



# 中國山東高速金融集團有限公司

CHINA SHANDONG HI-SPEED FINANCIAL GROUP LIMITED

(Incorporated in Bermuda with limited liability)

Stock Code: 00412

## Environmental, Social And Governance Report 2020



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## About the Report

China Shandong Hi-Speed Financial Group Limited (“CSFG” or the “Company”, together with its subsidiaries, the “Group” or “We”) (stock code: 00412.HK) is pleased to announce its fifth Environmental, Social and Governance (“ESG”) Report (the “Report”). The Report covers the Group’s ESG policies, measures and performances.

The Report is published in Chinese and English. In case of any discrepancies between the two versions, the English version shall prevail. For corporate governance practices of the Group, please refer to the section headed “Corporate Governance Report” on pages 50 to 70 of the Annual Report 2020 of the Group.

The Report has been reviewed and approved by the board of directors (the “Board”) of the Group before publication.

### Reporting Scope

The Report covers the Group’s ESG policies, measures and performances covering the period from 1 January 2020 to 31 December 2020 (the “Reporting Period”). The reporting scope includes the Group’s business operations in Hong Kong, Mainland China and Singapore. As the Group announced and completed the disposal of Coastal Silk Limited and its subsidiaries in April 2021, the relevant data of Coastal Silk Limited and its subsidiaries during the Reporting Period is not included in the Report.

### Reporting Standard

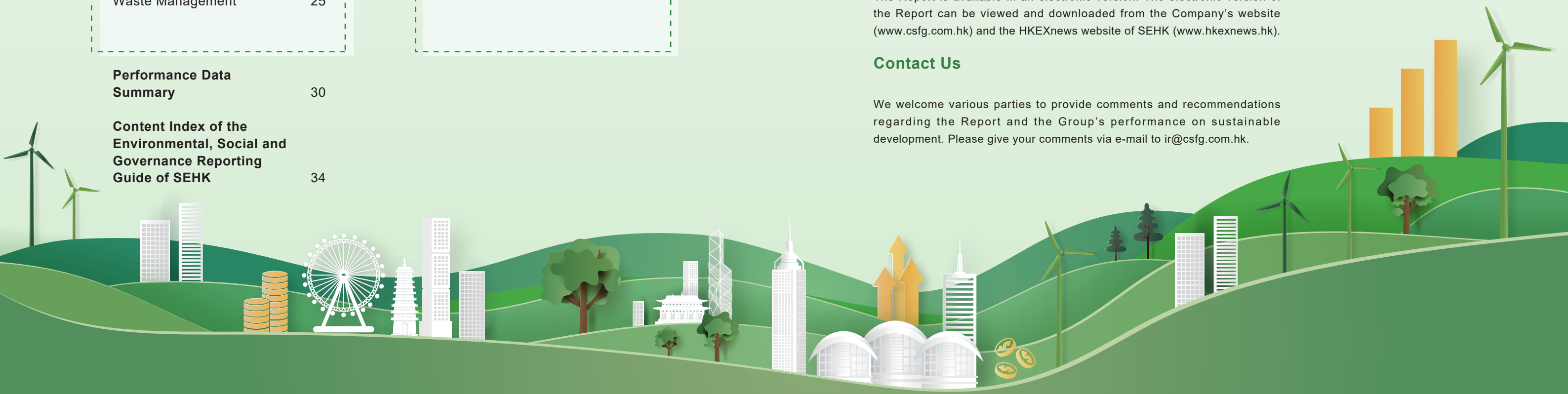
The Report is prepared in accordance with Appendix 27 Environmental, Social and Governance Reporting Guide (the “Guide”) of the Main Board Listing Rules issued by the Stock Exchange of Hong Kong Limited (“SEHK”) on the basis of the four reporting principles set out in the Guide, namely materiality, quantitative, balance and consistency. To fully demonstrate to each stakeholder the efforts and achievement of the Group in terms of ESG during the Reporting Period, the Report not only complies with the “comply or explain” provisions in the Guide, but also contains most of the social key performance indicators categorised as “recommended disclosure” in the Guide.

### Reporting Publication

The Report is available in an electronic version. The electronic version of the Report can be viewed and downloaded from the Company’s website ([www.csfg.com.hk](http://www.csfg.com.hk)) and the HKEXnews website of SEHK ([www.hkexnews.hk](http://www.hkexnews.hk)).

### Contact Us

We welcome various parties to provide comments and recommendations regarding the Report and the Group’s performance on sustainable development. Please give your comments via e-mail to [ir@csfg.com.hk](mailto:ir@csfg.com.hk).



## About Us

CSFG (stock code: 00412.HK) is a Hong Kong-listed company and serves as a major overseas investment, financing and financial holding platform of Shandong Hi-Speed Group Limited (“SDHS”). CSFG is licensed by the Hong Kong Securities and Futures Commission to carry on Type 1, 4, 5, 6 and 9 regulated activities and holds a money lenders license in Hong Kong, engaged in securities trading, analysis and underwriting, financial advisory, asset management, securities investment as well as credit and other businesses. With licenses such as domestic QFLP, financial leasing, factoring and financial asset trading platform, CSFG is engaged in debt business comprising asset management, financial assets matching and trading business, financial leasing and factoring as well as equity investment business.

SDHS is the major shareholder of CSFG, holding 43.42% of the issued shares of CSFG. SDHS is a state-owned capital investment company in the infrastructure sector in Shandong Province, with a registered capital of 45.9 billion yuan and a total asset of more than one trillion yuan. SDHS vigorously develops its core infrastructure business, and is committed to developing into a service provider in infrastructure investment, construction and operation and an industry-leading enterprise with outstanding core businesses and strong core competitiveness, providing strong support for the construction of Shandong’s “strong transportation network within the province”. At present, SDHS operates and manages 7,745 kilometres of expressways, of which there are 6,156 kilometres in Shandong Province, accounting for 83% of the province’s total. SDHS has five listed companies: Shandong Hi-Speed Company (600350.SH), Shandong Hi-Speed Road & Bridge (000498.SZ), CSFG (0412.HK), Qilu Express (1576.HK) and Weihai Bank (9677.HK). In addition, SDHS has been awarded domestic AAA-level and international A-level credit ratings, and has been selected as one of the “Top 500 Chinese Enterprises” for 14 consecutive years.

CSFG has been rooted in the capital markets of Hong Kong and China for many years and has accumulated rich experience in financial services. By taking unique advantages of Hong Kong as an international financial centre, CSFG will actively explore and capitalise on high-quality investment and business opportunities presented by the development of the Guangdong-Hong Kong-Macao Greater Bay Area, the “Belt and Road” initiative, the replacement of old growth drivers with new ones in Shandong Province, the transformation and upgrading of traditional industries, the development of emerging industries and other governmental policies. In addition, with the strong support of SDHS, CSFG will further expand its market footprint and more fully commit to the “Investment + Investment Bank” development strategy under our core principle of “Prudent and Compliance, Steady Development”, allowing us to achieve healthy, sustainable and high-quality development in the long term.

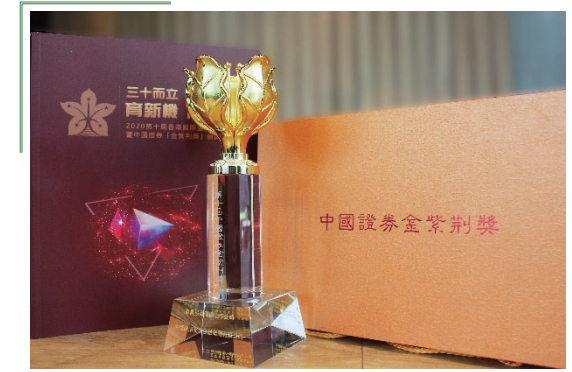
## Awards and Recognition

We have won a number of authoritative awards and honours in the industry in terms of the Company’s overall business and social responsibility, demonstrating the market’s recognition of our investment value and philosophy, as well as a high degree of recognition in corporate governance, compliance control, brand value and other areas. During the Reporting Period, we mainly obtained the following honours:

### Awards for the Company’s overall business

Selection of 2020 China Securities Golden Bauhinia Awards

Granted “The Best Investment Value Award for Listed Companies”



Selection of Golden Hong Kong Stock Awards of the Fifth Session

Granted “The Best Financial Company” award for two consecutive years



### Awards for Corporate Social Responsibility

Caring Company 2020/2021

Granted the “Caring Company” logo





## Sustainable Development Approach

### Sustainability Governance

As a Hong Kong-listed and licensed company under SDHS, we are devoted to fulfilling its social responsibilities as a financial enterprise and actively improving its corporate governance. We are committed to operating our business with accountability and integrity and strive to provide quality financial services and products through excellent management.

