



## Environmental, Social and Governance Report

2019

As a responsible and caring corporate citizen, Citychamp Watch & Jewellery Group Limited (the “Company” and its subsidiaries (collectively, the “Group”)) is not only focused on achieving business goals and financial targets, but also committed to contributing to its different stakeholders by way of supporting the well-beings of our employees and their families, the community and society at large, and advocating environment protection and efficient use of resources. The Group upholds the principle that good business practices and corporate social responsibility are vital for its sustainable success.

## REPORTING PERIOD AND REPORTING SCOPE

The Environmental, Social and Governance Report 2019 (the “Report”) was made pursuant to the Environmental, Social and Governance Reporting Guide issued by The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and illustrates the policies implemented, duties and performances regarding environmental, social and governance aspects of the Group during the period from 1 January 2019 to 31 December 2019.

The Report covers the following principal operating entities of the Group engaged in watches and timepieces businesses and the banking business (the “Reporting Entities”).

Scope of business	Reporting Entities	Country	Area (m <sup>2</sup> )
Watches and timepieces businesses 	Zhuhai Rossini Watch Industrial Limited	PRC	48,000
	EBOHR Luxuries International Limited	PRC	44,427
Banking business 	Bendura Bank AG	Liechtenstein	4,240
Total			96,667

Note: The 2018 Environmental, Social and Governance Report covers only the principal operating companies of the Group engaged in watches and timepieces businesses, namely, Zhuhai Rossini Watch Industry Limited (“Rossini”) and EBOHR Luxuries International Limited (“EBOHR”). Unless otherwise stated, the data and key performance indicators relating to 2018 set out in this report relate to Rossini Watch and EBOHR only and exclude Bendura Bank AG (“Bendura”).

## PARTICIPATION AND SIGNIFICANCE OF STAKEHOLDERS

The Group highly values the communication with stakeholders, including shareholders and investors, business partners, staff, customers, regulatory authorities, administrative authorities and local communities. We deeply understand that maintaining good communication with stakeholders is highly important to business operations and corporate development.

For the past years, we have actively strived to carry out various activities to seize opportunities for communications with stakeholders. In the future, we will continue to develop a good relationship and maintain a close connection and communication with stakeholders. We will make a full understanding on their various concerns and take instant response with a view to developing a prosperous and communication-oriented society.



## A. ENVIRONMENTAL

Reporting Entities stringently comply with relevant laws and regulations relating to environmental protection in their places of operation.

### PRC

Environmental Protection Law of the People's Republic of China  
(《中華人民共和國環境保護法》)

Law of the People's Republic of China on Appraising Environment Impacts  
(《中華人民共和國環境影響評價法》)

Regulations on the Administration of Environmental Protection of Construction Projects (《建設項目環境保護管理條例》)

Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes  
(《中華人民共和國固體廢物污染環境防治法》)

Measures of Guangdong Province on the Prevention and Control of Environmental Pollution by Solid Wastes  
(《廣東省固體廢物污染環境防治條例》)

Administrative Measures of Shenzhen on the Transfer of Dangerous Wastes  
(《深圳市危險廢物轉移管理辦法》)






Standards on Pollution Control over Storage of Dangerous Wastes  
(《危險廢物貯存污染控制標準》)

### Liechtenstein

Environmental Impact Assessment Act

### A1. Emissions

There is no massive air pollutant, such as nitrogen oxide (NOx) and sulphur dioxide (SO2) as well as other pollutants as regulated by national laws and regulations, and greenhouse gases generated during the operation. Major types of emissions generated are as follows:

Type(s) of emissions	Pollutant(s)	Treatment(s)
 Industrial sewage	Polishing and cleaning sewage, CODcr, suspended solids (SS), ammoniacal nitrogen (NH3-N) and petroleum	Treated in a self-built sewage treatment purification station in the plant with the use of condensation and chemical sedimentation and discharged into sewage treatment plant after reaching standard level
 Domestic sewage	CODcr, BOD5, ammoniacal nitrogen (NH3-N), animal and vegetable oil, phosphates	Treated with sedimentation process in a self-built sedimentation tank and discharged into sewage treatment plant
 Industrial exhaust	Particles	Emitted upward after water bath and water-mist dust removal devices
 Canteen cooking fumes	Cooking fumes	Emitted upward after water mist disposal and high-pressure electrostatic dust removal
 Solid wastes	Wasted mineral oils, wasted emulsion, wasted towels, wasted daylight bulbs, wasted toner cartridge, polishing dust, etc.	Stored separately and recycled regularly by certified recyclers

