



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

MESSAGE FROM THE CEO



The year 2022 has presented businesses and communities with unprecedented challenges. As a result of lockdowns and policies of social distancing, we have been forced to change how we live and work and the pandemic requires us to learn how to cope with it. We established the Victory Securities Charitable Foundation in order to support Victory's sustainable development with the intention of transforming your goals into reality. The Foundation provides support for the development of different social classes, creating shared value for an inclusive society through a variety of charitable activities.

The Foundation has developed various sustainable projects in 2022 that are beneficial to society and, at the same time, promote education, poverty alleviation, and welfare. Through benefit-driven social investment, Victory engages with the community and maximizes its positive impact on society. Our foundation is pleased to be recognized by the government as a charitable trust of public character and to be exempt from taxation under section 88 of the Inland Revenue Ordinance.

As you read our ESG Report, you will find out how we remain resilient while helping others navigate through this unforgettable year. In response to these challenges, we will remain vigilant and adaptive while maintaining momentum for sustainable and innovative business development.

The creation of sustainable value for the future is something I look forward to working on with you.

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 summarises the policies and performance of the Group in respect of the environmental, social and governance (“ESG”) responsibilities which are considered material during the year ended 31 December 2022.

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.

SCOPE AND REPORTING PERIOD

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 2022 to 31 December 2022 (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.

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 2021 to 31 December 2021 (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 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. Therefore, it views the engagement of its stakeholders as essential to review the progress made against ESG-related goals and targets to its businesses. The Group ensures various communication channels are set up so that comments and feedback from key 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 key 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, e-mail, 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 e-mail at esg@victorysec.com.hk.



ENVIRONMENTAL

POLICIES ON ENVIRONMENT AND ENERGY

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

The Group consumed two types of energy resources, electricity and fuels, for transportation. Due to the business nature, the Group did not use 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 participate in the planning and setting of relevant environmental policies to enhance 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 resource 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 two (2021: three) vehicles owned by the Group.

The office consumed 43,906.00 kilowatt-hours (“kWh”) of electricity during the Reporting Period (2021: 42,965.00 kWh). The major energy-consuming equipment includes lighting, air-conditioning, computers, copying machines and some small power equipment. The Group owns two (2021: three) vehicles for daily commutes for business purposes. A total of 1,675.38 litres of unleaded petrol were used by vehicles during the Reporting Period (2021: 2,333.29 litres).

GREENHOUSE GAS (“GHG”) EMISSIONS

The GHG emissions emitted by the Group’s business operations in 2022 were approximately 43 tonnes (2021: 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 papers and business air travel for company staff.



Vehicles owned by the Group

During the Reporting Period, the Group consumed 1,675.38 litres (2021: 2,333.29 litres) of unleaded petrol in its vehicles. The consumption of unleaded petrol has released 4.54 tonnes (2021: 6.32 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 43,906.00 kWh (2021: 42,965.00 kWh) of electricity during the Reporting Period. Regarding the GHG Emission Factor provided by the power company, the electricity consumption of the Group has released 31.17 tonnes (2021: 30.51 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, a 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 energy-saving and environmental-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 is short-haul. The total number of business air travel during the Reporting Period is 22 times (2021: 10 times). With reference to the International Civil Aviation Organisation ("ICAO"), the GHG emissions from air trips are 3.65 tonnes (2021: 1.15 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 waste produced in the Group's operations. The Group continues to adopt a paperless working environment to reduce environmental damage when achieving its commercial goals. Therefore, it can save physical space, facilitate information sharing via IT networks, and simplify complicated documentation procedures.

During the Reporting Period, the total paper consumption of the Group was 715.70 kg (2021: 609.67kg). The consumption of papers of the Group has released 3.44 tonnes (2021: 2.93 tonnes) of CO₂e during the Reporting Period.

WASTE MANAGEMENT

Hazardous and Non-hazardous wastes

No hazardous wastes or packaging materials are produced from the business operations of the Group due to the business nature. The non-hazardous wastes produced by the Group mainly include solid wastes such as used papers and daily office wastes from daily business operations.

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

In recent years, the Group widely adopted digitised services such as electronic statements, electronic mail and messaging tools to disseminate the latest information to its customers. The policies for a paperless workplace contribute to environmental protection and save on operating expenses.