We improved our governance structure in terms of sustainable development during the Reporting Period. Each of the departments continued to carry out environmental protection work, community care and performance review, laying an important foundation for formulating our sustainable development strategy and setting goals in the future.

### Structure of ESG Work

The Board, the highest decision-making body of the Group, are not only responsible for the management of the entire business of the Group and leading the development of the Company, but also for the ESG strategy and reporting of the Group. The Board's members have extensive knowledge and experience in a wide range of professional areas including accounting, finance, business management and law. Making use of their professional skills and expertise, the Board regularly reviews the ESG works and strategies of the Group to evaluate and determine the Group's ESG-related risks, and to ensure the effective implementation of the Group's risk management and internal control systems.

To more effectively implement the Group's ESG policies and measures, various departments of the Group introduced appropriate ESG-related management systems based on their operational status and requirements of laws and regulations, as well as identify and assess any current and potential ESG risks based on management systems, and implement appropriate measures to mitigate relevant risks involved. Each department is responsible for collecting ESG-related data so as to prepare the Report, and explore any further improvement by comparing the current data with past ESG performances.

Each department will report regularly to the Board, assist in identifying and assessing ESG risks of the Group and assess the effectiveness of the internal control mechanism, as well as examine and assess the performance of the Group in various aspects within the scope of ESG such as environment protection, labour standard, products responsibility.

<b>The Board</b>	<ul style="list-style-type: none"> <li>Responsible for the Group's overall ESG strategy and reporting</li> <li>Review ESG work and strategy</li> <li>Evaluate and determine ESG-related risks</li> </ul>
<b>Department</b>	<ul style="list-style-type: none"> <li>Develop ESG-related management systems</li> <li>Identify and evaluate ESG-related risks</li> <li>Implement appropriate measures to mitigate relevant risks</li> <li>Collect and report ESG-related data</li> <li>Prepare for annual ESG Report</li> </ul>

## Engaging with Stakeholders

We recognise the importance of maintaining close communication with stakeholders. We maintain close contact with major stakeholders such as investors and shareholders, customers, government and regulatory authorities, employees, and community through various communication channels to understand the expectations and requests of stakeholders on our ESG, so as to constantly improve our ESG management.

Stakeholders	Engagement Channels
<b>Investors and Shareholders</b>	<ul style="list-style-type: none"> <li>Investor conferences and roadshows</li> <li>Annual general meeting</li> <li>Corporate announcements</li> <li>Financial reports and press releases</li> <li>ESG reports</li> <li>Regular visits and communications</li> </ul>
<b>Customers</b>	<ul style="list-style-type: none"> <li>Daily communications</li> <li>Company website</li> <li>Feedback from frontline employees</li> <li>After-sales services and complaints</li> <li>Customer activities</li> </ul>
<b>Government and Regulatory Authorities</b>	<ul style="list-style-type: none"> <li>Daily communications</li> <li>Financial reports and press releases</li> <li>Institutional visits</li> <li>Daily visits and communications</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>Feedback from training workshops</li> <li>Collection of employees' opinions</li> <li>Internal management systems</li> <li>Employee activities</li> </ul>
<b>Community</b>	<ul style="list-style-type: none"> <li>Support charity organisations in relevant fields</li> </ul>



## Materiality Assessment

Evaluations on ESG matters have been regularly performed to ensure the Group's material ESG issues are in line with stakeholders' expectations, market trends and the latest laws and regulations. By reference to the Guide of SEHK and issues related to the financial industry, we have reviewed and determined the material ESG issues during the Reporting Period.

To accurately respond to the expectations of our stakeholders, we identified and disclosed the following 11 issues in the Report that are material to the Group after reviewing various ESG issues.



### Operation

- Steady Investment
- Anti-corruption
- Customer Privacy Protection
- Supply Chain Management



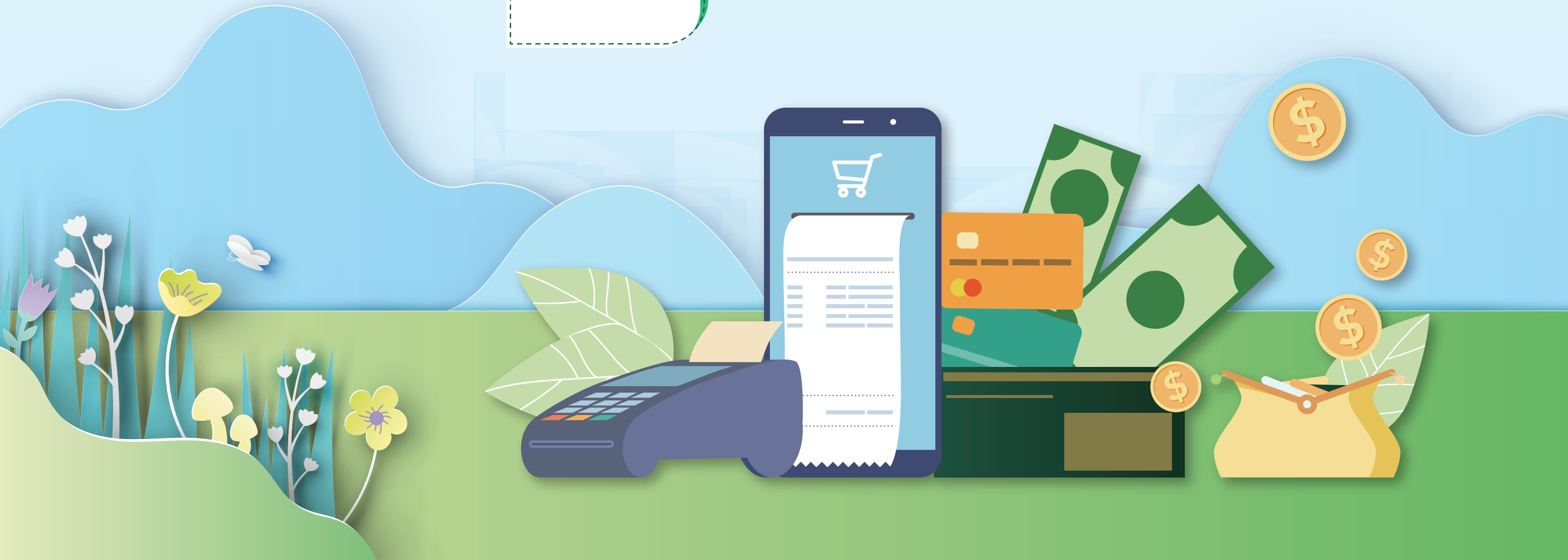
### Environmental

- Use of Energy
- Greenhouse Gas ("GHG") Emissions
- Use of Resources
- Waste Management



### Social

- Employee Development and Training
- Employee Health and Safety
- Charitable Activities



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## Excellent Management

As a financial products and services provider, CSFG is devoted to fulfilling its social responsibilities and actively improving its corporate governance for many years. We are committed to operating our business with accountability and integrity and strive to provide quality financial services and products through excellent management.



## Steady Investment

As a listed financial holding company, we understand that every investment decision we make may affect our investment portfolio and the whole society. In light of this, we must consider the potential long-term financial and social impact incurred by each investment decision. We believe that by executing prudent investment strategies, we do not merely provide investors with better returns, but also have a positive impact on society. We are committed to incorporating social and environmental responsibilities into our investment strategies to promote sustainable development. In response to stakeholders' expectations on the Group's monitoring of environmental and social risks, the Board will review and identify environmental and social risks that have a significant impact on the Group's operations and business strategies in the future, and gradually incorporate these risks into the Group's risk management system, and formulate related countermeasures.

