



2019

China Shandong Hi-Speed Financial Group Limited  
Environmental, Social and Governance Report

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# About this Report

China Shandong Hi-Speed Financial Group Limited ("CSFG", the "Company" or "We") (stock code: 0412.HK) and its subsidiaries (together known as the "Group") is pleased to announce its fourth Environmental, Social and Governance ("ESG") Report (the "Report"). This Report covers the Group's ESG policies, measures and performances.

The Report is published in Chinese and English. In case of any discrepancies between the two versions, the English version shall prevail. For disclosure on corporate governance, please refer to the section "Corporate Governance Report" in the Annual Report 2019 of CSFG.

The Report has been approved by the board of directors (the "Board") before publication.

## Reporting Scope

The Report discloses the Group's ESG policies, measures and performances covering the period from 1 January 2019 to 31 December 2019 (the "Reporting Period"). Unless otherwise specified, all disclosures in this Report are from the Company and its subsidiaries.

## Reporting Standard

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

## Reporting Publication

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

## Contact Us

Should you have any comments or recommendations regarding this Report or the Group's work in terms of ESG, you are welcome to contact us through the following channels:

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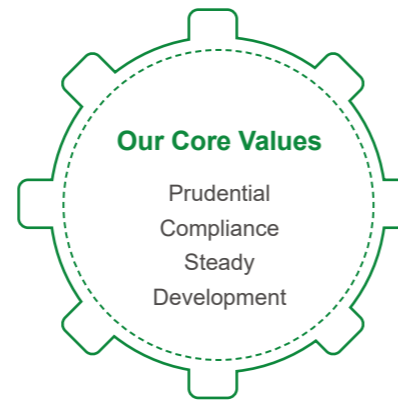


## About CSFG

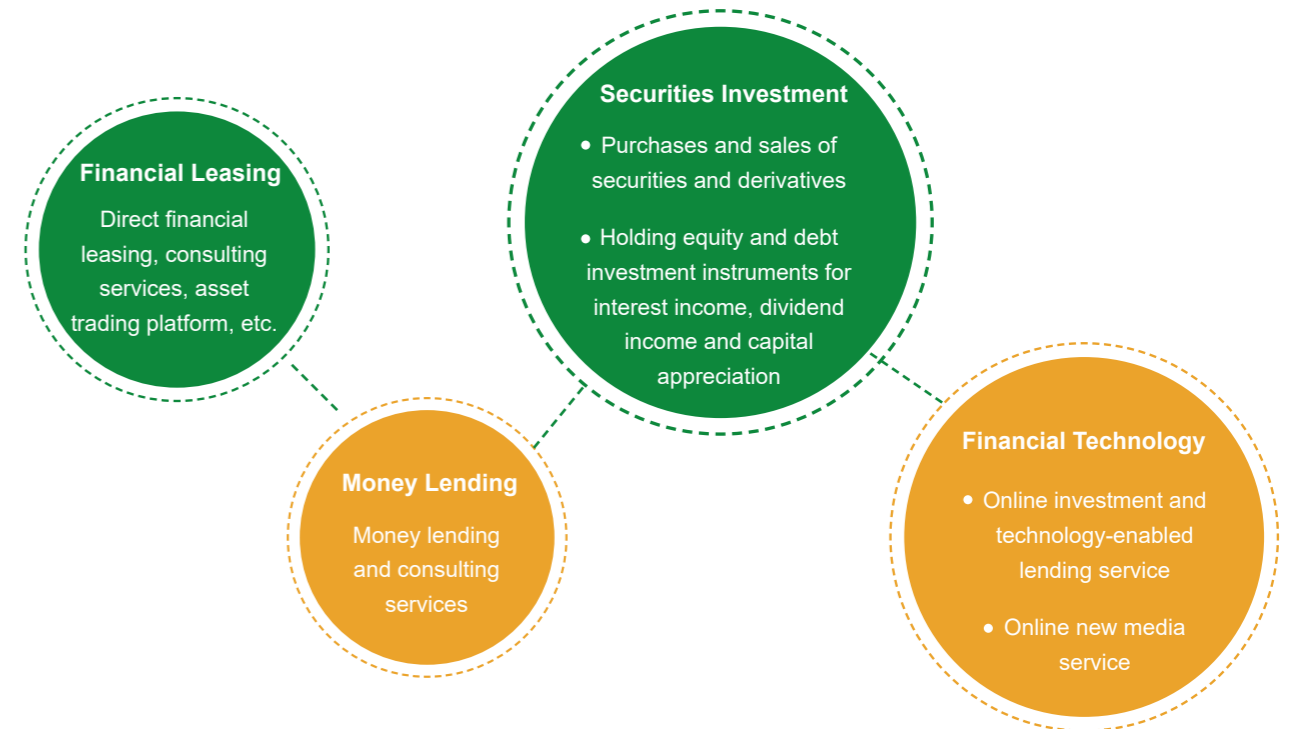
The Group is a financial holding institution, listed on the Main Board of SEHK since April 1992. The Group has rooted in Hong Kong and Mainland's capital market for many years and has abundant resources and advantages in terms of financial service resources, talents, network and other aspects in these areas. The current business income of the Group is mainly generated in Hong Kong and other regions in China.

Shandong Hi-Speed Group Co., Ltd. ("Shandong Hi-Speed Group"), the controlling shareholder of CSFG, is a wholly state-owned large-scale enterprise group led by the management of Shandong Provincial Party Committee and set up by the State-owned Assets Supervision and Administration Commission of Shandong Provincial Government as an investor. Shandong Hi-Speed Group is mainly engaged in investment, construction, operation, and management of transportation infrastructure and smart transportation; comprehensive development of transportation infrastructure accessory lands, logistics and related supporting services, and financial asset investment and management. As of the end of 2019, the registered capital of Shandong Hi-Speed Group was RMB 23.3 billion, with a total asset of RMB 730 billion, ranking first among all provincially supervised SOEs in Shandong and industry peers across the PRC. Its operation area continuously expanded in 22 provinces in the PRC and more than 100 overseas countries and regions.

With the support of Shandong Hi-Speed Group, CSFG will develop into a fast-growing first-class investment, financing and financial holding platform in the Greater China Region, and the leader amongst the mixed-ownership enterprises of Shandong Hi-Speed Group.



The Group holds a money lenders license issued by the Companies Registry in Hong Kong and is engaged in Type 1, 4, 5, 6 and 9 regulated activities under the licenses granted by the Securities and Futures Commission, enabling to provide customers with a wide range of financial services, including asset management, financial leasing, asset trading platform, money lending, financial technology and other related financial services.



The Company have been in Hong Kong's capital market for many years. In the future, we will take full advantage of Hong Kong's unique position as an international financial centre, to capture the high-quality business and investment opportunities brought by a series of national policies, including the development of Guangdong-Hong Kong-Macao Greater Bay Area, the "Belt and Road" Initiative, the replacement of old growth drivers with new ones in Shandong Province, the transformation and upgrading of domestic traditional industries and the development of emerging industries. Aiming to achieve high-quality business growth, the Group continues to put forward the continuous business strategy of driving non-capital businesses with capital businesses to deepen business model of "investment + investment bank", as well as to expand its market presence into new regional markets and resources.