Breakdown of GHG Emissions

GHG mainly comprises CO₂, CH₄ and N₂O. The Group's operation emitted a total of 42.80 tonnes (2021: 40.91 tonnes) of CO₂ GHG during the Reporting Period. To account for direct and indirect emissions, different types of emissions are categorised 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 under 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	1,675.38 litres	4.54	0.08
Scope 2 Indirect emissions	Purchase and use of electricity	43,906.00 kWh	31.17	0.55
Scope 3 Other indirect emissions	Business air travel of employees	22 times	3.65	0.06
	Use of paper	715.70 kg	3.44	0.06
Total GHG emissions			42.80	0.75



THE ENVIRONMENT AND NATURAL RESOURCES

The Group is committed to providing quality financial services to its clients in a manner that minimises 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 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 a rise 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 its customers; and devise and implement preventive and emergency measures accordingly. Besides, the Group will put its efforts into controlling energy consumption and carbon emissions.

The Group is fully aware of the 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 includes conducting, reviewing and monitoring the climate change risk related to its business operations, if any. The Board develops its risk management system to identify, prioritise and assess climate change-related risks such as heatwaves, drought, and typhoons according to the impact and likelihood of such risks. 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.



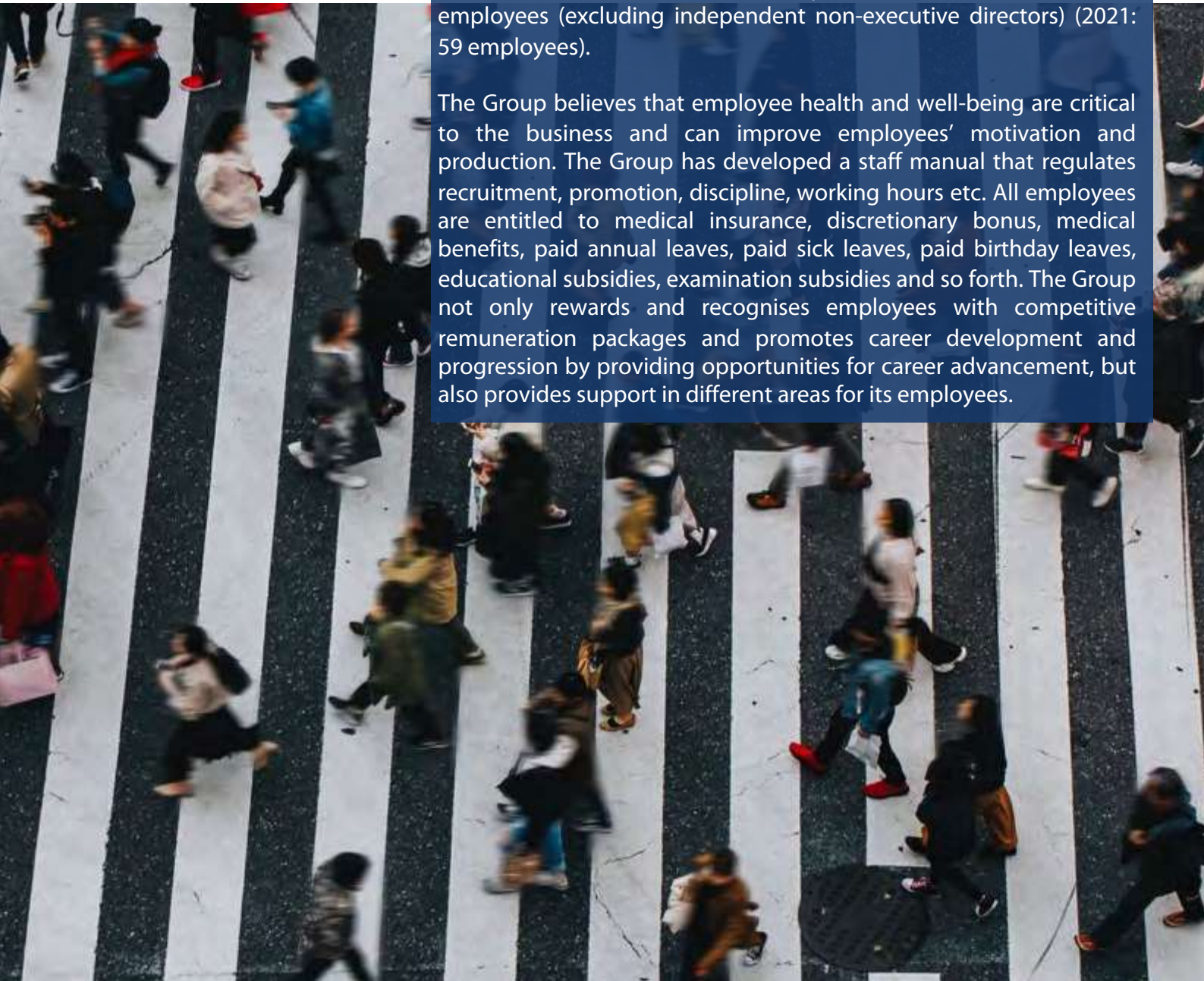
SOCIAL

EMPLOYMENT AND LABOUR PRACTICES

Employment

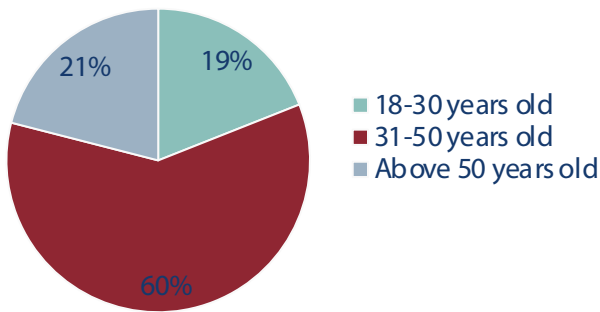
As of 31 December 2022, the Group had a total headcount of 57 employees (excluding independent non-executive directors) (2021: 59 employees).

The Group believes that employee health and well-being are critical to the business and can improve employees' motivation and production. The Group has developed a staff manual that regulates 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 recognises employees with competitive remuneration packages and promotes career development and progression by providing opportunities for career advancement, but also provides support in different areas for its employees.

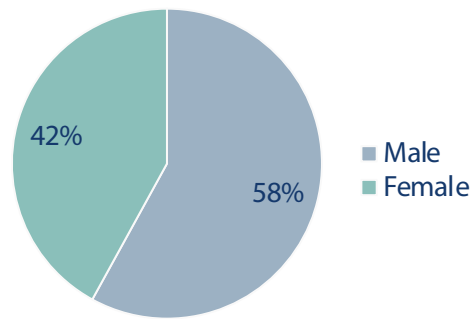


ANALYSIS OF WORKFORCE OF THE GROUP IS SET OUT BELOW:

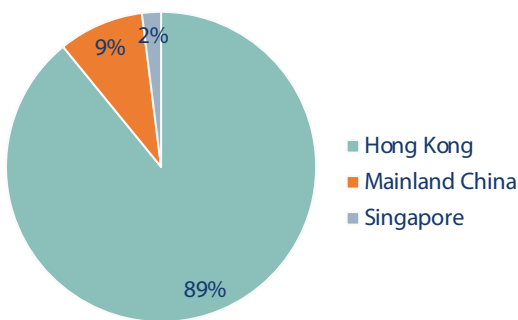
Age Distribution



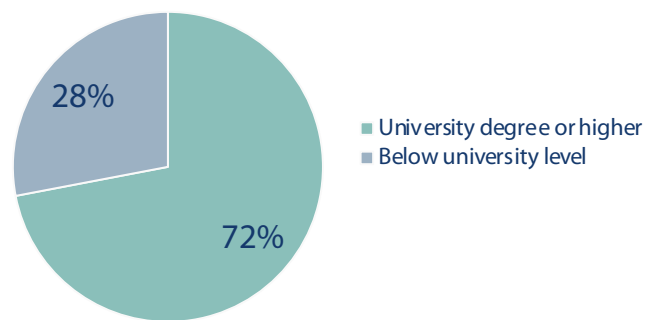
Gender Distribution



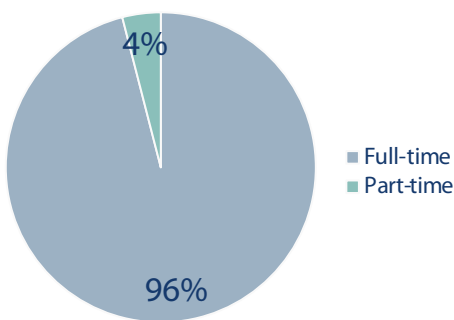
Geographical Region



Employees' Qualifications



Employment Type



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

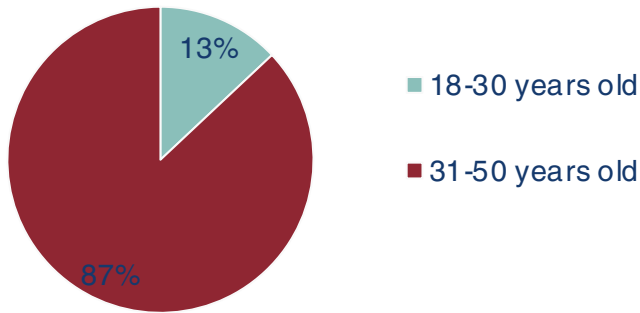
The Group has a diverse workforce in terms of gender and age, providing a variety of ideas and levels of competency that contribute to the Group's success. The Group was committed to providing a work environment free from any form of discrimination on the grounds of gender, ethnicity, race, disability, 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 relations 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 the improvement of the Group's operations. The staff turnover rate among managerial positions is relatively low, reflecting a high level of employee's satisfaction and engagement with the Group.

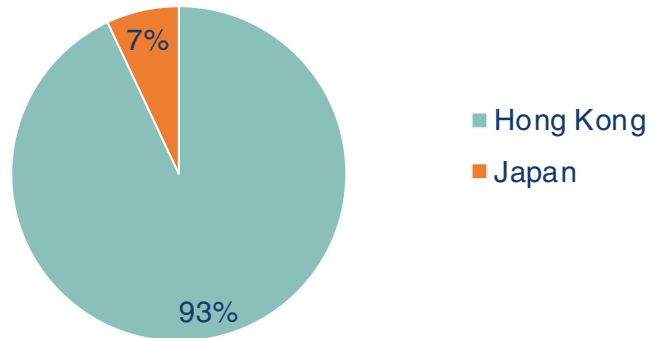


THE TURNOVER RATE OF THE GROUP IS APPROXIMATELY 26% (2021: 46%) DURING THE REPORTING PERIOD. ANALYSIS OF THE TURNOVER RATE OF THE GROUP IS SET OUT BELOW:

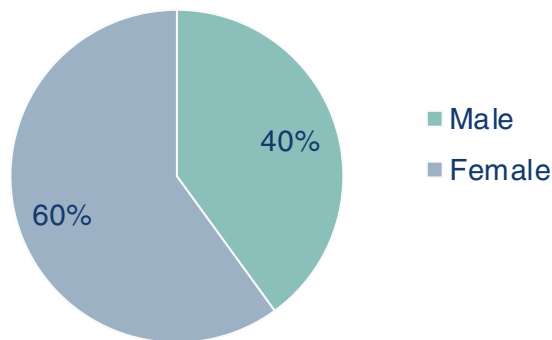
Age Distribution



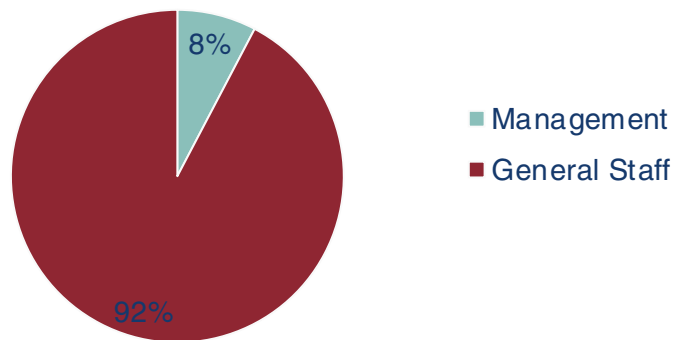
Geographical Region



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 organises health seminars, provides gym facilities and implements safety measures such as regular inspections of 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 response 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 sanitisers for personal protection;
- ◇ enhanced sterilisation 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 have refrained 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 from others when in common facilities (e.g. resting rooms, conference rooms, 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 from 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 organise 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 emphasised 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 organising a wide variety of recreational and leisure activities, such as the Lunar New Year party, Christmas party and lucky draws. Furthermore, regular gatherings are organised 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.

DEVELOPMENT AND TRAINING

The Group believes employees are one of the important assets of the Company and invests heavily in employee development and training and that employees can grow with the Group by realising their values based on their interests and expertise.