As a financial service company, risk management is the cornerstone of our business operations. For major business risks such as market risk, credit risk, liquidity risk and operational risk, reputation risk, strategy risk, legal compliance risk and concentration risk, we have formulated guidelines and regulations at the group and subsidiary-levels, in accordance with applicable laws and regulations, including the "Risk Management System", the "Guidelines for Market Risk Management (Trial)", the "Guidelines for Liquidity Risk Management (Trial)" and the "Measure for Post-investment Monitoring and Alerting Management". We continue to improve the risk management structure and establish a four-level risk management system, consisting of the Board, management, risk control support departments and business departments, and subsidiaries. The "Risk Management System" lists the responsibilities of each level and business unit to identify and prevent and control business risks effectively. To achieve steady investment and protect the public interest, the "Measure for Post-investment Monitoring and Alerting Management" stipulates that the Group must follow the following four principles when implementing risk monitoring and alerting, and conduct targeted risk monitoring based on the type of customer.

### Timeliness

- Strictly follow the prescribed frequency and time to complete daily risk monitoring and ensure timely detection and mitigation or risks

### Prudence

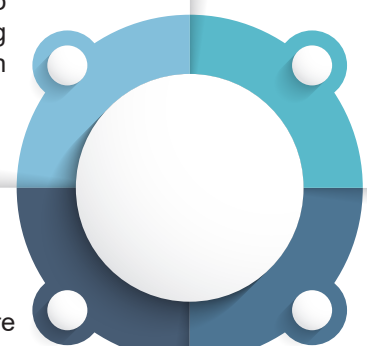
- Strengthen risk monitoring and develop corresponding risk prevention and control measures for all types of potential risks

### Confidentiality

- Strictly prohibit the disclosure of any information related to risk prevention and control

### Continuity

- Establish follow-up and supervision mechanism for identified risks to ensure thorough implementation of risk mitigation measures



In an effort to reduce the risk of business operation and protect the Group's interests, we have formulated internal guidelines such as the "Measures for Overdue Business Risks of the Company (Trial)" and the "Measures for Risk on Impairment Provision of the Financial Assets of the Company (Trial)" under the "Money Lenders Ordinance" and other relevant laws and regulations.

In addition, the "Measures for Financial Administrative" has set out a series of asset-liability ratio requirements in the business operation of our financial subsidiaries, to ensure our operations of financial businesses fully comply with the laws and regulations of Hong Kong. Furthermore, we have clearly explained the loan approval procedure, loan interest rate-setting process and bad debts management system in these measures, to further strengthen the management of operational risks of the Group's financial subsidiaries.

## Anti-corruption

We uphold the principles of honesty, ethics and integrity in its operation and strictly abides by relevant laws and regulations including the "Anti-corruption Law of the People's Republic of China", the "Anti-Money Laundering Law of the People's Republic of China", the Hong Kong's "Anti-Money Laundering and Counter-Terrorist Financing Ordinance" and the "Prevention of Bribery Ordinance", to prevent employees from participating in any form of bribery or corruption in carrying out the Group's business.

Improvement for system constraints	Facilitation of whistle-blowing channels
<ul style="list-style-type: none"> <li>• Formulate guidelines and rules such as the "Staff Handbook" and the "Guidelines for Accepting and Giving Gifts and Benefits" following relevant laws and regulations. Precautions required to be taken at work have been stated to employees in the internal guidelines, where employees are strictly forbidden from asking for or accepting any personal benefits and accepting luxurious or frequent hospitality, and are required to declare any conflict between their interests and corresponding position in the Group</li> <li>• Formulate the "Anti-Money Laundering System" which clearly stipulates the responsible departments of internal anti-money laundering management and control work and their respective responsibilities, and sets out the handling procedures in case of suspicious transactions or customers to ensure lawful operation of the Group</li> </ul>	<ul style="list-style-type: none"> <li>• Formulate the "Internal Complaint Policy" and encourage employees to report any misconducts, frauds and malpractices within the Group's operation in the form of email or mail</li> <li>• Any case involving violation against the "Prevention of Bribery Ordinance" and other laws and regulations will be referred to Hong Kong's Independent Commission Against Corruption or other relevant regulatory or enforcement bodies for investigation</li> <li>• All information from the case will be handled confidentially to protect the whistle-blower</li> </ul>

During the Reporting Period, the Group was not aware of any material issues relating to non-compliance with laws and regulations concerning prevention of bribery, extortion, fraud and money laundering, nor any concluded legal cases regarding corrupt practices brought against the Group or its employees.



## Customer Privacy Protection

Upholding the highest standard of professional ethics and business integrity during operation, we are committed to abiding by the “Personal Data (Privacy) Ordinance” and other relevant laws and regulations to protect the personal privacy of customers and the security of other confidential information. To protect customers’ information from improper disclosure, misuse, loss, destruction or damage, all employees are subjected to strict compliance with the “Work Discipline and Code of Conduct Management System for Employees (Trial)”, the “Administrative Measures for Accountability and Punishment of Employee’s Irregularities” and other relevant information security policies and guidelines formulated by the Group.

In the “Office Environmental Safety Management Regulations”, we have set out the requirements for physical area isolation as well as safety management for visitors and third-party personnel to ensure the most comprehensive protection for customer and business information. To further clarify the Group’s privacy protection requirements, information disclosure-related irregularities and relevant discipline actions are stipulated in our “Administrative Measures for Accountability and Punishment of Employee’s Irregularities”. Meanwhile, we have also formulated internal guidelines such as the “Disclosure Policies”, the “Confidential Work Regulations” and the “Confidential File System” to guide the Group’s employees at all levels regarding the handling of confidential information, filing system and responding to customer inquiries.

We respect intellectual property rights and protect confidential commercial information. Contracts are developed in accordance with the “Tort Liability of the People’s Republic of China” and other relevant laws and regulations, which specify the obligations on both sides in respecting intellectual property rights and protecting confidentiality. Confidentiality agreements are also signed by both parties to protect confidential commercial and technical information. Also, we strictly abide by relevant laws and regulations such as the “Regulation on Computers Software Protection” and the “Measures for the Registration of Computer Software Copyright”, where the Group’s financial services software is certified by the National Copyright Administration of the People’s Republic of China with software copyright registration certificates.

During the Reporting Period, the Group was not aware of any non-compliance relating to product and service responsibility, advertising, labelling and privacy matters.

## Supply Chain Management

We provide diversified financial products and services through numerous third-party financial product and service suppliers. Therefore, we are committed to maintaining the quality of our financial products and services by means of comprehensive supply chain management, as well as promoting the sustainable development of the Group.

We select quality suppliers to establish partnerships according to the selection standard, selection procedures and relevant management measures stated in the “Guidelines for the Selection of Suppliers and Intermediaries (Trial)” (“Guidelines for the Selection of Suppliers and Intermediaries”). After making a procurement request, the department is required to recommend at least three suppliers or intermediaries with good reputation and service and is responsible for enquiring and comparing the quality and price. The department is obligated to conduct strict evaluation according to the selection criteria set out in the “Guidelines for the Selection of Suppliers and Intermediaries”:

- Must hold a legal business license
- Have comprehensive strength that matched with project scale to ensure the capacity is adequate to provide relevant product or service
- Have a good reputation
- Have good service ability and awareness
- Equal price, superior quality; equal quality, lower price; and
- Reach the qualified standard during product trial

We are dedicated to ensuring the quality of services and products provided by suppliers and intermediaries. As such, we continuously evaluate and monitor the performances of suppliers and intermediaries. Annual assessment on suppliers and intermediaries is conducted by each department based on its procurement need and user experience, while the assessment results will act as the basis for considering future cooperation. In the meantime, we maintain a close liaison with suppliers and intermediaries through emails and phone calls. It thus allows us to strengthen the alliances and ensure effective communication of any possible significant delay or conflict, so as to minimise the chances of affecting our service quality due to unstable supply chain.

We are committed to providing a fair, just and open platform for suppliers and intermediaries, where all procurement activities must be carried out following the “Guidelines for the Selection of Suppliers and Intermediaries”. All employees involved in the procurement process must maintain confidentiality, integrity and self-discipline, and are prohibited from receiving presents, cash gifts, commissions, rebates and kickbacks for any reason. If any irregularity is found, the employee will be subject to corresponding sanctions, and legal action will be taken when necessary.