## Chairman's Statement



Over the past year, the global financial market experienced fluctuation under the influence of factors such as the escalation of global trade friction, Brexit and the market's concerns about the economic outlook. In a complex and changeable market environment, we kept abreast with the market trend and situation and steadily promoted the development of various businesses. To complement the country's industrial development policies, we have actively explored various high-quality investment opportunities in the countries along with the "Belt and Road" Initiative and in the Guangdong-Hong Kong-Macao Greater Bay Area. Meanwhile, we have continued to deepen business development in the regional market and promote domestic financial development, as well as drive the development of innovative financial products and services with the customer-oriented approach.

We are also committed to serving society and fulfilling our due responsibilities as a corporate citizen while developing businesses. With the growing importance and influence of sustainable development to the Group's businesses, we have continued to strengthen our ESG governance and actively communicate with shareholders, customers, employees, business partners and other stakeholders to understand their needs and expectations. Meanwhile, we have accurately identified and responded to sustainability-related risks and opportunities through close engagement with stakeholders, so as to collaborate with all parties and achieve our goal of sustainable development.

Adhering to the core principle of "Prudence, Compliance, Stability and Development", we have strictly abided by the laws and regulations of the countries of operation, and formulated a series of management guidelines for the potential risks of different financial products. High level of integrity and professional ethics are our business standards. We have attached great importance in protecting information security of customers and intellectual property rights, and adopted a zero-tolerance approach towards bribery and corruption. With comprehensive management, we have provided quality financial products and services to clients.

We adopt a "people-oriented" talent management approach and firmly uphold the legitimate rights and interests of employees. We care about and listen to the needs and interests of employees, and

provide them with welfares. A series of measures have been taken to ensure that employees work in a healthy and safe environment. To promote the joint development of employees and the Group, we provide various training for employees and facilitate them to improve their skills and knowledge. In addition, we also encourage employees to actively participate in charitable activities and make personal contributions for society to promote sustainable development.

We strive to live out the concept of green and environmental protection with practical actions and contribute to the response to climate change. We actively advocate green office and spare no effort in reducing energy and resources consumption and greenhouse gas emissions related to the Group's business activities.

Looking ahead, we will continue to optimise our ESG governance, implement effective ESG management measures and undertake corporate environmental and social responsibilities while comprehensively developing businesses. Facing challenges from the environment, society, economy and other aspects, we will seize the development opportunities and make unremitting efforts to maintain close collaboration with all stakeholders and continuously promote sustainable development of the Group and society.

On behalf of the Board and the management, I would like to express our most sincere gratitude to shareholders, customers, employees, partners and other stakeholders. We look forward to working together with all of you to create a harmonious and beautiful future.

**Wang Xiaodong**

*Executive Director and Chairman*

30 June 2020



# Sustainable Development Approach

## Sustainability Governance

As a responsible enterprise, the Group proactively manages ESG matters to promote sustainable development. The Board is the ultimate decision-making body of the Group. They are not only responsible for the management of the entire business of the Group and leading the development of the Company, but also for the ESG strategy and reporting of the Group.

The Board's members have extensive knowledge and experiences in a wide range of professional areas including accounting, finance, business management, law, industry and marketing. Making use of their professional skills and expertise, the Board regularly reviews the ESG works and strategies of the Group to evaluate and determine the Group's ESG-related risks, and to ensure the effective implementation of the Group's risk management and internal control systems.

To more effectively implement the Group's ESG policies and measures, the departments of the Group's Administration, Human Resources, Finance, Legal Affairs, Investor Relations and other departments introduced appropriate ESG-related management systems based on their operational status and requirements of laws and regulations. In addition to the daily management of the Group, each department must refer to the management systems to identify and assess any current and potential ESG risks, and take various measures to mitigate relevant risks involved. Furthermore, they have to regularly collect and report ESG-related data, and explore any further improvement by comparing the current data with past ESG performances.



## Engaging with Stakeholders

Stakeholders' expectations and comments are of utmost importance to the continuous improvement of the Group's sustainable development strategy. We have maintained ongoing and close communications with stakeholders over the years through extensive channels including but not limited to regular meetings, activities, reports and website, so as to better understand their opinions on the Group's performances. We actively engage with various stakeholders to collect their comments and feedback to identify areas for improvement.

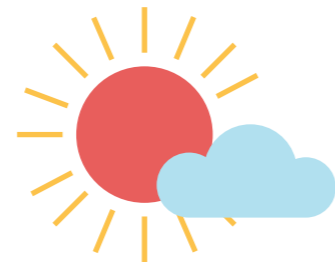
Stakeholders	Engagement Channels	Engagement Frequency	Issues	Actions Taken in the Reporting Period			
Investors and Shareholders	Investor conferences and roadshows	Irregular	Operation risks	<ul style="list-style-type: none"> <li>Formulate and implement comprehensive internal guidelines and feedback mechanism regarding different types of investment risks;</li> <li>Improve the four-level risk management system and manage and control potential risks from top-down; and</li> <li>Operate the finance company according to the "Financial Administrative Measure" to ensure compliant operation.</li> </ul>			
	Annual general meeting	Regular					
Investors and Shareholders	Corporate announcements	Irregular	Anti-corruption	<ul style="list-style-type: none"> <li>Strictly abide by relevant laws and regulations;</li> <li>Strictly implement relevant requirements in the "Staff Handbook" and the "Guidelines for Accepting and Giving Gifts and Benefit", and prohibits employees from committing any illegal act;</li> <li>Formulate the "Anti-Money Laundering System" to provide guidance related to anti-corruption to employees at all levels;</li> <li>Provide anti-corruption training; and</li> <li>Accept complaints and reports from employees according to the "Internal Complaint Policy" and carry out corresponding investigation.</li> </ul>			
	Financial reports and press releases	Regular/ Irregular					
	ESG reports	Regular					
	Regular visits and communications	Irregular					
Customers	Daily communications	Irregular	Data privacy	<ul style="list-style-type: none"> <li>Strictly comply with relevant laws and regulations;</li> <li>Formulate various policies and guidelines regarding information safety and require full compliance from employees; and</li> <li>Provide guidelines on the handling of confidential information and filing system for employees at all level according to the "Confidential Work Regulations" and the "Confidential File System".</li> <li>Strictly comply with relevant laws and regulations;</li> <li>Formulate internal regulations such as "Disclosure Guidelines" to provide guidance on handling of confidential information and supervising information disclosure; and</li> <li>Purchase financial service software with relevant copyright certifications to protect intellectual property rights.</li> </ul>			
	Company website	Long-term					
	Feedback from front-line employees	Long-term					
	After-sales services and complaints	Long-term					
Customers	Customer activities	Irregular	Business ethics	<ul style="list-style-type: none"> <li>Strictly comply with relevant laws and regulations;</li> <li>Formulate internal regulations such as "Disclosure Guidelines" to provide guidance on handling of confidential information and supervising information disclosure; and</li> <li>Purchase financial service software with relevant copyright certifications to protect intellectual property rights.</li> </ul>			
	Government and Regulatory Authorities	Daily communications	Irregular		Lawful Operation	<ul style="list-style-type: none"> <li>Strictly comply with relevant laws and regulations; and</li> <li>Formulate internal guidelines for various aspects in accordance with relevant laws and regulations and require full compliance from employees.</li> </ul>	
		Financial reports and press releases	Regular/ Irregular				
		Institutional visits	Irregular				
Government and Regulatory Authorities	Daily visits and communications	Irregular	Employment compliance	<ul style="list-style-type: none"> <li>Develop a recruitment strategy and plan for the coming year according to the "Recruitment and Employment Management Policy (Trial)" and carry out external and internal recruitment; and</li> <li>Inspect the identity documents of job applicants during the recruitment process to ensure compliance with the requirement of relevant laws and regulations at operating locations</li> </ul>			
	Employees	Feedback from training workshops			Irregular	Development and training	<ul style="list-style-type: none"> <li>Provide diversified Group-level and department-level training for employees according to the "Training Management Policy (Trial)"; and</li> <li>Arrange for external training when necessary.</li> </ul>
		Collection of employees' opinions			Regular		
	Employees	Internal management systems			Long-term	Health and safety	<ul style="list-style-type: none"> <li>Strictly comply with relevant laws and regulations;</li> <li>Set out the potential threats and relevant guidance in the office environment in the "Office Safety Regulations";</li> <li>Organise fire safety training to strengthen emergency preparedness of employees;</li> <li>Provide employees with medical supplies such as medicines and first aid supplies; and</li> <li>Purchase travel insurances and medical insurances for employees.</li> </ul>
Employee activities		Irregular					
Community	Support charity organisations in relevant fields	Irregular	Helping people in need and poverty alleviation	<ul style="list-style-type: none"> <li>Encourage employees to participate in charitable welfare activities and volunteering activities to contribute to society.</li> </ul>			



