



## Lerado Financial Group Company Limited

(Incorporated in Bermuda with limited liability)  
Stock Code : 1225

# 2017

## ENVIRONMENTAL, SOCIAL and GOVERNANCE REPORT

# Environmental, Social and Governance Report

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# Environmental, Social and Governance Report

## SCOPE AND REPORTING PERIOD

Lerado Financial Group Company Limited (the “Company”) is pleased to present its second Environmental, Social and Governance (“ESG”) Report (the “Report”). This ESG Report covers the Company’s overall performance in two subject areas – Environmental and Social aspects of the business operations. Unless otherwise stated, the Report focuses on its principal businesses of providing financial services including securities broking, margin financing and money lending etc..

This Report details the ESG performance of the Company for the financial year, from 1 January 2017 to 31 December 2017 (the “Reporting Period” or “FY2017”). The Company applies the concept of materiality in the planning and development of the Report. Unless otherwise indicated, the Report covers the Company’s principal businesses in financial services, including securities broking, margin financing and money lending etc..

The Board of Directors is committed to contributing to the sustainable development of the society and environment. Along with the commitment, the Board is responsible for evaluating and determining the risks in relation to ESG areas at the Company level. Through adjusting and defining risks, the Board is able to formulate a clear vision and key strategies and monitor management to ensure the proper ESG reporting measures and systems are in place.

## PRINCIPLES

The Report preparation and presentation of related information are in accordance with Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The Company has prepared this Report to meet the “Comply or Explain” provisions, of which mandatory Key Performance Indicators (KPIs) and some recommended KPIs are disclosed. As such, the Company is able to produce a balanced report, focusing on the key material issues.

According to the guideline, the following principles are underpinned:

1. **Materiality:** Environmental, social, and governance issues that have major impacts on investors and other stakeholders must be set out in this Report.
2. **Quantitative:** If the key performance indicators (KPIs) have been established, they must be measurable and applicable to valid comparisons under appropriate conditions. They must also be able to describe the purpose and impacts of quantitative information.
3. **Balance:** This Report must provide an unbiased picture of the environmental, social, and governance performance of the Company. It should avoid selecting, omitting, or presenting formats that may inappropriately influence a decision or judgment by the reader.
4. **Consistency:** This Report should use consistent and disclose statistical methodologies to allow meaningful comparisons of related data over time. Any changes to the methods used must be specified in the Report.



# Environmental, Social and Governance Report

## STAKEHOLDER ENGAGEMENT

As part of the business strategies, the Company communicates with the stakeholders, including but not limited to the investors, government, media, environmental organizations and employees in an open, honest and proactive way.

The Company takes active measures to promote stakeholder relations and communications. Besides issuing annual and interim reports, circulars, and announcements to stakeholders regularly, the Company also uploads the latest information and news on the website <http://www.lerado.com>.

## FEEDBACK

Shareholders may send their enquiries and concerns to the Board by addressing them to the principal place of business of the Company in Hong Kong:

Telephone Number: (852) 2868 9918  
Address: 22/F  
The Wellington  
184-198 Wellington Street  
Central, Hong Kong  
Addressee: Investment Relationship Department  
E-mail Address: [public@lerado.com.hk](mailto:public@lerado.com.hk)

## A. ENVIRONMENT

The Company acknowledges that Global climate change is one the most concerned environmental issues by the United Nations and the governments. The year-to-year increase in Green House Gases (GHGs) in the Earth is closely related to the recent extreme weathers, including heavy rains, flooding, droughts, heat wave, etc. Therefore, the Company advocates the values of “Energy Conservation and Emission Reduction” through better-utilising resources and reducing GHG emissions. The Company places the sustainable development as the grand vision and makes active effort to reduce its influence on the environment through the following measures.

### 1. Emissions

As the Company is principally engaged in the provision of financial services, there does not emit significant discharges, for instance, nitrogen oxides, sulphur oxides and respiratory suspended particles into water, land and air. In addition, the Company does not produce a significant volume of hazardous and non-hazardous waste from the businesses.

The Company’s environmental impacts stem mainly from the energy usage and related GHG emissions associated with the office operation. Also, the Company has an impact through its use of paper and non-hazardous waste generation. The Company places energy reduction, and waste recycling as one of the main key environmental strategies.



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### (a) Greenhouse Gases Emissions

The major sources of air and GHG emissions the Company associated are energy consumptions in regard to the purchased electricity used in office operation.

The total GHG generated by the Company during the Reporting Period was approximately 45 tonnes of carbon dioxide equivalent, with an intensity of approximately 2 tonnes of carbon dioxide equivalent per employee, comprising of the electricity consumptions and disposal of paper waste.