To ensure the concept of sustainability is applied in every aspect of the Group’s supply chain, we will also consider their past performances in fulfilling social responsibilities when selecting suppliers. Suppliers are required to strictly abide by relevant laws and regulations relating to the environment, employment and other aspects.

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## People-oriented

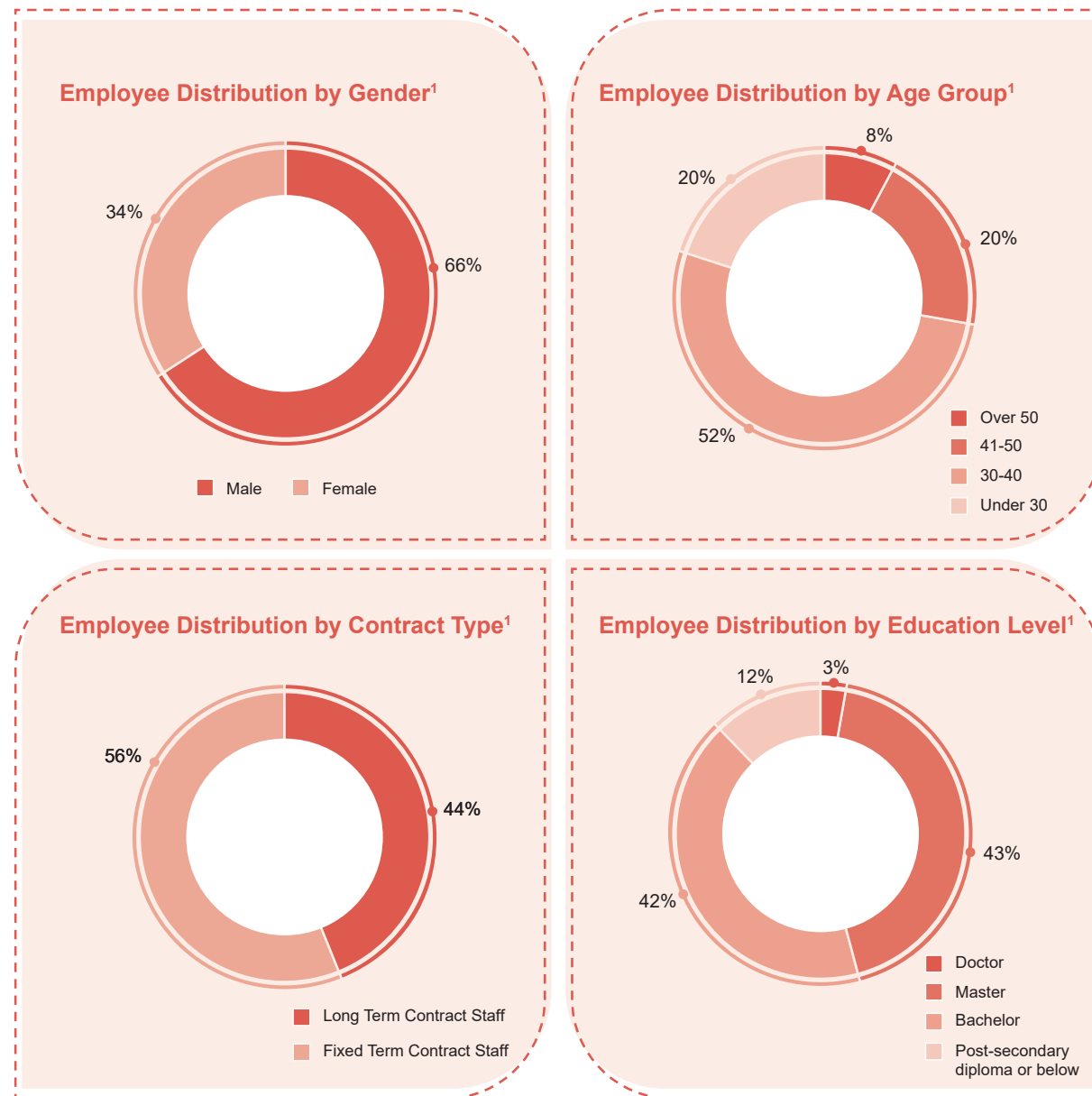
Employees are regarded as our partners and the most valuable asset of the Group. We always adopt a people-oriented talent management approach, continuously invest resources to attract and retain talents, provide employees with competitive remuneration and benefits and equal opportunities, as well as a variety of training and development opportunities, and jointly build an inclusive and diverse work culture.



## Employee Distribution

We strictly abide by the provisions of the “Staff Handbook”, earnestly safeguard the basic rights of employees, and ensure that they will not encounter any form of discrimination, harassment and malicious slander due to factors including gender, race, disability and marital status. In addition, we are also committed to providing a fair working environment and maintaining a diverse corporate culture by hiring employees belonged to different age groups.

As of 31 December 2020, the Group had a total<sup>1</sup> of 202 employees, where the ratio of male to female employees was 1.97:1.



## Talent Attraction and Retention

On the principles of “openness, fairness, competition and merit-based selection” in the recruitment process, we view all job applicants equally that strictly prohibit any forms of discrimination and do not give any unequal treatments to job applicants because of their race, colour, age, family background, gender, religion, nationality or social origin. Throughout the recruitment process, the Group is committed to complying with the “Labour Law of the People’s Republic of China”, the “Labour Contract Law of the People’s Republic of China”, “Employment Ordinance” of Hong Kong and other laws and regulations relating to compensation and dismissal, recruitment and promotion, working hours, equal opportunity, diversity, anti-discrimination, and other benefits and welfares.

Meanwhile, we strictly prohibit the employment of child labour or forced labour, and stringently abide by relevant laws and regulations such as the “Law of the People’s Republic of China on the Protection of Minors” and the “Provisions on the Prohibition of Using Child Labour”. The identity documents of job applicants will be inspected during the recruitment process to ensure job applicants have reached the legal working age and are qualified for employment. During the Reporting Period, the Group did not receive any charge or complaint about violations of laws and regulations related to child labour and forced labour.

We have been actively attracting outstanding talents for building a powerful team to maintain our overall business growth. To facilitate external and internal recruitment works, our human resources department formulates the recruitment strategies and plans for the coming year by the end of each year following the “Recruitment and Employment Management Policy (Trial)” and business development needs. Given the requirement of the job position, we employ suitable talents by evaluating the job applicants’ professional knowledge in finance and law, as well as their psychological well-being and logical reasoning skills.

To retain talents, we provide employees with competitive, reasonable and fair remuneration packages, and actively improve welfare policy to enhance employees’ sense of belonging and dedication to the job, driving our sustainable development. Bonus and rewards are offered to employees with outstanding performances to give them incentives to work harder. We stipulate working hours by relevant laws and regulations, and provide reimbursement for travel expenses and compensation leaves for employees who worked overtime. Also, we offer employees with welfares such as dormitories, social insurance and housing provident fund (“five social insurances and one housing fund”) as well as Mandatory Provident Fund. Apart from statutory holidays and regular paid leaves, employees can also enjoy additional holiday benefits such as sick leaves, marriage leaves, maternity leaves, paternity leaves and compassionate leaves.

Our “Staff Handbook” has specified matters related to dismissal, including the conditions and procedures of dismissal, to ensure their corresponding responsibilities are understood by employees and protect the rights of employees. A warning will be issued in verbal or written form if the employee is found to be violating relevant internal guidelines. If the employee has not made improvement after receiving the warning, or the employee’s action has broken relevant laws and regulations, we will dismiss the related employee according to the Staff Handbook and clauses in the employment contract.

We will organise diversified activities on irregular basis, including but not limited to monthly staff birthday parties, festive staff gatherings, etc., for enhancing cordial relationships among employees, mastering interpersonal skills, maintaining a work-life balance of employees, whilst enhancing team rapport and cohesion.

<sup>1</sup> As the Group announced and completed the disposal of Coastal Silk Limited and its subsidiaries in April 2021, the relevant data of Coastal Silk Limited and its subsidiaries during the Reporting Period is not included in the Report.