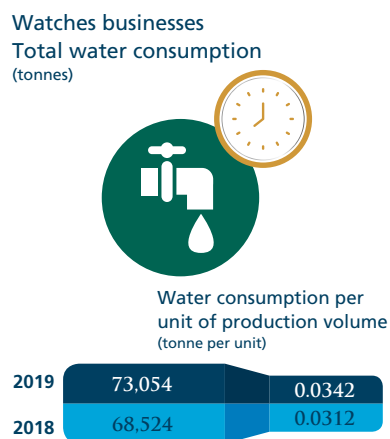


We strive to reduce the types and emissions of pollutants generated during the course of our operation. In order to achieve this goal, we have formulated Control Procedures Based on Laws and Regulations and Other Requirements, which collects, identifies and acknowledges applicable environmental protection laws, regulations and other requirements, and devised Evaluation Form for Applicable Laws and Regulations and Other Requirements and Compliance, which provides legal basis for the operation of environmental protection systems. In addition, we have formulated corresponding procedures and systems, including Procedures on Hazardous Chemicals Control, Procedures on Solid Wastes Control, Procedures on Hazardous Wastes Management and Standard for Classification of Wastes. Activities for consumption reduction and pollution reduction are launched throughout the organization.

## A2. Usage of Resources

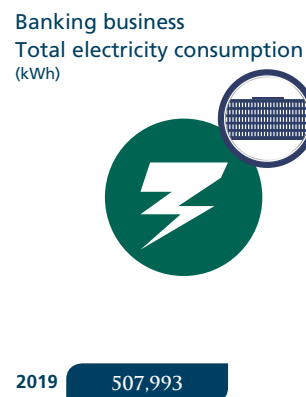
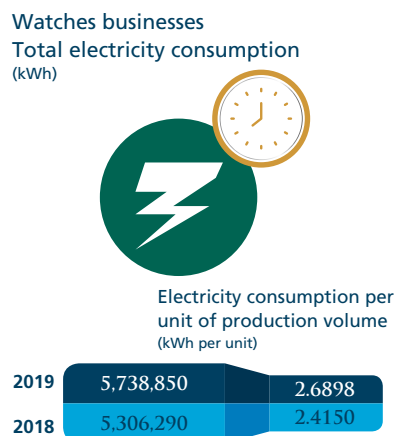
### Total Water Consumption and Intensity

We strive to reduce water consumption during the course of our operation and enhance the efficiency of water usage. In order to achieve this goal, we post reminders for reducing water usage in water facilities to raise our employees' awareness of energy conservation. We have also formulated relevant policies and procedures, including Requirements on Water Supply Management.



### Total Electricity Consumption and Intensity

We strive to reduce electricity consumption during the course of our operation and enhance the efficiency of power consumption. In order to achieve this goal, we post reminders for reducing electricity consumption in production and living areas to raise our employees' awareness of energy conservation. We have also formulated relevant policies and procedures, including Requirements on Safety Management of Electricity Utilization and Management System for the Use of Air Conditioning. In order to reduce electricity consumption, Bendura has installed A+++ standard LED devices at their office building.

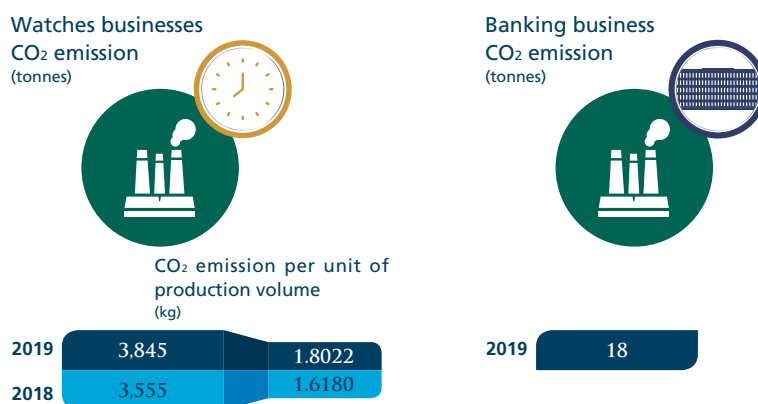


We aim to maximize the energy conservation for the manufacturing process by promoting efficient use of resources and adopting green technologies. Variable frequency drive air-conditioners and reactive power compensation systems have been installed in the factories which would help save electricity consumption.

We strive to reduce the types of energy consumed and its consumption during the course of our operation. In order to achieve this goal, we conduct intelligent collection of energy data information through the application of energy management system. Refined energy management is implemented by a combination of various means, including energy planning, energy control and monitoring, energy statistics, energy consumption analysis, management on key energy-consuming equipments, and management on energy measurement equipments. In addition, we have formulated relevant policies and procedures, including Requirements on Water Supply Management, Requirements on Safety Management of Electricity Utilization and Management System for the Use of Air Conditioning.

