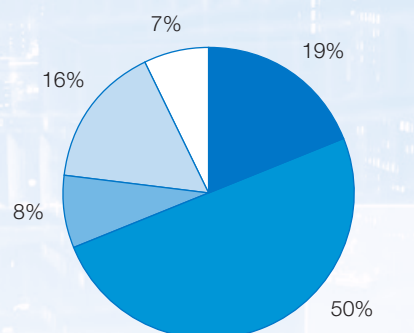
● Male ● Female

Employees by Age Group



● 16 to 24 Years Old ● 25 to 40 Years Old
● 41 to 59 Years Old ● Above 60 Years Old

Employees by Geographical Region



● Hong Kong ● Beijing ● Chongqing
● Chengdu ● Shenzhen

Relevant employment policies are formally documented in the Employee Handbook, covering recruitment and remuneration, compensations, working hours and rest periods, diversity and equal opportunities, etc. Policies and employment practices are periodically assessed and updated if necessary, to ensure continuous improvement of the Group's employment standards and competitiveness against companies of the similar industry. During FY2020, the Group has revised the Employee Handbook to better align with the relevant statutory standards.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

During FY2020, the Group was not aware of any material non-compliance with employment-related laws and regulations that would have a significant impact on the Group, including but not limited to the Employment Ordinance of Hong Kong, the Labour Law of the People's Republic of China, the Social Insurance Law of the People's Republic of China, the Company Law of the People's Republic of China and the Labour Contract Law of the People's Republic of China.

Recruitment, Promotion and Remuneration

The Group strives to ensure that each employee receives a fair and just assessment of their performance during the recruitment and day-to-day work and is rewarded according to their achievements and contributions. Policies on performance appraisal, promotion and remuneration have been established. The Group is committed to promoting equal opportunities and diversity in recruitment. Employees are recruited via a robust, transparent and fair recruitment process based on their merits and their potential to fulfil the Group's current and future needs.

Remuneration and promotion are based on job-related skills, qualifications and performances. The Group will conduct an annual performance and salary review to determine any salary adjustments, performance bonuses and/or promotion opportunities. Remuneration packages include variable bonuses, annual leave, maternity leave, paternity leave, birthday leave, marriage leave, bereavement leave, etc.

Compensation and Dismissal

The Group offers fair compensation packages for employees based on employees' personal capability and industry standards. In addition, the Group complies with the Employees' Compensation Ordinance of Hong Kong and Labour Law of the People's Republic of China, which cover employees who sustain personal injury by accident or disease arising out of the course of employment.

Unreasonable dismissal under any circumstances is prohibited, dismissal would be based on reasonable and lawful grounds supported by internal policies. Before dismissal, verbal or written warnings will be issued to provide a fair opportunity to the employee for improvement. If no improvement is noted, the Group shall then consider dismissal only upon receiving dismissal instruction from the relevant department.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Equal Opportunities, Diversity and Anti-discrimination

The Group believes in the power of diversity, where it is believed that the Group's sustainable development can be improved by recruiting talents from different backgrounds regardless of their gender, age, sexual orientation or religious backgrounds. The Group is committed to creating and maintaining an inclusive and collaborative workplace culture. Furthermore, the Group is dedicated to providing equal opportunities in all aspects of employment and strictly prohibits any activities associated with discrimination, physical or verbal harassment based on race, religion, colour, gender, physical or mental disability, age, place of origin, marital status, and sexual orientation. The Group strives to protect its employees by ensuring that complaints, grievances, concerns and whistle-blowing, are being dealt with promptly and confidentially.

Other Benefits and Welfare

The Group actively seeks to introduce additional benefits and welfare to encourage retention, foster a sense of belonging and enhance job satisfaction. Currently, the Group provides monthly birthday celebrations, birthday leave, medical scheme and festive meals or gifts. The Group also provides travel allowance for employees for their rest period.

The Group aims to enhance team cohesion by introducing a number of team-building activities, including a basketball team, yoga team and has held badminton competitions before the COVID-19 pandemic. In addition, the Group understands the importance of rests and has therefore designated a rest area at the offices. Reading groups are also held to unleash employees' potential and interest outside the realm of work.

