



## Lerado Financial Group Company Limited

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



## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

2020

# Environmental, Social and Governance Report

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# Environmental, Social and Governance Report

## ABOUT THIS REPORT

Lerado Financial Group Company Limited (the “Company”) is pleased to present its Environmental, Social and Governance (“ESG”) Report (the “Report”) of 2020. This ESG report provides an annual update of sustainability performance in respect of the material businesses and operations of the Company and its subsidiaries (collectively, the “Group”). It has been updated to reflect the interest of various stakeholders.

This Report details the ESG performance of the Company for the financial year, from 1 January 2020 to 31 December 2020 (the “Reporting Period” or “FY2020”). 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 (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 enabled to formulate a clear vision and key strategies and monitor management to ensure the proper ESG reporting measures and systems are in place.

## ESG GOVERNANCE

The Company’s ESG philosophy is to create long-term value for its stakeholders that aligns with the growth and sustainability of its business and the environment it is in. The Company aspires to be a responsible corporate citizen and believes that transparency and accountability are important foundations for building trust with its stakeholders.

Therefore, the 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.

### Reporting 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 have 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 has been able to produce a balanced report, focusing on the key material issues.

# Environmental, Social and Governance Report

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 formants that may inappropriately influence a decision or judgement 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.

## 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) 3700 9600

Address: 20/F., Skyway Centre, 23-25 Queen's Road West, Sheung Wan, Hong Kong

Addressee: Investment Relationship Department

E-mail Address: [public@lerado.com.hk](mailto:public@lerado.com.hk)

## IDENTIFYING MATERIAL ISSUES

The Company has identified five ESG issues as “relevant” and “material” – employment, health and safety, development and training, anti-corruption and the efficient use of energy. These ESG issues are considered to have significant impact to the operations of our business and will be the focus of this Report.

# Environmental, Social and Governance Report

## ENVIRONMENTAL ASPECTS

The Company understands that climate change is one of the greatest concerns to the world and governments. Therefore, the Company reviews the environmental factors related to business operations to develop effective energy and water conservation measures and reduce waste generation. The Company actively responds to the global trend of emission reduction and devotes resources to reduce the impact of daily operations on the environment.

## EMISSIONS

As the Company is principally engaged in the provision of financial services, they do 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 businesses.

The Company's environmental impacts stem mainly from the energy usage associated with the office operation. The Company impacts the environment through its use of paper and non-hazardous waste generation. The Company places energy reduction and waste recycling as a few of its main key environmental strategies.

### Greenhouse Gas Emissions

The major sources of air and GHG emissions by the Company is energy consumption in regard to the purchased electricity used in office operation.

The total GHG generated by the Company during the Reporting Period was approximately 36 tonnes of carbon dioxide equivalent, with an intensity of approximately 4.5 tonnes of carbon dioxide equivalent per employee, comprising of the electricity consumptions.

KPI	Quantity	Unit
Scope 2 - Energy indirect emissions	36.0	tonnes of CO <sub>2</sub> -e
Total GHG Emissions	36.0	tonnes of CO <sub>2</sub> -e
GHG Emissions Intensity (by no. of employees)	4.5	tonnes of CO <sub>2</sub> -e/ employee

The Company proactively takes effective measures to reduce emissions of GHG and exhaust gas. In terms of reducing business travel, the Company encourage employees to use long-distance face-to-face meetings with telephone or video conferences, so as to reduce carbon emission from transportation; the Company also encourage employees to travel by public transport to reduce exhaust gas and GHG emissions by private cars.

# Environmental, Social and Governance Report

## Waste Management

The Company upholds the principles of waste management and is committed to reducing the impact of wastes from the business activities on the environment. Due to the business nature, the generation of hazardous and non-hazardous waste is not material to us and thus its related information is not disclosed in this Report.

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:

- Converting to a paperless office by storing files and documents online;
- Distribute promotions, monthly reports and other information through telecommunication channels to reduce the use of paper;
- Place various paper recycling boxes in the office areas;
- Encourage employees to reuse paper and printing in double-side;
- Designate recycling sports 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.

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.

## USE OF RESOURCES

The Company is committed to implementing environmental policy to reduce the use and to make good use of resources, including saving energy and reducing waste. Through promoting environmental and operating efficiency, the Company and its employees work together to reduce the environmental impact of the Group’s business. To pursue the environmental commitment, the Company has implemented multiple measures in enhancing energy efficiency, minimizing the use of papers, reducing water consumption, encouraging replacing business travels with video conferences, and driving behavioural changes of employees. 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 consumption and reduction methods will be discussed in the following sessions.

# Environmental, Social and Governance Report

## Energy Consumption

The Company's electricity consumption mainly stemmed from the office operations. During the Reporting Period, the total electricity consumption was approximately 44,973 kilowatt hours (2019: 48,770) with an intensity of approximately 5,622 (2019: 4,064) kilowatt hours per employee.

In order to reduce the use of electricity, the Company has adopted various initiatives in its operations as follows:

- give priority to products with high energy efficiency;
- replace traditional lamps with LEDs;
- 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.

## Water Consumption

The Company understands the importance of precious water sources to the earth and the environment. Due to the Company's business nature, the use of water is not material to our operations and thus its related information is not disclosed in this Report.

