

# Environmental, Social and Governance Report 2020

True Partner Capital Holding Limited

Incorporated under the laws of the Cayman Islands  
with limited liability  
Stock code : 8657

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Being a True Partner

# Environmental, Social and Governance Report 2020

## Introduction

True Partner Capital Holding Limited (the “**Company**”) is a limited liability company incorporated in the Cayman Islands. The principal activity of the Company is investment holding. The Company and its subsidiaries (individually or collectively referred to as the “**Group**”) is a Hong Kong and the United States (the “**U.S.**”) based asset management group with a focus on global volatility trading in liquid markets. The Group engages in fund management and consultancy services.

This Environmental, Social and Governance Report (the “**ESG Report**”) summarises the environmental, social and governance (“**ESG**”) initiatives, plans and performances of the Group and demonstrates its commitment to sustainable development.

## The ESG Structure

The board of Directors (the “**Board**”) oversees and sets out ESG strategies for the Group. The Board is also responsible for ensuring the effectiveness of the Group’s risk management and internal control systems through an annual assessment.

The Group has assigned personnel to systematically identify and cater to ESG issues. The said personnel are responsible for collecting and analysing relevant ESG data

and identifying the Group’s ESG issues. In addition, the said personnel periodically report to the Board for the evaluation and subsequent implementation or revision of the Group’s ESG strategies.

## Reporting Scope

This ESG Report covers all the Group’s business activities at the offices in the U.S., the Netherlands and Hong Kong, where the Group’s business operations are mainly carried out. Employee data in Aspect B – Social covers all employees relating to the Group. The Group considers the present reporting scope to be adequate. The key performance indicators (“**KPIs**”) gathered are shown in the ESG Report and are supplemented by explanatory notes to established benchmarks.

## Reporting Framework

The ESG Report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide (the “**ESG Reporting Guide**”) as set out in Appendix 20 of the Rules Governing the Listing of Securities on GEM (the “**GEM Listing Rules**”) of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

Information relating to the Group’s corporate governance practices can be found in the Corporate Governance Report on pages 39 to 49 of the annual report 2020 of the Company.

## Reporting Period

The ESG Report specifies the ESG activities, challenges and measures taken by the Group during the financial year ended 31 December 2020 (“FY2020”).

## Stakeholder Engagement

The Group seeks to understand the expectations and concerns of all its stakeholders and the impact of its business on its stakeholders. Therefore, the Group engages with its key stakeholders to identify sustainability issues

and potential risks. Key stakeholders include but are not limited to banks and other financial institutions, shareholders, investors and clients, government and other regulatory authorities, employees and suppliers.

The Group has made an assessment of stakeholders’ expectations. The Group seeks to engage with stakeholders through diversified engagement methods. A summary is included below:

Stakeholders	Engagement Methods
Banks and other financial institutions	<ul style="list-style-type: none"> <li>• Written or electronic correspondences</li> <li>• Reports and announcements</li> <li>• On-site visits</li> </ul>
Shareholders, investors and clients	<ul style="list-style-type: none"> <li>• General meetings and other shareholder meetings</li> <li>• Financial reports</li> <li>• Announcements and circulars</li> <li>• Company website</li> <li>• Monthly investor’s report</li> </ul>
Government and other regulatory authorities	<ul style="list-style-type: none"> <li>• Written or electronic correspondences</li> <li>• Visits and inspections</li> </ul>
Employees	<ul style="list-style-type: none"> <li>• Training activities, seminars, and briefing</li> <li>• General meetings</li> <li>• Email</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>• Business meetings</li> <li>• Site visits</li> </ul>

The Group endeavours to actively listen to and collaborate with its stakeholders to ensure that their opinions can

be voiced out through an effective communication channel. In the long run, the stakeholders’ contribution will aid

the Group in improving ESG performance and ensuring the continued success of the Group’s business.