## Materiality Assessment

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

To accurately respond to the expectations of our stakeholder, the Group identified and disclosed the following 14 issues in this report that are material to the Group.



### Community investment

Social welfare

### Environmental protection

Green operation

### Corporate governance

Operation risks  
 Corporate governance  
 Serving the country to drive regional development  
 Lawful Operation

### Employment practices

Employment compliance  
 Employee development and training  
 Employee health and safety

### Operating practices

Data privacy  
 Business ethics  
 Customer services  
 Anti-corruption  
 Supply chain management







# 01

## Excellent Management

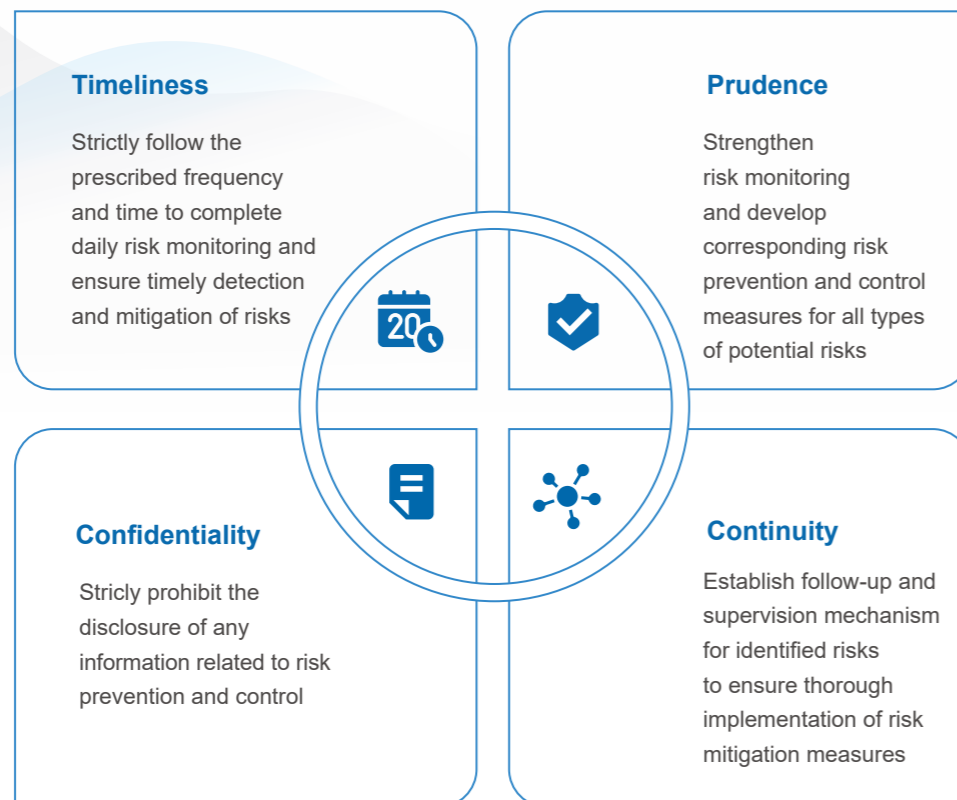
As a financial products and services provider, CSFG is devoted to fulfilling its social responsibilities and actively improving its corporate governance for many years. We are committed to operating our business with accountability and integrity and strive to provide quality financial services and products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



## Responsible Investment

The Group is engaged in a wide range of financial businesses, mainly including financial leasing, money lending, asset management, asset trading platform operation and financial investment. As a responsible financial products and services provider, we are committed to incorporating social and environmental responsibilities into investment strategies and promoting sustainable development. The “Risk Policies” formulated by the Group encourages the Group to invest in healthcare, environmental protection, clean energy and livelihood industries. During the Reporting Period, we actively cooperated with national policies and invested projects in the countries along with the “Belt and Road” Initiative and the Guangdong-Hong Kong-Macao Greater Bay Area to create sustainable and optimised returns for shareholders.

As a financial service company, risk management is the cornerstone of the Group’s business operations. For the business risks such as market risk, credit risk, liquidity risk and operation risk, the Group has formulated guidelines and regulations at the group and subsidiary-levels, in accordance with applicable laws and regulations, including the “Risk Management System”, the “Guidelines for Market Risk Management (Trial)”, the “Guidelines for Liquidity Risk Management (Trial)” and the “Measure for Post-investment Monitoring and Alerting Management”. We continue to improve the risk management structure and establish a four-level risk management system, consisting of the Board, management, risk control support department and business departments, and subsidiaries. In the “Risk Management System”, it lists the responsibilities of each level and business units to identify and prevent and control business risks effectively. To achieve responsible investment and protect the public interest, the “Measure for Post-investment Monitoring and Alerting Management” stipulates that the Group must follow the following four principles when implementing risk monitoring and alerting, and conduct targeted risk monitoring based on the type of customer.



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

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



## Anti-corruption

The Group upholds the principles of honesty, ethics and integrity in its operation and strictly abides by relevant laws and regulations including the “Anti-corruption Law of the People’s Republic of China”, the “Anti-Money Laundering Law of the People’s Republic of China”, the Hong Kong’s “Anti-Money Laundering and Counter-Terrorist Financing Ordinance” and the “Prevention of Bribery Ordinance”.