We advocate a diverse and respectful working environment, and spare no effort in promoting anti-discrimination and creating equal opportunities. In addition to ensuring the recruitment process is free from discrimination, we also rigidly forbid discrimination related to employees' working arrangements and promotion opportunities. We only take the merit, experience and abilities of employees as the criteria for promotion. Employees of any race, colour, age, family background, gender, religion, nationality or social origin are treated and respected equally.

## Employee Development and Training

Employees are our most valuable asset. Therefore, we continuously invest resources to provide diversified professional training courses to meet the development needs of the Group and employees.

We have established a sound training system and formulated internal guidelines such as the "Training Management Policy (Trial)", which specifies each department's division of work of training management, the execution plan of training and appraisal after completing training. A survey is conducted by the human resources department at the end of each year to understand the needs of training of each department to customise an annual training plan and strategy following the Group's development plan and requirements. Intending to improve the core development capabilities of employees, we provide group-level and department-level training programmes and arrange external training for employees. To encourage employees to continuously pursue self-enhancement, subsidies are offered to employees who attended external professional training or examinations that are related to our businesses.

The Group organised a series of training during the Reporting Period, including but not limited to the following training programmes:

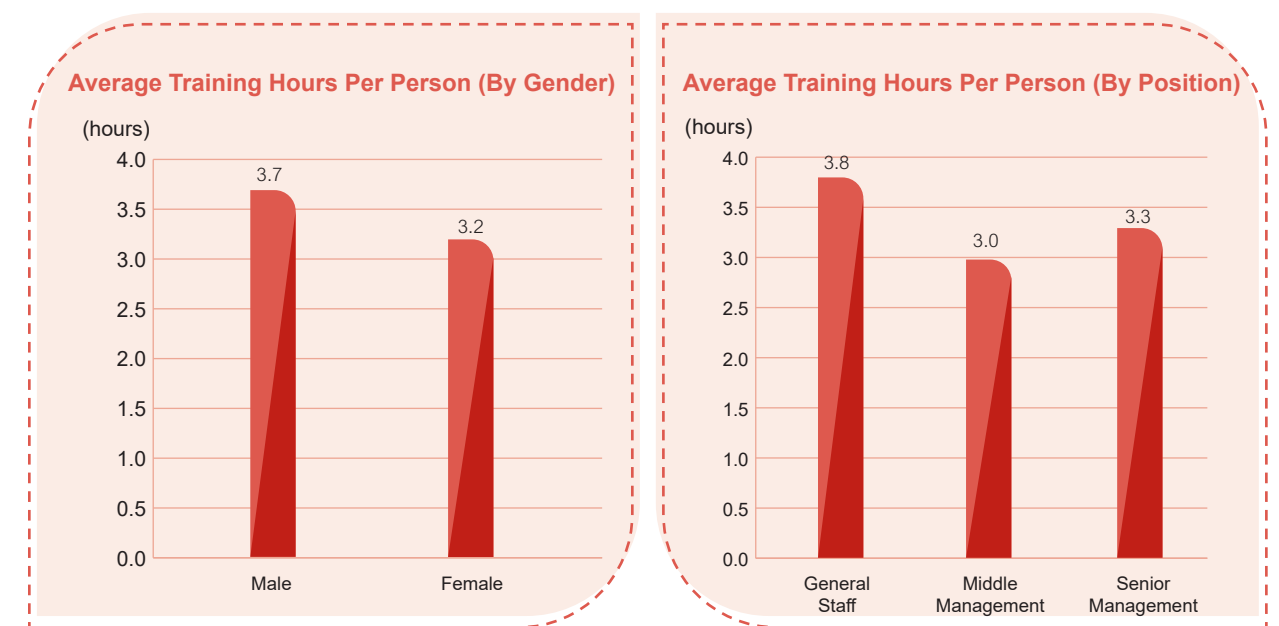
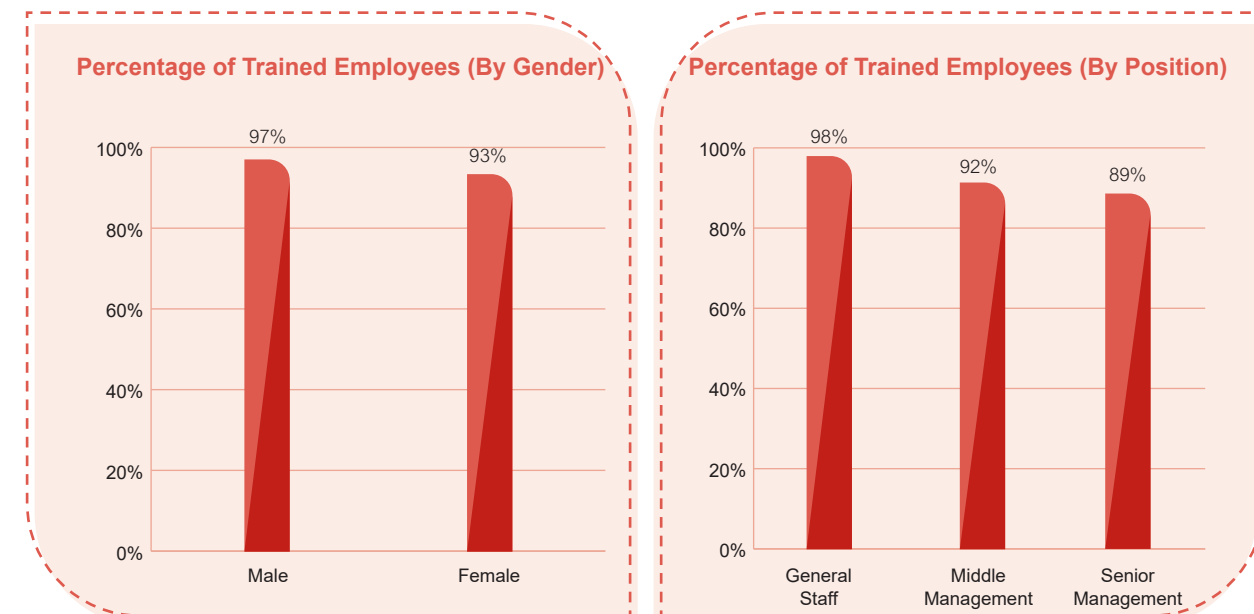
Training Programme	Contents
<b>Induction Training</b>	<ul style="list-style-type: none"> <li>Introduce the Company's structure, corporate culture, code of conduct, business lines, business operations, safety management, disciplinary actions, as well as remuneration and welfare, etc.</li> <li>Introduce job responsibilities, familiarise with department colleagues, work discipline, job operation skills and business-related knowledge, etc.</li> </ul>
<b>Compliance Management and Listing Rules Training</b>	<ul style="list-style-type: none"> <li>Explain how to implement anti-money laundering measures</li> <li>Explain on the matters of concern about the licensing of the Securities and Futures Commission</li> <li>Introduce anti-corruption and financial dispute mediation procedures in Hong Kong</li> <li>Explain the QFLP cross-border asset management licensing business area and related compliance matters</li> <li>Explain on compliance with the relevant laws and policies of the Stock Exchange when carrying out cross-border mergers and acquisitions business or providing assistance to overseas capital for investment</li> <li>Explain the operation and method of suitability assessment</li> </ul>
<b>Risk Management Training</b>	<ul style="list-style-type: none"> <li>Explain on the risk management system regarding pre-investment and post-investment</li> <li>Explain the key elements of risk management and how to prevent various business risks</li> <li>Explain the disposal methods of non-performing assets and explore related disposal methods</li> </ul>
<b>On-job Training</b>	<ul style="list-style-type: none"> <li>Explain the asset valuation management model</li> <li>Introduce financial information management and methods for conducting financial statement analysis</li> <li>Introduce the credit analysis of the financial market and the valuation methods of fixed income/bonds</li> <li>Explain how to analyse target companies by effective use of valuation methods</li> </ul>
<b>Industry Analysis</b>	<ul style="list-style-type: none"> <li>Explain on the current situation of the financial industry and start company sharing</li> <li>Explain the operation mode of the financial market and the existing situation of the secondary market</li> <li>Explain the operation mode of bulk trade</li> <li>Explain the operating principles of the bond market and related content</li> <li>Explain the latest status of the market and enhance strategic orientation and corporate competitiveness</li> </ul>
<b>Project Management Training</b>	<ul style="list-style-type: none"> <li>Explain the management measures for the financing business and guarantee</li> <li>Explain the requirements of business investigation, conclude the key points and main issues of the investigation</li> <li>Explain the issuance process of public offering bonds</li> <li>Introduce private equity fund management and QFLP licensing business training</li> <li>Explain the due diligence guidelines for projects</li> <li>Introduce the recognition and classification of new financial instruments, and do case study</li> </ul>