Scope of GHG Emission	Emission Source	Estimated Emission (In tonnes of CO <sub>2</sub> e)	Intensity (Emission/ Employee)	Total Emission (In percentage)
<b>Scope 1</b>				
Direct Emission	N/A	N/A	N/A	N/A
<b>Scope 2</b>				
Indirect Emission	Purchased Electricity	42.09	1.91	89.85%
<b>Scope 3</b>				
Other Indirect Emission	Disposal of Paper Waste	4.76	0.22	10.15%
<b>Total</b>		<b>46.85</b>	<b>2.13</b>	<b>100.00%</b>

Table 2 – Total Green House Gas Emissions during the Reporting Period

In terms of reducing GHG emissions, the Company advocates the replacement of overseas business trips with video or telephone conference to reduce the emission of pollutants and greenhouse gases caused by air or land travels.

### (b) Waste Management

The Company upholds the principle of waste management and is committed to the proper handling and disposal of all wastes from the business activities. Due to the business nature, the Company did not generate a significant amount of hazardous waste during the Reporting Period, while the major non-hazardous waste generated was paper, with a weight of approximately 1 tonnes, equivalent to approximately 0.05 tonnes per employee.

The Company advocates the culture of “Use Less; Waste Less” by promoting the effective use of resources in daily operations to reduce waste generation. The following initiatives are adopted:

- Adopt paperless office by storing files and documents online;
- Distribute promotions, monthly reports and other information through telecommunication channels to reduce the use of paper;

## Environmental, Social and Governance Report

- Place various paper recycling boxes in the office areas;
- Encouraged employees to reuse paper and printing in double-side;
- Designate recycling spots for recyclable waste, such as waste paper;
- Prohibit the use of disposable tableware and containers; and
- Co-operate with property management companies and service provider to recycle glass, aluminium pots, and ink cartridges.

### (c) Compliance

The Company was not aware of any incidents of non-compliance with laws and regulations that have a significant impact concerning air and greenhouse gas emissions, discharges into water or land, nor generation of hazardous and non-hazardous waste during the Reporting Period.

## 2. Use of Resources

Acknowledge itself as part of the global village, the Company is committed to conserving resources for the purposes of environmental and operating efficiency. To pursue the environmental commitment, the Company implements multiple measures in enhancing energy efficiency, minimising the use of paper, reducing water consumption and driving behavioural changes of employees. Through active monitoring and managing the use of resources, the Company aims to reduce the operating costs as well as the carbon footprints. Given the Company is principally engaged in financial investment, there does not involve a significant amount of packaging materials for finished products. Nevertheless, for other resources consumed from the business activities, the Company upholds the principle of resources management and is committed to the proper use of all resources. Details of energy and water consumptions and reduction methods will be discussed in the following sessions.

Resources	Unit	Consumption Quantity	Intensity (Consumption/ Employee)
Electricity	kWh	53,274.00	2,421.55
Drinkable Water	m <sup>3</sup>	3.78	0.17

Table 3 – Resources Consumption during the Reporting Period

### (a) Energy

Since the Company is principally engaged in the finance segment, there does not use a significant amount of electricity. The electricity consumption mainly stemmed from the office operations. However, acknowledging the reduction of energy consumption can significantly reduce carbon footprint, therefore, the Company adopt various initiatives in the operations. During the Reporting Period, the total electricity consumption was approximately 53,000 kilowatt hours with an intensity of approximately 2,000 kilowatt hours per employee.

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In order to reduce energy consumption, the Company adopts various initiatives as follows:

- Give priority to products with high energy efficiency;
- Replace traditional lamps with LED;
- Increase equipment's operating efficiency through regular cleaning and maintenance;
- Formulate codes to ensure reasonable use of the air-conditioning, lighting system and office equipment;
- Avoid excessive lighting by following the principle of daylight illumination and classify light areas according to actual operation;
- Adjust office equipment to auto standby/sleep mode if not in use; and
- Assign dedicated personnel to conduct regular energy-saving inspections.

## **(b) Water**

The sustainable and responsible use of water resources is a key issue globally. The Company aware that water shortages, excessive demand and usage could pose a serious problem. Due to the business nature involved, the Company does not use nor discharge a significant amount of water.

In order to raise the awareness of water conservation, the Company promotes water saving practices in the workplace. For instance, the Company posts water-saving slogans in conspicuous places and assigns dedicated personnel to regularly examine tap dripping or leaking and repairment.

## **3. The Environment and Natural Resources**

With respect to the business nature and activities, the impact of the Company on the environment and natural resources is not significant. Yet the Company is devoted to reducing any negative impacts may cause to the environment. Through the strong commitment, the Company implemented controls on energy consumption and office resources consumption.