The Group is regulated by various ordinances, rules and guidelines such as, but not limited to, the Securities and Futures Ordinance, Money Lenders Ordinance, the Personal Data (Privacy) Ordinance, the GEM Listing Rules and the Securities and the Guideline from the Securities and Futures Commission (the "SFC") on Anti-Money Laundering ("AML") and Counter-Terrorist Financing ("CTF"). It is vital to ensure that all employees can fulfil the relevant job requirements for education, training, technical and work experience.





The Group encourages and subsidises employees at different job grades to enrol and/or participate in external development or training courses in support of their career and professional development. The Group also provides in-house training courses monthly on different areas such as corporate governance and compliance with rules and regulations applicable to listed companies, industry-specific regulatory requirements, accounting and finance as well as updates on industry development. The Group has adopted relevant policies to ensure that employee training is provided and managed systematically. Data on employee training of the Group during the Reporting Period are as follows:

	Percentage of employee trained	Average training hours per employee
BY GENDER		
Female	79%	21 hours
Male	88%	27 hours
BY EMPLOYEE CATEGORY		
Management	88%	26 hours
General staff	84%	24 hours

The Group has a well-established performance management system. A performance assessment for each employee is conducted by that employee's supervisor annually and employees are required to work with their supervisors to set a performance target after each assessment. Supervisors are encouraged to provide constructive feedback regularly to assist the personal growth of each employee.



LABOUR STANDARDS

The Group strictly complies with the Employment Ordinance (Cap. 57, Laws of Hong Kong) and other statutory requirements regarding employment and labour practices. The Group is dedicated to providing equal opportunities in all aspects of employment and ensuring the workplace is free from discrimination. The Group ensures employees receive fair and competitive remuneration packages in accordance with their experience, qualifications, performance and market rates, and are being reviewed on a regular basis. To attract and retain talent, comprehensive benefits are provided by the Group, such as employer's voluntary MPF contributions, medical coverage, life insurance and extra paid annual leave. Each Hong Kong employee is also entitled to one day of birthday leave, providing them with an additional day off in lieu of a birthday gift.

The Group prioritises the basic rights and interests of its employees and is committed to establishing an inclusive culture and embracing the diverse backgrounds of employees. The Group's employee handbook covers policies and guidelines related to employment practices, such as working hours, rest periods, equal opportunities, anti-discrimination and other benefits and welfare, etc. All recruitment, remuneration, training and promotion mechanisms are carried out impartially, and individuals are assessed solely based on professional experiences and/or work performances. The management of the Group regularly reviews its internal management system, and revises its remuneration and welfare policies according to changes in labour laws, to ensure that its employees enjoy all statutory rights.

Recruitment is conducted by the human resources department of the Group according to applicable laws and regulations such as the Employment Ordinance and the Occupation Safety and Health Ordinance in Hong Kong. The Group has established a standard and comprehensive recruitment procedure for collecting and verifying personal data and confirming the identity of the new employee to ensure there is no child labour or forced labour. During the Reporting Period, the Group did not observe any non-compliance in labour standards in accordance with relevant laws and regulations.



OPERATING PRACTICES

SUPPLY CHAIN MANAGEMENT

The Group has established and implemented a supplier management system to monitor environmental and social risks. As a financial services provider, the Group's suppliers mainly include hardware and software vendors, stock quote and market information vendors, legal and accounting services professionals and office equipment suppliers. In making decisions for procurement, suppliers are evaluated and graded by numerous factors including historical price quotations, product quality, technologies, financial status, performance, environmental and social policies by suppliers and so forth. The Group gives priority to products or services that are more environmentally friendly. The Group conducts reviews and checking processes regularly, suppliers that are not able to meet the Group's standard will be taken out from its supplier list. The results of the review and evaluation are used as a supplier management basis and are used as a benchmark for future continuation or termination of cooperation.

**Number of
local suppliers
of the Group**

88

**Number of
overseas suppliers
of the Group**

15

PRODUCT RESPONSIBILITY AND CUSTOMER SERVICES

The Group has earned trusted relationships with its broad customers base by providing dedicated customer services.

The Group has set up comprehensive internal control and compliance procedures to ensure full compliance with all relevant laws and regulations by the Group's members. Concerning the financial services business, the compliance department is responsible for ensuring that business operations comply with laws and regulations. Furthermore, it keeps a close eye on changes to laws and regulations in the related area where it operates and makes appropriate and timely adjustments in its internal control policies.

