



中國山東高速金融集團有限公司

CHINA SHANDONG HI-SPEED FINANCIAL GROUP LIMITED

(formerly known as China Innovative Finance Group Limited

中國新金融集團有限公司)

(Incorporated in Bermuda with limited liability)

Stock Code: 00412.HK



**ENVIRONMENTAL,
SOCIAL AND GOVERNANCE
REPORT 2017**

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

APPROACH AND STRATEGY

China Shandong Hi-Speed Financial Group Limited (formerly known as “China Innovative Finance Group Limited”) (referred to in this report as “China SDHS Fin” or the “Company”; collectively with its subsidiaries the “Group”) (stock code: 412) upholds the core values of creating long-term and sustainable value for shareholders. This environmental social and governance report (“ESG Report”) places emphasis on striking a balance among business needs, social demand and environmental issues. Integrating considerations of sustainable development into our business strategy and daily operations is essential. We believe that a mindful management of environmental, social and governance matters is an integral part of gaining long-term success in the ever-changing landscape. As we deepen our understanding of the risk profile and opportunities of the environmental social and governance aspects, we anticipate bigger challenges arising from the tightened decree. However, the Group will have a better positioning on waste reduction and recycling, and appropriate allocation of resources.

This ESG Report outlines the Group’s initiatives to achieve sustainable development and the chosen key performance indicators. These indicators are material to the Group and its stakeholders in relation to the environmental social and governance issues for the year ended 31 March 2017. This ESG Report provides supplemental information to the disclosure in the Group’s annual report.

REPORTING SCOPE

Save as otherwise stated, this ESG Report covers business operations of the Group’s business units in Hong Kong and the People’s Republic of China (“PRC”) and its subsidiaries for the year ended 31 March 2017.

The scope and aspect disclosed herein are prepared in accordance with the ESG Reporting Guide in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (HKEX ESG Reporting Guide).

ABOUT CHINA SDHS FIN

The Group is an integrated financial service group, principally engaged in financial leasing, asset trading platform, securities investment, business factoring, security brokerage business, money lending, investment holding, among other operations. There is no management of manufacturing waste and pollutants in our business as no manufacturing process is involved. We have certain relevant requirements on employee travel and work equipment as detailed below:

ENVIRONMENTAL ASPECTS

Energy and Emission

Use of energy consumes the limited natural resources on Earth and generates carbon dioxide and other greenhouse gas, aggravating disasters caused by global warming. The Group places high attention to the indicators of energy usage and emission. Although the Group is not involved in any manufacturing activities, it persists in low-carbon travel without hindering the efficient operation of the Group. Employees shall strictly comply with the specifications of travel allowance claim under the daily expense standards. They are required to choose their transportation based on efficiency and conservation. Low-carbon and efficient transportation, such as MTR and other public transport, is encouraged. We also encourage employees travelling together to pick the same flight to allow pick-up in one go and conserving energy.



Use of Resources

The Group adheres to the policies of efficient use of energy, water and other resources as we endorse conservation of energy and resources in daily operations. We post notes at lighting switches and other visible areas as one of the measures. We advocate the Energy Saving Charter on Indoor Temperature and maintain an average indoor temperature between 24 - 26°C during summer time to save energy; use LED lights included in the voluntary energy efficiency labelling scheme of the Electrical and Mechanical Services Department; select energy efficient appliances (e.g. refrigerators, air-conditioners); request employees to switch off the lights before leaving offices; encourage reuse of stationery, such as old envelopes and folders; promote double-sided printing or reuse of paper for facsimile.

SOCIAL ASPECTS

Employment and Labour Standard

In accordance with the relevant provisions of the Employment Ordinance, the Group enters into employment contract with employees and provides them with paid holiday, sick leave, maternity leave and so on. There was no dispute with our employees in Hong Kong offices, nor any child labour and employee abuse. There was also no other disputes except one labour dispute legal case involving a departed employee, which has been concluded by court. The Group insists on creating a workplace with gender equality and respect, where employees are not subject to discrimination in any form such as gender, age, geography, race and religious belief. We are determined to offer equal and fair promotion and development mechanism, ensuring a fair, impartial and open working environment, and building work atmosphere with mutual respect and friendliness, so as to avoid serious and substantial disputes.

As of the end of March 2017, we had a workforce of 111 employees. Among them, 60 were female and 51 were male, representing a balanced gender ratio of 54% and 46%, respectively.

Occupational Health and Safety

Staff safety is the foundation for the sustainable development of an enterprise. The Group values staff rights and human rights with the provision of annual body check, medical consultation at clinics and dental clinics, as well as hospitalisation and treatment covered by insurance. We also emphasised the health and benefits of employees and offers salary, subsidy, benefits, retirement plan, paid holidays and labour insurance. The Company has taken out travel insurance for employees on business trips, third-party liability insurance and employees' compensation; whilst employees are entitled to healthy lunch meal.

Development and Training

The Group deploys training program and offers development opportunities for employees. In September 2017, we hired training institution to provide professional courses to enhance employees' professional capabilities. We build for employees the individual learning and development profiles, which record training hours and perform course exam, so as to improve professional service standard, and keep our employees progressing with time and boasting professional capabilities, with a view to offering better services to investors and stakeholders.

Supply Chain Management

The Group is very particular about supply chain management. Strategic Cooperation Agreement shall be signed with our strategic suppliers and we run regular evaluation and share our feedback on suppliers' performance. We constantly boost management standard to systemise and standardise supplier control mechanism, while adopting classification management system. These improve supply chain structure and lower cost with quality guaranteed. The two-pronged strategy allows us to maintain a good relationship with suppliers.

Product Liability

As a financial group, we have a considerable client base and possess enormous amount of client data. China SDHS Fin strives to enhance product and service quality, and has taken the following measures:

1. Improve employees' professional skills and quality; increase employees' working and service levels through hiring external professional institutions to provide training and regular exams.
2. Keep project information and client data in strict confidence; comply with relevant laws and regulations, and formulate rigid rules of confidentiality that shall be observed by employees to safeguard clients' privacy; forge an approach to warrant information security.
3. Seek improvement in service quality and regulate quality control works to realise the client-oriented, client-first service philosophy; genuinely achieve the expected professionalism of product and service quality.

Anti-corruption

The Group has adopted an internal control framework, implement strict policy and proactively fight corruption. All employees shall comply with anti-corruption regulations by not extending or paying, nor demanding or receiving any valuable items in return for undue favours from the Company or other companies.

The Group has stepped up its anti-corruption efforts, stressing the need of staff training for clean practice. Through improving various protocol and system, we integrate clean awareness into daily operations. Employees are able to directly report to senior management any illegal acts, corruption incidents, evasion of internal control, improper or inappropriate financial or other reporting. As part of the financial control practices, our accounting department will audit and review any disproportionate expenses to prevent illegal acts.

The Group joined hands with the Independent Commission Against Corruption Hong Kong to coordinate anti-corruption talk of financial services executives for our employees in August 2017, with an aim to improving and updating employees' understanding of policies about receiving benefits and declaration of conflict of interest.

Community Investment

We are devoted to the pursuit of excellence. We undertake to be a good corporate citizen and contribute to the society by encouraging our staff to participate in charity and community services. At the end of year 2016, the Group's Beijing subsidiary organised all of its employees to go hiking to promote a healthy social image. In early 2017, our Shenzhen subsidiary coordinated employees to take part in marathon event. China SDHS Fin encourages its employees to become a dedicated, responsible and accountable volunteer. A majority of our employees have made voluntary works as a norm in their daily lives.