



國泰君安國際

GUOTAI JUNAN INTERNATIONAL

Stock Code 股份代號：1788

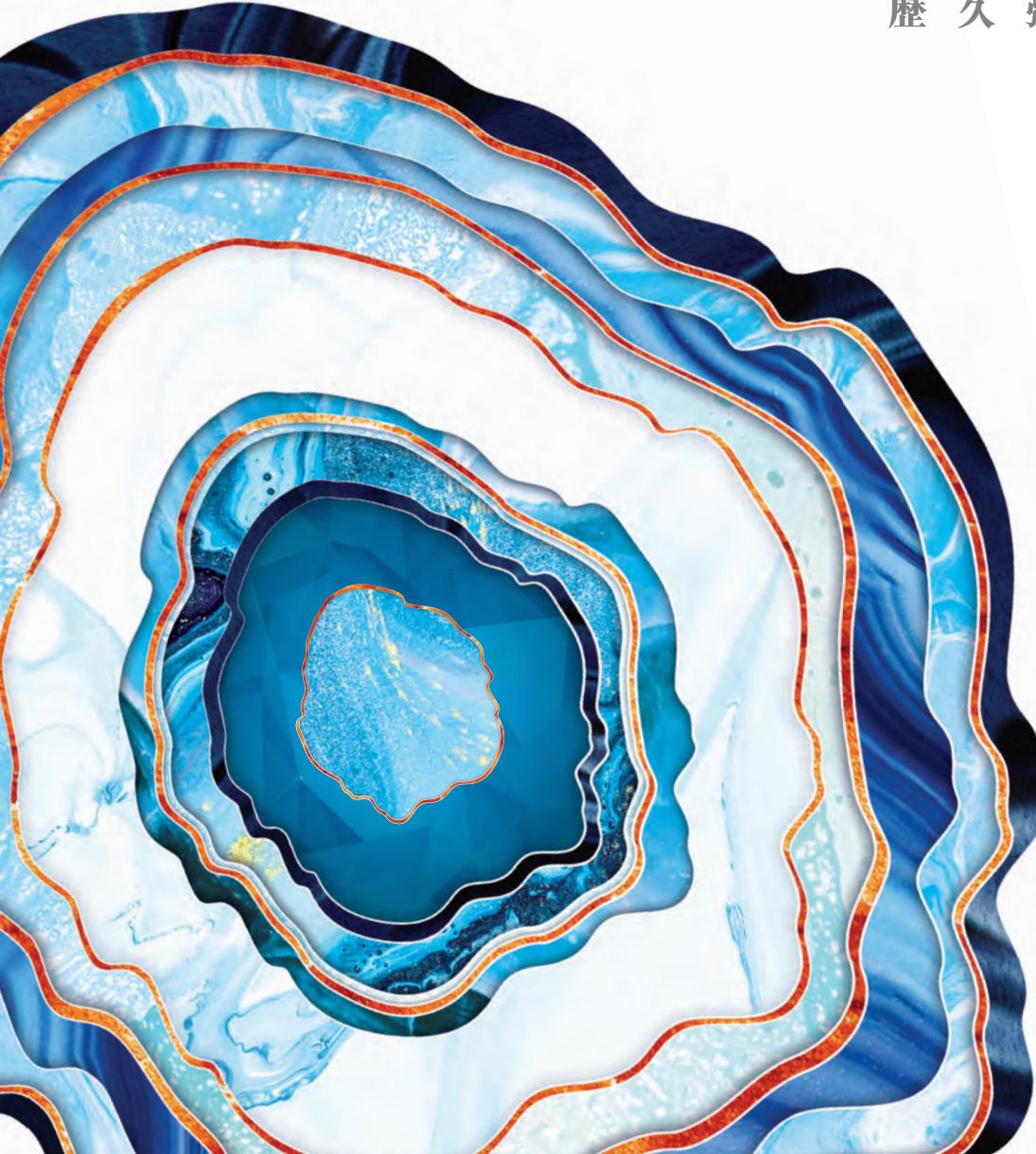
# 2019

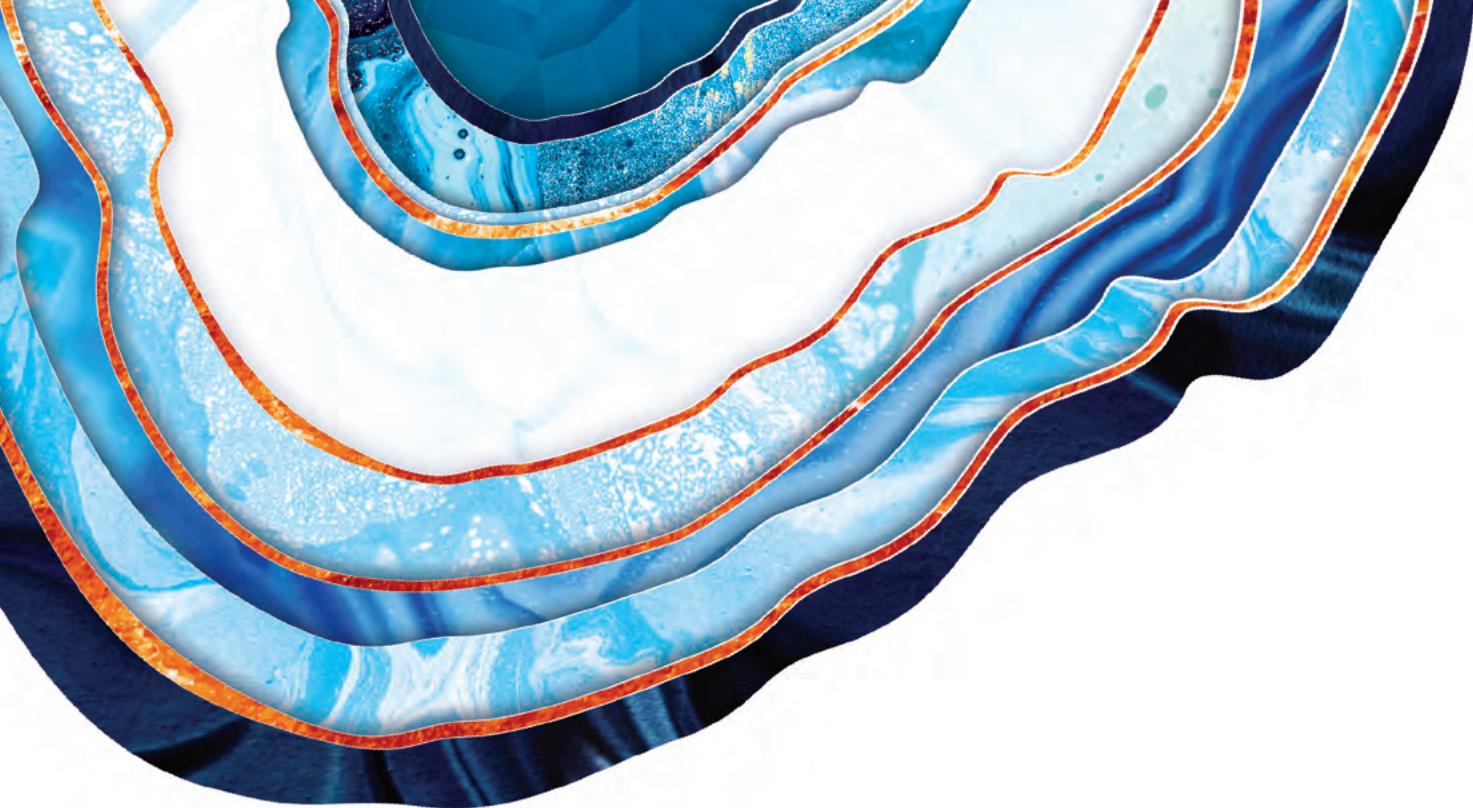
## Environmental, Social and Governance Report

### 環境、社會及管治報告

The Only Thing Does Not Change is  
Changing for the Better

歷久彌珍





我們追求長期可持續發展，  
踐行更廣泛的社會責任，保持高水平企業管治。



We pursue long-term sustainable development, take broader social responsibility,  
and maintain high standards of corporate governance.

