

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## REPORTING BOUNDARIES

OP Financial Limited (the “Company”) is pleased to release the Environmental, Social and Governance (ESG) Report (the “Report”) for the year ended 31 March 2020 (the “Year”) to demonstrate its commitments and efforts in the pursuit of sustainable development. Covering the Company’s investment business based in Hong Kong, the Report outlined the policies and practices of ESG performance during the Year.

## REPORTING PRINCIPLES

**Materiality:** The Company communicates with different stakeholders on a regular basis, so as to better understand ESG-related issues that matter the most. Meanwhile, the Company is concerned with ESG development within and outside the industry, trying to align with available global standards as well as incorporating it into the Company’s strategic development planning.

**Quantitative:** Social KPIs in the Report are retrieved from the Company’s internal record system, and the environmental KPIs are with reference to Appendix 2: Reporting Guidance on Environmental KPIs.

**Balance:** Balance is one of the Company’s reporting principles when preparing the Report. The Company strives to impartially disclose both challenges and opportunities of ESG-related performance that matters to it.

**Consistency:** Since 2016/17, the Company’s disclosures have been complying with Appendix 27 of the Listing Rules and allowing for comparison of ESG quantitative performance over time.

## MESSAGE FROM THE BOARD OF DIRECTORS

The Company adheres to its mission “Linking Opportunities to Value” when gradually incorporates impact investing into its investment strategy as ESG currently has become increasingly important. By making such investments, the Company expects to generate not only positive financial returns but also beneficial social or environmental impacts. Similar to many other investors who are concerned with social and environmental impact, the Company has made a number of investments in the environmental protection and natural resources conservation sector in recent years, and is expected to invest more going forward. However, the high volatility of the financial markets as a result of the novel coronavirus pandemic sweeping the globe may exert pressure on the Company’s financial performance, deal exit plans and fundraising results, which will, in turn, affect its investment activities.

The Board of the Company is accountable for sustainable development in respect of environmental and social responsibilities while balancing the Company’s financial performance. The Board designates an ESG working group to identify as well as assess material ESG-related risks and opportunities for the Company. The working group consists of members from different departments and directly reports to the Board. Moreover, the Company spares no effort to incorporate environmental initiatives into its daily operations to promote green office practices and ensure those green measures are in effect. In the meantime, the Board believes in being a family-friendly employer and a community-friendly corporation would bring a positive impact to the Company’s business.

## ESG WORKING GROUP

Under the supervision of the Board, every aspect of ESG is managed and facilitated by an ESG working group. The working group comprises employees from the departments of compliance, corporate communication, human resources and finance. The working group is responsible for formulating and executing annual ESG plan, organising internal ESG-related activities and attending external events if available. In addition, the working group has also developed a series of processes related to ESG activities and drafting ESG reports, including but not limited to applying for ESG awards for the Company, and working with relevant parties internally and externally to collect, consolidate and analyse ESG-related data. During the Year, the representatives of the Company attended various ESG-themed events, such as SME Corporate Social Responsibility Communication seminar.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## COMMUNICATION WITH STAKEHOLDERS

The Company believes that respecting stakeholders’ opinions, understanding their expectations and trying to meet their expectations would help the Company gain their trust and support. Therefore, the Company communicates with its employees to collect their opinions on a regular basis. The area of concerns of employees and management are shown below by respective priority.

Materiality	Employees	Management	Engagement channel
1	Employment	Energy conservation and emission reduction	Internal review meetings, emails, surveys
2	Training and development	Use of resources	Internal review meetings, emails, surveys
3	Occupational health and safety	Occupational health and safety	Internal review meetings, emails, surveys

Given both employees and management are concerned with occupational health and safety, the Company has devoted more resources in response to improve the office environment during the Year. For more details, please refer to the section headed “Occupational Health and Safety”.

## 1. ENVIRONMENT

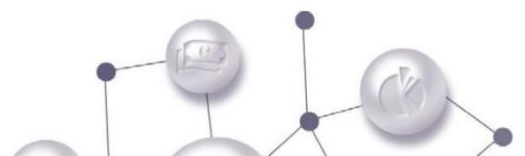
Believing in “we do not inherit the earth from our ancestors; we borrow it from our children”, the Company is dedicated to developing business without sacrificing the environment.