Working Hours and Rest Periods

The Group has formulated policies in determining the working hours and rest periods for employees according to local employment laws.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

B2. Health and Safety

General Disclosure

Operational Health and Safety Management

The Group shoulders the responsibility of maintaining a safe and healthy working environment for all its employees and is committed to protecting the wellbeing of its employees. Local laws and regulations are being complied with and occupational health and safety guidelines recommended by the Labour Department and Occupational Safety and Health Council of Hong Kong have been adopted.

During FY2020, the Group was not aware of any material non-compliance with health and safety-related laws and regulations that would have a significant impact on the Group, including but not limited to the Occupational Safety and Health Ordinance of Hong Kong, the Labour Law of the People's Republic of China, the Production Safety Law of the People's Republic of China, the Prevention and Treatment of Occupational Diseases Law of the People's Republic of China and the Fire Protection Law of the People's Republic of China. During FY2020, there were no reported cases of work-related fatalities nor lost days due to work injury.

To ensure that its employees have a safe and pleasant environment to work in, reminders on keeping the corridors clutter-free, classifying and recycling, arranging air-conditioning equipment and carpet cleaning services are in place. Employees are also required to participate in health and safety seminars. The Group conducts regular pest tests to ensure all furniture and fixtures are pest-free. To prevent fire hazards, the Group has strategically placed fire extinguishers and ensured that employees are aware of their location.

To ensure employees' wellbeing, the following are some examples of training courses or seminars that have been held:

- Webinar on enhancing mental wellbeing;
- Webinar on the prevention of workplace injuries organised by the Occupational Safety and Health Council of Hong Kong;
- First Aid Course; and
- Fire drills and prevention talks held by the Fire Services Department of Hong Kong.

Response towards the COVID-19 pandemic

In light of the COVID-19 pandemic, the Group has complied with the public health and safety measures from the People's Republic of China government and the Hong Kong government. In addition, the Group has also promptly implemented new health and safety measures in response to COVID-19, such as making remote work arrangements and distributing surgical masks and hand sanitiser in the offices. Clear guidelines are also in place to respond to situations where employees or their family members are found to have contracted the virus.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

B3. Development and Training

General Disclosure

Training and Development

The Group prides itself on its talented employees and is committed to fostering a learning culture that supports the development of employee's capabilities. To ensure that employees retain their competitive edge, the Group actively encourages and provides employees with ample opportunities to attend training and seminars to keep abreast of the ever-changing trend or gain new expertise. The training content is monitored and updated to ensure validity and accuracy to provide maximum benefit to the employees.

During FY2020, employees have participated in courses, seminars and webinars on topics such as financial and non-financial information analysis, credit report, risk management, anti-corruption and anti-money laundering to ensure compliance with local regulations from employees.

B4. Labour Standards

General Disclosure

Prevention of Child and Forced Labour

Child and forced labour are strictly prohibited during the recruitment process as defined by local laws and regulations. Personal data is collected during the process to assist the selection of suitable candidates and to verify candidates' personal data. The Human Resources Department also ensures identity documents are carefully checked.

The Human Resources Department has established a reporting mechanism to monitor and ensure compliance with all relevant laws and regulations. If violation is involved, it will be dealt with in the light of the circumstances promptly.

During FY2020, the Group was not aware of any material non-compliance with child and forced labour-related laws and regulations that would have a significant impact on the Group, including but not limited to the Employment Ordinance of Hong Kong, the Labour Law of the People's Republic of China, and the Labour Contract Law of the People's Republic of China.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

B5. Supply Chain Management

General Disclosure

Supply Chain Management

The Group's main suppliers are third-party service providers in the information technology, property management, advertising, and legal and consulting sectors. Other than financial service providers, the Group also works with suppliers of office equipment and stationery.