The Company concerns employee's participation is part of the success of the goal. Therefore, the Company encourages employees to take part in environmental protection activities held by some environmental protection groups. Environmental awareness promotions are also provided to the employees through e-mail, notices or meetings to establish the culture of environmental protection and help employees to cultivate the habits.

The Company shall continue to assess the environmental risks of the businesses, review the environmental practices and ensure the compliance with relevant laws and regulations.



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## B. SOCIAL

### 1. Employment and Labour Practices

The Company is committed to building a strong team of employees who share the business mission and objectives. With respect to the commitment, the Company is dedicated to providing a safe, healthy, fair without discrimination, and reasonable working environment for employees and are committed to strictly abiding the relevant employment laws and regulations of Hong Kong.

During the Reporting Period, the Company has an aggregate of 22 employees. In order to cooperate with the continuously growing business scale, together the Company acquires talents from different countries and backgrounds to join the local team.

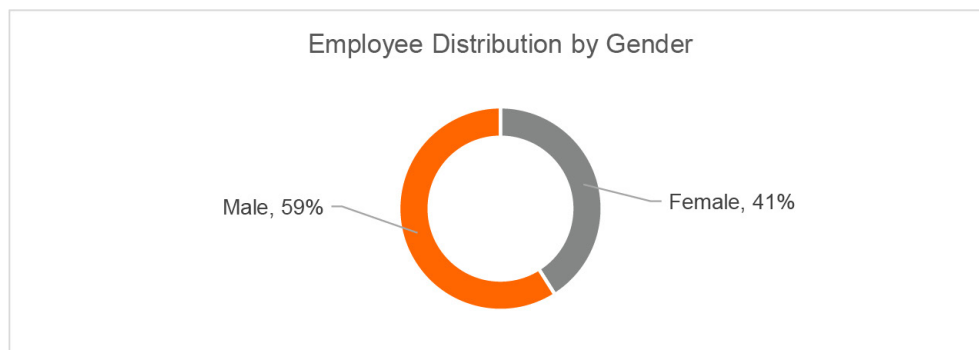


Chart 3 – Employee Gender Distribution during the Reporting Period

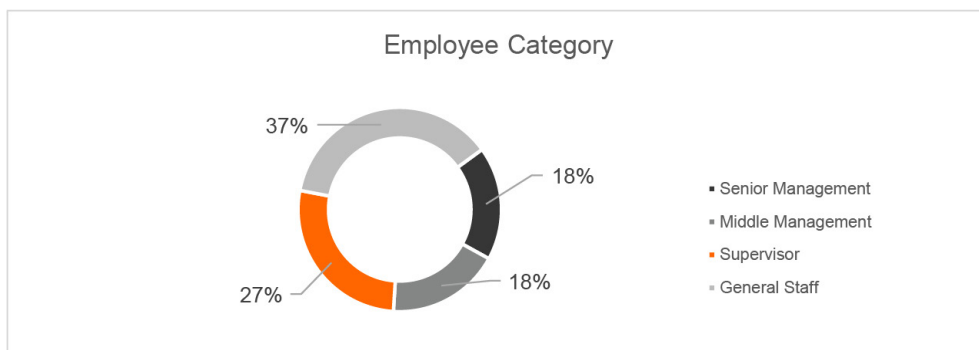
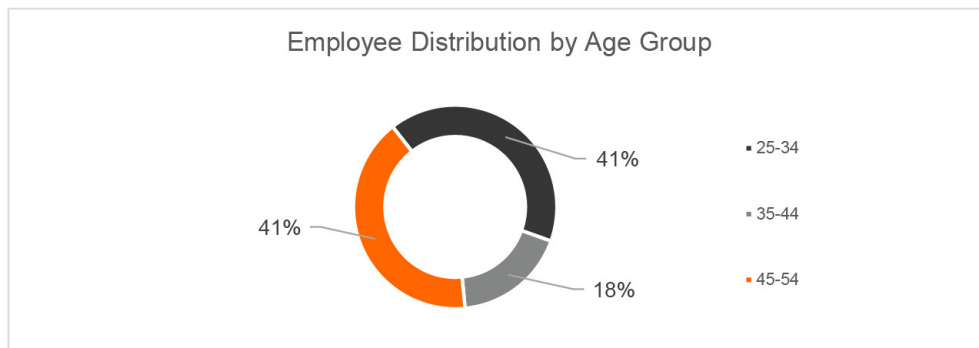


Chart 4 – Employee Category during the Reporting Period

## Environmental, Social and Governance Report



*Chart 5 – Age Distribution of Employees during the Reporting Period*

### **(a) Remuneration**

The Company establishes a robust remuneration system and provides employees with lawful and reasonable remuneration. For instance, basic salary, various allowances and bonuses.

