

Lerado Financial Group Company Limited

Stock Code : 1225

Environmental | 2016

Social and Governance Report

Environmental, Social and Governance Report



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SCOPE AND STANDARD OF THE REPORT

This report covers the ideas and practice in environment, society and the governance of the Lerado Financial Group Company Limited (hereinafter called the “Company” or “we”) from 1 January 2016 to 31 December 2016, in which securities brokerage, margin financing, underwriting and placing of the Company’s securities companies and the financial business of those money-lending companies and fund management companies are emphasized.

This report is written in accordance with the requirements of the Appendix 27 “Guidelines for Environmental, Social and Governance Reports” of the listing rules of The Stock Exchange of Hong Kong Limited. This is the Company’s first publicly issued *Environmental, Social and Governance Report*.

COMMUNICATION WITH STAKEHOLDERS

In order to let stakeholders know more about the Company’s business operations and development, financial information and practice in environment, society and governance, we have kept in close contact with them through meetings, telephone and e-mail to actively get to know and respond to the problems that they are concerned about. The Company also uploads the latest information and data to the website <http://www.lerado.com/>, which serves as an information browsing platform for people of all backgrounds.

Shareholders can contact us through the following channels to get more information:

Telephone Number:	(852) 3708 3269
Address:	Unit 1104A, 11/F, Kai Tak Commercial Building, 317-319 Des Voeux Road Central, Hong Kong
Addressee:	Investment Relationship Department
E-mail Address:	public@lerado.com.hk

1 ENVIRONMENT

As the global warming is becoming increasingly serious, reducing the emission of greenhouse gases to curb the global warming has become an important task for promoting sustainable global development. The Company has been actively responding to the “energy conservation and emission reduction” goal of the society. As well as strictly abiding by Hong Kong’s environmental protection laws and regulations, we also implement a series of environmental protection measures in our daily business operations by devoting time to energy and water conservation, scientific use of resources and waste reduction. The Company has never been accused of violating environmental protection laws and regulations, nor has it received complaints about environmental pollution.

1.1 Energy Conservation and Emission Reduction

Electricity consumption The Company understands that the electricity generating process of electric power companies will emit a great deal of greenhouse gases and other pollutants. Therefore, in our daily operations, we have paid great attention to promoting energy efficiency and reducing electricity consumption to reduce greenhouse gas emissions in Hong Kong and improve the air quality.

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In terms of purchase and maintenance of electric equipment, the Company's policy is to give priority to products with high energy efficiency. For example, the Company has gradually replaced traditional lamps with LED and other energy saving lamps. We also try to reduce the extra electricity consumption caused by abnormal operation through regular cleaning and maintenance, which can increase the equipment's operating efficiency.

The Company has formulated codes to ensure that employees will make good use of the cooling system, lighting system and office equipment. The layout of the office should try to follow the principle of daylight illumination and classify light areas according to actual operation to avoid excessive lighting. The indoor temperature is set at 25.5°C and the lighting and air-conditioning of conference rooms out of use are turned off. Office equipment is set to auto stand-by/sleep mode if not in use; the cooling system, lighting system and office equipment are totally turned off in after-work time and holidays and in some rooms we will cultivate some plants.

The Company also arranges for personnel to conduct regular inspections in which sub-standard areas will be recorded, discussed and shared through office notices and meetings, to strengthen employees' energy conservation awareness.

Cherishing resources and reducing waste The Company has made great efforts to promote the new environmental protection culture of "Use Less Waste Less" and has advocated effective use of resources in daily operations to reduce waste generation. We are actively advocating the concept of conservation in different ways. We have placed lots of recycling boxes for reusable single-page papers and encouraged our employees to reuse paper or print files in double-side. We have also designated some recycling spots for un reusable but recyclable waste, including waste paper, glass, aluminum pots and ink cartridges, and by cooperating with property management companies and service provider of print system we can properly dispose of recyclable waste and discard unrecyclable waste.

Business trip The interactive distance conference system provides us with a low-cost, efficient, convenient and quick communication platform. The Company has been actively promoting the replacement of unnecessary overseas business trips with video conference or telephone conference to reduce the emission of pollutants and greenhouse gases caused by airplanes.

