

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## ABOUT THIS REPORT

OP Financial Limited (“the Company”) is pleased to launch the Environmental, Social and Governance (“ESG”) Report for the year ended 31 March 2018 (the “Year”) to demonstrate its commitment and effort in sustainable development. The report has outlined our policies and practices of the ESG performance during the Year, with reference to the ESG Reporting Guide as set out in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for disclosures.

The Company is accountable for the sustainable development in respect of environmental and social responsibilities while balancing its financial performance. An ESG taskforce is designated to handle the related issues and assess the aspects in relation to the Company and its stakeholders. Disclosures relating to the ESG issues have been included in the ESG Report with reference to the ESG Guide. Key performance indicators A2.5 regarding the packaging material used is not reported as that is not applicable to our investment business.

The Company believes that the better understanding of the stakeholders’ expectation will help gain their support and trust. The Company used a variety of communication channels to engage stakeholders on a regular basis. A questionnaire survey was conducted before preparing the report to collect shareholders’ concern on ESG aspects. The Company hopes to use the report as one of the effective communication channels and looks forward to getting the related opinion and feedback.

## 1. ENVIRONMENTAL PROTECTION

Environmental protection has played a major role in sustainable development. We believe that business growth should not come at the expense of the environment. Initiatives are taken to reduce its environmental impact wherever possible as well as to promote employees’ awareness in environmental protection.

### 1.1 Emissions

Due to our business nature, the daily operation mainly generates indirect greenhouse gas (“GHG”) emission, limiting to business travel, electricity, water, and paper consumptions in our office setting. The Company considers the emission reduction as long-term objective. To better manage the internal control and understand the emission caused, we have started collect and measure the consumption data in the operation from this Year. GHG data is an important indicator of environmental performance, while the major constituent is indirect GHG emission generated from the flight travel. The Company will continue to monitor the relevant data and set the plan for carbon reduction.

During the Year, the Company did not identify any non-compliance related to GHG emissions.

	<b>Units</b>	<b>2018</b>
Total Greenhouse gas emission (Scope 1, 2 & 3)	CO <sub>2</sub> e tonnes	142.28
Scope 1 (Direct emissions)	CO <sub>2</sub> e tonnes	13.85
Scope 2 (Energy indirect emissions)	CO <sub>2</sub> e tonnes	28.92
Scope 3 (Other indirect emissions) (Flight travel only)	CO <sub>2</sub> e tonnes	99.51
Nitrogen Oxide (NO <sub>x</sub> )	kg	2.30
Sulphur Oxide (SO <sub>x</sub> )	kg	0.07
Particulate Matter (PM)	kg	0.17

Note: Emission factors are reference to Hong Kong Electric, Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purpose) in Hong Kong and UK Government GHG Conversion Factors for Company Reporting

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## 1. ENVIRONMENTAL PROTECTION (continued)

### 1.2 Use of Resources

Due to our business nature, the Company does not have any direct or significant impacts on the environment and natural resources. The Company adopts “reduce, reuse and recycle” principle and practice, particularly in paper usage. Recycling facilities are set up in the office area where staffs can easily access to encourage recycling. We continue promoting the paperless office and encourage e-communication via the internet and other electronic channels in daily operation to reduce the use of paper.

Environmental initiatives and energy conservation are taken into consideration during the office refurbishments. Lightings with the individual switch are installed. LED lighting is gradually changing throughout the office area. Electrical products with energy labels are firstly considered when replacement is required. To reduce water consumption, automatic sensor taps are installed in the washroom. Signage is put up in the washroom and pantry to remind water saving.

Wastes produced during our daily operation are primarily general waste and are collected and disposed of by a professional cleaning company, while the hazard waste such as the fluorescent lamp is handled by the property management office of the building. During the Year, office general waste record is tracked and throughout the year 1.61 tonnes of waste is generated.

	Units	2018
Electricity consumption	kWh	36,609.29
Water consumption	m <sup>3</sup>	4.71
Fuel use for company vehicles	litres	5,205.16

### 1.3 Green Office and Eco-healthy Work Place

Environmental protection cannot be achieved without the support and cooperation from staff. The Company has participated in the Green Office Awards Labelling Scheme (GOALS) organized by World Green Organization (“WGO”) since 2016 to evaluate our environmental footprint, as well as identify and apply reduction opportunities. The applicant should fulfill the required Green Office Best Practice Criteria ranging from energy savings, water savings, and paper savings to green procurement, education and awareness. After audit assessment and on-site inspection, the Company has been awarded with WGO’s “Green Office” label for the two consecutive years during the Year to recognize our efforts to execute green practices and commitment to achieve sustainable development. We invited all staffs to participate and comply with the green practices and guidance. To help our staff to gain knowledge and skills on environmental protection and sustainability, seminars and trainings relating to environmental, social and governance are signed up.

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## 2. HUMAN RESOURCES

### 2.1 Employment and labor standard

Employees are the Company valuable assets. The Company strictly complies with the employment ordinance of Hong Kong and adopts equal employment opportunity policies and treats all our employees equally. Unfair treatment caused by factors such as race, gender, religious belief, social origin or identity, nationality, age, physical condition and marital status is prohibited. Child labor is forbidden in our Company. Identity and other relevant documents are checked during the interview. An Employee's Handbook is issued to all staff on their first day of work regarding workplace expectations, which covers the Company's policies, employment guidelines, and compensation matters. Competitive remuneration package is offered to employees and their performance is reviewed on an annual basis reflecting each employee's contributions to the Company.