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## Our Business

Deeply rooted in Hong Kong, one of the world's most vibrant global metropolises, Guotai Junan International Holdings Limited ("Guotai Junan International" or the "Company", together with its subsidiaries, the "Group") serves as a bridge to connect enterprises and investors between China and the world. The Company provides a range of innovative financial products and services to meet the investment and financing needs of companies and investors from mainland China and overseas, which further facilitates them to catch market opportunities.

Established in Hong Kong in 1995, the Company currently has core businesses including wealth management, brokerage, corporate finance, asset management, loans and financing, financial products, market making and investments. As the Company fully executed its strategy to diversify its business in recent years, it has shifted its focus from the traditional brokerage to wealth management with a wide range of tailored financial products and services to create attractive returns for investors. Our team of dedicated professionals, who have in-depth knowledge and understanding of capital markets, has established a solid reputation for offering quality financial services and tailored financial products to investors in Hong Kong, mainland China and across the world.

In 2010, Guotai Junan International became the first Chinese securities brokerage house with China Securities Regulatory Commission approval to list its shares through initial public offering ("IPO") on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Currently, the Company is one of the constituents of HSCI, Hang Seng Composite LargeCap & MidCap Index, FTSE HK index, FTSE HK ex H share index and FTSE4Good Index Series.



### Wealth Management

Assists high-net-worth individual and family office clients to manage their wealth through tailor-made strategy and services by utilising a wide spectrum of financial products and services, allowing them to obtain market-leading information to stay ahead of the fast-changing market.



### Financial Products

Provides a range of quality investment solutions that is highly customised to the investment needs of our clients, assisting clients in making proper judgements in changing market conditions through leveraging our network of counterparts in the industry.



### Corporate Finance

Offers a wide range of investment banking services in Hong Kong including debt capital market, equity capital market and financial advisory services, aiming to provide corporate clients with long and short term financial planning and the implementation of different strategies in various capital markets.



### Loans and Financing

Provides clients with loan financing and securities lending services, such as margin financing, IPO financing and securities lending, to assist clients in increasing opportunities to profit under various capital market environment by employing differentiated investment strategies.



### Brokerage

Provides advanced and comprehensive platforms with a vast array of trading services to satisfy client's needs to better manage their portfolio.



### Asset Management

Provides diversified asset management services to corporate, institutional and individual investors. Products include public funds, private funds, investment advisory and integrated fund services, for equity, fixed income and alternative asset classes.



## Our Sustainability Journey

The 2030 Agenda for Sustainable Development announced by the United Nations has set out the blueprint for achieving prosperity at the present and the future for both people and the planet. As a financial institution, the Group has the financial muscles to make greater contribution to sustainable development.

In recent years, it can be seen that there is a surge in sustainable investment, reaching US\$30.7 trillion since 2018. With more than 20 years of experience in the capital market, the Group is strongly placed to make its own contribution towards sustainable development and to tackle climate change. During the past four years, we have been paving our journey towards the contribution to sustainable development.



2016



2017



2018



2019

Published our first environmental, social and governance ("ESG") report, presenting to stakeholders an overview of our performance in ESG.

Communicated with a group of employees for their most concerned ESG aspects.

Invited both internal and external stakeholders to share their feedback on our performance in sustainability, prioritising material issues for us to address and report on.

Became a constituent of FTSE4Good Index initiated by FTSE Russell of the London Stock Exchange.

Looking ahead, the Group will set more sustainability goals and targets to effectively monitor our ESG performance. We will continuously strive to do better in terms of our sustainability contribution and we are committed to develop a long-term sustainability strategy.

The table below outlines the goals of different aspects which are essential to our operation.

Aspects	Our Goals
Stakeholders	Aim to gain insights from our stakeholders on issues that affect them the most.
Operations	Strive to provide products and services with a better ESG performance to clients.
Employees	Adhere to provide a respectful, safe and healthy work environment for employees and uncover their potentials.
Environment	Pursue to identify and mitigate the significant climate-related issues and reduce their negative impacts to our business.
Community	Seek to contribute to the communities in need where we operate.

## Our Approach to Sustainability

We believe the capital markets can serve as a catalyst for positive change. By advocating for sustainability, we aim to set a clear goal through ESG governance and sustainability risk management with the contribution from stakeholder engagement and materiality assessment.

### ESG Governance

The board of directors of the Company (the "Board") is ultimately responsible for overseeing the Group's ESG strategy. Since ESG issues may affect the Group's ability to generate returns, it is the Board's role to understand the ESG-related risks and potential impacts within our operations. Senior management reports to the Board on ESG matters for continuous improvement on the Group's sustainability. ESG policy is also in place and is regularly reviewed by the Board.



Best Practice in ESG Reporting - Level 3  
Awarded Year 2019 (CCEL-2019-3-41)

## Sustainability Risk Management

Risk management is of paramount importance to manage risks as well as to capture opportunities. During the year, we engaged an independent sustainability consultant to carry out an ESG risk assessment through the identification of sustainability megatrends and key ESG risks to the financial services industry. Through this assessment, we aim to identify risks at the early stage so that they could be understood, avoided and managed.

As part of the ESG risk analysis, megatrend analysis provides an overarching view of the long-term status of affairs. Megatrends analysis allows us to create a proactive long-term strategy and to anticipate risks and opportunities that could have a direct or indirect influence on our operations. Three ESG megatrends were identified: climate change, responsible operation and decent work. By considering these megatrends, the Group will be able to act on these aspects and to prepare for challenges ahead.



### Climate Change

Greenhouse gases ("GHGs") emissions are causing global warming and affecting many places around the world. Scientists predicted that there will be a higher frequency of catastrophic events if temperature becomes 1.5 degrees Celsius higher. Risks caused by climate change may pose serious risks to the financial sector.



### Responsible Operation

With the experience of financial crisis in 2008, investors have been realising the importance of responsible operation in the financial sector. Economic collapse was led by irresponsible operations, as a result, many of the enterprises filed for bankruptcy. In the financial sector, stricter laws and regulations were imposed to maintain a fair, efficient, transparent and orderly market so as to minimise crime and misconduct within the industry.



### Decent Work

Decent work means the fundamental human rights and the rights of workers in terms of conditions of work safety and remuneration are observed during the employment. The financial sector shows greater awareness of the international labour standards, both physical and mental health of the employees are of utmost importance for companies to retain high-performing employees.