To provide quality products and excellent service to its clients, the Group encourages employees to know its clients and their needs through day-to-day communication so as to provide an outstanding client service. The Group also provides on-the-job training and in-house training courses to its frontline employees to ensure that employees apprehend the nature and risks underlying financial services and that they are equipped with professional knowledge sufficient for them to provide the most suitable advice to their clients under all circumstances. Management will review the Group's transaction system regularly and make improvements on the transaction system, including the internal control and management system or facilities, where necessary, to avoid system failure.

The Group believes maintaining a continuing dialogue with clients and other stakeholders is a way to enhance investor relations. While providing professional and responsive services to its customers, its services may fall short of their initial expectations. Thus, the Group has established a mechanism to effectively respond to its requests or complaints. With the various communication channels, including representatives, customer hotline, e-mail and corporate web page, all disputes and complaints are investigated and resolved promptly. Complaints are dealt with independently by the compliance department, which replies accordingly to the respective customers and/or relevant law enforcement bodies.

Updates on the applicable laws, rules and regulations are brought to the attention of relevant employees and relevant operation units regularly. The management must ensure that business is conducted under the applicable laws and regulations.

During the Reporting Period, the Group is not aware of any material non-compliance with any applicable laws and regulations in Hong Kong relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress that would have or would likely have a material adverse effect on the Group.

INTELLECTUAL PROPERTY RIGHTS

The Group respects intellectual property rights and strives to protect the intellectual property rights of its own and third parties. The Group has obtained all licenses, qualifications and permits for its business operations. All software installed by the Group is purchased through legitimate sources.

PROTECTION OF DATA

For the protection of privacy in respect of personal data, the Group emphasises the importance of the confidentiality of personal data and the privacy of its clients and has developed its policies for the protection of personal data based on the Personal Data (Privacy) Ordinance when collecting, processing and using clients' data. The Group adopts six data protection principles and other relevant provisions in the Personal Data (Privacy) Ordinance and reviews its policies from time to time to avoid and prevent the misuse or leakage of personal data.



ANTI-CORRUPTION

In order to enhance ethical corporate culture and practices, the Group has established policies and procedures for anti-corruption, anti-money laundering and counterterrorist financing. To ensure and mitigate the associated risks, adequate procedures on customer screening and monitoring, “know your customer” practices, record keeping, and reporting suspicious circumstances are established in accordance with the relevant laws, codes and guidelines issued by the regulatory authorities.

The Group strictly abided by the regulations pertinent to anti-corruption, anti-bribery and anti-money laundering, etc. The Group has implemented commercial bribery prevention management policies on anti-corruption and anti-money laundering to achieve the business philosophy of providing reliable services.

Regarding the “Guideline on Anti-Money Laundering and Counter-Terrorist Financing” issued by the SFC, the business team eliminated any illegal activities such as money laundering by formulation and implementation of the corresponding policies, procedures and control measures following the relevant provisions and standards for combating money laundering and terrorist financing. The training was arranged during the Reporting Period for employees of all levels in enhancing their awareness of AML and CTF. The Group combatted money laundering by establishment of effective reporting mechanism and due diligence assessment of various risks associated with country, customer, product and/or service.

The Group’s employees need to understand more about bribery, extortion, corruption and related acts. The Group has developed its policies against bribery and the receipt or provision of gifts. In all circumstances, employees must declare any receipt of benefits to the Group to eliminate illegal activities such as money laundering, bribery, extortion and fraud. It aims to ensure every employee adheres to applicable legal requirements and makes ethical business decisions, and outlines acceptable and unacceptable conduct in employees’ daily business activities. Furthermore, whistle-blowing policies apply to all stakeholders, such as employees, shareholders, customers and suppliers. The whistle-blowing mechanisms allow stakeholders to report suspected misconduct, malpractices or fraudulent activities with confidence. Cases reported are followed up independently.

During the Reporting Period, the Group is not aware of any material non-compliance with the legislation on standards of conduct, such as the Prevention of Bribery Ordinance in Hong Kong, in relation to the Group’s business operation.





COMPLIANCE WITH LAWS AND REGULATIONS

The Compliance Department of the Group works to provide an in-house compliance service that effectively supports various operation units in their duties and day-to-day operation to comply with all applicable laws, rules and regulations (such as Securities and Futures Ordinance and its subsidiary legislations, Prevention of Bribery Ordinance and Codes and Guidelines issued by SFC) with the assistance of external legal advisers.