The Company actively promotes water-saving practices. For instance, the Company has posted water-saving slogans in conspicuous places and assigned dedicated personnel to regularly examine tap dripping or leaking and repairment.

## THE ENVIRONMENT AND NATURAL RESOURCES

Given the Company's business nature and activities, the impact of the Company on the environment and natural resources is limited. Consumption of energy mainly stemmed from the general use of electricity in the office. During the Reporting Period, the Company stipulated a number of measures to reduce the use of resources and disposal of waste (see the section headed "Use of Resources" above).

# Environmental, Social and Governance Report

Although the Company's business model does not include any high energy consumption activities, the Company is still committed to maintaining a balance between industry and ecological environment, and pursues long-term and sustainable development. While reviewing the business strategy and planning for future industrial development, the Company would take into account the importance of protecting the environment and cherishing natural resources. The Company will also promote the overall awareness of environmental protection and the awareness of customers and supply chains through education, training and awareness advocacy, thereby shouldering the corporate social responsibility.

In addition, the Company will continue to assess the environmental risks of the business, review the environmental practices and adopt preventive measures as necessary to reduce the risks and ensure the compliance with relevant laws and regulations that applies to the Company's emissions and the use of resources.

## SOCIAL ASPECTS

### Employment and Labour Practices

#### *Employment*

The Company's business is built on the efforts of its employees. Therefore, the Company strives to create a safe and healthy, fair and just, non-discriminatory working environment, enabling employees to achieve their full potential. The Company is also committed to maintaining the harmonious labour relations and pooling the wisdom of the employees to promote the long-term and sustainable development of the Company's industries.

During the Reporting Period, the Company has an aggregate of 8 employees (2019: 12). In order to cooperate with the continuously growing business scale, the Company acquires talents from different countries and backgrounds to join the local team.

Breakdown of employees during the Reporting Period by gender and age group:

Breakdown of Employees by Category	Percentage of Total (%)	
	2020	2019
<b>Employment</b>		
By Gender		
Male	38	42
Female	62	58
<b>By Age group</b>		
25-34	50	58
35-44	0	17
45-54	50	25
55-64	0	0
65+	0	0



## Environmental, Social and Governance Report

The Company attaches great importance to talents, adheres to the philosophy of being people-oriented, and abides by the personnel management principles of fairness, openness and justness. In order to attract and retain excellent talents, the Company 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.

The Company actively promotes fair competition to ensure no discrimination or dismissal of employees based on race, gender, age, marital status or religion. In view of this, the Company has formulated internal policies to regulate the Company's principles of equal opportunity, diversity and anti-discrimination. The equality principles of the Company include the recruitment, training, promotion, transfer and benefit etc., regardless of gender, religion, 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.

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.

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.

### ***Health and Safety***

For the Company, good health of employees is the guarantee of productivity. To provide a healthy and safe working environment for employees, the Company complies with the laws, regulations and standards of the state on safe production, laying a foundation for safe operation. Further, the Company has conducted practical safety management to effectively eliminate potential safety risks.

## Environmental, Social and Governance Report

Given the principal businesses of the Company relates to the financial sector, it 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 within the office environment.

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. The Company also ensures that the fire escape route is unimpeded and have prepared necessary first-aid kits in accordance with the law.

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.

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.

### ***Development and Training***

To support employees to leverage their talents and develop their skills and competencies, the Company provides development programs that focus on broadening professional knowledge, technical skills and enhancing productivity.

As such, the Company offers employees opportunities to develop their knowledge and skills. Not only those employees who are involved in the financial business should receive the enterprise training and anti-money laundering training provided by the Company, but employees may also 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 20 training hours (2019: 24) distributed in all employee categories. Training rates of employees during the Reporting Period by gender and employee category are as follows:

<b>Breakdown of Employees by Category</b>	<b>Percentage of Total (%)</b>	
	<b>2020</b>	<b>2019</b>
<b>Training Rates of Employees by categories</b>		
<b>By Gender</b>		
Male	63	42
Female	37	58
<b>By Employee category</b>		
Senior Management	37	33
Middle Management	37	17
Supervisor	13	25
General Employee	13	25

# Environmental, Social and Governance Report

## ***Labour Standards***

During the Reporting Period, the Company fully complies with laws and regulations related to the prevention of child labour and forced labour. The Company has 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 guarantees 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.

## **Operating Practices**

### ***Supply Chain Management***

The Company believes that building a sustainable supply chain can create value for the clients, employees, suppliers, service providers and communities. The Company applies the principles of openness, fairness and transparency to selected 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. The Company regularly monitors their partner's service qualities and conducts an annual appraisal to ensure that they are meeting the Company's requirements as well as seeking for improvement.

### ***Product Responsibility***

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.

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

### ***Anti-Corruption***

The Company advocates business integrity and fair competition and requires its employees to observe the code of professional ethics at all times. The Company expects all employees to adhere to the highest ethical, personal, and professional behaviour and standards.

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.

## Environmental, Social and Governance Report

Authorized by the Board, there is the 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.

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

### Community

#### ***Community Investment***

The Company believes that running a successful business is about achieving economic viability and fulfilling social responsibility. The Company, therefore, encourages employees to participate in volunteer work, nurturing a culture of care and mutual support. The Company will continue to regularly review and supervise its objectives for community investment, community investment, sponsorship and donation activities and the relevant approval policies.