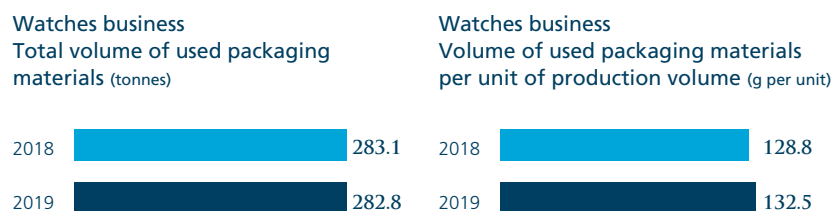
### Total Emission of CO<sub>2</sub> and Intensity

We focus on improving our carbon reduction targets and proactively monitor and minimize environmental impact through an array of energy saving and carbon reduction measures. Our main goal in environmental protection is to use energy and resources more efficiently across operation. With the continuous tightening of environment regulations, both in scope and stringency, we strive not just to comply with the obligations but also try to do more. To achieve this, we use environmental management oversight measures to set and review our goals, as well as track our performance for persistent improvement.



### Total Packaging Materials and Intensity

Packaging materials of watches and timepieces business mainly include watch boxes, handbags, paper boxes, foamed bags and electrostatic membranes, etc. By recycling and re-usage of different categories of wastes, we systematically reduce the wastes and resources consumption from the sources, to achieve compound utilization of various resources.



### A.3 The Environment and Natural Resources

Reporting Entities always place great emphasis on the sustainable development of environment and incorporate it in every aspect of their business. Rossini and EBOHR have obtained ISO14001 Environmental Management System certification, demonstrating the effectiveness and efficiency of its environmental-friendly manufacturing process. In addition to those stated otherwise in this Report, selected activities of Rossini for mitigating impacts on the environment and natural resources include, but not limited to:

- Using environmental-friendly materials and incorporating energy-saving concepts in the design and construction of the facilities;
- Appropriately disposing of waste gas emissions and industrial waste in compliance with the relevant environmental laws and regulations;
- Building dust-proof clean manufacturing facilities which meets standards as strict as those required by the food and catering industry;
- Controlling and minimizing the density of smoke emitted by the dynamotors through Ringelman Smoke Chart;
- Monitoring and reducing volume of the noise generated the dynamotors; and
- Conducting environmental protection checks and reviewing the results for the entire facilities annually.



The industrial sewage and solid wastes generated during our production process cause pollution to rivers, waters and soil. As such, we enter into industrial wastes treatment agreement with qualified professional company. Moreover, we make structural adjustments to our production craftsmanship to, for instance, halt the operation of electroplating to cut the emission of heavy metals, as well as invest in sewage treatment facilities, exhaust treatment facilities, noise reduction treatment and oil and mist recovery equipment such that sewage and exhaust can be discharged after purification.

The headquarter in Hong Kong also implements management measures for eco-friendly offices, emphasizes the efficient use of resources, saves energy and operation costs. The management measures implemented for eco-friendly offices are set out as below:

#### Saving papers

We encourage employees to use duplex printing and use e-mail to communicate as far as possible. Recycled papers are used for drafting and internal purposes. The used document envelopes and letter envelopes are used for internal delivery. Recycling bins are placed at the public area in the offices to collect and separate waste papers for recycling, which are then collected by management office of the building.

Since 2016, we have recommended the shareholders of the Company to receive corporate communications of the Company by electronic means instead of printed copies, in a bid to reduce printed volume and lower paper consumption effectively. During 2019, the printed copies of corporate communication dispatched by the Company to the shareholders were (namely, interim report and annual report) approximately 939kg (2018: 691kg), representing CO<sub>2</sub> emission of approximately 4,508kg (2018: 3,319kg).

### Conservation of electricity

Energy-saving electric appliances such as fluorescent lamps, T5 tubes or LED lamps are chosen for offices. Equipment such as computers, printers and copiers are set to power-saving mode. After office hours or when workplaces are unused, all lightings and air-conditioners are required to be switched off, and notices are posted in proper areas for reminding staff to turn off energy. In summer, average room temperature of offices is maintained between 24°C to 25°C for reducing power consumption of air conditioners.

### Green pantry

We do not provide disposable tableware and paper cups to visitors, while encouraging employees to bring their own lunch boxes, so as to reduce Styrofoam lunch boxes and disposable tableware incurred from purchasing take-outs and offer a comfortable environment for employees to have lunch.

### Reusing materials and saving use of stationeries

To reduce waste materials, we encourage employees to reuse stationeries, store old toner cartridges of printers and arrange suppliers to recycle toner cartridges on a regular basis.

### Combined type office furniture

We use combined type office furniture for reducing use of custom-made office furniture, such that they can be reused even if we relocate office. Administrative department checks our office furniture on a regular basis and first studies the possibilities of renovating or repairing any defects discovered. We only dispose furniture that is impossible to renovate. Office furniture that is kept in good condition can generally be used for over ten years.