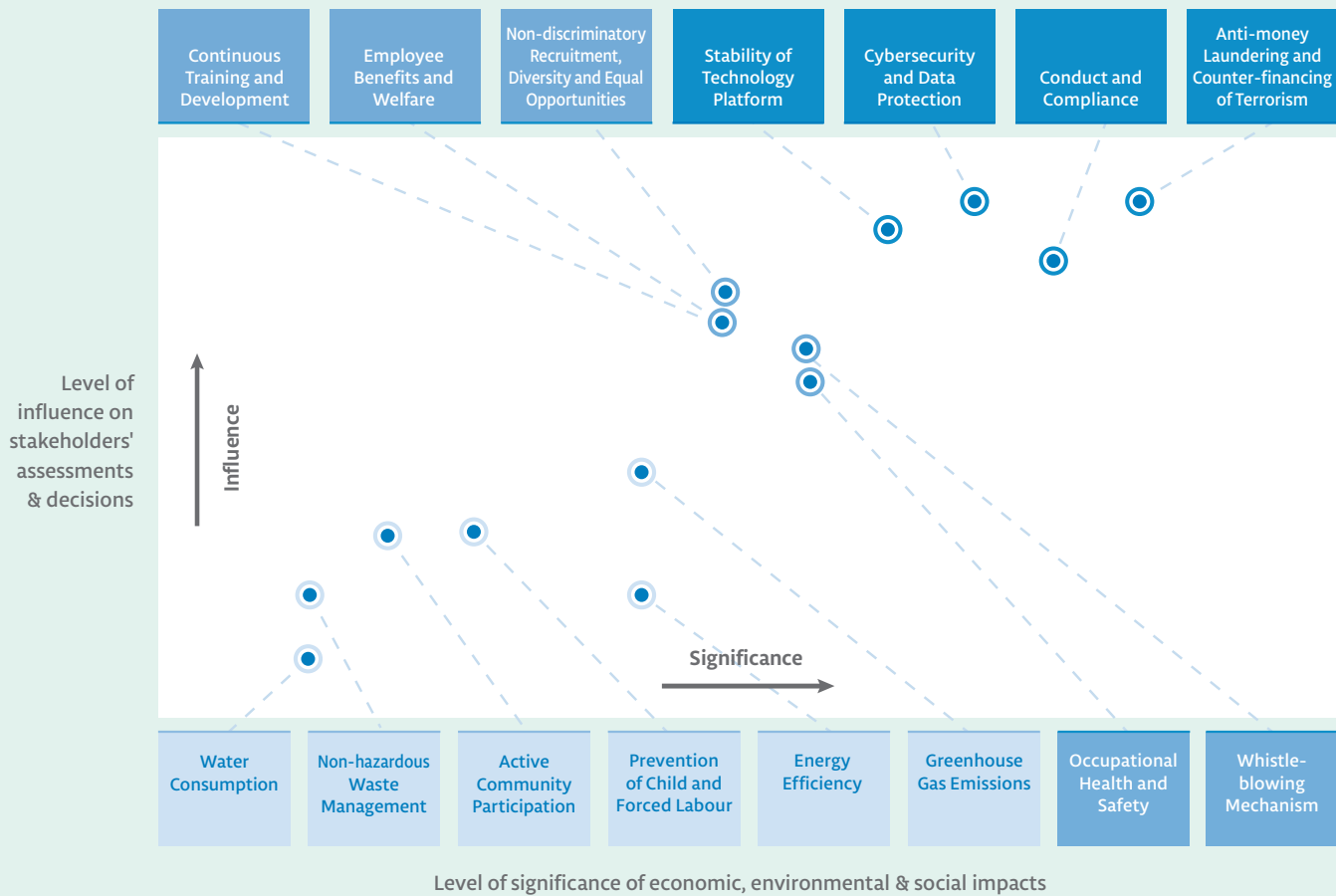
## Materiality Assessment

The Board and management who are responsible for key functions of the Group have participated in reviewing the Group’s operations and identifying material ESG topics and assessing the relative importance of the ESG topics to

its business and stakeholders.