Following a review of global peers' practices in responding to these three megatrends, industry-level ESG risks are identified and summarised as below:



### Chronic Physical Risks

Chronic physical risks can be longer-term shifts in climate patterns, such as sea-level rise. Financial institutions are mainly office-based operations, while premises and employee safety can be affected by long-term changes in water quality, food safety, and extreme temperature changes.

### Acute Physical Risks

Acute physical risks can pose immediate threats to operations. For financial institutions, sudden blockades due to extreme weather conditions could result in loss of critical data and disruptions to client services. Remote office can keep employees away from extreme weather conditions but it would reduce their productivity and pose threats to business reliability.

### Market Risks

Climate-related risks and opportunities may affect the supply and demand of certain commodities, products, and services. For financial services firms, the client's portfolio values may be depreciated due to high proportion of stranded assets. Market preferences and customer trusts may also change due to financial institutions climate performance.

### Legal/Policy Risks

Corporations should comply with regulations and policies in relation to climate change that are constantly evolving to facilitate the transition to a low-carbon economy. Financial institutions may need to bear additional legal and compliance costs and the risks on clients' inability to repay loans which may be affected by these changes.



### Non-compliance with Existing and Changing Regulations

Regulatory changes undergone the increase of non-compliance risks if the companies fail to identify, interpret, implement and/or monitor new regulatory changes and development.

### Cyber Threats and Attacks

Financial institutions rely on information technology infrastructures to support a variety of processes and activities. System shutdowns or data security breaches can cause service disruption as well as result in unauthorised or accidental disclosure of material confidential information or personal data. Any of the foregoing incidents may cause delay in transactions, loss of customer trust and business opportunities, and infringement of privacy.



### Talent Attraction and Retention

Companies may not be able to successfully compete for and attract the high-quality and diverse talents. Changes in immigration laws and policies could also make it more difficult for companies to recruit or relocate highly skilled personnel to meet business development needs. In addition, the unexpected loss of experienced and highly skilled talents may reduce the companies' competitiveness.

Findings of the analysis provide the Group the indicators to review and update its current approaches and strengthen ESG-risk management. This allows us to incorporate ESG risks into our daily operations and ensure that the consortium of risk owners takes up the responsibility to lead and coordinate the actions related to ESG risks.

### Stakeholder Engagement

Ongoing dialogue with our stakeholders proves to be vital to our business operation. We understand that by taking consideration into stakeholders' opinions and meeting their needs, the Group can contribute to the development of a sustainable economy in a more efficient way.

We understand that stakeholders' expectations change over time. We gauged feedback from both our internal and external stakeholders through various communication channels. Regular feedbacks are obtained through day-to-day operations, such as meetings, workshops and other communicative activities.

#### Employees

- Orientation and training sessions
- Volunteering activities
- Performance appraisal
- Office automation system and emails

#### Business partners

- Meetings
- Tendering and procurement processes

#### Customers

- Customer service hotline
- Email and mobile application
- Social media and company website

#### Communities

- Community events
- Volunteering activities
- Donations and sponsorships

## *Materiality Assessment*

Stakeholder engagement provides us with the views on issues related to our stakeholders. Through online survey, materiality assessment was performed to get a deeper understanding from our stakeholders' perceptions. The four-step process is outlined below:

### **Phase 1: Identify relevant issues**

By reviewing current and previous engagement results and global sustainability issues with reference to international and local reporting standards, there are **18 relevant issues** covering both the environmental and social agenda which are relevant to our business.

### **Phase 2: Collect stakeholders' feedbacks**

We invited our internal and external stakeholders to provide their feedback through online survey. **171 responses** were received and analysed. External stakeholders accounted for 20% of the total responses.

### **Phase 3: Determine material issues**

The materiality of each relevant issue was assessed and a materiality matrix was mapped, by considering its importance to the stakeholder and the relevant impact, both positive and negative, of the Group on the economy, environment and society. **9 out of 18 issues were prioritised as material issues** for us to address and report on.

### **Phase 4: Validation**

The materiality matrix was reviewed by the Board.

A total of 18 relevant issues was mapped below in the materiality matrix, of which 9 issues were identified as material issues of the Group. Diversity and equal opportunities is a new material issue this year. Other than that, material issues identified this year are similar to those of 2018.

#### **Environmental**

- 1. Resources use
- 2. Greenhouse gases and other air emissions
- 3. Waste generation and management
- 4. Respond to climate change
- 5. The environment and natural resources



#### **Employment and Labour Practices**

- 6. Employment management
- 7. Diversity and equal opportunity
- 8. Occupational health and safety
- 9. Training and development
- 10. Labour standards



#### **Operating Practices**

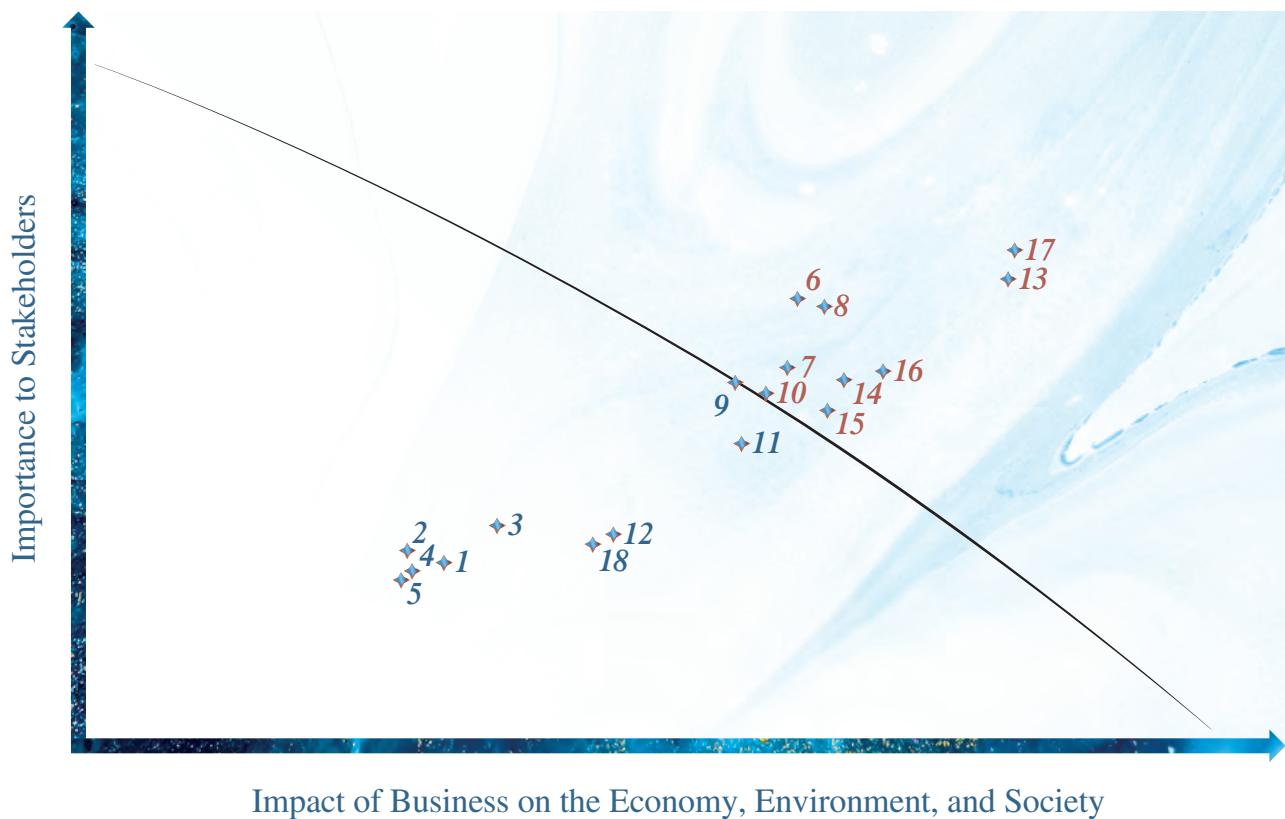
- 11. Product responsibility
- 12. Supply chain management
- 13. Protection of customer data and privacy
- 14. Quality management
- 15. Fair and responsible marketing communication and information
- 16. Protection of intellectual property rights
- 17. Anti-corruption