### Reduction of carbon emission

We encourage staff to take mass public transportation when they travel for work. Video conference is used more often to reduce business trips and hence the carbon emission.

## A.4 Climate Change

Extreme weather conditions such as typhoon and thunderstorm may impact the production and operation of the Reporting Entities. As regards policies and procedures, we have formulated a series of emergency plans to respond to the impact of unpredictable climate, including plans for storm, rainstorm, flood, thunderstorm and earthquake, emergency plan for safe production, emergency plan for environmental accidents as well as emergency evacuation plan for industrial tourism. We pay close attention to any updates by the observatory and the government in our daily operation. Whenever there is information about extreme weather conditions, we implement precautionary measures according to the relevant emergency plans and make corporate announcements.

During 2019, there was no material climate-related matters which caused impact to the Reporting Entities.

## B. SOCIAL

### B.1 Employment

The Reporting Entities observe strict compliance with laws and regulations pertaining to employment in force in the countries and regions where they operate.

PRC	Liechtenstein
The Labour Law of the People's Republic of China	General Civil Code (ABGB), Section 1: Individual Employment Contract; Law on Work in Industry, Commerce and Trade together with its Regulations; Regulation on Safety and Health Protection of Employees in the Workplace; Determination Act; Law on Persons and Companies.

Moreover, the Reporting Entities have devised, implemented and improved, on an ongoing basis, employee handbooks which comply with laws and regulations and cover basic human resource policy, staff rights and obligations, remuneration system, fringe benefit system, job promotion and demotion, staff training, performance appraisal system and staff relations and communication.

We believe that a proactive and balanced staff team is essential to the development of a sustainable business model and the attainment of long-term return. As at 31 December 2019, the Reporting Entities had a total of 3,224 full-time employees. 3,074 were based in the PRC and 150 in Europe. Comprising people of different genders and age groups, the staff teams of the Reporting Entities are able to provide creative points of view and abilities in different dimensions.

	2019		2018	
	Number of staff	%	Number of staff	%
Male staff	830	25.7%	804	22.5%
Female staff	2,394	74.3%	2,770	77.5%

	2019		2018	
	Number of staff	%	Number of staff	%
Aged 18–29	582	18.1%	1,007	28.2%
Aged 30–39	1,311	40.7%	1,400	39.2%
Aged 40–49	1,089	33.8%	1,002	28.0%
Aged 50–59	223	6.9%	159	4.4%
Aged 60 or above	19	0.6%	6	0.2%

#### Total number of employee turnover by genders (number of employee turnover and turnover ratio)

	2019		2018	
	Number of employee turnover	Turnover ratio	Number of employee turnover	Turnover ratio
Male	144	17.6%	177	22.3%
Female	1,231	47.7%	1,463	51.1%
Total	1,375	40.5%	1,640	44.9%

#### Fair and equitable work environment

We are committed to complying with relevant standards and regulations to provide a fair and equitable work environment. Equal opportunity is practiced as a matter of principle in all aspects of employment and no discrimination or harassment of any kind is tolerated. We treat all persons encountered in the course of our business with courtesy and respect. All relevant parties are expected to apply the same standards throughout their engagement with colleagues, contractors, suppliers, customers and any other stakeholders. Derogatory actions based on racial or ethnic characteristics, unwelcome sexual advances and similar behavior are strictly prohibited.



### Work-life-balance philosophy

We value our employees and encourage them to grow with the Group. We value the physical and psychological well-being of our employees and promote the work-life balance philosophy by encouraging them to participate in a wide variety of sport and recreational activities to enhance their sense of happiness.

Multi-purpose recreation centers and multi-purpose sports fields have been built at both Rossini and EBOHR's facilities to facilitate employees to actively participate in various recreational and sports activities. Rossini has founded a performance team which performs for employees and guests at major festivals or celebratory events, as well as for the public community for charity purpose. On the eve of the May 1st International Labour Day 2019, Rossini organised the Charity Gala "Fun of Gathering Joy of Rossini", featuring performances by about 100 staff to express its care and appreciation for workers.



Rossini has also established a number of interest clubs, such as basketball, football, badminton, table tennis, billiards, cycling, photography, Chinese chess, fishing, cooking, military band, dragon dance team, lion dance team and zither ensemble. These clubs serve as platforms for staff to maintain physical health and fitness and where they can relax after work. Meanwhile, such activities have facilitated communication among employees, thereby enhancing staff cohesiveness, team spirit and work motivation.



## Employee benefits and welfare

The compensation package for all employees are designed to reward them for their work and contribution to our success. Compensation packages include various types of fringe benefits, depending on individual conditions of the subsidiaries, such as medical insurance, travels, lunch allowance, free body check-ups, maternity leave, marriage leave, bereavement leave and other subsidies. EBOHR offers its employees free shuttle bus service as well as transportation and housing allowances after relocation to its new facilities in 2018.