First and foremost, the Company strictly complies with all environmental laws and regulations and prohibits to the utmost any relevant illegal or violating activities. During the year, there was no non-compliance with the environmental laws and regulations. Second, the Company has established five general principles to build a green office and encourages all staff to follow (please refer to the chart on right). Various measures with reference to the 5Ps green office principles have been adopted. Third, the Company attaches great importance to environmental threats and negative impacts caused directly or indirectly by its business operations and carefully assesses and regularly monitors it.

### Five Principles (5Ps) on green office

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- Use only when necessary
- Reduce, reuse & recycle
- Adopt energy saving practices
- Think before print
- Use public transport



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 1.1 Emissions

### Greenhouse Gases (GHG) Emission

GHG emission is a key indicator to assess environmental performance. The Company considers the emission reduction as a long-term objective and has collected and quantified the emission data since 2017 to better understand the emission caused and conduct internal control. Due to the business nature of the Company, its daily operations mainly generate indirect GHG emissions. The sources of GHG emissions of the Company are primarily business travels, operated vehicles and purchased electricity.

The Company has realized that the Scope 1 and 2 GHG emissions for 2019/20 are higher than that for 2018/19, for which the contributing reasons were that the Company relocated to a new office during the Year, which is more spacious and provides a better working environment for employees, but consumes more electricity and water as well. The increase was also attributable to the higher frequency of business trips via vehicle to support its business development. The Company will continue to monitor relevant data and set the plan for carbon reduction going forward.

The Scope 3 GHG emission for 2019/20 was reduced significantly by 39.8% as compared to last year. Business travel is sometimes inevitable due to the Company's business nature. However, the Company has noticed distance transportation is another critical factor triggering and worsening climate change, and therefore has been encouraging employees to avoid unnecessary business trips and utilize online communication channels as well as video conferencing facilities provided by the Company to conduct business activities if possible. At the same time, high-speed trains must be prioritized over flights whenever options are available. Furthermore, employees are required to choose accommodations in the vicinity of working locations when business trips are necessary.

As a result of above, the total GHG emissions for 2019/20 decreased year-over-year, and the GHG emissions intensity per building area decreased dramatically by 81.2% as compared with 2018/19 partially thanks to the Company's ESG efforts.

Indicator	Units	Total emissions for 2019/20	Total emissions for 2018/19
Scope 1 (Direct emissions) <sup>1</sup>	CO <sub>2</sub> e tonnes	22.05	16.66
Scope 2 (Energy indirect emissions) <sup>2</sup>	CO <sub>2</sub> e tonnes	51.54	30.66
Scope 3 (Other indirect emissions, flight travel only) <sup>3</sup>	CO <sub>2</sub> e tonnes	94.69	157.31
<b>Total GHG emissions <sup>4</sup> (Scope 1, 2 and 3)</b>	<b>CO<sub>2</sub>e tonnes</b>	<b>168.28</b>	<b>204.63</b>
<b>Total GHG emissions intensity per building area</b>	<b>CO<sub>2</sub>e tonnes/m<sup>2</sup></b>	<b>0.13</b>	<b>0.69</b>
Nitrogen Oxides (NOx)	kg	3.06	2.71
Sulfur Oxides (SOx)	kg	0.12	0.09
Particulate Matter (PM)	kg	0.23	0.20

Note:

- Scope 1 refers to the direct emissions from vehicles that are owned by the Company.
- Scope 2 refers to the indirect emissions resulting from the generation of purchased electricity consumed within the Company.
- Scope 3 refers to other indirect emissions from flight travel by employees.
- GHG emissions calculation refers to the Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purpose) in Hong Kong and the electricity emission factor adopts the latest one published by the Hong Kong Electric Investments.
- Air pollutant emissions are calculated with reference to Appendix 2: Reporting Guidance on Environmental KPIs, published by the Stock Exchange.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 1.2 Use of Resources

### Waste Management and Packaging Materials

Due to its business nature, the Company does not pose a significant impact on the environment. The Company has adopted a 3Rs (Reduce, Reuse and Recycle) approach to handle paper usage and waste management. Moreover, to reduce paper usage and waste production and encourage employees to adopt paper recycling practices in the office, the Company has implemented a number of measures, including but not limited to:

- Reusing single-side-used waste paper and cardboard;
- Setting duplex printing and black and white printing as default;
- Deploying an e-fax system in the office; and
- Posting paper-recycling tips near paper collection points.