#### **Community Investment**

- 18. Caring for society





9 material issues categorised in a descending order:

17. Anti-corruption
13. Protection of customer data and privacy
8. Occupational health and safety
6. Employment management
16. Protection of intellectual property rights
14. Quality management
7. Diversity and equal opportunity
15. Fair and responsible marketing communication and information
10. Labour standards

In addition, we also solicited quantitative feedback from our stakeholders which allows us to keep track of our current sustainability performance and areas for improvement. Their comments will help the formulation of future sustainability strategy.

	Key Stakeholders' Feedback	Our Responses
 Governance	<ul style="list-style-type: none"> <li>Assess ESG-related risks which are important to the Group</li> <li>Introduce ESG more widely and educate employees on material issues</li> </ul>	<p>ESG-related risks are important to the Group. We will further enhance the ESG risk management system in order to identify global and local risks we face.</p> <p>Look forward to working closely with our employees towards sustainability. We will enhance internal communication on the Group's sustainability performance such as organise trainings in sharing industrial good practice with our employees.</p>
 Environment	<ul style="list-style-type: none"> <li>Emphasis on the implementation of resources recycling</li> <li>Promote awareness of environmental practices in the workplace</li> <li>Minimise energy usage</li> <li>Educate employees in developing a habit of energy preservation</li> </ul>	We understand the importance of resource scarcity and it is on our agenda to consider setting reduction targets and developing action plans.
 Community Services	<ul style="list-style-type: none"> <li>Organise more charity activities for employees</li> <li>Understand the needs of the communities and ensure effective and timely communication</li> </ul>	We continue to participate in various volunteering activities to help people who are in need in the community. In the future, we will conduct community mapping exercise to further understand the needs of our communities.

## Maintaining Integrity in Our Operations

Maintaining integrity in our operations enables us to earn the trust from our clients. We strive for the highest standards of integrity, accountability and transparency. Therefore, we have systematic and stringent policy and guidelines for our employees to follow.

### Anti-corruption

Anti-corruption is one of the most material topics in our business. In order to maintain business integrity, corruption is intolerant in our operation. All employees must uphold the Company's compliance manual which sets out guidance on, among the others, the communication with public and provision of information, anti-money laundering, customer due diligence and client identity. It is our responsibility to ensure that all of our employees understand the guidelines. It is also our duties to observe relevant bribery and corruption laws and regulations in any other territories applicable to the Group's business operation.

### *Anti-money Laundering ("AML") and Counter-terrorist Financing*

During the year, an one-hour training was provided to 156 staff on anti-corruption and a two-hour training was provided to all staff on AML and cybersecurity.

Customer due diligence policy is in place to strengthen our process on AML and anti-corruption identification. The policy was updated in 2019 by incorporating new requirement on the ongoing customer account monitoring and the transaction monitoring. A re-assessment of our current clients will be conducted in order to update their risk profile. In the cases where clients are unable to provide relevant information, we may suspend the business relationship with them until additional information is provided. This update will strengthen the Group's policy on AML and anti-corruption. We ensure our operations comply with law and regulations and be free from bribery, corruption, fraud and money laundering activities.

The Company has its internal complaint handling mechanism and whistle blowing policy in place for staff who has concerns about any suspected misconduct or malpractice within the Group. We will keep the reporter's identity confidential and protect him/her against unfair dismissal or unwarranted disciplinary action.

### **Cybersecurity and Client Privacy Protection**

Cybersecurity and client privacy protection are essential in the big data era. Cybersecurity is a material issue especially to the financial sector, where huge amount of client's data and unpublished price-sensitive information are collected and stored. We are fully aware of the importance of protecting our customer's data and the consequences could be disastrous if we failed to do so.

The Group manages system development to meet its business requirements. We have policies in place to comply with related rules and regulations of the Securities and Futures Commission and the Stock Exchange. To ensure our network is secure enough to combat cyber-attacks, the Company is constantly improving and upgrading internal information technology ("IT") systems as well as online-trading platforms.

In order to strengthen our IT systems, we have multiple layers of control on cybersecurity. Firstly, we have designated committee who is responsible for the oversight on all aspects of internet trading platforms and customer data protection requirements. In addition, we have industrial standard cybersecurity measures such as network segmentation and segregation to protect against the loss and misuse of the information under our control. To further strengthen the security of our online trading platform, the Company has designated IT professionals to conduct network scanning, system penetration test and comprehensive security assessment regularly. Our system security controls are maintained and monitored by our IT experts. Contingent and recovery plans are in place in case of cyber-attacks or threats we faced which enable us to safeguard our client's interests and fulfil our contractual duties to manage such risks.

Trainings on cybersecurity are organised every year to enhance staff's awareness, while we also remind our staff and clients on security tips from time to time. In addition, we pay greatest attention to safeguard the personal information of clients in accordance with the guidance and procedures.

To prevent data leakage, data storage devices, including storage area networks, servers and computer hard disks, should be degaussed to ensure all the data have been completely deleted prior to disposal. Disposal for data storage devices requires management's approval and the disposal date together with the relevant information will be recorded.

## Responsibility in Delivering Quality Services

Customer satisfaction is one of the key factors for successful businesses of the Group, we continue to enhance customer satisfaction by delivering high quality services, so as to attract new clients as well as retain existing clients.

### *Responsible Advertising and Marketing*

In accordance with our guidance, we prohibit any form of dishonesty and deceptive statements and all marketing materials must be based on the facts and should not have any biased view to mislead customers in purchasing our products and services. It is our employees' responsibility to ensure contents of all marketing materials and statements disseminated on behalf of the Group are accurate.

Risk profile assessment for customers is required in order for us to propose the most suitable investment products to them. This allows us to match the clients' expectations based on their risk attitude, and ensure that the highest quality services are offered to our clients.

### *Client's Feedback*

We care about our client's feedback and have different functional departments to handle client's enquiries and complaints separately. During the year, there were two complaints regarding misunderstanding in communication and we took every complaint seriously. Through the handling processes, we strive to ensure that customers are satisfied with our services and agree with our arrangement.