At the “Good MPF Employer Award” presentation ceremony held in 2019, the Company was honoured as a “Good MPF Employer” for 2018/19 and presented with the “e-Contribution Award” and “MPF Support Award.”



## B.2 Health and Safety

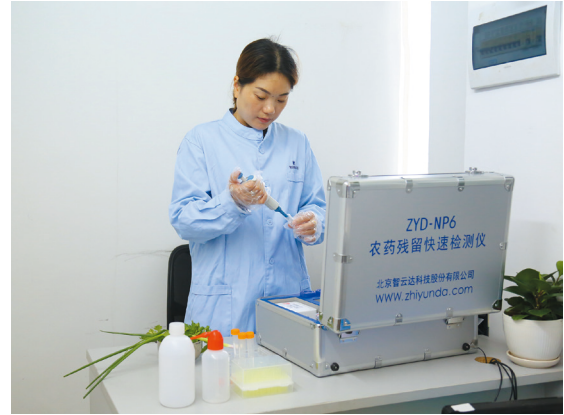
We are committed to ensuring the health and safety of our staff by, among other things, providing and maintaining healthy and safe workplaces, especially in our manufacturing facilities. Strict management systems and policies have been formulated to maintain a workplace environment that complies with occupational health and safety (“OHS”) standards. The systems and policies are reviewed on an ongoing basis to ensure that standards can be maintained under a variety of different scenarios. In general, our objective is to foster a vigilant awareness of safety that enables us to identify hazards, assess risks and implement necessary control measures on a continuous basis.

	2019	2018	2017
Number of work-related fatalities	1	0	0
Number of lost days due to work injury	2	0	0

Rossini and EBOHR are certified under the Occupational Health and Safety Management System (OHSAS) 18001 standard. Various measures have been implemented including the conduct of regular OHS assessments, providing free body check-ups to employees annually and upon employment, setting up alarm devices and CCTV systems to monitor and minimise the hazardous elements in offices and manufacturing plants, as well as engaging third parties to conduct inspections and reviews on the OHS system on a regular basis.



Rossini's staff canteen testing laboratory is responsible for testing pesticide residue of ingredients. The canteen is honoured as Grade A of food safety in catering services.



### B.3 Development and Training

We regard employees' personal development and well-being as a matter of the highest importance. As such, we aim at creating a quality community and environment that motivate our employees, in order to enhance staff development and retain talents.

We strive to motivate our employees with the prospect of a clear career path, providing them with opportunities for promotion and the upgrade of their professional knowledge, qualifications and skills. In this regard, we provide a wide range of tailor-made training programmes to enhance their professionalism, such as induction training for new employees, safety training, know-how training and courses on administration and management. We identify training requirements by conducting polls and analysing and assessing the outcomes of such polls and determine the training programmes and their contents accordingly. These programmes play a strategic role and will be conducted on an ongoing basis to nurture superior, competent and professional human resources in line with our current requirements and business development.

We organise training programmes for employees at all grades and of all job positions internally or through external organisations. The Reporting Entities organised different training courses during the year, the scope of which ranged from professional and technical training to individual skill development. The form of training included lectures and workshops hosted by in-house trainers, as well as seminars delivered by third-party experts.



Highlights of our employee training are set out as follows:

- New employees are provided with corporate orientation and induction programmes upon appointment to help them adjust to the new working environment and familiarise them with their job duties, as well as the business, operations and corporate culture of the Group as soon as possible;
- Trainings on corporate culture and business ethics are provided to existing employees;
- Sales staff are provided with intensive training programmes on customer services and product knowledge;
- Watch craftsmen and technicians participate in on-going, structured and formalised technical training to ensure excellence in product innovation and quality, including the sending of watch craftsmen and technicians of our Chinese brands to Switzerland to learn the most exquisite craftsmanship and cutting-edge technologies and designs;
- Management personnel are invited to attend management courses to update and refresh their business management expertise and the most updated developments and trends regarding the market and industry the individual company operates in; intensive leadership development programmes and rotational assignment programmes are in place to motivate and help middle-level managers transit into new or more advanced leadership roles; and
- Directors of the Company participate in continuous professional development to enhance and update their skills and know-how, so as to ensure that they can make contributions to the board of directors in a fully informed and relevant manner. Directors of the Company are furnished with monthly reports and other information for reference, including the Listing Rules, Corporate Governance Code and the latest modifications and developments of other regulatory systems, as well as information on business and market changes, strategic development of the Group and training courses for directors.