During the Year, the Company has relocated to a new office in Central where the property management firm is responsible for non-hazardous waste disposal, and as a result, the Company did not quantify the total number of waste disposed. By a rough estimation, there were about 1.68 tonnes of non-hazardous waste generated, which is similar to last year.

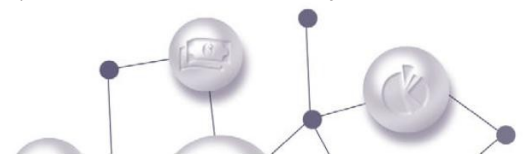
Hazardous waste generation is not applicable to the Company in general due to its business nature. However, there are a handful of exhausted compact fluorescent lamps, batteries, cartridges and toners produced in the office. Most of those wastes are collected and handled by the property management office of the building while exhausted cartridges and toners are collected by its service provider.

In addition to non-hazardous and hazardous waste, key performance indicators A2.5 regarding packaging material used is not applicable to the Company as the business of the Company is investment.

### Energy and Water Consumption

As known, energy is an output from the combustion of fossil fuels which are exhaustible and non-renewable. Unfortunately, energy is an indispensable element in the daily operation of modern society. Moreover, fossil fuel combustion amplifies GHG emissions and releases a great amount of pollutants into the atmosphere to a certain extent. In view of that, the Company's office is deliberately designed as an open office area to allow better ventilation and natural light. Different energy-saving measures have been adopted as below in the hope of further lowering energy consumption and alleviating climate change:

- Clear light zoning diagram is established for the ease of lighting control;
- Natural light, LED, T5 or compact fluorescent lamp with energy label (EMSD's Grade 1 and 2 or equivalent) is adopted and no tungsten filament lamp is used in the office;
- Energy-saving mode is in place and activated in each computer and monitor;
- Particular staff are assigned to control the turning on and off of light, office equipment and appliances before and after office hours;
- Reusable utensils are provided in the pantries to reduce the use of disposable plastic utensils;
- Clear air-conditioning zoning diagram is established for the ease of control of air-conditioning;
- Air-conditioning system is well cleaned regularly to keep energy efficiency;
- Energy-saving reminders are placed at prominent locations to remind employees of saving energy;
- Equipment of video conferencing is procured and installed in the office to reduce the need for business trips; and
- Eco-friendly products with energy efficiency labels are prioritized over non-eco-friendly ones when procuring.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The overall water consumption of the Company is relatively low. Even so, the Company diligently reduces the use of water by placing reminder at the pantries and has installed water taps with motion sensors to eliminate unnecessary water discharge. The Group has no difficulties in sourcing water.

Indicators	Units	Total consumptions for the Year	Intensity (per m <sup>2</sup> )
Electricity purchased	kWh	63,628.00	49.21
Unleaded petrol	Litre	8,290.61	6.41
Water Consumption	m <sup>3</sup>	317.40	0.25

## 1.3 The Environment and Natural Resources

### Green Office and Eco-Healthy Work Place

Environmental protection cannot be achieved without the support and cooperation from employees. The Company has actively participated in the Green Office Awards Labelling Scheme (GOALS) organized by the World Green Organization (WGO) since 2016 to evaluate and enhance its environmental footprints. Due to its unremittingly great efforts in executing green practices and advocating sustainable development, the Company has received the awards of Green Office and Eco-Healthy Workplace from WGO for four years consecutively. To meet the GOALS Green Office Best Practice Criteria, the Company, together with all employees, has adopted multiple green initiatives from the perspectives of energy saving, water saving, paper reduction, green procurement, as well as education and awareness. Employees share this honor and are highly motivated.



### Environmental Education and Activity

Given the importance of sustainability for the future of the earth, the Company, as a socially responsible corporate, is determined to make contributions to slowing down the pace of resources depletion and ecosystem degradation. Therefore, the Company has been proactively seeking to improve its green activities endeavouring to advocate sustainability. The Company has been working with an environmental consultant, WGO, to monitor its environmental performance and suggest areas of improvement. Employees are invited to join diversified activities regarding ESG issues to enhance their awareness on environmental protection. However, the number of ESG activities initiated each year might differ depending on the annual plans of the Board of Directors on the overall balance of resources devoted among different types of ESG efforts made by the Company.