## Sustainable Finance

The Group is devoted to utilise its expertise in the capital market to create sustainable and long-term value for our clients and stakeholders. The Group actively promotes putting green finance into practice by providing a wide range of financial solutions, such as green bond issuances, IPOs, share placings, and advisory services so as to achieve stable returns while bringing positive impact on environment and society. In supporting sustainable development, we participated in 6 ESG-related corporate finance projects last year which covered various industries, such as property development, property management, education, bio-technology and utility.

Our roles in ESG corporate finance projects during the year:

- Participated in a green bond issuance project for a property developer with an amount of US\$200 million for green building development.
- Participated in a share placement project for an energy company with an amount of approximately HK\$3.5 billion which focuses on replacement of coal with gas businesses.
- Acted as one of the sponsors for an IPO project for a property management company which advocates the two ecosystems of "lives in properties and commercial complex" in the general health and wellness business segment, and continuously integrates quality healthcare resources.
- Participated in IPO projects for different issuers such as education, bio-technology companies, and property developer who focuses on green design buildings, with an aggregate fundraising amount of approximately HK\$7.1 billion.

We also have an ESG policy in place which sets out the criteria when screening our investment projects. Both negative and positive screening are listed out for guidance in ESG investing. We disregard investment in companies from certain sectors based on specific ESG criteria for negative screening whereas we consider investment in companies that have a better ESG performance as compared to its peers. Investee companies are required to follow our ESG guideline before we invest substantial interests in them.

## Supply Chain Management

We acknowledge our responsibility in managing risks along our supply chain. We have an assessment criteria for engaging third party supplier. To ensure our service providers' quality of services, they have to go through a due diligence process. We review at least on an annual basis all material outsourcing arrangements. External audit or expert assessment reports on the service providers are also reviewed when necessary.

We outsource certain activities to external parties. Hence, it is crucial to protect the confidentiality of customer's information and interests along our supply chain. As stated in the outsourcing policy and relevant controlling policies, outsourced services are monitored and controlled so as to reduce and manage risks along our supply chain. These outsourced activities are reviewed and monitored at least once a year.

The impact on environment and society constituted by the suppliers during delivery of products and services should also be considered. Our controlling functions perform continuous communication and assessment to maintain high quality products and services.

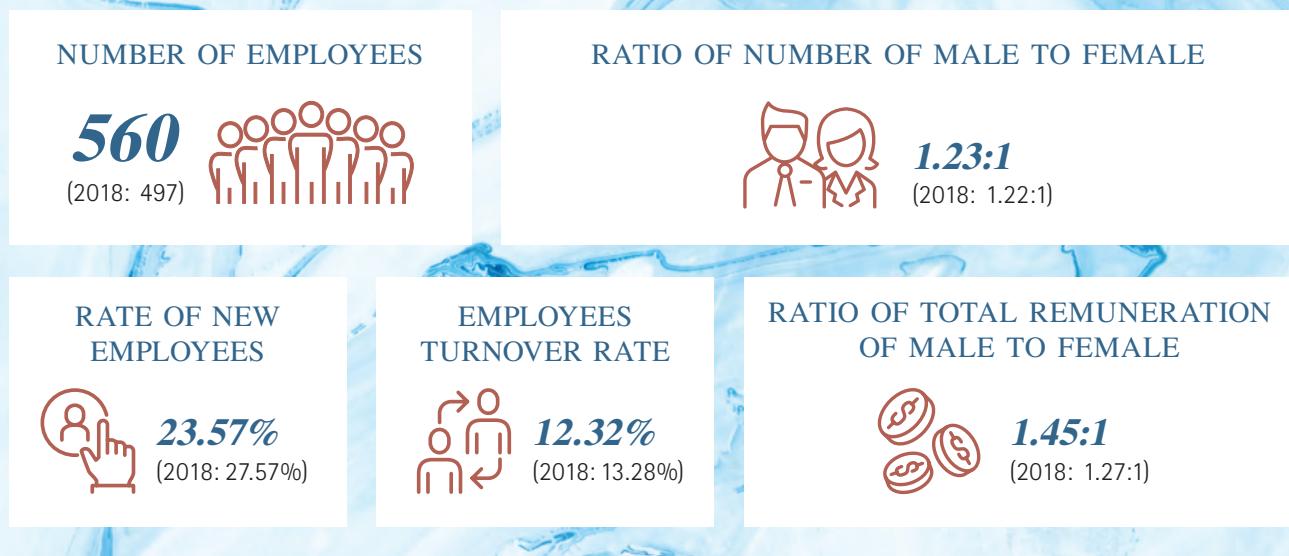
## Nurturing Our People

As a caring and responsible employer, the Group is devoted to providing a healthy and safe working environment, maintaining a respectful and fair office culture, and supporting employees' development.



Employees by gender, age group and employee category						
Gender	Employee category	Age group				
		18–25	26–35	36–45	46–55	Above 55
Male	Management	0	11	32	28	10
	Manager	0	37	26	17	1
	General staff	18	94	20	14	1
Female	Management	0	12	35	11	2
	Manager	0	23	18	4	4
	General staff	22	86	19	11	4
Total workforce		40	263	150	85	22
						560

## DETAILS OF EMPLOYEES



Employees by core business functions	2019	2018
Brokerage	69	60
Corporate finance	128	120
Asset management	29	29
Loans and financing	7	12
Wealth management	33	22
Financial products, market making and investments	37	32
Middle and back office	257	222
<b>Total</b>	<b>560</b>	<b>497</b>

### Health and Wellness

The Group cares about the wellbeing of the employees and we are devoted to create a safe environment and provide comfortable workplace. We have policy in place regarding occupational safety in order to help our employees understand how they could protect themselves from occupational hazards.



**ECO-Healthy  
WORKPLACE**

We provide adjustable design work chairs to protect our employees' neck and back. Indoor air purifiers were also installed to enhance office air quality. We also provide fringe benefits, such as medical insurance, annual physical check-up and dental benefit.

We care about our employees' physical health as well as their mental health. "Fruits Monday" was introduced by offering seasonal fruits to employees on every Monday. In 2019, we held two workshops on emotional intelligence and mindfulness to promote calmness at our workplace.

We experience monsoon weather every summer such as typhoon and rainstorm. Regarding the work arrangement in these bad weather conditions, we have dedicated guideline for employees to follow.

During 2019, there were no reported work-related fatalities and injuries.

## Employment Management

The Group endeavours to provide an equal, diversified, respectful and inclusive working environment for our employees. During the year, we were awarded the Happy Company Award.



### *Remuneration, Holiday and Benefits*

We offer competitive remuneration and benefit package to attract and retain talents. Remuneration and benefit package are reviewed annually and benchmarked against our industry peers to ensure we follow best-in-class standards. Salaries are not differentiated by gender but by meritocracy. In addition to entitled annual leaves, banking holidays, study leaves, marriage leaves and compassionate leaves, we also offer other fringe benefits and welfare.