## Watches and timepieces businesses

	2019		2018	
	Number of trained employees	%	Number of trained employees	%
Executive management	3,129	35.4%	1,187	13.6%
Professional technician	2,172	24.6%	1,616	18.5%
Production workers	1,116	12.6%	2,749	31.5%
Sale personnel	2,420	27.4%	3,169	36.4%

In 2019, the directors of the Company and the e-commerce team from the Group's domestic watch brands participated the e-commerce seminar hosted by Rossini to investigate the future development of the e-commerce operations of the Group's watch business, in order to respond to the rapidly evolving e-commerce market of Mainland China.

We also encourage our staff to seek self-enhancement. Employees who have joined approved courses and training programmes are entitled to training subsidy and examination leave. The Group arranges and offers intensive training on a continuous basis to equip its staff with relevant qualifications and skills and to encourage them to work as a cohesive team in order to provide products and services with consistently high quality.



### Banking business

		Percentage of trained employees
Genders	Male	54.2%
	Female	45.8%
Employee categories	Senior management	8.3%
	Middle management	27.5%
	Clerks and others	64.2%

## B.4 Labour Standards

The Reporting Entities are in strict compliance with laws and regulations on the prevention of child labour or forced labour prevailing at the countries and regions where they operate and strictly prohibits child labour and forced labour.

### PRC

The Labour Law of the People's Republic of China

### Liechtenstein

General Civil Code (ABGB), Section 1: Individual Employment Contract; Law on Work in Industry, Commerce and Trade together with its Regulations; Regulation on Safety and Health Protection of Employees in the Workplace; Determination Act; Law on Persons and Companies.

## B.5 Supply Chain Management



### Watches and timepieces businesses

The “Supplier Development Procedure” and “Daily Supplier Management Procedures” have been formulated to provide for comprehensive evaluation of suppliers on a regular basis both during the development stage and subsequent cooperation, on aspects such as quality, shipment schedule and the rate of complementary support, among others. We exercise supervision over suppliers to ensure that their fulfilment of the requirements under national, local and industrial laws and regulations on environmental protection, any violation of which will result in the termination of the supply cooperation agreements. Moreover, suppliers are required to reduce their pollution of the environment and control risks relating to occupational health and safety in the process of supplying products or services.

#### Number of suppliers by geographic region

Region	2019	2018
Guangdong	82	89
Hong Kong	4	–
Japan	3	2
Switzerland	1	1
Others	2	8

## B.6 Product Responsibility



### Watches and timepieces businesses

We have a Market Management Department which is responsible for product sales and service and a Corporate Planning Department which is responsible for advertising and brand promotion. There were no instances of personal injuries caused by quality problems of the Company’s sold or delivered products and product recall of such products due to safety and health issues. Our After-Sales Service Department is responsible for provision of after-sales service to customers and handling issues relating to defective products.

#### Control Processes and Indicators of Quality Safety and Public Health

Type	How people may be affected	Corresponding risk	Internal control indicator	Evaluation method	Control process and methodology
Safe production	Hit by objects, injured by machinery, electric shock, fire and poisoning	Casualties, loss of properties and impact on social stability	Zero casualty, zero fire incident, zero casualty caused by electric shock and zero incident of food poisoning	Safety assessment and regular inspection	1. Managed in accordance with the OHS mechanism; 2. Implementation of safety assessment.
Safety in quality	By hazardous substances and radioactive elements	Impact on health	Personal injury caused by product quality	Regular supervision	Control on product quality and supplier management
Public health	By dust and noise	Occupational diseases	Rate of diagnosed occupational illness and rate of staff body check	Regular supervision	Managed in accordance with the OHS mechanism

We have implemented quality and safety policies and regulations, highlighting that “quality is the life of an enterprise”. In addition, it has established and optimised the system of principal accountability for quality and safety and developed a system for the reporting of material incidents on quality and monitoring of product damages. Quality credit report is published on the official website for consumers’ reference and supervision. A well-designed risk management system has been developed to manage product quality and safety risk management. Total process tracing of product quality has been facilitated through the “one watch, one code” identification system embedded in watches. Rossini was awarded with the “National Quality Award”, being the first watch company to receive this honour in China.



We have adopted the “Three Guarantees Policy” which protect consumers’ interests by offering: 1) return services for all goods sold, 2) exchange and replacement services, and 3) maintenance services. Our e-commerce business accepts unconditional return of goods within seven days after purchase, while setting up authorised after-sales service outlets nationwide to provide consumers across the country with premium after-sales services. We have established a factory-mode maintenance workshop which aligns with the maintenance standards of factories, aiming to base its operations on professionalism, scale and technical expertise. On top of training specialised technicians, we provide efficient and high-quality after-sales maintenance and repair services. We have also introduced an innovative after-sales service model to further improve customer satisfaction.

