



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



經紀業務 | 資產管理 | 資本市場 | 財富管理



MESSAGE FROM THE CEO



Victory takes the belief of Transforming Your Goals Into Reality to help people achieve their goals and priorities. In response to our company vision, we are committed to developing more projects to fulfill our most fundamental responsibility: supporting our employees, customers, partners, communities, and environment.

We also continually challenge ourselves to find ways to put our business to work to benefit all of our stakeholders, including those who are struggling the most. That's why we set up a charitable foundation to engage to help environmental, social, and governance entirely.

With the help of our Victory Securities Charitable Foundation, we actively promote life planning or other related education and contribute to society through organizing various types of charitable activities that help the underprivileged in the community.

We believe the long-term success of Victory depends on the success of the communities we serve. In this report, I invite you to learn more about our ESG efforts in the pages that follow. This is a meaningful journey that we began at Victory and is now an essential part of our firm-wide strategy that we strive to operate a thriving company that we can be proud of, and all the ways Victory is putting its business to work with our stakeholders.

Katerine Kou

Executive Director and Chief Executive Officer

OVERVIEW

Victory Securities (Holdings) Company Limited (the “**Company**”) and its subsidiaries (collectively, the “**Group**”) is pleased to present the environmental, social and governance report (the “**ESG Report**”). This ESG Report discloses and summarizes the policies and performance of the Group in respect of the environmental, social and governance (“**ESG**”) responsibilities which are considered as material during the year ended 31 December 2021.

The board of directors of the Company (the “**Board**”) has the overall responsibility for the overall leadership in formulating ESG strategies and the ESG Report. The Board is committed to managing and improving its sustainability performance by examining the Group’s sustainability objectives, strategies, priorities, initiatives and goals, as well as the related significant policies and frameworks that support their achievement. The Board also formulates policies to mitigate business risks associated with material ESG-related issues, if any.

The report was prepared in accordance with the requirements at the ESG Reporting Guide set out in Appendix 20 to the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”).

The report covered material ESG-related issues in relation to the principal businesses of the Group, including the provision of (i) securities/futures/insurance policies broking services, placing and underwriting services and advising on securities services; (ii) financing services; (iii) asset management services; (iv) financial advisory services; and (v) investment consultancy services, where its operation are located mainly in Hong Kong and partly in mainland China, Japan and Singapore for the period from 1 January 2021 to 31 December 2021 (the “**Reporting Period**”), which demonstrates the Group’s overall ESG objectives and efforts.

The Group has offices in Hong Kong, the Peoples’ Republic of China (“**PRC**”), Japan and Singapore, but most of the Group’s principal operations are performed at its offices in Hong Kong. The ESG Report focuses on the major operations of the Group in its head office in Hong Kong, while operations in PRC, Japan and Singapore had no significant environmental and social impacts and were excluded from the reporting scope.

SCOPE AND REPORTING PERIOD





REPORTING PRINCIPLES

To unbiasedly reflect the Group's ESG strategies and performances, the Group adheres to the following reporting principles:

MATERIALITY

The Group believes that comments and feedback from stakeholders are highly valued. Therefore, the Group identifies, assesses and analyses the importance of ESG reporting issues based on different communication channels, such as annual general meetings, staff meetings, stakeholder surveys, daily email and telephone communications with internal and external stakeholders. The issues that are most significant to the Group in terms of its environmental and social impacts are considered material and disclosed in the ESG Report. The Board and the management will regularly review these ESG-related issues to ensure such issues and any business risks associated with such ESG-related issues are being addressed.





QUANTITATIVE

The report discloses material environmental and social key performance indicators (“KPIs”), which is with reference to international standards, within the operations of the headquarter located in Hong Kong. This allows the Company to review, evaluate and validate the effectiveness of ESG initiatives and measures. Quantitative information will be provided with narrative and explaining its purpose if appropriate.

CONSISTENCY

The report is prepared with consistency in terms of methodology with the ESG Report from 1 January 2020 to 31 December 2020 (the “Previous Year”) which is in accordance with the ESG Reporting Guide set out in Appendix 20 to the GEM Listing Rules.



STAKEHOLDER ENGAGEMENT

The concept of sustainability has been an evolving topic in recent decades, it is becoming a key concern that draws the attention of stakeholders. The Group values sustainability principles and strives to promote environmental initiatives and corporate social responsibilities throughout corporate development.