For new employees, as an integral part of its orientation program, the Company demonstrates its green office best practices and encourages newcomers to adopt.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 2. SOCIAL

### 2.1 Employment and Labour Practices

The Company acknowledges that employees are its most valuable assets. This drives the Company to create an engaging, harmonious, fair and safe working environment for the employees. Since the Company strives to keep enhancing its performance in respect of social responsibility, as a result, it has been constantly improving the working environment, and providing competitive remuneration packages in line with the market as well as transparent promotion channels. The Company strictly complies with the employment ordinance of Hong Kong, where it is based. During the Year, there were no non-compliance cases regarding compensation and dismissal, recruitment and promotion, equal opportunities, diversity, or discrimination.

Fair and equal employment and recruitment procedures are adopted by the Company. Any forms of discrimination are prohibited. Recruitment is simply based on candidates' experience, abilities and positions' requirement, regardless of candidates' race, gender, age, marital status, religion and nationality. Any high performance candidate or employee can be hired or promoted, while all employees are eligible for receiving trainings to facilitate the improvement of their performance and accelerate their personal career development. In addition, child labour is not allowed in the Company. As a mandatory procedure, the Company checks identity cards and relevant documents of candidates during the recruitment process to ensure the regulatory working age is met before on-boarding. If necessary, the Group will seek assistance from relevant institutions. Upon joining, all new employees will receive a copy of the employee handbook which clearly states the Company's policies, employment guidelines and the Code of Conduct, etc.

#### Team structure

As at 31 March 2020, the Company employed 43 full-time employees, who are all based in Hong Kong. The total workforce breakdown is set forth by the following table.

By Gender	No.	By age	No.	By employee category	No.
Male	27	18-24	0	Senior Management	8
Female	16	25-34	13	Middle Management	6
		35-44	12	Supervisor	4
		45-54	6	General Staff	25
		55-64	7		
		65 or above	5		

#### Benefits and Welfares

All employees of the Company are entitled to various statutory holidays and paid leave, such as sick leave, maternity and paternity leave, study and examination leave, through which the Company aims to encourage employees to take sufficient rest to maintain a good health condition and keep enhancing their professional skills and qualifications. The Group neither encourages nor forces employees to work overtime.

In return for the hard work of and great contributions by its employees, the Company benchmarks salaries against industry norms annually to maintain a competitive remuneration package and attractiveness for excellent employees. In the meantime, all employees shall participate in the annual appraisal program to have their performance reviewed. Based on the appraisal results and the financial performance of the Company as a whole, the year-end bonus and adjustment of remuneration package of each employee will be determined. By doing so, the Company strives to create a fair and highly motivating working environment to maximize business performance and employees' morale.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In addition, the Company is committed to be a family-friendly employer, where the arrangement of working time and rest days fully complies with applicable laws and regulations. Furthermore, several employee-oriented employment practices have been adopted to enhance employees' sense of belongings and work-life balance, for instance, five-day workweeks, flexible leave application, facilities for breastfeeding of working mothers, and family recreational activities including annual dinner to share warmth and happiness among fellow colleagues. Thanks to these employee care policies, the Company was honourably awarded "Family-Friendly Employers" and "Awards for Breastfeeding Support" in the Family-Friendly Employers Award Scheme 2017/18, which was organized by the Family Council of Home Affairs Bureau in 2018 and valid for two years.



Employees' safety has always been the Company's priority when it comes to the arrangement during unusual times. Since late January this year, the Coronavirus has caused a global pandemic and endangers people's health and life. Hong Kong, where the Company is based, is one of the cities that suffered from the early outbreak of the virus as well as the imported cases from abroad later. During the long-lasting fight with Coronavirus, the Company has taken multiple measures to make its employees less exposed to the danger of infection while respecting employees' privacy at the same time. The measures include but are not limited to:

- i) Allowing working from home and flexible working hours during the outbreak of Coronavirus in Hong Kong;
- ii) Applying the requirement of 14-day self-quarantine to the employees who returned from Mainland China after Chinese New Year and those who are the same-residential-building neighbour of confirmed cases;
- iii) Disinfecting office at regular intervals including employees' desktops and keyboards;
- iv) Reminding employees of maintaining high level of personal hygiene and providing hygiene products in office.