### Banking business

As a bank based in Liechtenstein, Bendura is regulated by the Financial Market Authority of Liechtenstein and applicable laws and regulations related to customer data protection. The compliance department continuously monitors the use of all customer data systematically to ensure the appropriate handling of any type of sensitive data. The IT security objectives of confidentiality, integrity, authenticity and availability are ensured by a series of technical and organisational measures. In this respect, Bendura meets the high standards required to a bank in Liechtenstein.

## B.7 Anti-corruption

### Watches and timepieces businesses

The management has taken the initiative to set an example for the value of “Harmonious Development” and has actively promoted the principles of “Integrity Orientation” and “Corporate Prosperity with Integrity” in compliance with proper business ethics. Based on our robust credibility mechanism as well as segregation between responsibilities and supervision, we have developed a model for honest, win-win cooperation with our key suppliers and partners by strengthening our culture of integrity and establishing a credit assessment mechanism with related credit records.

In tandem with the principles of integrity and legal compliance as the cornerstones of the enterprise, the management requires all staff to honour contracts, uphold credibility, abide by moral principles and comply with laws and regulations, and has formulated relevant regulations to govern staff’s behaviour:

- A series of management systems, such as the employee handbook, have been formulated to govern all staff’s moral behaviour based on our corporate mission, vision and values.
- Audit is conducted by external auditor annually and the finance department has enhanced oversight of key aspects such as marketing, procurement, projects in progress and finance and conducted reviews of all contracts to ensure compliance with law.

- A stringent financial management system and a marketing staff management system have been established for the selection of business partners in an open manner and on arm's length basis through open tenders, price-competitive procurement and certification of qualifications.
- Training on business ethics for new staff has been strengthened to emphasise compliance in thinking by incorporating corporate culture, business ethics and staff code of conduct in induction training.
- Information is collected through a variety of means, such as internal/external audit, staff monitoring and whistle-blowing, supervisions by safety officers and social supervision, and issues are addressed in a timely manner.

In 2019, there were no litigation cases on alleged corruption against the Reporting Entities or its employees which had been filed and for which trial had been completed.

### Banking business

Bendura has set up its internal reporting system (whistle-blowing) reporting office, headed by the head of internal audit, who is responsible for maintaining the anonymity of the reporting party and for his protection.

Bendura has also conducted annual training on relevant provisions of national criminal act on corruption issues and Wolfberg Anti-Bribery and Corruption.

## B.8 Community Investments

The Group is actively involved in various types of community activities, with a view to promoting social progress and development. Rossini was honoured with the title of “The Most Socially Responsible Enterprise in Guangdong Province” jointly granted by Guangdong Provincial Enterprise Confederation and Guangdong Provincial Association of Entrepreneurs in recognition of Rossini's efforts of promoting economic development as well as its contributions to the society in Guangdong Province.

### Charity and Poverty Aid

#### “An 18-year Promise”

EBOHR has launched a long-term philanthropic programme known as “An 18-year Promise”, collaborating with the China Women's Development Foundation of the All-China Women's Federation to finance the maintenance cost of children who became orphans after the Wenchuan earthquake until they reach the age of 18. The programme has continued for the ninth successive year since the Wenchuan earthquake in 2008 and has provided financial assistance to approximately 160 children. Further, for those children who have worked their way into the university, EBOHR provides continuous financial assistance until their graduation. In addition to making donations, the compassionate EBOHR volunteers visit Sichuan every year and bring with them tonnes of supplies for donation. They have paid more than 10 visits to Sichuan for 11 consecutive years as of 2019. During 2019, EBOHR invited the community welfare lecturers of Dandangzhe Foundation, a private community welfare and education assistance organisation in China, to join the visit. As at the end of 2019, EBOHR had contributed donations of approximately RMB2.42 million under the “An 18-year Promise” programme.





We encourage our staff to make personal donations to people suffering from natural disasters, or participate in volunteering activities in any manner to help the victims through difficult times. We are very pleased to learn from the feedback of our staff that they feel they have realised their true value as a member of society and fostered a deeper connection with the society through participation in charitable activities and volunteer programmes.

Through buying cards and services from HPZ Remedial Education Centre in Schaan, Liechtenstein, Bendura supports this remedial education centre which is specialised in educating and supporting kids and adults with special needs.

### Caring for the Elderly and Loving the Children

During the Dragon Boat Festival and the Mid-Autumn Festival, the Rossini Charity Team visited senior citizens at home for the elderly, bringing them gifts and celebrating the festive times with them.



In 2019, Rossini launched a campaign known as "Love Action from a Piece of Paper and Clothes — Reaching Out to the Undeveloped Area in Guangxi". With the support of Zhuhai Charity Federation, Rossini visited the Xunle Miao Ethnic Village Centre Primary School in Huanjiang County, Hechi, Guangxi Province and distributed 1,528 winter jackets, 860 scarves, nearly 300 copies of various types of books, as well as items such as basketballs and badminton rackets.