The Group understands that standalone effort is minimal and therefore see the engagement of its stakeholders as essential to review the progress made against ESG-related goals and targets which are related to the Group's businesses. The Group ensures various communication channels are set up so that comments and feedback from major stakeholders are effectively and timely addressed. Through regular stakeholder engagement, the Group can identify relevant ESG-related issues that are most material to the Group. By understanding their concerns and expectations regarding ESG-related aspects, the Group can better identify, assess and evaluate ESG-related initiatives and improve its ESG strategies and performance.

The following table sets out our major stakeholders, their expectations for the Group and the communication channels.

Stakeholders	Expectations	Communication Channels
Shareholders and investors	<ul style="list-style-type: none"> ◇ Business strategies and sustainability ◇ Corporate governance ◇ Effective communication ◇ Financial performance ◇ Risk management ◇ Transparency 	<ul style="list-style-type: none"> ◇ Annual, interim and quarterly reports ◇ Annual general meetings ◇ Circular and announcements ◇ Company website ◇ Extraordinary general meetings ◇ Investor briefings ◇ Mail, email, facsimile and telephone communication
Clients	<ul style="list-style-type: none"> ◇ Complaint handling mechanism ◇ Information and cyber security ◇ Integrity ◇ Service effectiveness and stabilities ◇ Service quality and reliability 	<ul style="list-style-type: none"> ◇ Customer satisfaction survey ◇ Mail, email, facsimile and telephone communication
Government and Regulatory Authorities	<ul style="list-style-type: none"> ◇ Compliance with laws and regulations ◇ Contribution in local employment ◇ Fulfil tax obligations ◇ Integrity and honesty 	<ul style="list-style-type: none"> ◇ Statutory filings and notification ◇ Written or electronic correspondences
Suppliers	<ul style="list-style-type: none"> ◇ Fair and open selection ◇ Transparency 	<ul style="list-style-type: none"> ◇ Business meetings ◇ Mail, email, facsimile and telephone communication ◇ Inspections
Community and the Public	<ul style="list-style-type: none"> ◇ Environmental and social contribution ◇ Information transparency ◇ Participation in community events ◇ Promotion of corporate social responsibility 	<ul style="list-style-type: none"> ◇ Announcements ◇ Company website ◇ ESG report
Employees	<ul style="list-style-type: none"> ◇ Equal opportunity ◇ Humanity cares ◇ Occupational health and safety ◇ Protection of rights ◇ Remunerations and benefits ◇ Training and career development 	<ul style="list-style-type: none"> ◇ Departmental meetings ◇ Employee activities ◇ Notice boards ◇ Performance appraisals ◇ Training and seminar

STAKEHOLDERS' FEEDBACK

The Group welcomes stakeholders' feedback on its ESG approach and performance. For any suggestion or opinion, please send it to the Group via email at esg@victorysec.com.hk.

ENVIRONMENTAL

Policies on environment and energy

During the Reporting Period, the Group continued making its best endeavours to protect the environment in its business activities and workplace. The Group also educates its employees on their awareness of promoting a green environment. The Group seeks to identify and manage environmental impacts attributable to its operations, in order to minimise these impacts if possible. Various measures have been adopted to reduce energy and other resource use, minimise waste and increase recycling, and promote environmental protection in its supply chain and marketplace. These measures are discussed in section "Use of Resources" of this ESG Report.

The Group consumed mainly on two types of resources, namely electricity and fuels for transportation. Due to the business nature the Group's business activities did not consume a significant volume of water during the Reporting Period. The Group establishes internal environmental policies to demonstrate the commitment of the Group and management in promoting values of sustainability. Staff are also encouraged to involve in the planning and establishment of environmental policies to further promote engagement from different stakeholders.

USE OF RESOURCES

Electricity and Energy Usage

The Company is an investment holding company, the subsidiaries were principally engaged in (i) securities/futures/insurance policies broking services, placing and underwriting services and advising on securities services; (ii) financing services; (iii) asset management services; (iv) financial advisory services; and (v) investment consultancy services in Hong Kong. As the Group's business nature is the provision of financial services with relatively low energy, power and resources consumption in its sole office in Hong Kong, its direct environmental impact is immaterial to the Group's daily operations and business development.