## 2.2 Occupational Health and Safety (OHS)

The Company remains highly attentive and responsible for providing a safe, healthy and comfortable working environment for employees. OHS procedures and policies are clearly stated in the employee handbook and the significance of having a reasonably sound body and mind is also highly advocated. The Company's caring for employees' OHS has been fully reflected in its new office, where:

- i) Chairs with height adjustable seat, height adjustable armrest and tilting backrest are provided for employees as a basic requirement;
- ii) Desktop monitors are provided for laptop users to turn the laptop into a desktop computer in order to align eye level and preventing neck injuries;
- iii) Adequate ventilation is maintained to the extent that air exchange rate complies with referenced building guideline or standard;
- iv) Carpets are cleaned regularly;
- v) Work areas are located away from windows and computer screens are placed at a right angle to the windows, while at the same time, sunlight through windows is able to be screened by reflectors;
- vi) Water dispenser is cleaned regularly in order to ensure the drinking water quality for employees and water in pots, cups and plants is cleared out regularly to avoid water stagnation;
- vii) Workstation space is not less than 800W x 800D mm.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

All full-time employees are entitled to a medical plan covering out-patient clinical visits, hospitalization, dental checkups and surgical treatment. The Company has upgraded the medical plan during 2018/19 to offer a better coverage in response to the opinions collected from employees during the Company's stakeholder engagement activities. The upgraded plan covers body checkups, vaccinations and vision care, which were not included in the previous plan, and increases the upper limit of each claim of dental consultation. To make the medical claims more convenient for employees, the Company has worked with the insurance service provider to adopt an e-claim mobile application. The dependents of employees can also join the medical plan voluntarily at an extra cost.

Aside from the medical plan, the Company also provides travel insurance as an extra protection, especially for the employees who have frequent business trips. There were no work-related fatalities or injuries recorded within the Company during the Year, and as a result, there were no resulting work-related lost days recorded. The Company has achieved zero work-related fatality and injury in the past three years consecutively, although the Company does have a mechanism in place to offer immediate support to the injured, launch investigations to examine root causes and take corrective actions to avoid recurrence, in case any accidents occur.

## 2.3 Training and Development

The investment business is highly sensitive to the changes in economic and market conditions and also needs to follow closely the adjustment of applicable laws and regulations. Therefore, the Company arranges employees to attend professional training programs in accordance with corresponding job duties. Alternatively, employees can spontaneously identify relevant trainings based on their respective job duties to attend with the Company's permission. Besides, the Company also provides expense reimbursement and paid leaves for employees' examination and training to encourage and support them to further develop their job-related skills and knowledge for career development by taking examinations or taking external courses with recognized institutions.

During the Year, the company offered 158 training hours in total to 6 employees, or averagely 26.3 hours per trained employee. A detailed training analysis is shown in the table below:

By Gender	Average training		By employee category	Average training	
	As a percentage of all employees	hours per trained employee		As a percentage of all employees	hours per trained employee
Male	11.6%	30.4	Senior Management	0	0
Female	2.3%	6	Middle Management	4.7%	40
			Supervisor	0	0
			General Staff	9.3%	19.5





# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 3. OPERATING PRACTICES

### 3.1 Supply Chain Management

The Company does not heavily rely on supply chain for its business due to its business nature. However, to support its daily operation, the Company does engage with a few suppliers and service providers primarily for office supplies. The Company is committed to providing a transparent and fair procurement process, during which the selection criteria include not only price, quality and delivery time, but also the suppliers' reliability and reputation. Beyond that, the Company is also gradually adopting green procurement practices giving preference to those environmentally-responsible suppliers or service providers as well as environmentally-friendly products such as electrical devices with energy-saving label and paper bearing eco-label, in an effort to encourage and propel more companies to go green. Evaluation of existing suppliers is conducted annually to ensure that suppliers' performances meet tender requirements and are in line with bidding documents.

### 3.2 Product Responsibility

#### Sustainable Investing

As an investment company, OP Financial has been endeavoring to improve the environment through its investment activities leveraging its capital strength and at the same time, pursue decent financial returns for shareholders. In the past few years, the Company has screened several projects that are in line with its "green" strategy, among which it invested in two companies engaging in sustainable business. In addition, the Company also cooperated with Beijing Enterprises Water Group Limited ("BEWG", stock code: 0371.HK) in 2017 to facilitate the establishment of BE Financial Service (Beijing) Investment Holdings Limited ("BEFS").