New employee joined in the year								
Gender	Employee category	Age group					Number and rate of new employees by gender	
		18-25	26-35	36-45	46-55	Above 55	2019	2018
Male	Management	0	4	2	2	3	75 (24.27%)	72 (26.37%)
	Manager	0	13	2	2	0		
	General staff	12	31	2	2	0		
Female	Management	0	3	1	0	0	57 (22.71%)	65 (29.02%)
	Manager	0	9	1	0	0		
	General staff	10	27	5	1	0		
Number and rate of new employees by age group		22 (55.00%)	87 (33.08%)	13 (8.67%)	7 (8.24%)	3 (13.64%)	132 (23.57%)	137 (27.57%)

### *Termination of Employment*

Termination of employees is conformed to local regulations. We closely monitor the turnover rate and gather insights and information through exit surveys. These enable us to address employee concerns and implement retention measures.

Employees turnover								
Gender	Employee category	Age group					Number and rate of employees turnover by gender	
		18–25	26–35	36–45	46–55	Above 55	2019	2018
Male	Management	0	1	5	1	0	39 (12.62%)	30 (10.99%)
	Manager	0	6	4	0	0		
	General staff	4	16	1	1	0		
Female	Management	0	3	4	1	0	30 (11.95%)	36 (16.07%)
	Manager	0	5	0	1	0		
	General staff	2	13	1	0	0		
Number and rate of employees turnover by age group		6 (15.00%)	44 (16.73%)	15 (10.00%)	4 (4.71%)	0 (0.00%)	69 (12.32%)	66 (13.28%)

### *Diversity and Equal Opportunities*

Diversity and equality are two important drivers for a successful company. The Group believes that diversity brings out innovative ideas that will ultimately create value for the Company and its stakeholders. During the year, the Group has included the diversity aspects in its human resources procedures and policy. Diversity policy is in place to ensure all employees treat others in dignity and respect and that our employees shall not be discriminated by sex, pregnancy, marital status, disability, family circumstances and race.



We endeavour to provide equal opportunities to our employees and prohibit all types of discrimination. In order to develop a fair employment practice, we follow the principle of meritocracy to recruit, hire, train and promote our employees regardless of their background. We look for a candidate's work experiences, knowledge, inventiveness, innovation, self-expression, unique capabilities and talent. In face of any forms of discrimination, inequality and harassment that conflict with our policy, employees can lodge complaints following the internal complaint procedures.

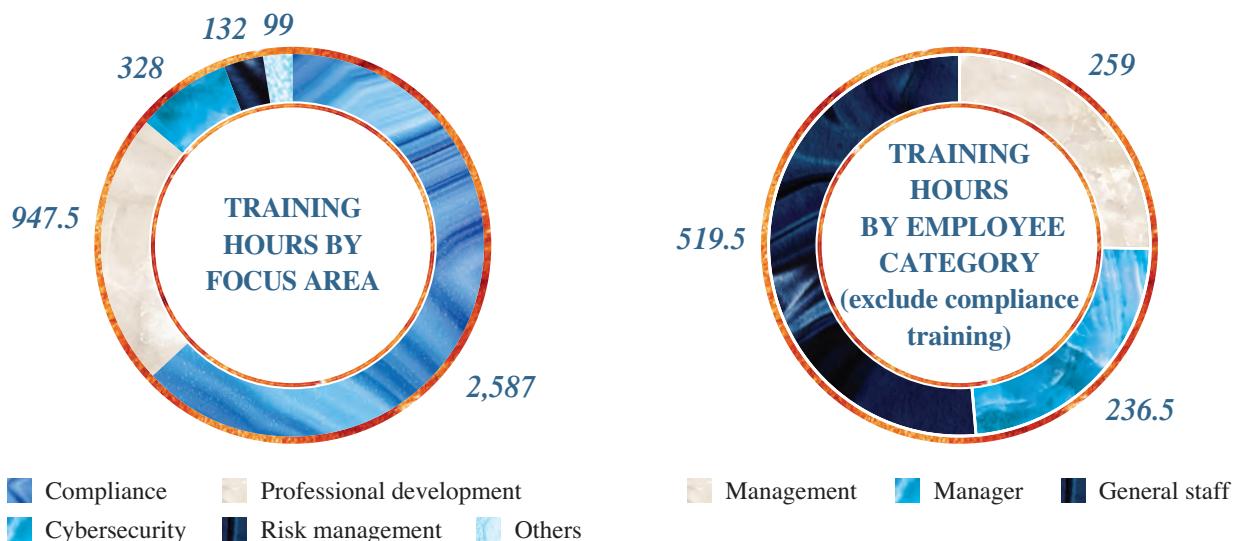
## *Labour Standards*

We value human rights. Child labour and forced labour are strictly prohibited in accordance with our staff handbook. Employees shall have reasonable freedom of movement and potential candidates' identities shall be checked before employment.

## **Training and Development**

We offer skills development and training opportunities from time to time to our employees in order to keep our workforce professional, competent and ethical. We introduced diversified learning opportunities to equip our employees with the latest industry standards and trends which enable them to meet upcoming challenges. By attending these courses, our employees will be able to broaden their insights and advance their career. Besides, we also offer study leaves for employees who are taking job-related examinations.

Staff receives trainings based on their position and needs, such as financial knowledge, compliance and leadership management, to develop their capabilities and enhance their interpersonal skills. For instance, all new employees attended the induction compliance training in order to understand and uphold the Group's compliance principles. We also provide refresher programmes to ensure our employees have the latest information and news regarding the financial services industry. Web-based eLearning is also provided where individuals can take the courses whenever suit them. Through providing internal and external, physical and online courses, we try our best to unleash employees' potentials. During the year, all staff attended different training courses based on their job nature.



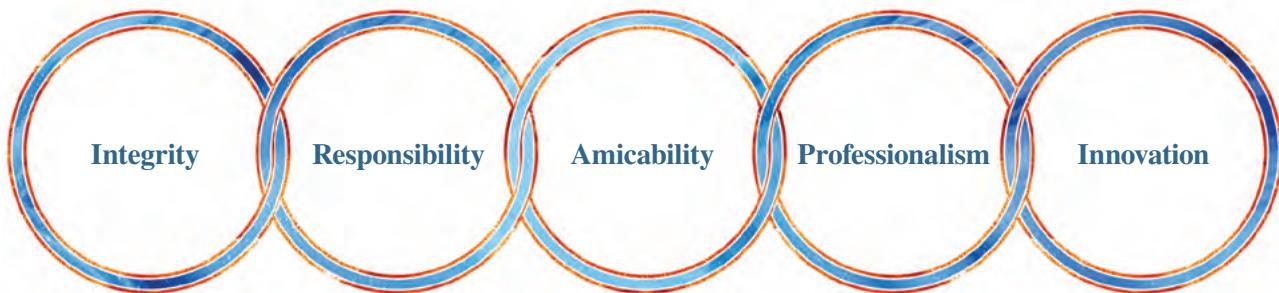
We support career development and personal development of our employees. Appraisals allow individuals to recognise their achievements and at the same time, identify areas where improvement is required. By strengthening communication and exchanging ideas with the employees through the process of appraisals, we encourage employees to unleash their full potential and grow with the Group.