The Group adopts a zero-tolerance attitude towards any forms of bribery and corruption and has formulated guidelines and rules such as the “Staff Handbook” and the “Guidelines for Accepting and Giving Gifts and Benefits” following relevant laws and regulations. Precautions required to be taken at work have been stated to employees in the internal guidelines, where employees are strictly forbidden from asking for or accepting any personal benefits and accepting luxurious or frequent hospitality, and are required to declare any conflict between their interests and corresponding position in the Group. In the “Anti-Money Laundering System”, the Group has clearly stated the responsible departments of internal anti-money laundering management and control work and their respective responsibilities, and sets out the handling procedures in case of encountering suspicious transactions and customers to ensure operational compliance of the Group. Additionally, the Group organised relevant training during the Reporting Period to enhance employees’ awareness of integrity.



Internal Anti-corruption Training



The "Internal Complaint Policy" is in place to encourage employees to report any misconducts, frauds and malpractices within the Group's operation in the form of email or mail. The investigation will be carried out by the Group's Commissioner Against Corruption ("commissioner") according to the procedures once the report is received. If the allegation is substantiated, the employee involved will be subjected to disciplinary actions. Any case involving violation against the "Prevention of Bribery Ordinance" and other laws and regulations will be referred to Hong Kong's Independent Commission Against Corruption or other relevant regulatory or enforcement bodies for investigation. The commissioner will report the investigation result to the whistle-blower upon completion of an investigation. Complaints or reports can be made again through the aforementioned channels if the whistle-blower is dissatisfied with the results, so as to ensure potential mistakes made during the investigation are rectified. All information from the case will be handled confidentially to protect the whistle-blower.



During the Reporting Period, the Group was not aware of any non-compliance of relevant laws and regulations by the Group or its employees that have a significant impact on the Group relating to bribery, extortion and money laundering.

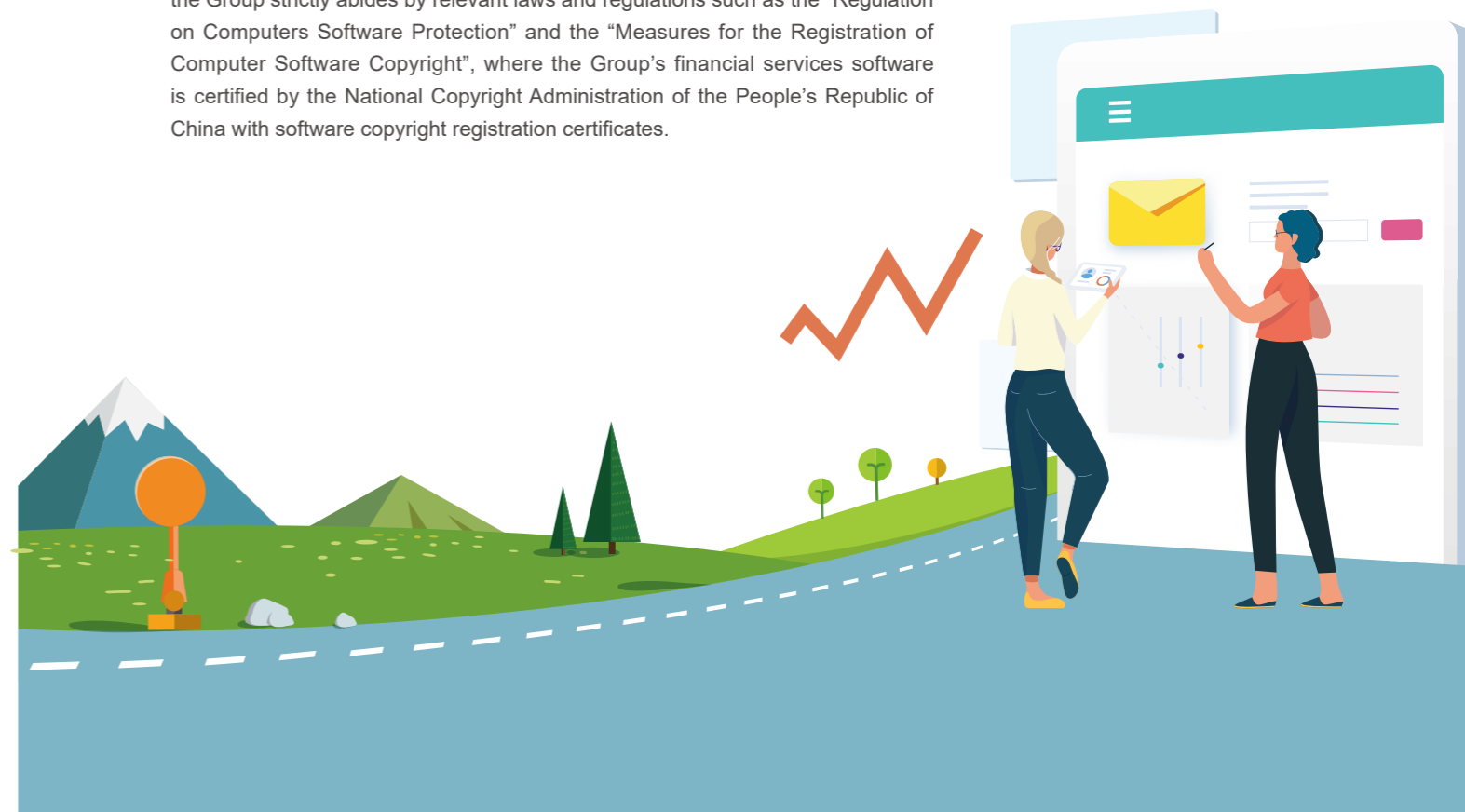


## Lawful Operation

Upholding the highest standard of professional ethics and business integrity during operation, the Group is committed to abiding by "Personal Data (Privacy) Ordinance" and other relevant laws and regulations to protect the personal privacy of customers and the safety of other confidential information. To protect customers' information from improper disclosure, misuse, loss, damage or corruption, all employees are subjected to strict compliance with the "Privacy Rules of Shandong Hi-Speed Financial Service", the "Work Discipline and Code of Conduct Management System for Employees (Trial)", the "Administrative Measures for Accountability and Punishment of Employee's Irregularities" and other relevant information safety policies and guidelines formulated by the Group. In the "Office Environmental Safety Management Regulations", the Group has set out the requirements for physical area isolation as well as safety management for visitors and third-party personnel to ensure the most comprehensive protection for customer and business information. To further clarify the Group's privacy protection requirements, information disclosure-related irregularities and relevant discipline actions are stipulated in the Group "Administrative Measures for Accountability and Punishment of Employee's Irregularities". Meanwhile, the Group has also formulated internal guidelines such as the "Disclosure Policies", the "Confidential Work Regulations" and the "Confidential File System" to guide the Group's employees at all levels regarding the handling of confidential information, filing system and responding to customer inquiries.