During the Year, the Company made an investment amounting to HK\$65.00 million into 德興市益豐再生有色金屬有限責任公司 ("益豐"), which specializes in non-ferrous metal recycling in Jiangxi Province, PRC. As one of the largest hazardous waste treatment companies in the province in terms of capacity, 益豐 principally engages in non-hazardous treatment of industrial metal residues, from which it recycles metals, including but not limited to copper, tin and zinc, for manufacturing new products, such as anode copper, zinc sulfate monohydrate and refined tin, etc.

Besides, the Group also made a prepaid consideration amounting to HK\$494.46 million during the Year pursuant to the purchase agreements signed in June 2019 through one of its subsidiaries with the seller, under which the Group determined to purchase a total of 63,202,590 shares, or 19.9% of total capital of Dagang Holding Group CO., LTD. (stock code: 300103.SZ, hereinafter referred to as Dagang Holding Group). The total consideration of RMB695.23 million is agreed to be paid in instalments based on certain contractual terms. Up to 31 March 2020, RMB450 million was prepaid according to plan. Dagang Holding Group has penetrated into the environmental protection industry beyond its existing business, which is designing, manufacturing, selling and providing technical service for road machinery. Dagang Holding Group acquired 52% of the total equity of 眾德環保科技有限公司 in 2019, which engages in non-ferrous metal recycling based in Hunan Province, PRC.

With respect to the establishment of BEFS, OP Financial committed RMB200 million for 20% registered capital in BEFS and has paid up the first capital call of RMB40 million (equivalent to HK\$46.64 million) in August 2017. As an essential financial service platform for BEWG, which is a comprehensive and leading professional water environment service provider serving not only China but also international markets, BEFS works along with its subsidiaries to provide comprehensive services of fund investment, financing and management for BEWG's Public-Private Partnership (PPP) projects in relation to environmental protection and water conservation in China. Through the investment in BEFS, OP Financial aims to make contributions to water resource recycling and water environment improvement on the planet.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Over the past few years, BEFS has raised over RMB9 billion to invest in more than 10 projects in Mainland China, including but not limited to:

- i) The suburb wastewater treatment as well as the urban and rural pipe network building projects in Yixing, Jiangsu Province;
- ii) The comprehensive improvement of the water environment of Beijing Xingfeng River basin;
- iii) Social security housing projects in Taizhou, Zhejiang Province;
- iv) The municipal wastewater treatment and pipe network maintenance projects of Qinhuangdao, Hebei Province;
- v) The water environment improvement project in Baoding, Hebei Province;
- vi) The comprehensive improvement PPP projects in Lufeng and Wuding County, Yunnan Province, and
- vii) Some other projects that were mainly conducted through revitalizing BEWG's stock assets.

During the Year, the Company invested a total of over HKD550 million in companies engaging in environmental protection business.

There were no products sold or shipped subject to recalls for safety and health reasons and no complaints received either during the Year due to the Company's business nature.

## **Sensitive Data Handling**

The Company attaches great significance to the security of personal data and confidential information. Strictly conforming to applicable data privacy law and regulations, the Company takes special care of personal data and confidential information generated from its business operation. The guideline and procedures of confidential information processing are well established and stipulated in the employee's handbook to guide every employee to properly handle personal data and confidential information, including:

- i) All sensitive data and information must be kept in strictest confidentiality at all times;
- ii) Employees are forbidden to reveal any confidential information to outsiders or any co-workers who are not directly concerned;
- iii) Confidential documents that are no longer required must be shredded instead of being discarded in waste paper baskets.

Any unlawful or inappropriate act is unacceptable in the Company. Consequently, there were no non-compliance cases in regard to data privacy and intellectual property rights reported during the Year.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 3.3 Anti-Corruption

Adhering to the high standards of corporate governance, the Company has zero tolerance for corruption and bribery in any form. On top of complying with applicable laws, regulations and industry standards, the Company has also formulated its own anti-corruption policies, i.e. Policy on Acceptance of Advantage and Handling of Conflict of Interests, which clearly stipulates unacceptable behaviors and reporting procedures. Refresher training is offered to employees on a regular basis to acquaint them with the latest changes in relevant laws and regulations as well as new case studies. In addition, to fulfil the requirement of corresponding professional qualifications, employees are required to attend a certain amount of training each year, covering a wide range of compliance aspects in the finance market and anti-corruption is absolutely one of them.