Updates to the relevant applicable laws, rules and regulations are brought to the attention of relevant employees and relevant operation units from time to time. The Group holds relevant required licenses for the provision of services, such as dealing in securities and futures contracts; advising on securities and futures contracts; advising on corporate finance and asset management; and insurance broker licenses, etc. The management must ensure that business is conducted in accordance with the relevant applicable laws and regulations.



COMMUNITY

COMMUNITY INVESTMENT

Recognising the responsibility of a good corporate citizen to contribute to the community, the Group recognises the importance of contributing to society through donations and advocating for employees to participate in volunteering activities. The Group believes engaging and taking care of employees' well-being is also a key element to the success of its business. Employees are encouraged to participate in volunteer work and improve their well-being to unlock their full potential. The Group's management team also plays a key role in mobilising staff to join all these activities, which are in tandem with its commitment to sustainable development.

Victory Securities Company Limited has been awarded the Caring Company certification in recognition of its commitment to caring for the community, caring for its employees, and caring for the environment over the past year(s).

Sponsorship and Donations

During the Reporting Period, the Group has donated HK\$100,000 to promote environmental protection and vulnerable group care. Through benefit-driven social investment, the Group connects with the community and optimises its positive impact on society through community services.

Victory Securities Charitable Foundation

Victory Securities Charitable Foundation (the "Foundation") was established in 2021. The Foundation is exempt from tax under section 88 of the Inland Revenue Ordinance. Based on the belief of "Transforming Your Goals Into Reality," the Group hopes to help the development of different social classes and create shared value for an inclusive society through various charitable activities. The Foundation is committed to developing more projects that are beneficial to society and, at the same time, promote education and poverty alleviation, and welfare. The Foundation is committed to organising various charitable activities actively and frequently to help disadvantaged groups in society.





Caring for the Disadvantaged Groups

The Group cares for the disadvantaged groups in the communities. The Group participated in various volunteering activities organised by the Hong Kong Playground Association in response to the needs of the elderly, the disabled and children.

The missions of the Hong Kong Playground Association are:

- To promote the holistic development of young people;
- To advocate and arouse social awareness of a social environment conducive to the holistic development of young people;
- To support disadvantaged young people to meet challenges in life, acquire life goals, and become constructive members of society;
- To cultivate civic-mindedness in young people, hence propelling their participation in regional and national affairs; and
- To provide young people with opportunities to expound their potential and creativity, and strengthen their resilience and competitiveness.

On 6 August 2022, the Group participated in a charitable programme organised by the “Night Track”, cooperating with the overnight outreaching team to support the children, especially young night drifters.





Business-School Partnership Program

The Group participated in the professional exchange program organised by the Hong Kong Playground Association. This program provides a platform for students and professionals to exchange ideas and communicate with each other, ultimately achieving the goal of whole-person development through the program. It leads students out of the classroom to gain a perspective of the world so that they can get prepared for life in society. By joining the platform, the Group can participate in various services and start caring action, to facilitate Hong Kong's sustainable development.



Green culture

The Group has participated in green community recycling by engaging in an electronic devices recycling scheme to support the reusing, recycling and reducing of e-waste. During the Reporting Period, the Group collected and donated obsolete electronic equipment such as computers and monitors to Caritas Computer Workshop for distribution to people in need or recycling.

Caritas Computer Workshop is a self-financing vocational training unit specialising in recovering and recycling computers and pertinent appliances. It operates under three major principles:

- Waste reduction: reducing electronic wastes and minimising their impact on the environment through recovering and recycling services;
- Bridging the digital divide: providing grassroots families with recycled computers at a relatively low price; and
- Vocational training for vulnerable youth: recruiting young people facing employment challenges and providing them with relevant training.

Besides, the Group encourages customers to use electronic monthly statements to comply with its sustainable development policy. By promoting environmental education, the Group will continue to execute sustainable development concepts in practice and improve its environmental performance continuously.

The Group also raises its employees' community awareness by encouraging them to participate in charitable events. The Group will allocate more resources to support social events and explore the possibility of cooperating with environmental groups to promote community and environmental programmes.

For more details, please scan the below QR code or access to the Company's website.

(https://victorysec.com.hk/en/continuous_development/sustainable)





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