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

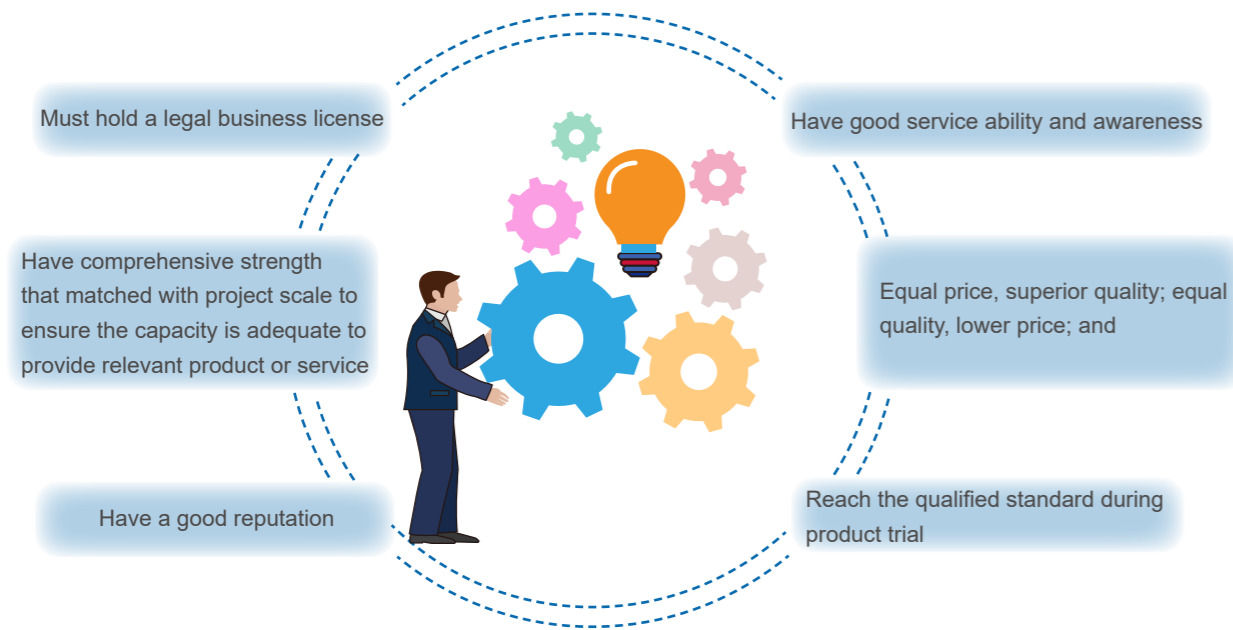
During the Reporting Period, the Group was not aware of any non-compliance relating to product and service responsibility, advertising, labelling and privacy matters.



## Supply Chain Management

As a financial service company, suppliers play an indispensable role in the Group's business. Throughout the years, the Group provides diversified financial products and services, including financial investment, asset management and financial leasing through various third-party financial product suppliers.

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



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

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

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





# 02

## Employee Care

Employees are the key to drive the sustainable development of the Group. Adhering to the people-oriented talent management approach, the Group continuously invests resources to attract and retain talents, and provides employees with competitive remunerations and benefits and equal opportunities, as well as a variety of training and development opportunities. By continuously optimising the human resources management system, the Group has been devoting effort to provide employees with a friendly and healthy working environment and allow them to give full play to their strengths and potentials.





## Employee Distribution

As of 31 December 2019, the Group had a total of **524** employees.



## Talent Attraction and Retention

On the principles of “openness, fairness, competition and merit-based selection” in the recruitment process, the Group views all job applicants equally that strictly prohibits any forms of discrimination and do not give any unequal treatments to job applicants because of their gender, race, family status and religious beliefs. Throughout the recruitment process, the Group is committed to complying with the “Labor Law of the People’s Republic of China”, the “Labor Contract Law of the People’s Republic of China”, “Employment Ordinance” of Hong Kong and other laws and regulations relating to compensation and dismissal, recruitment and promotion, working hours, equal opportunity, diversity, anti-discrimination, and other benefits and welfares.



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

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

To retain talents, the Group provides competitive, reasonable and fair remuneration packages, and actively improves welfare policy to enhance employees’ sense of belonging and dedication to the job, driving the sustainable development of the Group. Bonus and rewards are offered to employees with outstanding performances to give them incentives to work harder. The Group stipulates working hours by relevant laws and regulations, and provides reimbursement for travel expenses and compensation leaves for employees who worked overtime. Also, the Group offers employees with welfares such as social insurance, dormitories, housing provident fund and Mandatory Provident Fund. Apart from statutory holidays and regular paid leaves, employees can also enjoy additional holiday benefits such as sick leaves, marriage leaves, paternity leaves and compassionate leaves.

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





To facilitate communication and enhance cohesiveness among employees, the Group organises monthly birthday parties, festival gatherings and other staff activities. During the Reporting Period, the Group organised hiking and the "Race-walking" activity in Shenzhen for the employees to promote physical and mental health.



"Race-walking" Activity



Birthday Party



Festival Gathering



Hiking

The Group advocates a diverse and respectful working environment, and spares no effort in promoting anti-discrimination and creating equal opportunities. In addition to ensuring the recruitment process is free from discrimination, the Group also rigidly forbids discrimination related to employees' working arrangement and promotion opportunities. The Group only takes the merits and abilities of employees as the criteria for promotion. Employees of any gender, age, geographical location, ethnicity and religion are treated and respected equally.

## Employee Development and Training

Employees are the most valuable asset of the Group. Therefore, the Group continuously invests resources to provide various professional trainings to meet the development needs of the Group and employees.

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

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

- Induction Training** → Introduce the Company's background and corporate culture, rules and regulations, business knowledge and duties of the position
- Listing Rules Training** → Explain the details of the Listing Rules to ensure business compliance
- Financial Risk Training** → Analyse financial risks in terms of supply chain and financial leasing and share relevant case studies
- Project Management Training** → Explain the management skills in communication, planning and budgeting when implementing projects
- Workplace Skills Training** → Improve the interpersonal skills and emotion management
- Outward-Bound Programme** → Improve understanding and trust between employees to enhance team cohesiveness through the outward-bound programme