The Group has performance appraisal procedures in place to evaluate staff's performance and align performance standards across all divisions. During the year, we offered performance management workshop to all employees in order to familiarise them with the purpose of an appraisal and the skills required to set goals and key performance indicators ("KPIs"). Our appraisal process consists of three stages: Goals and KPIs setting, mid-year review and annual review. Supervisors shall assist subordinates in setting their goals in the first stage of the appraisal process. Mid-year review, being the second stage, permits supervisors to track the progress of the subordinates and allows all staff to focus on areas where improvement is required. With reference to the annual review of the appraisal, being the last stage, we promote employees who have proved to have capabilities to take up greater responsibility.

## Employee Communication

The Group has set its vision, mission and core values, and we adhere to uphold the highest standard of integrity and be responsible to the society and our clients.

## CORE VALUES



Staff is the backbone of our business. We value their voices. The Group is devoted to build a diverse and inclusive team culture that brings the best of all our employees. We encourage respectful communication and cooperation between all of our staff. We believe that teamwork and each employee's participation allow for mutual support as well as exchange of innovative ideas.

It is essential that our employees keep the Group's core values in the operations because this will reinforce our vision and the way we conduct business. When employees respect and believe in our core values, they have a better understanding of their roles and how they can contribute in achieving the Group's overall goals.

## Protecting Our Environment

Climate change and environmental protection are two of the most imminent issues nowadays. As a financial services provider, we take the responsibility in promoting sustainability through our operational practices. We believe by working closely with investors and clients, we can contribute in reducing ecological footprint on our natural environment and resources.

We endeavour to educate employees in advocating pollution prevention, waste reduction, increase recycling and mitigate natural resources use, aiming to go beyond compliance with applicable regulatory requirements and to continually improve our environmental management practices and measures.

## Resources and Waste Management

We are committed to continuously reduce waste production and promote recycling across the Group. Our employees are encouraged to separate all recyclable waste for proper handling. We encourage to follow the responsible waste management hierarchy to reduce, reuse, recycle and repair before disposal.



### *Non-hazardous waste*

We promote the behaviour of reusing. We provide reusable utensils as substitutes to one-time utensils in the pantry to raise employees' awareness on reducing the use of disposable plastics. We also encourage our employees to avoid consuming bottled water for both internal and external meetings. In addition, we encourage employees to recycle materials by setting up more recycle bins in the office.

During the year, 18.2 tonnes of non-hazardous waste (intensity: 0.491 tonnes/thousand square foot) were produced from our offices. As compared to last year, it showed an increase due to the implementation of a monthly measuring system for a more complete and accurate measurement.

### *Hazardous waste*

According to our internal procedures, we shall contact charity or recyclers to collect obsolete devices for proper handling. Additionally, we also return used cartridges to the supplier to reduce waste and encourage recycling.

During the year, the Group's operations produced 1.8 tonnes of hazardous waste (intensity: 0.028 tonnes/thousand square foot), including toner cartridges from printers, fluorescent light tubes and electronic waste such as laptops and printers\*.

\* Computer weighed 8.4kg each, notebook weighed 5.6 pounds each, server weighed 18kg each, printer and fax weighed 53 pounds each, monitor weighed 5.2kg each, cartridge weighed 455g each and light tube weighed 47.5g each.

Waste	2019	2018	Unit	Remarks
Total hazardous waste produced	1.8	N/A	tonnes	Includes toner cartridges from printers and electronic waste (laptops, printers, etc)
Intensity of hazardous waste produced	3.3	—	tonnes/ 1,000 employees	
Intensity of hazardous waste produced	0.028	—	tonnes/ 1,000 sq. ft.	
Total non-hazardous waste produced	18.2	13.2*	tonnes	Singapore office was not included in 2018. The increase in non-hazardous waste recorded was due to the set up of a new measuring system.
Intensity of non-hazardous waste produced	32.4	2.3	tonnes/ 1,000 employees	
Intensity of non-hazardous waste produced	0.491	0.021	tonnes/ 1,000 sq. ft.	

\* In 2018, the total amount of non-hazardous waste produced was restated by using the amount in December to project the amount produced in the whole year for comparison.

#### Water management

Water consumption records were not feasible to obtain due to no individual water meter installed by the property management in our offices. However, in order to promote water efficiency, water-saving signages were displayed around the office. The Group has no issue in sourcing water for its operations.

#### Paper consumption management

Although paper printing for our operations are unavoidable, paper consumption measurements are in place in order to reduce paper usage and waste by multiple ways such as purchasing FSC-certified paper, encouraging double-sided printing and digitalising our operations by the office automation system.

#### Energy and Carbon Management

We place emphasis on energy utilisation efficiency. By adapting glazed panel design in our offices, we can accommodate our workstation with the sharing of natural light. Apart from office design, we use environmental-friendly electrical appliances with high energy efficiency grade. Following installation, we have preset all electrical appliances to energy saving modes. We also remind our staff to turn off unnecessary electric appliances during non-office hours.



Energy Use	2019	2018	Unit
Petrol	74.8	72.2	MWh
Electricity	1,072.8	921.8*	MWh
Cooling	899.8	647.0*	MWh
Total energy consumption	2,047.4	1,641.0	MWh
Intensity of energy consumption	3.6	3.3	MWh/employee
Intensity of energy consumption	0.031	0.030	MWh/sq. ft.

\* In 2018, the purchased cooling was restated and the purchased electricity was also restated by using the updated grid-electricity emission factor.

To gain a better understanding of its carbon footprint, the Group has engaged an external professional consultancy firm to implement carbon assessment. The quantification process of GHG emissions follows the "Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings in Hong Kong" published by the Electrical and Mechanical Services Department and the Environmental Protection Department, with reference to international standards such as the Greenhouse Gas Protocol and the ISO 14064-1 standard.

Greenhouse Gas Emissions	2019	2018 <sup>4</sup>	Unit
Scope 1 emissions <sup>1</sup>	77.3	61.3	tonnes CO <sub>2</sub> -e
Scope 2 emissions <sup>2</sup>	1,008.1	841.6	tonnes CO <sub>2</sub> -e
Scope 3 emissions <sup>3</sup>	441.1	461.5	tonnes CO <sub>2</sub> -e
Total GHG emissions	1,526.5	1,364.4	tonnes CO <sub>2</sub> -e
GHG intensity	2.7	2.7	tonnes CO <sub>2</sub> -e/employee
GHG intensity	0.023	0.025	tonnes CO <sub>2</sub> -e/sq. ft.

<sup>1</sup> Scope 1 includes direct emissions from combustion of fuel (i.e. petrol) in mobile sources and fugitive releases from equipment and systems.

<sup>2</sup> Scope 2 includes energy indirect emissions from purchased electricity from power companies and purchased cooling from facilities management.

<sup>3</sup> Scope 3 includes other indirect emissions from business travels and methane gas generation at landfill in Hong Kong due to disposal of paper waste.

<sup>4</sup> Emissions in 2018 were restated due to inclusion of purchased cooling information to support the calculations.

During the year, the total GHG emissions of the Group was approximately 1,526.5 tonnes of CO<sub>2</sub> equivalent. This was mainly due to purchased electricity and cooling in Hong Kong offices, accounting for nearly 66% of 2019 carbon emissions, with an increase of 39% as compared to 2018. The increase was due to the expansion of office in Hong Kong. The secondary source of carbon emissions was business travels, accounting for nearly 24% of the total emissions. The absolute GHG emissions increased by 12% as compared to 2018, where GHG emissions per square feet decreased by 8% as compared to 2018 and GHG emissions per employee decreased by 1% as compared to 2018. The increase in absolute GHG emissions was due to the operation of a new office in 2019.