Training Programme	Contents
<b>Management Skills Training</b>	<ul style="list-style-type: none"> <li>Introduce effective communication skills and methods to upgrade employees' overall communication/negotiation skills</li> <li>Introduce the management measures on employee performance</li> <li>Explain the methods of and measures on employee recruitment, training, assessment and motivation</li> <li>Explain how to improve team cohesion and execution</li> </ul>



To ensure the effectiveness of training, employee evaluations are conducted after training and at the end of the year. Training progress and evaluation results of each employee will be recorded into their corresponding individual learning and development profiles, allowing more systematic training planning for employees. The training progress and evaluation results of employees will be used as one of the bases for the employees' annual appraisal and promotion criteria to encourage employees to participate in the training programmes and enhance their skills.

During the Reporting Period, the Group provided training for 193 employees which last for 718 hours in total, where the proportion of trained employees was about 96%.



## Employee Health and Safety

The health of employees is the foundation for the Group's steady development. Given this, we had implemented a number of measures to provide employees with the most comprehensive protection on top of strictly abiding by the "Occupational Safety and Health Ordinance" and other relevant laws and regulations:

- Develop the "Office Safety Regulations" to set out potential threats in the office environment and remind employees to pay attention at all times;
- Provide fire safety training to strengthen employees' emergency preparedness;
- Purchase medical insurance and provide annual health check-up, dental consultation, general outpatient care, and hospitalisation coverage for employees;
- Purchase travel insurance for employees on business trips;
- Install air purifiers in the office to improve indoor air quality; and
- Provide employees with medical supplies such as medicines and first-aid supplies, as well as relevant medicine descriptions to prevent employees from misusing medicines and diseases from spreading in the office.

In order to cope with the Novel Coronavirus (the "COVID-19") pandemic which broke out in early 2020, we have been paying close attention to the development of the pandemic, fulfilling our responsibility to implement epidemic prevention measures, preventing the spread of the virus, and protecting the health and safety of our employees. We enhanced cleaning and posted notices in the workplace and sent electronic correspondences to employees with anti-epidemic reminders in a timely manner. Meanwhile, we distributed facial masks, hand sanitisers and face shields to employees, and arranged them to work from home, on shift or in separate teams to avoid gathering. In addition, we also kept contact with employees and encouraged them to take the initiative in reporting their physical conditions such that we could stay updated with their health conditions and provide support to join hand-in-hand during the epidemic.

During the Reporting Period, the Group did not have any accidents leading to fatalities or grievous bodily injuries and lost days due to work injury nor pay claims or compensation to its employees due to those accidents, and was not aware of any non-compliance with laws and regulations related to employees' health and safety.

## Environment Care

As environmental sustainability is regarded as part of our main concern crucial for fulfilling corporate social responsibility, we advocate minimising the impacts of our business on the environment and climate change, including both positive and negative impacts brought by us as a financial institution through the provision of funds and resource allocation.

With regard to operations, our main environmental impacts generally arise from energy use, paper consumption and waste. In view of this, we actively advocate sustainable green office policies and have formulated internal guidelines such as the “Workplace Environment Management Measures” and the “Code of Conduct” to require all employees to strictly observe, so as to minimise the impacts on the environment while maintaining effective business operation. During the Reporting Period, we did not identify any non-compliance that have a significant impact on the Group relating to the environment.





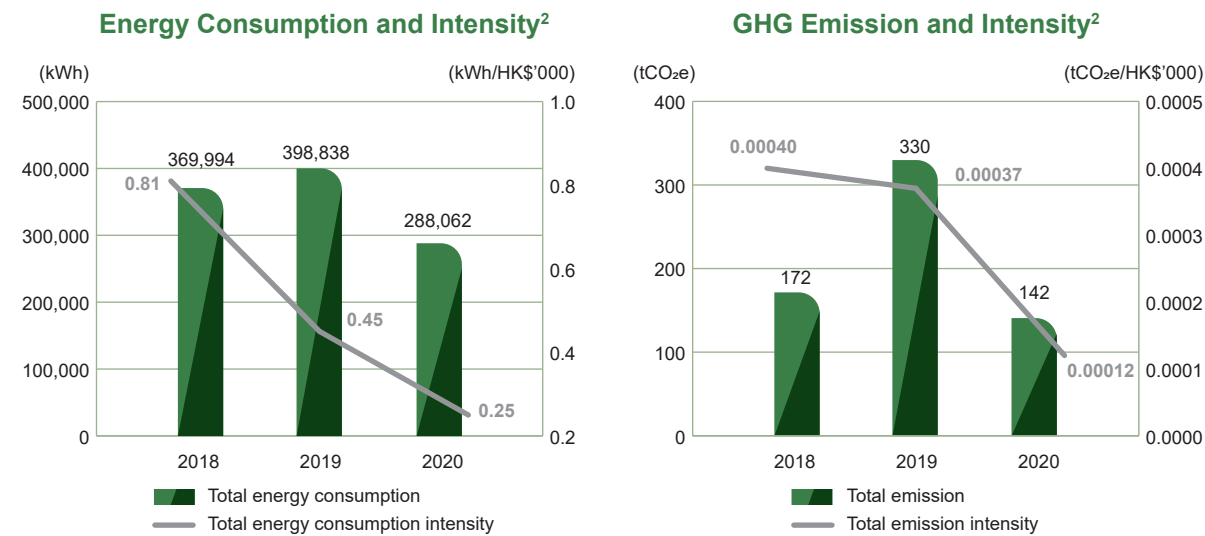
## Use of Energy

With the growing concern on global climate change, we are committed to implementing various measures to reduce carbon emissions in business operations. We have installed LED lights with higher energy efficiency in the offices to replace traditional fluorescent lights and encourage employees to reduce the use of lights when natural light is abundant. Energy-saving labels are posted in the offices to raise the energy-saving awareness of employees. Also, independent switch-sockets are used in our offices, and electronic appliances, including lights, computers and air conditioners, are turned off during non-office hours. We have installed heat-shielding films on windows to lower indoor temperature and have adjusted the air-conditioning temperature to an appropriate level through the central cooling system to reduce the energy consumption of air-conditioners. When procuring office equipment, we will also give priority to purchase models with higher energy efficiency to further reduce energy usage in office premises.

## Greenhouse Gas Emissions

We are committed to reducing carbon emissions arising from travelling and encourage the use of video conferences to avoid unnecessary travel. We have formulated the “Measures for Vehicle Management”, where approval should be sought from the department head beforehand for any use of vehicles to prevent any misuse. The “Measures for Vehicle Management” also sets out requirements for vehicle inspection and maintenance to keep good efficiency of vehicles and thus reduce fuel consumption. Employees are encouraged to use public transportation and avoid using private cars, so as to reduce the carbon footprints while minimising atmospheric pollutants generated by vehicles.

During the Reporting Period, the total energy consumption intensity of the Group was 0.25 kWh/HK\$'000.