Under the existing guidelines issued by the Securities & Futures Commission, all employees are required to make a declaration of interests for those accounts in which they or their associates have beneficial interests and report all such transactions to the Company. All staff are required to sign the declaration form to avoid conflict of interest on the first day of employment. The established whistle-blowing policy enables stakeholders to report on any suspected inappropriate situations. Reported cases will be investigated and followed up by the compliance or internal auditing team. Confirmed cases will be reported to the Audit Committee of the Board and management of the Company.

Moreover, any form of extortion, fraud or money laundering is not allowed in the Company. During the Year, there were no related risks, confirmed case or public legal cases against the Company or its Directors.

## 4. COMMUNITY INVESTMENT

From Directors, management to employees, the Company attaches significance to community engagement at every level and has actively initiated or participated in various types of community activities with non-governmental organizations, social enterprises or educational institutes to help people in need and fulfill corporate social responsibility. Going forward, the Company is pledged to continue its efforts in community involvement.

### Support for South-South Cooperation

The Directors of the Company, Mr. Zhang Zhi Ping, Mr. Zhang Gaobo and Dr. Wu Zhong, are serving as Executive President, Vice President, and Vice President and Director-General of the Finance Centre for South-South Cooperation Limited (FCSSC), which is a non-profit international organization founded in April 2014. FCSSC has been in Special Consultative Status with the Economic and Social Council (ECOSOC) of the United Nations since 2017. As a comprehensive international hub for governments, international organizations and the private sector, FCSSC strives to promote and help achieve sustainable development in countries from the Global South. Aiming at promoting cooperation and partnerships among developing countries in economy, society, ecology, culture, and technology, FCSSC primarily focuses on developing green industrial parks, serving as a think tank, enhancing capacity building, incubating social initiatives and providing financial services.

Since its establishment, FCSSC has been sparing no efforts to promote international production capacity cooperation through offering consultancy to developing countries and helping attract foreign investments by means of bridging China and other emerging economies. Besides, FCSSC has started to cooperate with the United Nations Industrial Development Organization to jointly organize the “One Belt, One Road” annual urban development conference since 2016, which aims to build a dialogue platform for stakeholders to help developing countries figure out green and new industrialization paths, innovative solutions as well as to promote the flow of trade and investment along the “Belt and Road”.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

FCSSC also facilitates the sharing of experiences and best practices through holding high-level international conferences, training programs as well as establishing think tank networks and industry research institutes. During the Year, FCSSC organized and participated multiple conferences and forums, some of which are summarized and highlighted as follows:

- i) In April 2019, representatives of FCSSC attended the “One Belt, One Road” Partner Conference held by Phoenix TV, of which the topics covered Sustainable Development Goals (SDGs) and global partnerships, in particular South-South cooperation and triangular cooperation. On the same day, FCSSC signed a strategic cooperation agreement with Phoenix TV to explore innovative cooperation in the field of sustainable development. In addition, the Chinese version of the report and video case collection *China’s Contribution to South-South Cooperation: Cases and Implications* was jointly launched by Mr. Cai E’Sheng, Chairman of FCSSC, Mr. Jorge Chediek, United Nations Office for South-South Cooperation (UNOSSC) Director and Envoy of the Secretary-General on South-South Cooperation, Mr. Liu Diandian, Deputy Director of Phoenix Chinese Channel, and Mr. Sun Qixin, President of the Chinese Agricultural University. The report focused on the impact of the South-South cooperation model on China and the model and experience of China’s participation in South-South cooperation.
- ii) In April 2019, during the 2nd Belt and Road Forum for International Cooperation in Beijing, FCSSC, UNOSSC and China’s Henan Provincial Government set up the “Air Silk Road” South-South Partnership Alliance, in an effort to turn Henan into an inland province with a higher degree of openness, and Zhengzhou, its provincial capital, into a world aviation logistics hub, thereby promoting the achievement of the 2030 Agenda for Sustainable Development.
- iii) In May 2019, FCSSC participated and hosted the 4th “South-South Education Program for Economics and Finance” in Beijing, which gathered 21 high-level government officials and leaders from the financial institutions of the United Nations and 16 developing countries. The primary objective of the program is to promote financial education across the developing countries and develop financial leaders for South-South countries. Since 2016, the program has attracted more than 80 high-level officials, financial institution executives, and representatives of international organizations from more than 60 countries.
- iv) In late May 2019, FCSSC jointly held the China-Africa Digital Financial Inclusion Summit with Chinese Academy of Financial Inclusion (CAFI) and Financial Sector Deepening (FSD Kenya) in Nairobi, Kenya. Topics of the summit covered the Digital Financial Inclusion (DFI) innovation and development across the African continent, DFI innovation and development in Kenya as well as exploring business & investment across Africa. The summit aims to strengthen exchanges and cooperation between China and Africa in the field of inclusive digital finance, improve the construction of international DFI system, explore opportunities for cooperation, and explore more models to promote the development and progress of developing regions.
- v) As the trend of the new industrial revolution sweeping the globe, FCSSC and the United Nations Industrial Development Organization (UNIDO) co-organised the annual event, “BRIDGE for Cities 4.0 – Connecting Cities through the New Industrial Revolution” in Vienna, Austria in September 2019. The event was not only devoted to facilitating knowledge sharing on exploring the impact of the 4th Industrial Revolution (4IR) and how technology-driven innovation can facilitate the transition towards smart city development, but also strove to build connections among cities or regions with similar development challenges, for instance, Metropolis GZM, Poland, Sverdlovsk region, Russia and the Ruhr region in Germany. Also, the event was the first of UNIDO at the Vienna International Centre to receive the Austrian Ecolabel for Green Meetings and Green Events.
- vi) With the rapid development of digital economy and blockchain application, Hainan Free Trade Port International Cooperation Forum on Digital Economy and Blockchain was held in December 2019, which was organised by Hainan Provincial Department of Industry and Information Technology and co-organised by FCSSC and Hainan Eco-Software Park and Huobi China. Bringing local and foreign representatives together, the event provided a great platform to discuss the opportunities and challenges brought by the digital economy and blockchain technology in the hope of facilitating cooperation among cities and countries.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