Outward-Bound Programme



Financial Risk Training

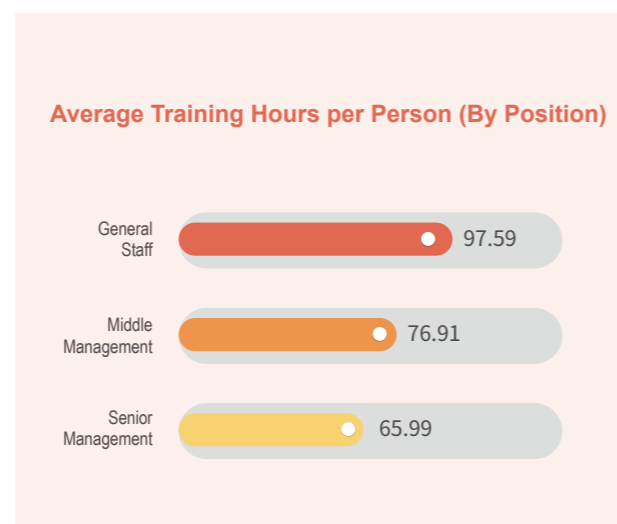
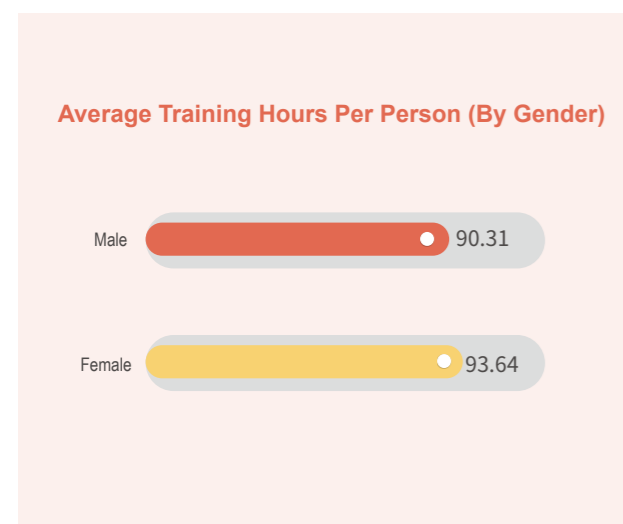
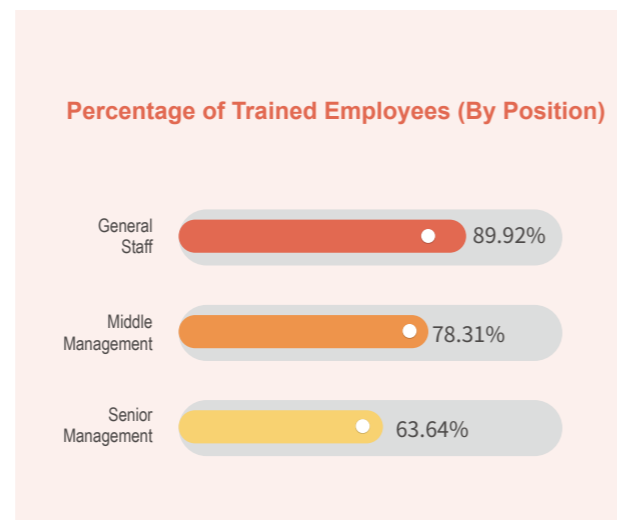
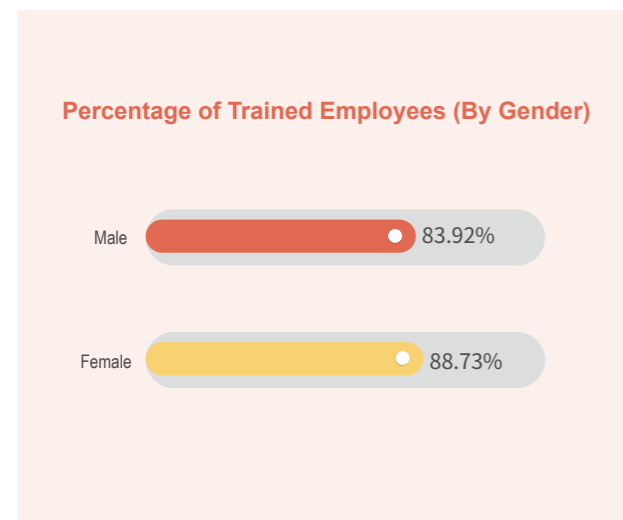
To ensure the effectiveness of training, employee evaluations are conducted after training and at the end of the year. Training progress and evaluation results of each employee will be recorded into their corresponding individual learning and development profiles, allowing more systematic training planning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



## Employee Health and Safety

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

- ✓ Develop the "Office Safety Regulations" to set out potential threats in the office environment and remind employees to pay attention at all times;
- ✓ Establish guidelines governing the working arrangement in case of inclement weather to ensure the safety of employees' commute to and from work;
- ✓ Provide fire safety training to strengthen employees' emergency preparedness;
- ✓ Purchase medical insurance and provide annual health check-up, dental consultation and hospitalisation coverage for employees;
- ✓ Purchase travel insurance for employees on business trips;
- ✓ Install air purifiers in the office to improve indoor air quality; and
- ✓ Provide employees with medical suppliers such as medicines and first-aid supplies, as well as relevant medicine description to prevent employees from misusing medicines and diseases from spreading in the office.



Fire Safety Training

During the reporting period, the Group did not violate laws and regulations related to occupational health and safety, nor receive any cases of work-related fatalities of the Group's employees as well as records of lost days due to work injury.





# 03

## Environment Care

As a comprehensive financial services group, the emissions and resources used in the business operations of the Group mainly come from the offices. Although the business activities of the Group do not pose a significant impact on the environment and natural resources, the Group is still committed to introducing green elements throughout business operations and spares no effort to support sustainable development and mitigate the potential impact of operations on the environment.

The Group actively advocates sustainable green office policies and has formulated internal guidelines such as the “Workplace Environment Management Measure” and the “Code of Conduct”. All employees must strictly comply with the aforesaid guidelines and will be subjected to warning and penalty in case of violating relevant guidelines.


The Group strictly abides by the “Environmental Protection Law of the People's Republic of China”, the “Atmospheric Pollution Prevention and Control Law of the People's Republic of China”, the “Water Pollution Prevention and Control Law of the People's Republic of China”, the “Law of the People's Republic of China on Environmental Impact Assessment”, the “Air Pollution Ordinance” of Hong Kong, the “Waste Disposal Ordinance” and other relevant laws and regulations. During the Reporting Period, the Group did not encounter any case of non-compliance with environmental protection-related laws and regulations, nor received any relevant complaint, fine and sanction.



## Energy Saving and Emissions Reduction

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

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



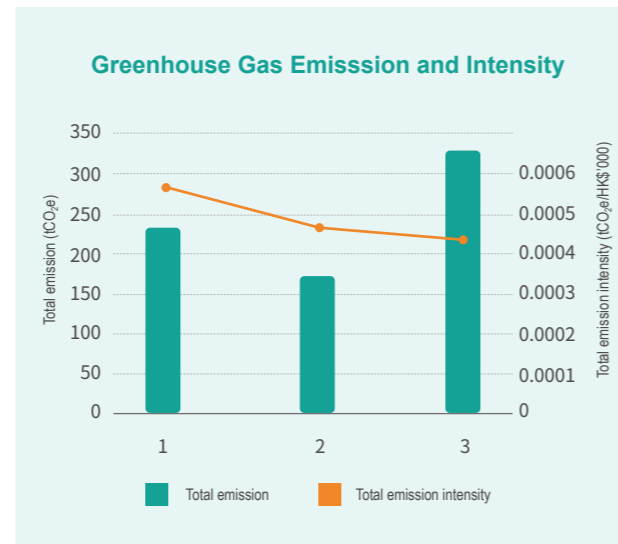
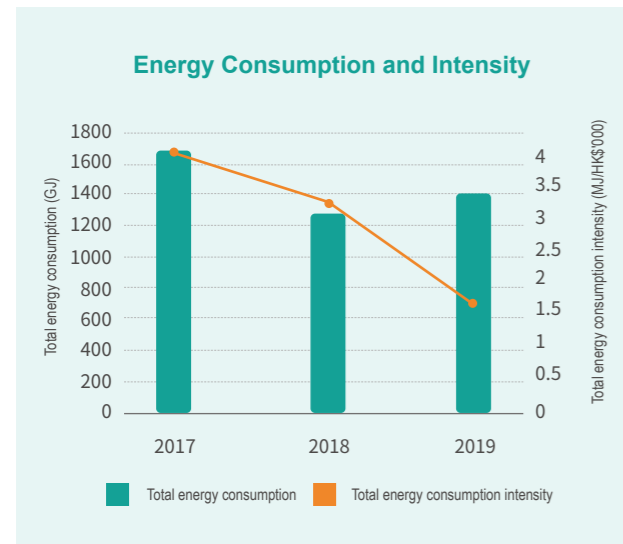
During the Reporting Period, the total energy consumption intensity of the Group was