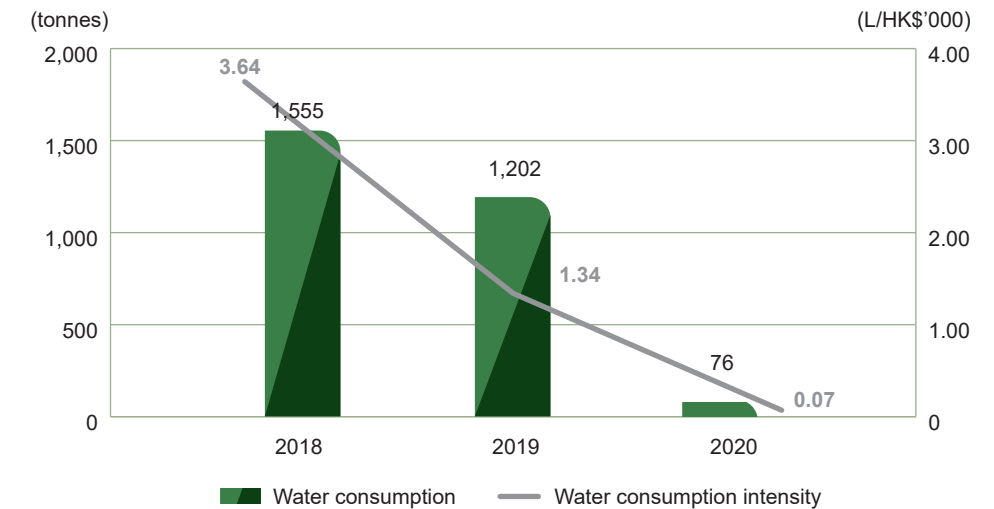
<sup>2</sup> As the Group announced and completed the disposal of Coastal Silk Limited and its subsidiaries in April 2021, the relevant data of Coastal Silk Limited and its subsidiaries during the Reporting Period is not included in the Report.

## Use of Resources

Owing to the nature of financial business, paper is one of our main consumable resources. In order to further reduce paper consumption, employees are encouraged to prioritise the use of email, intranet and other electronic ways to communicate and disseminate information, while tablets, projects and other electronic equipment are purchased to replace printing documents. Additionally, we prioritise social media over print media for external publicity. To minimise the potential impact arising from the use of paper, all paper procured by us has been certified by the Programme for the Endorsement of Forest Certification.

In terms of the use of water, we do not encounter any issues in sourcing water due to the use of municipal water. Nonetheless, we make great efforts in reducing the use of water and improving water efficiency. We encourage employees to save water and cherish every drop of water. To avoid water leakage, employees are required to ensure the equipment has been turned off properly after using water. Employees are also expected to report any ageing or malfunctioning of water equipment in the offices, to arrange professionals for immediate repair.

### Water Consumption and Intensity<sup>3</sup>



<sup>3</sup> As the Group announced and completed the disposal of Coastal Silk Limited and its subsidiaries in April 2021, the relevant data of Coastal Silk Limited and its subsidiaries during the Reporting Period is not included in the Report.

## Waste Management

The wastes produced in the Group is mainly general refuse in the offices. We help employees develop good recycling habits through a series of environmental protection measures to give impetus to the environmental protection work of the Group. Employees are encouraged to reuse envelopes, folders and other office stationery as much as possible, and reduce the use of single-use items such as disposable tableware to reduce waste at source. We have installed water dispensers in the offices and advocate the use of reusable water cups instead of paper cups or bottled water to reduce plastic wastes. To avoid environmental impact arising from improper waste handling, all non-hazardous wastes generated by our offices are handled by the property management department in charge of the building.

As our business does not involve any industrial production activities, the Group only has a small amount of hazardous waste generated from office operations during the Reporting Period. Regarding the hazardous wastes produced in general office, we cooperate with suppliers in recycling (e.g. ink cartridges and batteries). Electronic wastes (such as computers and mouse) are passed to the property management department in charge of the building to hand over to those in need to reduce the environmental impact. Through the above measures, employees' awareness and sense of responsibility in waste management and waste reduction can be improved.

## Community Care

We are committed to assuming social responsibility and actively giving back to society. While striving to develop our business, we leverage our expertise and resources to maximise benefits and create mutual benefits and a win-win situation for stakeholders from various sectors, and build a long-term and trustworthy partnership with various sectors.



## Charitable Activities

We recognise the importance of giving back to society in the process of developing our business. Hence, we have been advocating serving the community, establishing a harmonious and inclusive relationship with the community in which we operate, and giving warmth and positive energy to the society. Adhering to the spirit of “taken from the society, give back to the society”, we are dedicated to serving the society while expanding our business, striving to cultivate a friendly and positive corporate culture in our operations and encourage employees to actively participate in volunteer activities and concerning about the society with personal input during spare time. As a responsible corporate citizen, each of us will continue to spare no effort to realise our own social value by means of various channels as to enhance social well-being and promote sustainable social development.

### Case Study – joint voluntary work with the Sending Love Program of Sowers Action in the winter



We participated in and granted support to the “2020 Sending Love” program of Sowers Action by giving winter clothing to students living in remote mountainous areas in Lintan County of Gannan Prefecture, Gansu Province to help them survive in the sub-zero temperature of a freezing winter. We hope to grow this seed of love in the hearts of students, so that they can truly feel the warmth from the big social family, and let them know that there are still many caring people in the society who are concerned about their growth. In the meantime, we also hope to help students have a warm winter, encourage them to study hard, change their destinies through their own efforts, being capable to contribute to the nation and society in the future.

### Case Study – Kind donations to support frontline medical workers in fighting the epidemic together



We bear in mind that in adherence to our corporate mission, we fully leverage our external advantages, and donate anti-epidemic materials to Mainland China via various means and channels to fully support the anti-epidemic work in Mainland China. In order to support the frontline medical fighters, in early 2020 we organised our staff to carry out fundraising activities in supporting frontline anti-epidemic workers in Hubei, fully demonstrating our responsibility and commitment of caring for the nation, rewarding the society and fighting the epidemic together. This fundraising activity received active participation of employees from Hong Kong, Mainland China and Singapore. The proceeds raised by us were donated to Huanggang Central Hospital in Hubei and to be utilised by the Shandong medical team stationed in the hospital, in a hope that donations and accumulated care efforts from overseas as small contributions are useful in the fight against the epidemic for the medical team in our hometown of Shandong.



## Performance Data Summary

Environmental Performance <sup>1</sup>				
Key Performance Indicator (KPI)	Unit	2020	2019	2018
<b>Atmospheric Pollutants<sup>2</sup></b>				
Sulfur oxides (SOx)	kg	0.24	0.16	0.18
Nitrogen oxides (NOx)	kg	7.80	2.96	5.54
Particular matters (PM)	kg	0.67	0.11	–
<b>GHG Emissions</b>				
Scope 1 <sup>3</sup>	tCO <sub>2</sub> e	42.90	118.11	34.40
Scope 2 <sup>4</sup>	tCO <sub>2</sub> e	98.80	211.97	137.90
Total GHG emission	tCO <sub>2</sub> e	141.70	330.08	172.30
Total GHG emission intensity <sup>5</sup>	tCO <sub>2</sub> e/HK\$'000	0.00012	0.00037	<u>0.00040</u>
<b>Use of Resources</b>				
Water consumption	tonnes	76	1,201.60	1,554.50
Total water consumption intensity	L/HK\$'000	0.07	1.34	3.64
Paper consumption	kg	2,410	2,784	–
Total paper consumption intensity <sup>5</sup>	kg/HK\$'000	0.0021	<u>0.0031</u>	–

<sup>1</sup> As the Group announced and completed the disposal of Coastal Silk Limited and its subsidiaries in April 2021, the relevant data of Coastal Silk Limited and its subsidiaries during the Reporting Period is not included in the Report. As of 31 December 2020, the Group recorded a revenue of approximately HK\$1,160,703,000 in the Report. Such data is used for calculation of other intensities.

<sup>2</sup> Atmospheric pollutants come from vehicles owned by CSFG in Mainland and Hong Kong. The emission data is calculated in accordance with the "How to prepare an ESG Report – Appendix II: Reporting Guidance on Environmental KPIs" of SEHK.

<sup>3</sup> Scope 1 emissions refer to direct emissions from vehicles owned by CSFG in Mainland and Hong Kong. The emission data is calculated in accordance with the "How to prepare an ESG Report – Appendix II: Reporting Guidance on Environmental KPIs" of SEHK and the Global Warming Potential from the Fifth Assessment Report published by the Intergovernmental Panel on Climate Change (IPCC).

<sup>4</sup> Scope 2 emissions refer to indirect emissions resulting from electricity that are purchased by the Group. The emission data is calculated in accordance with Sustainability Report 2020 of HK Electric Investment published by HK Electric, the latest emission factors of China's regional power grid basis, the latest released emission factors of Singapore's power grid basis and Global Warming Potential from the Fifth Assessment Report published by IPCC.