- vii) FCSSC has been highly concerned with the outbreak of the coronavirus (COVID-19) since January 2020, and has initiated a call for donation of urgently-needed medical equipment to Hubei Province, China. Having received wide support from a number of organizations and companies, including Shenzhen Ordinary Hero Foundation, Shenzhen Lexin Charity Foundation, Green Hand Company, the Overseas Chinese Students Union in America and Real Intl SCM Corp., the initiative successfully procured 5,000 sets of medical protective worth of RMB600,000 and dispatched them to 16 hospitals, 2 public security bureaus, and 1 frontline journalist working station located in nine cities of Hubei Province, China. In addition, Lexin Charity Foundation and Shenzhen Ordinary Hero Foundation donated an additional RMB1.5 million to provide insurance coverage for 30,000 people fighting on the frontline of coronavirus.

Moreover, taking advantage of Hong Kong's position as a leading international financial center, FCSSC also raises money for South-South cooperation projects not only through market-oriented methods including fund issuance and equity investment, but also through its partner networks. The Company believes a close relationship with FCSSC is beneficial to the expansion of its international partner networks and would bring more sustainable investing opportunities.

## **Six Industries Research Institute of Fudan University**

The Company cooperated with Fudan University in Shanghai, China and FCSSC to support the establishment of the Six Industries Research Institute of Fudan University (復旦大學六次產業研究院) in 2017 and has provided a total funding of RMB4.5 million in the last three years, out of which RMB1.5 million was devoted during the Year. The Six Industries Research Institute aims to assist Fudan University in promoting the development of applied economics and management science, based on which to facilitate the innovative projects of national food safety, high-quality elderly care, and Six-Industry-based poverty alleviation.

## **Hongru Forum**

As a public forum, Hongru Forum (鴻儒論道) is organised by Hongru Financial Education Foundation and Shanghai Institute of Finance and Law (SIFL Institute) with the support from Oriental Patron Financial Group. Being held on a bi-weekly basis, the forum primarily focuses on the topics related to Chinese economy and the financial industry targeting the financial and legal practitioners, scholars, regulators and aspiring talents. Since its founding in 2013, Hongru Forum has had 156 sessions with nearly 19,000 people attending. In 2019 alone, there were 18 sessions covering topics of internationalisation of RMB, U.S.– China trade war, digital currency, demographics as well as urban and rural development, etc.

## **5. CONCLUSION**

In the quest for continuous improvement, the Company will continue to keep abreast of the latest development of sustainable development and track its ESG performance and progress on a regular basis. Valuable feedback would absolutely enable the Company to improve. Therefore, please feel free to reach the Company at [ir@oriental-patron.com.hk](mailto:ir@oriental-patron.com.hk) for any comments on the Report.