Fair and Open Procurement

Suppliers are selected under a fair and open procurement which considers a range of factors including but not limited to suppliers' experience, prevailing market price and reputation. The Group also proactively explores possibilities to further minimise its carbon footprint in the procurement process. The Group has implemented the Environmental Procurement Policy to minimise its carbon footprints, support local procurement and give priority to purchase recycled and environmentally friendly products. For the purpose of risk diversification, the Group intends to not over-rely on a specific supplier in order to ensure the stability of the supply chain. Any discrimination against certain vendors without reasonable grounds and any types of business bribery practices are strictly prohibited.

B6. Product Responsibility

General Disclosure

The Group places great emphasis on maintaining a solid corporate governance and risk management framework to aid the Group's long-term development and sustainable growth. Therefore, the Group continuously improves its corporate rules and regulations to ensure strict compliance with local laws and regulations.

The Group is equipped with a risk control team, consisting of professionals who are certified public accountants, lawyers, certified public valuers and professionals who hold working qualifications in the financial institution. The Audit Committee, composed of independent non-executive directors, periodically reviews the existing risk management system to ensure that relevant procedures remain effective and up-to-date.

During FY2020, the Group was not aware of any incidents of non-compliance with laws and regulations that would have a significant impact on the Group, concerning advertising, labelling and privacy matters relating to products and services provided and methods of redress, including but not limited to, the Money Lenders Ordinance, the Personal Data (Privacy) Ordinance, the Securities and Futures Ordinance of Hong Kong and the Advertising Law of the People's Republic of China.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Money-lending Assurance

To promote responsible money-lending services, employees are required to familiarise themselves with related guidelines on money-lending procedures. Guideline on the special requirements in money lending business advertisement is formally documented within the Employee Handbook. The guideline states that advertisement, whether in textual, audio or visual form, must contain the relevant subsidiary's telephone hotline for handling complaints and a well-established risk warning statement. The said risk warning statement must also be audible in the audio part of the advertisement. Further information can be found in the section headed "Anti-money Laundering and Counter-financing of Terrorism".

Customer Privacy Protection

During the provision of products and services, a wide range of sensitive information is entrusted to the Group by its customers. To ensure that the information is properly stored and managed, the Group has installed and routinely upgrades firewall, anti-virus and anti-spam solutions to prevent potential data leakage. The Group restricts employee access to sensitive data, allowing access only to relevant employees for carrying out their roles and responsibilities.

Due to the Group's business nature, the Group has an insignificant amount of business dealing regarding health and safety and labelling matters.

B7. Anti-corruption

General Disclosure

During FY2020, the Group was not aware of any material non-compliance with relevant laws and regulations of bribery, extortion, fraud and money laundering that would have a significant impact on the Group, including but not limited to the Money Lenders Ordinance, the Personal Data (Privacy) Ordinance, the Securities and Futures Ordinance of Hong Kong, the Anti-Unfair Competition Law of the People's Republic of China and the Criminal Law of the People's Republic of China.

Anti-money Laundering and Counter-financing of Terrorism

As a responsible financial services provider, the Group closely monitors signs of money laundering and financial crimes. A number of procedures are in place to safeguard the interests of the Group and are in line with the prescribed laws and regulations set up by regulatory authorities, such as a background investigation, due diligence and loan approvals for loan financing applications.

Anti-corruption

The Group endeavours to maintain a culture of integrity, transparency and accountability by adhering to stringent anti-corruption practices. To prevent corrupt practices during its business operation, employees are required to undergo anti-corruption training to familiarise themselves with the current legislation, the identification of and correct procedures to report corrupt practices.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Whistle-blowing Mechanism

The Group has set out a reporting and investigative procedure to encourage employees to report fraudulent activities. The Group intends to protect the whistle-blower from common concerns such as confidentiality and potential retaliation. Whistle-blowers may report verbally or in writing to the relevant department or the senior management of the Group regarding the suspected misconduct with supporting evidence. The management will then investigate the suspected illegal behaviour. The Group provides assurance to the whistle-blower reporting in good faith against unfair dismissal or victimisation, even if the reports are subsequently proved to be unsubstantiated.