**1.58** MJ/HK\$'000

which had a decrease of

**47.89%**

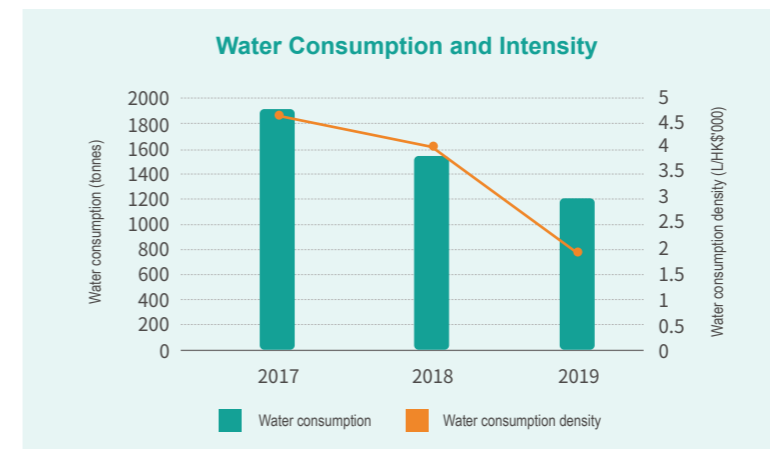

compared to that of last year



## Use of Resources

Profoundly acknowledging the invaluable nature of the Earth's resources, the Group actively advocates a paperless office to reduce unnecessary paper use in offices. Employees are encouraged to prioritise the use of email, intranet and other electronic ways to communicate and disseminate information, while tablets, projects and other electronic equipment are purchased to replace the use of paper documents. The Group encourages duplex printing and printing on used paper for internal documents and has adjusted the default setting for all printers into double-sided printing and ink-saving mode. Additionally, the Group prioritises social media over print media for external publicity. To minimise the potential impact arising from the use of paper, all paper procured by the Group has been certified by the Programme for the Endorsement of Forest Certification.

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

During the Reporting Period, the Group's total water consumption was

**1,201.60** tonnes

which had a decrease of

**22.70%**

compared to that of last year

## Waste Reduction at Source

Steered by the spirit of environmental stewardship, the Group has implemented a number of measures in offices and promoted the concept of reuse and recycling to reduce wastes. Employees are encouraged to reuse envelopes, folders and other office stationery as much as possible, and reduce the use of single-used items such as disposable tableware to reduce waste at source. The Group has installed water dispensers in the offices and advocates the use of reusable water cups instead of paper cups or bottled water to reduce plastic wastes. To avoid environmental impact arising from improper waste handling, all non-hazardous wastes generated by the Group are collected in offices and handled by the property management company of the building.

In terms of hazardous waste, as the Group's business does not involve any industrial production activities, the Group did not generate any significant hazardous wastes during the Reporting Period. For general office hazardous wastes, the Group cooperates with suppliers to collect the ink cartridge, while the electronic wastes (such as computer and mouse) are passed to the building's property management company to hand over to those in need to reduce the environmental impact.





# 04

## Community Care

### Community Investment

The Group understands the importance of giving back to society while developing its businesses. Therefore, the Group has always advocated serving the community, building a harmonious and inclusive relationship with local communities, and spreading warmth and positive energy to the society. The Group is dedicated to nurturing a friendly and positive corporate culture in its operations, encouraging employees to actively participate in volunteer activities in their spare time. In the future, the Group will continue to seek opportunities for cooperation with local communities and promote sustainable development in society by engaging in activities and donations.



## Performance Data Summary

Environmental Performance <sup>1</sup>				
Key Performance Indicator (KPI)	Unit	2019	2018	2017
<b>Atmospheric Pollutants<sup>2</sup></b>				
Sulfur oxides (SO <sub>x</sub> )	kg	0.16	0.18	0.18
Nitrogen oxides (NO <sub>x</sub> )	kg	2.96	5.54	9.35
Carbon monoxides (CO)	kg	37.33	-	-
Particular matters 2.5 (PM <sub>2.5</sub> )	kg	0.16	-	-
Particular matters 10 (PM <sub>10</sub> )	kg	0.11	-	-
<b>Energy Consumption</b>				
Electricity	kWh	283,389	241,611	355,712.60
Petrol	L	10,489	12,201	12,383
Gas	MJ	49,667	36,500	-
Total energy consumption	GJ	1,411.81	1,295.20	1,675.20

<sup>1</sup>As the Group's subsidiary in Singapore was established in December 2019, the Group did not collect relevant data. The environmental performance data in this Report includes only the Group's offices in Hong Kong and the Group's subsidiaries in Shenzhen.

<sup>2</sup>Atmospheric pollutants come from vehicles owned by CSFG in Mainland and Hong Kong. The emission data is calculated in accordance with the "Reporting Guidance on Environmental KPIs" of SEHK, the "Technical Guide for Air Pollutant Emission Inventory for Road Vehicles (Trial)" issued by the Ministry of Environmental Protection of the People's Republic of China, and the AP-42 Compilation of Air Pollutant Emission Factors published by the United States Environmental Protection Agency.

<sup>3</sup>Scope 1 emissions refer to direct emissions from vehicles owned by CSFG in Mainland and Hong Kong. The emission data is calculated in accordance with the "Reporting Guidance on Environmental KPIs" of SEHK and the "Guidelines for Accounting and Reporting Greenhouse Gas Emissions by China Land Transportation Enterprises (Trial)" of the Ministry of Environmental Protection of the People's Republic of China.

<sup>4</sup>Scope 2 emissions refer to indirect emissions resulting from electricity and gas generation that are purchased by the Group. The emission data is calculated in accordance with the 2018 emission factors of Power Assets, 2019 emission factors of Towngas and the 2015 national power grid average emission factor of the Ministry of Ecology and Environment of the People's Republic of China.

<sup>5</sup>Total GHG emissions include Scope 1 and Scope 2 GHG emissions.

Key Performance Indicator (KPI)	Unit	2019	2018	2017
Total energy consumption intensity	MJ/HK\$'000	1.58	3.03	3.65
<b>Use of Resources</b>				
Total water consumption	tonnes	1,201.60	1,554.50	1,909.40
Total water consumption intensity	L/HK\$'000	1.34	3.64	4.16
Paper consumption	kg	2,784	-	-
<b>Greenhouse Gas ("GHG") Emissions</b>				
Scope 1 <sup>3</sup>	tCO <sub>2</sub> e	118.11	34.40	32.90
Scope 2 <sup>4</sup>	tCO <sub>2</sub> e	211.97	137.90	200.60
Total GHG emission <sup>5</sup>	tCO <sub>2</sub> e	330.08	172.30	233.50
Total GHG emission intensity <sup>6</sup>	tCO <sub>2</sub> e/HK\$'000	0.00037	<u>0.00040</u>	<u>0.00051</u>
<b>Waste<sup>7</sup></b>				
Waste ink cartridge <sup>8</sup>	Pieces	24	-	-

<sup>6</sup>To strengthen the consistency with other data, the Group has restated the total GHG emission density at 2017 and 2018 on the basis of HK\$'000. The restated data is presented in underlines.