The Company is committed to being a family-friendly employer. We implement a number of policies and activities to help employees realize work and life balance and increase the sense of belonging, including five working days per week, superior to statutory leave arrangement, breastfeeding encouragement and annual dinner for all employees and their family members etc.

As at 31 March 2018, the Company employed 46 full-time employees which are all located in Hong Kong. The following table illustrates the breakdown of our full-time employees during the Year.

<b>By gender</b>	<b>No.</b>	<b>By age</b>	<b>No.</b>	<b>By employee category</b>	<b>No.</b>
Male	32	20-35	21	Senior management	10
Female	14	35-50	10	Middle management	11
		>50	15	General staff	25

During the Year, there was no reported case of relevant to the employment laws and regulations.

### 2.2 Health and Safety

The Company takes the responsibility to provide a safe, healthy and comfortable workplace for all staffs and value their physical and mental healthiness. During the Year, the Company has collected prefixed thoughts and health habits from staff, and shared the healthy lifestyle with them. Physical and mental health issues are discussed in our internal newsletter to draw awareness. Comprehensive medical insurance is offered to all our full-time employees, which cover out-patient clinical visits, dental services, as well as hospitalization and surgical treatment. For staff that required a business trip, travel insurance is also purchased for extra protection. During the Year, there was no non-conformity regarding health. Safety has been identified and there was no work injury cases.

### 2.3 Development and Training

To comply with the changing market and the latest trend, we ensure our staff to receive professional and skill training based on job duties. To encourage continues education and enhance professional capability, sponsorship is made by the Company for external training and professional examinations. Staff is also granted paid leave for exam preparation and attendance.

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## 3. OPERATING PRACTICES

### 3.1 Supply Chain Management

We rely on vendor and service provider to support our daily operations. The Company provides a transparent and fair process to all suppliers in our general procurement. The Company selects supplier not limited based on quotation, but also consider product quality, service quality, reliability and corporate reputation.

### 3.2 Investment Project

In managing our investment portfolio, we consider whether the management of the investee is acting in an environmentally, socially and ethically manner. Investment projects are assessed based not only on their returns but also their ways of doing things in respect of environmental, social and business conduct.

### 3.3 Anti-corruption

The Company adheres to operate the high standard of corporate governance. We have zero tolerance for corruption and bribery in any form. The anti-corruption policies and procedures outline the unacceptable behavior and are applicable to laws, regulations and industry standards. In order to minimize the non-compliance risk, the Company established corruption risk management policy and the "Policy on Acceptance of Advantage and Handling of Conflict of Interests". All staffs are required to sign the declaration form to avoid conflict of interest on the first day of employment. The established whistle-blowing policy enables stakeholder to report on any suspected inappropriate situations. Reported cases are investigated and followed up by the compliance or internal audit teams. Confirmed cases are reported to the Audit Committee and Management of the Company.

During the Year, there were no confirmed risks relating to corruption or public legal cases brought against the Company or its directors.

## 4. COMMUNITY INVOLVEMENT

The Company seeks to fulfill corporate social responsibility through involving both directly and indirectly in the community and extending our reach to the people in need via cooperating with NGO and social enterprise. The Company realizes the importance of extending our reach to the community, and we are pledged to continue with our consistent efforts in community involvement.

- Six Industries Research Institute of Fudan University

We jointly cooperate with Shanghai Fudan University and the Finance Center for South-South Cooperation to support the establishment of the Six Industries Research Institute of Fudan University (復旦大學六次產業研究院). RMB1.5 million is devoted during the Year. The Six Industries Research Institute aims to assist Fudan University to promote the development of applied economics and management science, and on this basis, to promote the innovative projects of national food safety, healthy endowment, and Six Industries based poverty alleviation.

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## 4. **COMMUNITY INVOLVEMENT** (continued)

- Support for South-South Cooperation

Our executive directors Mr Zhang Zhi Ping and Mr Zhang Gaobo have taken up the role to serve as the Executive President and Vice President of the Finance Centre for South-South Cooperation Limited (FCSSC) a non-profit international organization in Special Consultative Status with ECOSOC of the United Nations, established for the promotion of South South Cooperation since April 2014. It is an integral platform set under the United Nation's Sustainable Development Agenda framework, specializing in providing production capacity cooperation, development experience exchange and financial services for South-South Cooperation.

During the Year, OP Financial, EBS International and FCSSC jointly established the OBOR Fund. The fund aims to explore M&A opportunities in line with United Nation's Sustainable Development Goals and the Belt and Road Initiative for Chinese enterprises. The target industries include clean energy, renewable energy, scientific and technological innovation, culture and sports, health care, agriculture and other industries that can continuously create jobs.

- Dress Casual Day by The Community Chest

The Company invited the staff to participate in the Dress Casual Day 2017 organized by The Community Chest of Hong Kong to raise money for those in need. The Company donated HK\$5,000 for the event to partially support members social welfare agencies.

- Lai See Packets Reuse & Recycling Programme by Greeners Action

The Company continues the support to Greeners Action's "Lai See Packet Reuse & Recycling Program", the organizer Greeners Action is a charity and environmental protection group in Hong Kong. Theme recycle box was placed in the office area to encourage colleagues to recycle the Lai See packet or place to nearby public collection points to support this environmental protection event. A total number of 1,420 Lai See packets were collected and sent to the organizer after the collecting period ended.

## 5. **CONCLUSION**

The Company is committed to continue the exploration and enhancement of sustainable development and to track the ESG performance and progress on a regular basis. Valuable feedback enables us to improve our performance. For any comment regarding this ESG report, please feel free to contact us by email to [ir@opfin.com.hk](mailto:ir@opfin.com.hk).