Environmental Performance <sup>1</sup>				
Key Performance Indicator (KPI)	Unit	2020	2019	2018
<b>Energy Consumption<sup>6</sup></b>				
Petrol	kWh	156,316.76	101,652.65	118,244.26
Electricity	kWh	131,745.10	283,389.00	241,611.00
Gas	kWh	–	13,796.39	10,138.89
Total energy consumption	kWh	288,061.86	398,838.04	369,994.15
Total energy consumption intensity	kWh/HK\$'000	0.25	0.45	0.81
<b>Waste<sup>7</sup></b>				
Waste ink cartridge <sup>8</sup>	Pieces	36	24	–
Intensity <sup>5</sup>	Pieces/HK\$ million	0.031	<u>0.027</u>	–
Waste battery <sup>8</sup>	kg	7.61	–	–
Intensity	kg/HK\$ million	0.007	–	–

<sup>5</sup> To strengthen the consistency with other data, the Group has recalculated the total GHG emission intensity for 2018 and the total paper consumption intensity and waste ink cartridge intensity for 2019 based on the revenue per HK\$'000 during the Reporting Period. The recalculated data is presented in underlines.

<sup>6</sup> The consumption of petrol and gas in 2018 was approximately 12,201 L and 36,500 MJ, respectively and approximately 10,489 L and 49,667 MJ in 2019, respectively.

<sup>7</sup> Since all non-hazardous wastes generated at each office are handled by the property management department of the building, the Group did not collect relevant data during the Reporting Period.

<sup>8</sup> All waste ink cartridges and waste batteries generated by the Group are recycled by suppliers to minimise the environmental impact.

Social Performance <sup>1</sup>				
KPI	Unit	2020	2019	2018
<b>Number of Employees</b>				
Total number of employees	No. of people	202	524	579
<b>By Geographical Distribution (Long Term Contract)</b>				
Hong Kong	No. of people	71	50	45
Mainland	No. of people	9	9	468
Singapore	No. of people	9	7	–
<b>By Geographical Distribution (Fixed Term Contract)</b>				
Hong Kong	No. of people	12	17	4
Mainland	No. of people	101	441	62
Singapore	No. of people	–	–	–
<b>By Age Group</b>				
Under 30 years old	No. of people	41	237	295
30–40 years old	No. of people	105	209	216
41–50 years old	No. of people	40	63	57
Over 50 years old	No. of people	16	15	11
<b>By Gender (Long Term Contract)</b>				
Male	No. of people	56	39	303
Female	No. of people	33	27	208
<b>By Gender (Fixed Term Contract)</b>				
Male	No. of people	78	272	35
Female	No. of people	35	186	30
<b>By Educational Background</b>				
Doctor's degree	No. of people	7	6	7
Master's degree	No. of people	86	72	73
Bachelor's degree	No. of people	85	250	263
Post-secondary diploma or below	No. of people	24	196	236

Social Performance <sup>1</sup>				
KPI	Unit	2020	2019	2018
<b>By Employee Category</b>				
General staff	No. of people	135	397	432
Middle management team	No. of people	49	83	114
Senior management team	No. of people	18	44	33
<b>Number of Employee Turnover</b>				
<b>By Geographical Distribution (Long Term Contract)</b>				
Hong Kong	No. of people	24	13	–
Mainland	No. of people	3	1	–
Singapore	No. of people	2	–	–
<b>By Geographical Distribution (Fixed Term Contract)</b>				
Hong Kong	No. of people	–	4	–
Mainland	No. of people	36	295	–
Singapore	No. of people	–	–	–
<b>By Gender (Long Term Contract)</b>				
Male	No. of people	14	4	–
Female	No. of people	15	10	–
<b>By Gender (Fixed Term Contract)</b>				
Male	No. of people	20	190	–
Female	No. of people	16	109	–
<b>By Age Group</b>				
Under 30 years old	No. of people	18	185	–
30–40 years old	No. of people	24	109	–
41–50 years old	No. of people	18	16	–
Over 50 years old	No. of people	5	3	–

<sup>1</sup> As the Group announced and completed the disposal of Coastal Silk Limited and its subsidiaries in April 2021, the relevant data of Coastal Silk Limited and its subsidiaries during the Reporting Period is not included in the Report.

## Content Index of the Environmental, Social and Governance Reporting Guide of SEHK

Aspect, General Disclosure and KPI	Description	Section Statement
<b>Aspect A1: Emissions</b>		
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 air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Environment Care
A1.1	The types of emissions and respective emissions data.	Greenhouse Gas Emissions Performance Data Summary
A1.2	Greenhouse gas emissions in total (in tonnes) and intensity	Greenhouse Gas Emissions Performance Data Summary
A1.3	Total hazardous waste produced (in tonnes) and intensity.	Waste Management Performance Data Summary
A1.4	Total non-hazardous waste produced (in tonnes) and intensity	Since all non-hazardous wastes generated at each office are handled by the property management company of the building, the Group did not collect relevant data during the Reporting Period.
A1.5	Description of measures to mitigate emissions and results achieved.	Use of Energy Greenhouse Gas Emissions
A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Waste Management
<b>Aspect A2: Use of Resources</b>		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Environment Care
A2.1	Direct and/or indirect energy consumption by type and intensity.	Use of Energy Performance Data Summary
A2.2	Water consumption in total and intensity.	Use of Energy Performance Data Summary
A2.3	Description of energy use efficiency initiatives and results achieved.	Use of Energy

Aspect, General Disclosure and KPI	Description	Section Statement
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Use of Resources
A2.5	Total packaging material used for finished products (in tonnes) and, with reference to per unit produced.	Not relevant to the Group's business nature.
<b>Aspect A3: The Environment and Natural Resources</b>		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	Environment Care
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Use of Energy
<b>Aspect B1: Employment</b>		
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 compensation and dismissal, recruitment and promotion, working hours, holidays, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Talent Attraction and Retention
B1.1	Total workforce by gender, employment type, age group and geographical region.	Employee Distribution Performance Data Summary
B1.2	Employee turnover rate by gender, age group and geographical region.	Performance Data Summary
<b>Aspect B2: Health and Safety</b>		
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.	Employee Health and Safety
B2.1	Number and rate of work-related fatalities.	Employee Health and Safety
B2.2	Lost days due to work injury.	Employee Health and Safety
B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Employee Health and Safety

Aspect, General Disclosure and KPI	Description	Section Statement
<b>Aspect B3: Development and Training</b>		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Employee Development and Training
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Employee Development and Training Performance Data Summary
B3.2	The average training hours completed per employee by gender and employee category.	Employee Development and Training Performance Data Summary
<b>Aspect B4: Labour Standards</b>		
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.	Talent Attraction and Retention
B4.1	Description of measures to review employment practices to avoid child and forced labour.	Will consider disclosing this item in the future.
B4.2	Description of steps taken to eliminate such practices when discovered.	Will consider disclosing this item in the future.
<b>Aspect B5 : Supply Chain Management</b>		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
B5.1	Number of suppliers by geographical region.	Will consider disclosing this item in the future.
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Supply Chain Management
<b>Aspect B6: Product Responsibility</b>		
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.	Steady Investment Customer Privacy Protection

Aspect, General Disclosure and KPI	Description	Section Statement
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not relevant to the Group's business nature.
B6.2	Number of products and service related complaints received and how they are dealt with.	Not relevant to the Group's business nature.
B6.3	Description of practices relating to observing and protecting intellectual property rights.	Customer Privacy Protection
B6.4	Description of quality assurance process and recall procedures.	Not relevant to the Group's business nature.
B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Customer Privacy Protection
<b>Aspect B7: Anti-corruption</b>		
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 bribery, extortion, fraud and money laundering.	Anti-corruption
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.	Anti-corruption
B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Anti-corruption
<b>Aspect B8: Community Investment</b>		
General Disclosure	Policies on community engagement to understand the needs of the community where the issuer operates and to ensure its activities take into consideration the community's interests.	Charitable Activities
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Charitable Activities
B8.2	Resources contributed (e.g. money or time) to the focus area.	Charitable Activities