1.2 Use of Resources

Resources on the earth are limited; however, in our financial business operation process, the Company will inevitably consume a lot of natural resources. Therefore, we have been exploring how to effectively use energy, water and paper and how to avoid wasting them.

Save water Although the Company's operations involve only basic domestic water with low water consumption volume, we still emphasize the importance of saving water. We have put up some slogans in conspicuous places where water is available to remind employees and visitors to cherish water. We also arrange for personnel to regularly examine whether any tap is dripping or leaking and repair it on time to avoid unnecessary water waste.

Save paper The Company advocates the paperless office, so except for those original document records, which according to Securities and Futures Ordinance, have to be preserved, we try to fill other files and sheets online and preserve them electronically. Clients can transact through the established transaction platform. As for line printing, we encourage our employees to adopt double-side printing. What's more, we try to distribute promotions, monthly reports and other information through telecommunication channels to reduce the use of paper. We also replace paper cups with glass cups when entertaining visitors.



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1.3 Environment and Natural Resources

The Company is devoted to reducing negative impacts on the environment and natural resources in the operation process of financial business. We have implemented management of and controls on energy consumption and office resources consumption, and we try to strengthen employees' environmental protection awareness to guarantee the realization of effective environmental management.

Employee participation The Company encourages employees to take part in environmental protection activities held by some environmental protection groups. It also irregularly provides environmental protection awareness training for employees through e-mail, notices or meetings to establish the Company's environmental protection culture and help employees to cultivate good habits.

2 WORKPLACE

The Company believes that the employee is an important cornerstone for our stable development, and good employment relationships will facilitate the sustainable development of the Company. Therefore, we are dedicated to providing a safe, healthy, fair and reasonable working environment without discrimination for our employees and are committed to strictly abiding by Hong Kong's relevant employment laws and regulations. The Company has never been accused of violating relevant laws and regulations, nor has it received any other complaints about employment relationships.

2.1 Remuneration

The Company has a complete remuneration system and provides employees with lawful and reasonable remuneration including salary and various allowances and bonuses. In order to reward employees' contribution to the Company, we conduct work performance appraisal annually to review employees' work practice in the past year and plan their future career development; their salaries will be adjusted in accordance with their performance. The salary adjustment will be decided by the remuneration committee after carefully considering the contribution, experience, ability of employees, business performance and operation status of the Company and other market statistics. The Company also applies for the Mandatory Provident Fund Plan for all eligible employees in Hong Kong.

2.2 Equal Opportunity and Harmonious Pluralism

The Company honors each employee's right to equal employment opportunity and will guarantee that every applicant enjoys equal application rights. Every employee will be treated fairly in promotion, salary and welfare and development training, and they will not be discriminated against according to their gender, age, marital status, physical disability or racial background. Similarly, the Company will only dismiss its employees on reasonable grounds and will compensate them with legal remuneration. The Company will also provide employees with occupational promotion opportunities according to their ability, quality and performance.

We have established a precise recruitment policy to effectively verify applicants' age, and we promise that only applicants aged 18 or above will be employed. We also promise zero forced work and guarantee that every employee will voluntarily engage in their work.

2.3 Work-Life Balance

The Company attaches great importance to the physical and psychological health of employees and believes that a good work-life balance can improve employees' work performance. In order to alleviate employees' work pressure, we regularly organize entertainment activities including birthday parties for employees and Spring Banquets and encourage employees to actively participate.

To give employees more flexible time to deal with their daily life, besides legal holidays, the Company also provides them with extra annual leave, sick leave, marriage leave and bereavement leave. The Company also buys medical, accident and life insurance for our employees to ensure that they can enjoy medical services at a relatively low cost. If any employee unfortunately suffers an industrial accident that results in accidental death, permanent incapacity or serious injury, he and his families will get financial aids.