### Supporting Education

“Zhuhai Rossini Hope Primary School” was built in 1997 and a RMB500,000 donation has been made to the school through the “Education Assistance Plan” to be applied in the upgrade of school facilities, as well as the financing of students and training for teachers.



Shiyan Primary School, established by EBOHR in joint venture with the Government in 1995, was ranked as a Class I famous private school in Guangdong Province in 2003.

### Nurturing Our Youth

In 2019, the Company participated in a school-business partnership project launched by the Youth Development Commission known as “School-Company-Parent Program”. Under this program, one company will partner with one secondary school and send out experienced staff as Company Ambassadors to conduct workshops on different topics for students of the school, to get the students connected with the commercial word. In the workshop, our Company Ambassadors communicated and shared with the students their expertise and working experience, guiding the students to know the society's expectations on them and understand how they should prepare themselves for the challenges of their further studies and employment. At the meanwhile, involvement in this volunteer service has also provided opportunities for our staff to train themselves in leadership, planning and interpersonal skills beyond the workplace, while contributing their working experience and expertise to the society and the education through a variety of community activities.



Rossini strongly supports the local sporting sector and provides financial sponsorship for Zhuhai Youth Basketball Team to fund their daily training and tournaments.

### Promotion of Science Education and the Watch Culture

Rossini and EBOHR have built watch museums and developed watch industrial and cultural tourism, to promote the watch culture. The Rossini Industrial and Tourist Zone occupies a total area of 11,280.60 m<sup>2</sup> site, and the museum exhibits a collection of approximately 1,600 items. The watch museum has been rated a 4A National Tourist Attraction and named an Organisation with Outstanding Contributions to the Preservation of Cultural Heritage in Guangdong Province. The EBOHR Watch Cultural Museum occupies a total area of 1,440 m<sup>2</sup> and features more than 300 items on display in 9



exhibition zones under different themes. The EBOHR Watch Museum was registered as a charitable organisation in 2019 and joined the Shenzhen Association of Science Education as a member unit. This museum is committed to the promotion of the science education for watch culture and academic research and exchange.



To protect the cultural heritage of Zhuhai, Rossini undertook the repair work for the mechanical clock on Yunfei Diaolou (Guard Tower) in Huitong Ancient Village in October 2019 to restore the normal operation of this historic clock.

## B.9 Sustainable Investment

As a socially responsible bank, Bendura has developed its environmental, social and governance (ESG) strategy in order to keep up with the current global trend on ESG finance.

Long before ESG finance became a global trend in the banking industry, Bendura advised and invested parts of its assets following ESG guidelines. Today the awareness of ESG factors is increasingly important for a growing number of private and institutional clients. Considering the potential market from such clients, management of Bendura places increasingly strong emphasis on ESG factors when choosing investments. In addition, Bendura also keeps communicating with its clients to promote the ESG investment portfolio. Furthermore, Bendura provides numerous training to its employees to make sure they have enough capacity and sensitivity on the ESG regulation update. During 2019, several investment professionals at Bendura attended a large number of courses to learn more about the new regulations and requirements, have expanding their knowledge in ESG investments.

Bendura continues to expand in trading and investment consulting services for discrete clients. In line with the strong growth in advisory mandates and tailor-made strategy solutions, Bendura's Board of Management has decided to introduce, alongside its classic strategies, several new and innovative investment solutions in 2020 with emphasis on ESG finance.

The first one launched in March 2020 was "BENDURA Asian Dragon" portfolio. BENDURA Asian Dragon is a multi-asset strategy that invests globally, but focuses primarily on Asian assets. Compared to the classic mandate strategy, the Asian-focused portfolio allocates three times more of its investments in Asian assets, all within bonds, equities and alternative investments. Two additional ones will be introduced in the end of June 2020: The "BENDURA Eastern Eagle," focusing its investments in Eastern Europe, and the "BENDURA ESG Panda", which will follow an ESG integrated investment process including ESG impact investments, such as Green Bonds.

The mixture of new portfolio will allow clients to combine and provide great flexibility to model their own unique preference. A client may want to invest with a focus on strong growth areas while meeting strict ESG criteria. The client will find the perfect solution by combining the "BENDURA ESG Panda" with the "BENDURA Asian Dragon" or "BENDURA Eastern Eagle". The client will also find another perfect solution by allocating chosen core equities with "BENDURA ESG Panda". Both approaches add favors of ESG finance.

Ideally, ESG investment of Bendura in future will not be limited to Asia or Europe but globally. Bendura would like to act continuously as a socially responsible bank to promote ESG finance and will keep exploring and developing different ESG integrated investment in future. Looking ahead, Bendura would put more efforts on promoting ESG finance to private and institutional clients.