The Group carried out most of the business activities in the Hong Kong office. Therefore, electricity consumption is the primary source of carbon emissions in the Group's operation in Hong Kong.. Another energy consumption includes the consumption of unleaded petrol by the three (2020: two) vehicles owned by the Group.

The office consumed 42,965.00 kilowatt-hours ("kWh") of electricity during the Reporting Period (2020: 41,416.00 kWh). The major energy-consuming equipment include lighting, air-conditioning, computers, copying machines and some small power equipment. The Group owns three (2020: two) vehicles for daily commute for business purpose. A total of 2,333.29 litres of unleaded petrol were used by vehicles during the Reporting Period (2020: 1,152.69 litres).



GREENHOUSE GAS (“GHG”) EMISSIONS

The GHG emissions emitted by the Group’s business operations in 2021 were approximately 41 tonnes (2020: 41 tonnes) of carbon dioxide equivalent (“CO₂e”) and mainly produced from three types of activities, including direct emissions of Carbon Dioxide (“CO₂”), Methane (“CH₄”) and Nitrous Oxide (“N₂O”) from company-owned vehicles, indirect emissions from electricity consumed by the company’s office and other indirect emissions from the use of paper and business air travel for company staff.

Vehicles owned by the Group

During the Reporting Period, the Group consumed 2,333.29 litres (2020: 1,152.69 litres) of unleaded petrol in its vehicles. The consumption of unleaded petrol has released 6.32 tonnes (2020: 3.12 tonnes) CO₂e of CO₂, CH₄ and N₂O. In purchasing its fuel, the Group takes environmental protection and energy efficiency into due consideration.





Electricity Consumption

The office of the Group consumed 42,965.00 kWh (2020: 41,416.00 kWh) of electricity during the Reporting Period. Regarding the GHG Emission Factor provided by the power company, electricity consumption of the Group has released 30.51 tonnes (2020: 33.55 tonnes) of CO₂e during the Reporting Period. In view that office electricity consumption depends on actual demand and there is only one electricity supplier in Hong Kong Island in which the office is located, specific efficiency target may not be feasible.

However, global warming and climate change are among the major environmental concerns in every part of the world. In an effort to reduce carbon footprint and mitigate emissions, the Group actively promotes efficient use of energy and adopts green technologies in its head office. The Group encourages the adoption of energy-saving and environmentally-friendly practices in daily office operations.

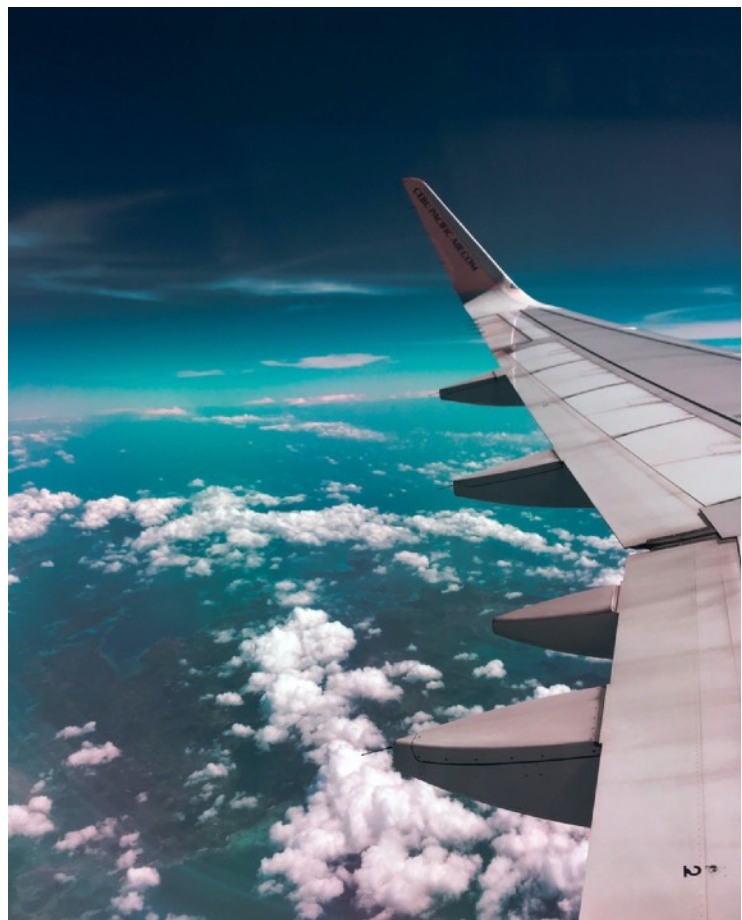
Measures were taken for energy conservation, including but not limited to:

- ◇ Purchase energy-saving office equipment and appliances, such as the use of LED lights and energy-saving light bulbs
- ◇ Higher priority will be given to purchasing electrical appliances with high energy efficiency grades
- ◇ Turn off lights and electronic appliances in the office premise when not in use
- ◇ Implement ongoing improvements to equipment including illumination and air-conditioning systems to uplift the overall energy efficiency
- ◇ Apply energy-saving modes by default for all electrical appliances for each department's computers, photocopy machines, printers and facsimile machines
- ◇ Staff are regularly reminded to turn off unnecessary electrical appliances to save electricity when they are off duty or on leave
- ◇ Oversee electricity bills regularly to monitor the energy performance of the office
- ◇ Maintain the temperature setting of air-conditioners between 24-26°C following recommendations of the Environmental Protection Department



Business Air Travel of Staff

Business travels by air contributed to GHG emissions. Business air travels to other cities are mostly short-haul. Due to the outbreak of COVID-19, the total number of business air travel during the Reporting Period is 10 times (2020: 11 times). With reference to the International Civil Aviation Organization (“ICAO”), the GHG emissions from the air trips are 1.15 tonnes (2020: 1.51 tonnes) CO₂e in total. To mitigate the GHG emissions, management and staff are highly encouraged to hold a video conference call, if feasible, to avoid carbon footprints and air pollutant emissions contributed by transportation in the future.



Use of Paper

Office paper is the main non-hazardous wastes produced in the Group’s operations. The Group continues to encourage a paperless working environment which not only reduces environmental damage but also fits commercial goals, as it can save physical space, facilitate information sharing via IT networks, and reduce complicated documentation procedures.

During the Reporting Period, the total paper consumption of the Group was 609.67 kg (2020: 588.46kg). The consumption of papers of the Group has released 2.93 tonnes (2020: 2.82 tonnes) of CO₂e during the Reporting Period.



WASTE MANAGEMENT

Hazardous and Non-hazardous waste

No hazardous wastes or packaging materials are produced from the business operations of the Group due to the business nature. The type of non-hazardous waste produced by the Group is mainly solid wastes from daily business operations, comprising of used paper and daily office waste.

With the growing awareness for reduction of waste, other than formal documents that require the use of papers, each department is advised to handle documents electronically. When the use of paper is required, double-sided printing or using recycled paper is highly recommended except for formal and confidential documents. The Group also encourages its staff to recycle waste paper if possible, and use laptops or tablets instead of paper for meetings. Furthermore, to reduce one-off consumption, refillable or reusable stationery are procured for the office.

In recent years, the Group widely adopted digitized services including electronic statements, electronic mails and messaging tools to disseminate the latest information to its customers. The policies for a paperless workplace contribute to environmental protection as well as saving on operating expenses.

Breakdown of GHG Emissions

GHG mainly comprises of CO₂, CH₄ and N₂O. The Group's operation emitted a total of 40.91 tonnes (2020: 41.00 tonnes) of CO₂ GHG during the Reporting Period. To account for direct and indirect emissions, different types of emissions are categorized into "scopes" as follows:

Scope 1 refers to direct emissions which are GHG emissions generated from mobile combustion sources. Scope 2 covers indirect emissions which refers to GHG emissions generated from purchased electricity, where Scope 3 covers other indirect emissions, for instance, the GHG emissions generated from business air travel of staff.

The GHG emission calculation was made in accordance with the "Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings in Hong Kong by Environmental Protection Department and Electrical and Mechanical Services Department".