2.4 Occupational Health and Safety

The Company has been committed to building a secure, healthy and comfortable working environment and realizing the target of zero work accidents. We strictly abide by the relevant laws and regulations on occupational health and safety in Hong Kong and conduct practical safety management to effectively eliminate potential safety risks. The Company has never recorded a work-related death or injury case, nor has it been accused of violating relevant laws and regulations or received any complaints about working conditions.

Health and safety management We have promoted a series of measures to improve occupational health and safety, for instance, ensuring sufficient lighting and air circulation in the workplace, regularly cleaning water dispensers, carpets and air conditioners and exterminating insects in the workplace to prevent insects breeding. We also forbid employees and visitors to smoke in the workplace.

Emergency preparation The Company conducts risk management and implements emergency plans and preparation to reduce casualties as much as possible if any accident happens. We have put up escape exit roadmaps in our workplace and equipped the whole workplace with sufficient and proper fire-fighting apparatuses, and each year employees will take part in a fire evacuation drill organized by the management company of the building. We also make sure that the fire escape route is unimpeded and have prepared necessary first-aid kits in accordance with the law in case employees have need of them.

Mutual trust and communication The Company encourages employees to report any potential health and safety risks in their work to improve the safety and hygiene level of our workplace through proper and practical follow-up and improvement. We will also irregularly organize sharing sessions through which employees' knowledge and awareness in safety and danger will be strengthened, which to some extent can ensure that they are capable enough to cope with various emergencies.

2.5 Training and Development

The Company is convinced that it is key for an enterprise's sustainable development to discover talents and cultivate talent teams. The Company requires that all employees who are involved in handling financial business should have some industry knowledge and takes part in enterprise training provided by the Company and regular industry conferences to ensure that they are informed of the latest market information and are capable of answering clients' questions and giving them professional advice.



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3 MARKET

3.1 Business Partner

In the process of promoting financial business, underwriters and placing agencies are important business partners for us. We improve our overall service level through close cooperation with our partners. We select suitable underwriters and placing agencies in line with established procedures, including appraising their institution background, history, achievement and performance, and all these procedures must comply with *Securities and Futures Ordinance*. We will regularly monitor their service qualities, conduct annual appraisal to ensure that they are still capable of meeting the Company's requirements and seek for improvement.

3.2 Product Liability

The Company strictly abides by the *Securities and Futures Ordinance* and requires our employees to conduct all relevant business operations in accordance with the *Company's Operation and Compliance Manual of Securities Industry*. Only licensed employees are allowed to provide certain financial services, and we try our utmost to ensure that the information provided to clients is reliable and not misleading.

3.3 Code of Ethics

The Company advocates honest operations and fair competition and safeguards the core social values of fairness and honesty. The employment contract signed with employees clearly states that every employee should abide by the rules stipulated in the *Company's Operation and Compliance Manual of Securities Industry*, should keep high level of personal honesty and integrity especially in dealing with various businesses and works, and should point out the existence of potential conflicts of interest between them and the Company where they are employed. Based on the confidentiality principle towards clients' information, all employees have signed confidentiality agreements and are forbidden from providing information to the third parties.

Under the board of directors, there are different committees including the audit committee, remuneration committee and nomination committee, and board of directors members from different committees jointly monitor the governance situation of the Company. All reported potential frauds and other ethical issues are independently followed up, investigated and reported on by the audit committee, which will take proper measures to correct those problems.

To strengthen supervision, service contracts with different quota must be examined and approved by the corresponding authorized officers, and all procedures should follow the existing policies of the Company.

The Company conducts constant risk management, carries out annual risk appraisal to recognize potential risks in the operating process (such as liquidity risk, credit risk and market risk) and formulates corresponding management countermeasures. In addition, the Company has also employed independent accountants to carry out third party verification to ensure a fair and complete account and protect the shareholders' interests. The Company strictly abides by the relevant anti-corruption and anti-bribery legislation and has never been accused of violating the relevant legislation.

4 SOCIETY

The Company is committed to shouldering its social responsibility and actively promotes the long-term and sustainable development of Hong Kong.

4.1 Community Development

In the future, the Company will more actively participate in fund-raising and voluntary activities organized by local social welfare institutions, through which a culture of mutual care and support will be created and the cohesiveness among people will be strengthened.