The Company reviews the employees' remuneration on an annual basis through performance assessment. The salary adjustment shall be decided by the remuneration committee after considering the contribution, experience and the ability of the employees, in addition to the 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.

### **(b) Equal Opportunity and Harmonious Pluralism**

The Company upholds equal employment opportunities for all employees in relation to all human resources matters including recruitment, training, promotion, transfer and benefit etc., regardless of gender, religiosity, pregnancy, family status, marital status, race and disability. In selecting suitable applicants for a job, all employees are treated fairly. Selection criteria are built on their qualifications, abilities and experience. Similarly, the Company shall only dismiss its employees on reasonable grounds and shall compensate them with legal remuneration.

### **(c) Supporting Health and Wellness**

The Company attaches great importance to the physical and psychological health of the employees. Acknowledging a good work-life balance can improve employees' work performance, the Company regularly organizes entertainment activities. For instance, birthday parties and Spring Banquets.

To further achieve work-life balance, employees are provided with flexible working hours. In addition to the legal holidays, the Company also provides employees with extra annual leave, sick leave, marriage leave, and bereavement leave. In addition, the Company provides medical, accident and life insurance for employees, of which they are entitled to medical services at a relatively low cost. If any employee, unfortunately, suffers any work accident that results in accidental death, permanent incapacity or serious injury, he and his families shall receive financial aids.

# Environmental, Social and Governance Report

## **(d) Compliance**

The Company strictly complies with the relevant laws and regulations in the employment and labour process. For instance, recruitment, dismissal, promotion and remuneration of employees regardless of where the Company operates. The legitimate rights and interests of employees are protected in accordance with laws and regulations.

## **2. Health and Safety**

The Company strives to foster a safe working environment where all individuals are supported to succeed and can develop to their fullest potential. Further, the Company strictly abides by the relevant laws and regulations on occupational health and safety in Hong Kong and have conducted practical safety management to effectively eliminate potential safety risks.

### **(a) Health and Safety Management**

Given the principal businesses of the Company relates to the financial sector, there does not involve substantial safety hazards within the workplace. However, the Company has spared no effort to advocate occupational health and safety. For instance, ensuring sufficient lighting and air circulation in the workplace, regularly cleaning water dispensers, carpets and air conditioners, as well as exterminating insects in the workplace. The Company also forbids employees and visitors from smoking with the office environment.

### **(b) Emergency Preparation**

The Company conducts risk management and implements emergency plans and preparation. Exit roadmaps are placed within the workplace while proper fire-fighting apparatuses are properly installed. Every year, employees shall take part in the fire evacuation drill organized by the building management company. The Company also ensures that the fire escape route is unimpeded and have prepared necessary first-aid kits in accordance with the law.

### **(c) Mutual Trust and Communication**

The Company encourages employees to report any potential health and safety risks in their work. There also organize various sharing sessions through which employees' safety knowledge and awareness are strengthened.

### **(d) Compliance**

The Company did not identify any casualties and accidents, nor did the Company identify any violations of laws and regulations in relation to workplace health and safety during the Reporting Period.



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## 3. Training and Development

The Company is convinced that it is key for an enterprise's sustainable development to discover talents and cultivate talent teams.

Apart from identifying and retaining the best talents, the Company offers employees with opportunities to develop their knowledge and skills. Not only those employees who are involved in financial business should receive the enterprise training and anti-money laundering training provided by the Company, employees may attend industry conferences to receive the latest market information. It is believed that through these opportunities, the employees' knowledge and capability can be enriched thus providing a better service to the clients.

During the Reporting Period, employees received a total of 26 training hours distributed in all employee categories.