Our business operation does not involve the use of packaging materials.

Besides GHG emissions, the Group adheres to reduce air emissions through our daily operations. As set out in the table below, the Group's major air emissions relate to nitrogen oxides which were caused by the combustion of fuels in passenger cars.

Air emissions	2019 (kg)	2018 (kg)
Nitrogen oxides (NO <sub>x</sub> )	3.68	3.39
Sulphur oxides (SO <sub>x</sub> )	0.12	0.12
Respiratory suspended particles (RSP)	0.27	0.25

Our operations involve frequent business travels, accounting for 24% of the total emissions. In the future, we will encourage our staff to hold online meetings whenever possible. In order to tackle air emissions from the combustion of fuels in passenger cars, the Group gives priority to purchasing the most fuel-efficient model vehicles when necessary.

## Natural Resources Preservation

It is everyone's responsibility to preserve natural resources to make life better and enjoyable for future generations.

Based on our understanding, the business operations of the Group have no significant impact on the environment and natural resources. The main impact on the environment of the Group comes from GHGs emission and non-hazardous waste.

## Caring For Our Community

We believe in the pursuit of a more healthy and connected community. Eager to become a part of the society, the Group participated in different events and cooperated with various types of charities who are working towards the development of communities. We have policy in place to guide us in enriching the society with our community involvement and to create lasting benefits for the community, such as donations and volunteering activities. Being a good corporate citizen, we hope to share the fruits with the society. We are committed to the community development and environmental protection, the Company has been recognised as the "Caring Company" for the 5th year and was officially included into the "FTSE4Good Index" by FTSE Russell of the London Stock Exchange.



## Community Development

### *The Community Chest's 50th Anniversary Walk for Millions*

We strive to foster a culture of giving to the community. We joined the Walk for Millions held by The Community Chest of Hong Kong along the Central-Wan Chai Bypass in order to raise funds for those in need. It was the 5th year we participated in the Walk and encouraged our employees to join in order for them to take part in more outdoor community activities. With the lead of the management, we had 40 employees participated in the Walk. It took around 2 hours to finish and we donated HKD\$50,000 to The Community Chest in helping "Family and Child Welfare Services".



### *Hong Kong Red Cross Flag Day 2019*

The Group respects life and humanity and offers support to improve the lives of people from vulnerable communities. We participated in the Hong Kong Red Cross Flag Day 2019 and 34 volunteers of the Company acted as flag-sellers on that day, the funds raised shall be used in the continual development of the Hong Kong Red Cross' humanitarian services, including health and care services, community care services, volunteer and youth development, and public education on humanity.



## Environmental Protection

### Earth Hour 2019

Environmental Protection is of paramount importance nowadays. We registered the "Earth Hour 2019" organised by the WWF Nature Conservancy. Earth Hour is a global environmental movement that held annually in March to encourage individuals, communities as well as corporations to switch off lights as a symbol to commit to the protection of the environment.

The Company pledged to be part of the Earth Hour 2019. We advised our employees to switch off all computers, lights and unnecessary electrical appliances before they left the office in preparation for the Earth Hour on 30 March 2019. Through this event, we hoped to raise the awareness of our employees on environmental issues, and to encourage them to reduce energy consumption in order to preserve the planet.



### Mooncake donation



Mid-autumn festival is a traditional holiday where family and friends gather together and enjoy mooncakes under the scenery of a full moon. Mid-autumn festival symbolises family reunion and mooncakes giving is a Chinese tradition. However, this may result in food waste especially with a short edible period. A total of approximately 2.2 million mooncakes were uneaten and being sent to landfills in 2018\*. Therefore, we collected mooncakes and mooncake coupons from our colleagues and donated them to abused families through the Harmony House, an organisation providing shelters for abused adults and children in Hong Kong.

We donated 30 boxes of mooncakes in total. Through the donation of mooncakes, we hope to reduce food waste, raise awareness on domestic violence as well as to allow more families to enjoy the festivity of the holiday. (\*Source: South China Morning Post)

### Food Angel – Preparing Hot Meal Boxes

Every day, a total of approximately 3,337 tonnes of food waste is being landfilled in Hong Kong, according to the figures from the Environmental Protection Department. We understand that food waste can be a huge problem to both the environment and society. We believe that there should not be people going hungry when there is a food surplus. Therefore, we aimed to alleviate this problem by volunteering with Food Angel. Food Angel is a food rescue and food assistance programme that collects surplus food from food producers that would otherwise be disposed as waste. The collected food shall then be prepared into nutritious hot meals and be redistributed to underprivileged people. A total of 22 of our staff volunteered this year, with three hours each.



## Conduct Community Mapping Exercise



Community services and investment are ways to give back to the society. In order to create the most benefits to the society, we will conduct mapping exercise in order to identify and consider the needs as well as the interests of the communities where the Group operates before involving in community services and volunteering activities in the future.

## Approach to Reporting

This is the fourth Environment, Social and Governance Report of the Company which outlines its sustainability performance for the year ended 31 December 2019.

### Scope of This Report

This report covers the Group's operations and aims to provide a balanced representation of the Group's ESG performance. For environmental KPIs, the reporting scope includes all offices in Hong Kong and Singapore.

### Reporting Standards

This report was prepared in accordance with Environmental, Social and Governance Reporting Guide (the "ESG Guide") issued by the Stock Exchange. To provide stakeholders with an overview of our sustainability performance, this report disclosed KPIs in accordance with the "comply or explain" provisions and some of the "recommended disclosures" under Appendix 27 of the Rules Governing the Listing of Securities on the Stock Exchange.

This report serves as a communication with our stakeholders, we disclose information based on the four fundamental reporting principles set out in the ESG Guide.



### Materiality

To identify and select the material issues that are the most relevant to our key stakeholders through stakeholder engagement, which guided the focus of this report.



### Balance

To provide an unbiased narrative explanations of our sustainability achievements and challenges.



### Consistency

To provide consistent methodologies for fair and meaningful comparison of our performance over time. Any changes in methods or KPIs used shall be disclosed.



### Quantitative

To provide information on our ESG metrics and present KPIs in quantitative terms whenever feasible.

## Report Approval

The Board has overall responsibility for the Company's ESG strategy and reporting matters and has reviewed and approved this report on 10 July 2020.

As at the date of this report, the Board comprises four executive directors, being Dr. YIM Fung (Chairman), Mr. WONG Tung Ching, Ms. QI Haiying, Mr. LI Guangjie, two non-executive directors, being Dr. XIE Lebin, Mr. LIU Yiyong, and four independent non-executive directors, being Dr. FU Tingmei, Dr. SONG Ming, Mr. TSANG Yiu Keung and Professor CHAN Ka Keung, Ceajer.

## Feedback Mechanism

This report is available in both Chinese and English on the Company's website [www.gtjai.com](http://www.gtjai.com) and the website of the Stock Exchange. We welcome feedback and comments from our stakeholders via email at [comsec@gtjas.com.hk](mailto:comsec@gtjas.com.hk) to help define and strengthen our future sustainability strategy.



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