TABLE ON GHG EMISSION DATA

Scope of GHG emissions	Sources of GHG emissions	Consumption	CO ₂ e emissions (tonnes)	Intensity (CO ₂ e tonnes per fulltime staff)
Scope 1 Direct emissions	Consumption of unleaded petrol by the Group's fleet of vehicles	2,333.29 litres	6.32	0.11
Scope 2 Indirect emissions	Purchase and use of electricity	42,965.00 kWh	30.51	0.52
Scope 3 Other indirect emissions	Business air travel of employees	10 times	1.15	0.02
	Use of paper	609.67 kg	2.93	0.05
Total GHG emissions			40.91	0.70

THE ENVIRONMENT AND NATURAL RESOURCES

The Group is committed to providing quality financial services to its clients in a manner that minimizes its potential adverse impact on the environment. The Group seeks to achieve sustainability principles by following the internal environmental policies which focus on energy management and waste management during business operations. The Group aims to improve the energy efficiency of the office premise and promote energy conservation to staff.

As a supporter of environmental protection, the Group also strives for a paperless working environment and considers the importance of waste reduction in business operations. Waste management facilities such as recycling bins and promotional posters and signage have been adopted which bring out the values of "consume less, produce less waste, and reuse or recover value from waste". The Group also considers environmental performance when making investment decisions in order to promote the global environment.





CLIMATE CHANGE

The Group is a financial services provider which does not involve production. The increase in temperature may lead to an increase in the energy consumption of the Group's offices and branches. The Group will continue to monitor the potential risks of climate change and its impacts on the Group's operations and customers, and devise and implement preventive and emergency measures accordingly. Besides, the Group will continue its efforts to control energy consumption and carbon emissions.

The Group is fully aware of operational risks brought forth by climate change. Therefore, the Board is responsible for providing effective governance for integrating and addressing the climate change issue within its businesses, which include conducting, reviewing and monitoring the climate change risk related to its business operations, if any. The Board develops its risk management system to identify, prioritize and assess climate change-related risks such as heatwaves, drought, typhoons according to the impact and likelihood of such risk. Due to the business nature, the Board does not anticipate any significant climate-related issues which have impacted, and those which may impact, the Group and the actions taken to manage them.



SOCIAL

EMPLOYMENT AND LABOUR PRACTICES

Employment

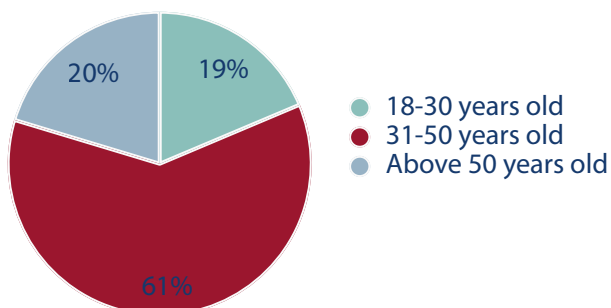
As of 31 December 2021, the Group had a total headcount of 59 employees (excluding independent non-executive directors) (2020: 53 employees).

The Group believes that employee health and well-being is critical to the business and can improve employees' motivation and production. The Group has developed a staff manual that regulates the recruitment, promotion, discipline, working hours etc. All employees are entitled to medical insurance, discretionary bonus, medical benefits, paid annual leaves, paid sick leaves, paid birthday leaves, educational subsidies, examination subsidies and so forth. The Group not only rewards and recognizes employees by competitive remuneration package and promotes career development and progression by providing opportunities for career advancement, but also provides support in different areas for its employees.

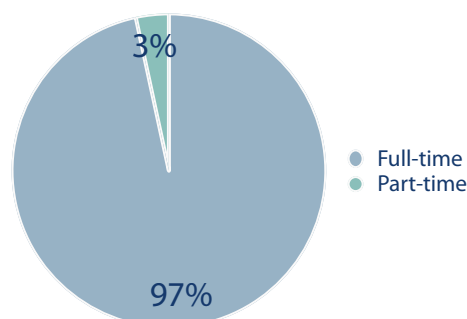


ANALYSIS OF WORKFORCE OF THE GROUP IS SET OUT BELOW:

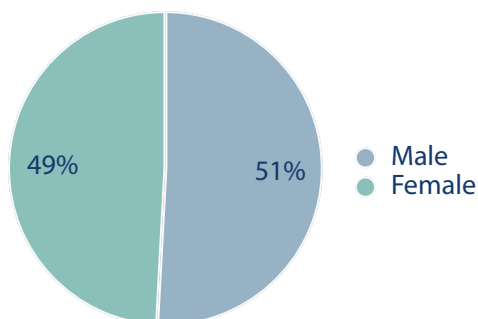
Age Distribution



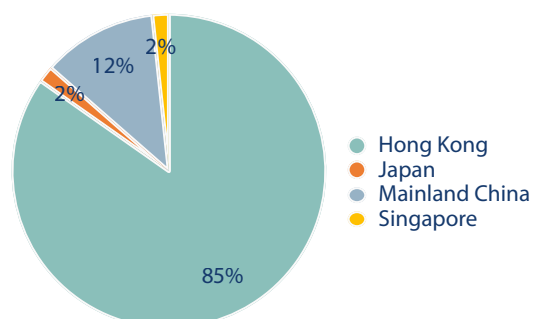
Employment Type



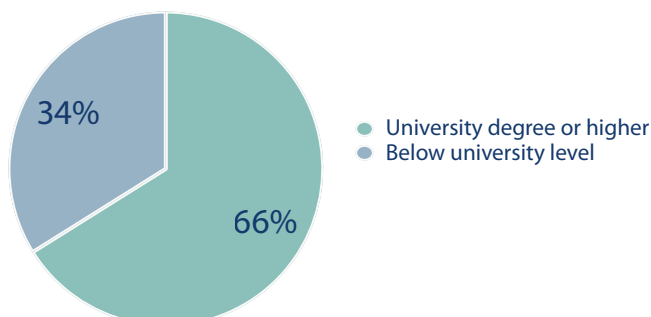
Gender Distribution



Geographical Region



Employees' Qualifications



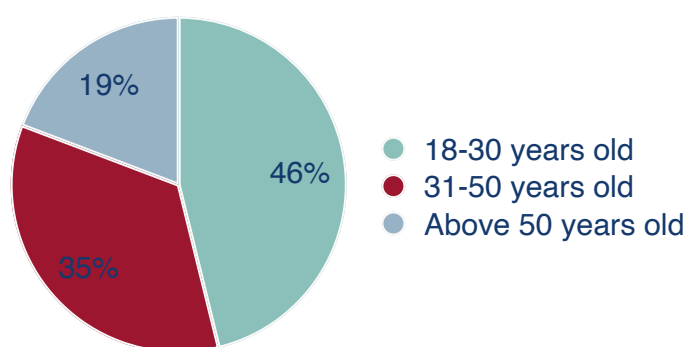
The Group emphasized on equal opportunities for all employees for hiring, salaries, training and development, promotion and other aspects of employment.

The Group has a diverse workforce in terms of gender and age, providing a variety of ideas and levels of competency that contribute to the Group's success. The Group was committed to providing a work environment free from any form of discrimination on the grounds of gender, ethnicity, race, disability, age, religious belief, sexual orientation or family status. Diversity is well supported in the Group's corporate culture.

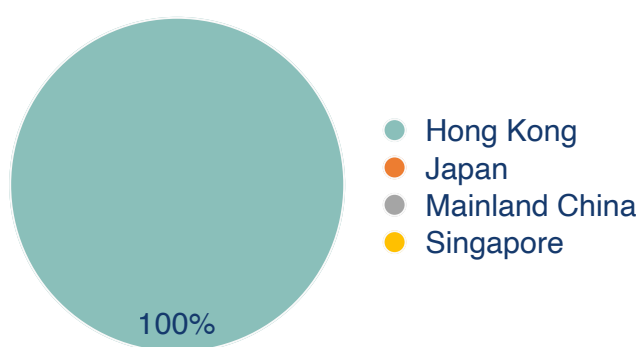
Human resources are the most valuable asset of the Group. Developing and retaining talents are vital to our success and maintaining good labour relation is essential for the sustainable development of our businesses. The Group values the relationship with employees. For every departing employee, an interview by the human resource department will be conducted to gather information relevant to the reasons for the resignation and to collect feedback which may be useful for improvement on the Group's operations. The staff turnover rate among managerial positions is relatively low, reflecting a high level of employees' satisfaction and engagement with the Group.