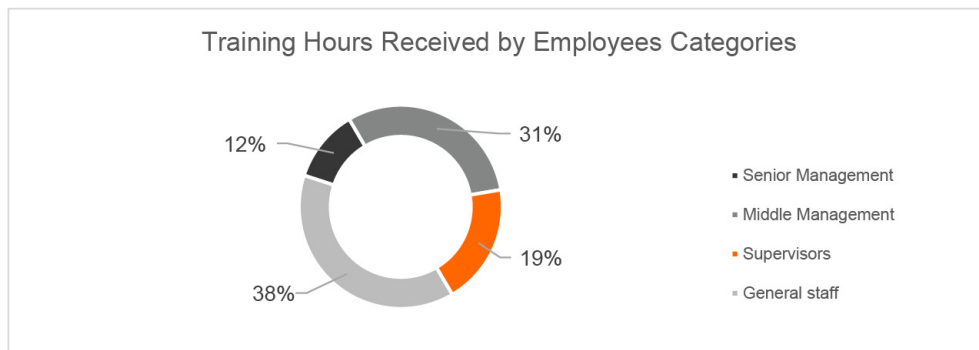


Chart 6 – Training Received by Employees Categories during the Reporting Period

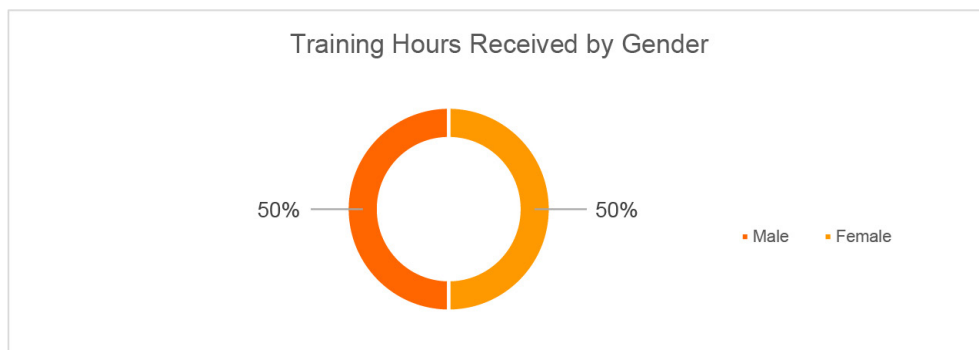


Chart 7 – Training Received by Gender during the Reporting Period

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## 4. Labour Standard

The Company's labour standards primarily focus on conformity with local labour laws and regulations. At all level, child and forced labour are prohibited in the Company. The Company established a strict recruitment policy, of which only applicants aged 18 or above are employed. In addition, the Company is committed to zero forced work and guarantee that every employee shall voluntarily engage in their work.

There were no non-compliance cases noted in relation to labour standards laws and regulations during the Reporting Period.

## 5. Supply Chain Management

In the process of promoting financial business, underwriters and placing agencies are important business partners for us. The Company improves the overall service level through close cooperation with these partners. Suitable underwriters and placing agencies who are in line with the established procedures are selected. Precise considerations are imposed on the selection process. For instance, appraising their institution background, history, achievements, performance, and all these procedures must comply with the Securities and Futures Ordinance. In a regular manner, the Company monitors these partners' service qualities and conducts an annual appraisal to ensure that they are meeting the Company's requirements as well as seeking for improvement.

## 6. Product/Service Responsibility

### **(a) Policies and Procedures**

The Company strictly abides by the Securities and Futures Ordinance and requires all employees to conduct the relevant business operations in accordance with the Company's "Operation and Compliance Manual of Securities Industry". Only licensed employees are allowed to provide particular financial services. In addition, the Company is committed to ensuring the information provided to clients is reliable without any misleading elements.

### **(b) Compliance**

During the Reporting Period, there were no incidents of non-compliance with laws and regulations concerning breaches of customer privacy and loss of data.

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## 7. Anti-Corruption

### *(a) Policies and Procedures*

Honesty, integrity and fair play are the cornerstones of the Company's business.

The Company advocates honest operations and fair competition at all level of the operations. In terms of internal controls, all employment contracts state that every employee should abide by the rules stipulated in the Company's "Operation and Compliance Manual of Securities Industry". All employees should keep a high level of personal honesty and integrity when handling with various businesses and operations, in addition to declare any potential conflicts of interest with the Company. Moreover, with regard to the confidentiality of the client's data, all employees have signed confidentiality agreements and are forbidden from providing the information to any third parties.

Authorized by the Board of Directors, there are audit committee, remuneration committee and nomination committee. The Board Members from different committees jointly monitor the governance of the Company. All reported actual or potential frauds, as well as other ethical issues, are independently followed up, investigated and reported by the audit committee, where proper measures shall also be adapted to correct the problems.

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

The Company conducts risk management, carries out annual risk appraisal to recognize any potential risks in the operating process (for instance, 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 of the Company, thus protecting the shareholders' interests.

### *(b) Compliance*

During the Reporting Period, no legal case regarding corrupt practices was brought against the Company or its employees.

## 8. Community Investment

The Company acknowledges a sustainable business is dependent on the long-term and sustainable development of Hong Kong. In the future, the Company shall participate more actively in fund-raising and voluntary activities organized by local social welfare institutions, through which a culture of mutual care and support shall be created, and the cohesiveness of the Company and the society shall be strengthened.