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

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

Social Performance				
KPI	Unit	2019	2018	2017
<b>Number of Employees</b>				
Total number of employees	No. of people	524	579	517
<b>By Geographical Distribution (Long Term Contract)</b>				
Hong Kong	No. of people	50	45	32
Mainland	No. of people	9	468	421
Others	No. of people	7	0	2
<b>By Geographical Distribution (Fixed Term Contract)</b>				
Hong Kong	No. of people	17	4	3
Mainland	No. of people	441	62	59
<b>By Age Group</b>				
<31	No. of people	237	295	285
31 - 40	No. of people	209	216	183
41 - 50	No. of people	63	57	42
51 - 60	No. of people	15	11	7
<b>By Gender (Long Term Contract)</b>				
Male	No. of people	39	303	250
Female	No. of people	27	208	205
<b>By Gender (Fixed Term Contract)</b>				
Male	No. of people	272	35	35
Female	No. of people	186	30	27
<b>By Educational Background</b>				
Doctor's degree	No. of people	6	7	5
Master's degree	No. of people	72	73	54
Bachelor's degree	No. of people	250	263	235
Post-secondary diploma or below	No. of people	196	236	223

Social Performance				
KPI	Unit	2019	2018	2017
<b>By Employee Category</b>				
General staff	No. of people	397	432	397
Middle management team	No. of people	83	114	90
Senior management team	No. of people	44	33	30
<b>Number of Employee Turnover</b>				
<b>By Geographical Distribution (Long Term Contract)</b>				
Hong Kong	No. of people	13	-	-
Mainland	No. of people	1	-	-
Others	No. of people	0	-	-
<b>By Geographical Distribution (Fixed Term Contract)</b>				
Hong Kong	No. of people	4	-	-
Mainland	No. of people	295	-	-
Others	No. of people	0	-	-
<b>By Gender (Long Term Contract)</b>				
Male	No. of people	4	-	-
Female	No. of people	10	-	-
<b>By Gender (Fixed Term Contract)</b>				
Male	No. of people	190	-	-
Female	No. of people	109	-	-
<b>By Age Group</b>				
<31	No. of people	185	-	-
31 - 40	No. of people	109	-	-
41 - 50	No. of people	16	-	-
51 - 60	No. of people	3	-	-



Social Performance				
KPI	Unit	2019	2018	2017
<b>Development and Training</b>				
<b>Total Training Hours of Employees</b>				
Total training hours	Hours	48,031.50	-	-
<b>By Gender</b>				
Male	Hours	28,086	-	-
Female	Hours	19,945.50	-	-
<b>By Employee Category</b>				
General staff	Hours	38,744.50	13,541	-
Middle management team	Hours	6,383.50	3,627	-
Senior management team	Hours	2,903.50	729	-
<b>Average Training Hours</b>				
<b>By Gender</b>				
Male	Hours	90.31	30.85	-
Female	Hours	93.64	30.99	-
<b>By Employee Category</b>				
General staff	Hours	97.59	31.34	-
Middle management team	Hours	76.91	31.82	-
Senior management team	Hours	65.99	22.09	-
<b>Percentage of Trained Employees</b>				
<b>By Gender</b>				
Male	%	83.92	90	-
Female	%	88.73	91	-
<b>By Employee Category</b>				
General staff	%	89.92	91	-
Middle management team	%	78.31	93	-
Senior management team	%	63.64	73	-

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

Aspect	KPI	Disclosure	Section/Remarks
<b>A.Environment</b>			
A1 Emissions	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Environment Care Energy Saving and Emissions Reduction Waste Reduction at Source
	A1.1	The types of emissions and respective emissions data.	Energy Saving and Emissions Reduction Performance Data Summary
	A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Energy Saving and Emissions Reduction Performance Data Summary
	A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Performance Data Summary
	A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Since all non-hazardous wastes generated at each office are handled by the property management company of the building, the Group did not collect relevant data during the reporting period.
	A1.5	Description of measures to mitigate emissions and results achieved.	Energy Saving and Emissions Reduction
A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Waste Reduction at Source	
A2 Use of Resources	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Environment Care Energy Saving and Emissions Reduction Use of Resources
	A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Energy Saving and Emissions Reduction Performance Data Summary
	A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Use of Resources Performance Data Summary
	A2.3	Description of energy use efficiency initiatives and results achieved.	Energy Saving and Emissions Reduction
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Use of Resources
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Not relevant to the Group's business nature.	
A3 The Environment and Natural Resources	General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	Environment Care Energy Saving and Emissions Reduction Use of Resources Waste Reduction at Source
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environment Care Energy Saving and Emissions Reduction Use of Resources Waste Reduction at Source



Aspect	KPI	Disclosure	Section/Remarks
<b>B.Social</b>			
<b>Employment and Labour Practices</b>			
B1 Employment	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer	Talent Attraction and Retention
	B1.1	Total workforce by gender, employment type, age group and geographical region.	Employee Distribution
	B1.2	Employee turnover rate by gender, age group and geographical region.	Performance Data Summary
B2 Health and Safety	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Employee Health and Safety
	B2.1	Number and rate of work-related fatalities.	Employee Health and Safety
	B2.2	Lost days due to work injury.	Employee Health and Safety
	B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Employee Health and Safety
B3 Development and Training	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Employee Development and Training
	B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Employee Development and Training Performance Data Summary
	B3.2	The average training hours completed per employee by gender and employee category.	Employee Development and Training Performance Data Summary
B4 Labour Standards	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Talent Attraction and Retention
	B4.1	Description of measures to review employment practices to avoid child and forced labour.	Will consider disclosing relevant data in the future.
	B4.2	Description of steps taken to eliminate such practices when discovered.	Will consider disclosing relevant data in the future.
<b>Operating Practices</b>			
B5 Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
	B5.1	Number of suppliers by geographical region.	Will consider disclosing relevant data in the future.
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Supply Chain Management

Aspect	KPI	Disclosure	Section/Remarks
B6 Product Responsibility	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Responsible Investment Lawful Operation
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not relevant to the Group's business nature.
	B6.2	Number of products and service related complaints received and how they are dealt with.	Not relevant to the Group's business nature.
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	Lawful Operation
	B6.4	Description of quality assurance process and recall procedures.	Not relevant to the Group's business nature.
B7 Anti-corruption	B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Lawful Operation
	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Anti-corruption
	B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Anti-corruption
	B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Anti-corruption
	<b>Community</b>		
B8 Community Investment	General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Investment
	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Will consider disclosing relevant data in the future.
	B8.2	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Will consider disclosing relevant data in the future.

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