Prevention of Money Laundering, Fraud and Bribery Practices

As a financial services provider, the Group is sensitive to the prevention of poor money laundering, potential fraud and bribery practices. The Group provides guidelines and training on the prevention of poor practices to employees to remind them of good practices to prevent unnecessary legal complications.

B8. Community Investment

General Disclosure

The Group is committed to emboldening and supporting the public by means of social participation and contribution. As part of its strategic development, the Group has established relevant guidelines on community investment to nurture the corporate culture and practices of corporate citizen in the daily work life throughout the Group.

Due to the COVID-19 pandemic, the Group has temporarily suspended the organisation and participation of charitable and voluntary activities.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The ESG Reporting Guide Content Index of The Stock Exchange of Hong Kong Limited

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to Exhaust Gas and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Emissions
KPI A1.1 ("comply or explain")	The types of emissions and respective emissions data.	Emissions – Air Emissions, GHG Emissions, Discharges into Water and Land, Waste Management
KPI A1.2 ("comply or explain")	GHG emissions in total (in tonnes) and intensity.	Emissions – Air Emissions, GHG Emissions
KPI A1.3 ("comply or explain")	Total hazardous waste produced (in tonnes) and intensity.	Emissions – Waste Management Not applicable – Explained
KPI A1.4 ("comply or explain")	Total non-hazardous waste produced (in tonnes) and intensity.	Emissions – Waste Management
KPI A1.5 ("comply or explain")	Description of reduction initiatives and results achieved.	Emissions – Air Emissions, GHG Emissions, Waste Management
KPI A1.6 ("comply or explain")	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Emissions – Waste Management

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Use of Resources
KPI A2.1 ("comply or explain")	Direct and/or indirect energy consumption by type in total and intensity.	Use of Resources – Energy Efficiency
KPI A2.2 ("comply or explain")	Water consumption in total and intensity.	Use of Resources – Water Consumption
KPI A2.3 ("comply or explain")	Description of energy use efficiency initiatives and results achieved.	Use of Resources – Energy Efficiency
KPI A2.4 ("comply or explain")	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
KPI A2.5 ("comply or explain")	Total packaging material used for finished products (in tonnes) and with reference to per unit produced.	Use of Resources – Use of Packaging Material Not applicable – Explained
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources.	The Environment and Natural Resources
KPI A3.1 ("comply or explain")	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	The Environment and Natural Resources – Indoor Air Quality, Green Finance

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect B1: Employment		
General Disclosure	<p>Information on:</p> <p>(a) the policies; and</p> <p>(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.</p>	Employment
KPI B1.1 (Recommended Disclosures)	Total workforce by gender, employment type, age group and geographical region.	Employment
KPI B1.2 (Recommended Disclosures)	Employee turnover rate by gender, age group and geographical region.	Employment

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect B2: Health and Safety		
General Disclosure	Information on: (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.	Health and Safety
KPI B2.1 (Recommended Disclosures)	Number and rate of work-related fatalities.	Health and Safety – Occupational Health and Safety Management
KPI B2.2 (Recommended Disclosures)	Lost days due to work injury.	Health and Safety – Occupational Health and Safety Management
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Development and Training

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect B4: Labour Standards		
General Disclosure	Information on: (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.	Labour Standards
KPI B4.1 (Recommended Disclosures)	Description of measures to review employment practices to avoid child and forced labour.	Labour Standards – Prevention of Child and Forced Labour
KPI B4.2 (Recommended Disclosures)	Description of steps taken to eliminate such practices when discovered.	Labour Standards – Prevention of Child and Forced Labour
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Product Responsibility

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect B7: Anti-corruption		
General Disclosure	<p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.</p>	Anti-corruption
Aspect B8: Community 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.	Community Investment



中金投集团

China Financial Services Holdings Ltd

China Financial Services Holdings Limited

中國金融投資管理有限公司

Suite 5606, 56th Floor, Central Plaza,
18 Harbour Road, Wanchai, Hong Kong

Tel: (852) 2598 6183

Fax: (852) 2598 8305

www.cfsh.com.hk

Stock Code: 605