THE TURNOVER RATE OF THE GROUP IS APPROXIMATELY 46% DURING THE REPORTING PERIOD. ANALYSIS OF TURNOVER RATE OF THE GROUP IS SET OUT BELOW:

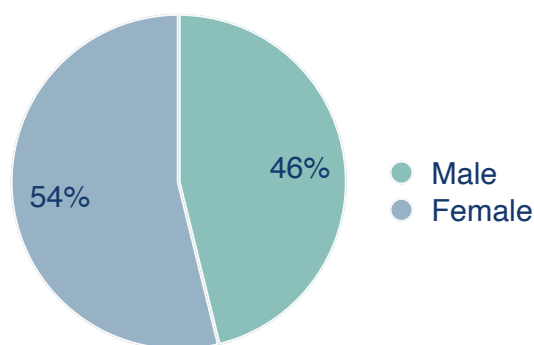
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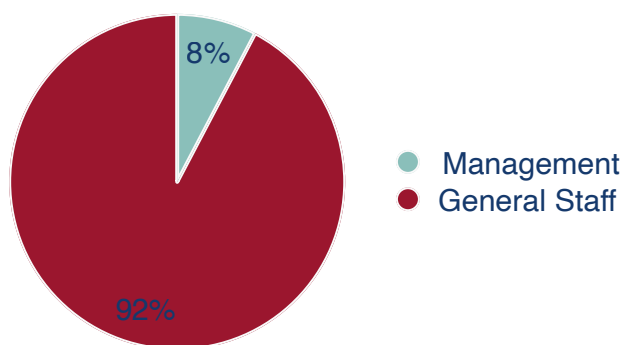
Geographical Region



Gender Distribution



Employee Category



During the Reporting Period, the Group is not aware of any material non-compliance with any applicable laws and regulations, including but not limited to the Companies Ordinance, the Employment Ordinance, the Minimum Wages Ordinance, the Sex Discrimination Ordinance and the Race Discrimination Ordinance in relation to employment matters.

HEALTH AND SAFETY

The Group provides a safe and healthy workplace for its employees in compliance with the Occupational Safety and Health Ordinance and the Employees' Compensation Ordinance in Hong Kong.

The occupational health and safety of its employees are of paramount importance to the Group. To strive for a safe and comfortable working environment for its employees, the Group organizes health seminars and implements safety measures such as regular inspections on ventilation systems and office facilities. In order to provide employees with health coverage, the Group also establishes medical subsidies and encourages its employees to perform regular medical check-ups to safeguard their health.

In responding to the outbreak of coronavirus epidemic, the Group has strengthened protective measures to safeguard the health of employees, the following hygiene measures are also adopted:



- ◇ distribution of masks and sanitizers for personal protection;
- ◇ enhanced sterilization of office area;
- ◇ free testing of coronavirus is provided;
- ◇ upon arrival at the office, employees are required to measure their body temperature at the reception and wash their hands before working. Those with fever or respiratory symptoms or sudden loss of taste/smell will be refrained from work;
- ◇ employees are strongly recommended to avoid non-essential overseas travel. If it is unavoidable to travel to countries/areas outside Hong Kong, they are required to report to the human resources department and take self-quarantine at home for at least 14 days before reporting duties;
- ◇ employees should wear masks as far as feasible and keep appropriate social distance with others when in common facilities (e.g. resting room, conference room, pantry etc.) of the workplace. In case wearing a mask is not feasible, for example when having a meal, staff should keep at least 1.5 metres with each other;
- ◇ employees who were vaccinated, in recognition and appreciation of their support for the COVID-19 Vaccination Programme, will be allowed to apply for 1.5 days of paid leave for each dose already received; and
- ◇ flexible working hours and work from home arrangement.

During the Reporting Period, the Group had not experienced any non-compliance with the relevant health and safety laws and regulations. Also, there were no work-related injury and lost days during the Reporting Period, and there were no work-related fatalities occurred in each of the past three years including the Reporting Period.





WORK-LIFE BALANCE

Apart from the legal benefits, the Group would organize social welfare activities during traditional festivals and on special occasions, with the aim to cultivate a positive working atmosphere and to build a cohesive team. The Group has emphasized the holistic development of its employees. The Group is dedicated to helping employees to maintain a work-life balance through reasonable vacation entitlements, as well as actively organizing a wide variety of recreational and leisure activities, such as Lunar New Year party, Christmas party and lucky draws. Furthermore, regular gatherings are organized by the Group to enhance the health and well-being of its employees, as well as to strengthen the connections and teamwork among everyone in the Group as a whole.