The Group’s material ESG issues according to their relative importance are shown below:

## Materiality matrix



Our review identified that the relevant criteria could be grouped into three broad categories. Firstly, those that were regarded as being of higher significance to the Group and having a higher influence on stakeholders' assessments and decisions. These included compliance and technology/cybersecurity related matters, such as conduct and compliance, anti-money laundering, cybersecurity and data protection and the stability of the technology platform. A second category was of slightly lower significance and influence, including matters relating to

employee benefits, training, recruitment, whistle-blowing mechanism and occupational health and safety. A third category was regarded as of lower significance and influence, including areas such as waste management and water consumption. Greenhouse gas emissions sit at the top edge of this third category. We believe this reflects the increasing focus on greenhouse gas emissions as a widely reported metric enabling comparisons across peers. We believe all the areas highlighted are relevant categories to consider, and that the

perceived higher and lower significance and influence of certain categories in part reflects the nature of the Group's business relative to other companies listed on the Stock Exchange. For example, technology stability and cybersecurity are naturally a large focus given our extensive use of proprietary technology. At the same time, a technology focused investment management business tends to naturally have lower waste production and energy usage than some other types of business such as manufacturing or natural resource extraction.

For FY2020, the Group confirmed that it has established appropriate and effective management policies and internal control systems for ESG issues and confirmed that the disclosed contents are in compliance with the requirements of the ESG Reporting Guide.

### Contact Us

The Group welcomes stakeholders to provide their opinions and suggestions for any valuable advice in respect of the ESG Report or the Group's performances in sustainable development. Please send it through its communication channels published on the Company's website at [www.truepartnercapital.com/contact](http://www.truepartnercapital.com/contact).

## A. Environmental

### A1. Emissions

The Group is committed to playing its part in shouldering the global responsibility to tackle climate change. To achieve this goal, the Group actively manages its operational footprint by ensuring compliance with applicable laws and regulations of respective jurisdictions and by implementing the ESG Policy and related conservation measures. The ESG Policy is drafted based on evaluations that are principally consistent with and supportive of the United Nations Principles of Responsible Investment (“PRI”).

As fiduciaries, the Group believes that ESG issues can affect the performance of investment portfolios to varying degrees across companies, sectors, regions, asset classes and through time. Therefore, the Group seeks to incorporate material ESG factors into its daily operations and investment analysis as part of its robust investment process. At the investment level, the ESG Policy is reviewed annually as part of the Risk Committee’s annual policy review. At the firm level, the ESG Policy is reviewed annually by the Board.

During FY2020, the Group was not aware of any material non-compliance with laws and regulations relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste that would have a significant impact on the Group including, but not limited to, the Air Pollution Control Ordinance, the Waste Disposal Ordinance and the Water Pollution Control Ordinance of Hong Kong, the Illinois Environmental Protection Act of the U.S. and Environmental Management Act of the Netherlands.

#### Greenhouse Gas (“GHG”) Emissions

The principal GHG emissions of the Group were generated from purchased electricity (Scope 2) and paper waste disposal at landfills and business air travel (Scope 3).

##### *Scope 1 – Direct GHG Emissions*

#### Air Emissions

During FY2020, the Group did not own any vehicles. Therefore, the Group considers that air emissions generated by the Group in FY2020 were immaterial.

##### *Scope 2 – Indirect GHG Emissions*

Electricity consumption accounted for the largest percentage of GHG emissions during FY2020. The Group has implemented measures to reduce energy consumption; said measures will be mentioned in “Aspect A2 – Use of Resources”.

##### *Scope 3 – Other Indirect GHG Emissions*

Office paper waste disposal and business air travel contributed to other indirect GHG emissions. Noting that air travel generates a large amount of GHG emissions, the Group only utilises air travel when deemed necessary; the Group typically communicates via tele-conferences and web conferences. Measures implemented to reduce paper waste disposal can be found in the section headed “Non-hazardous Waste Management” under this Aspect.

Through the implementation of environmental measures, employees’ awareness of reducing GHG emissions has increased.

Summary of GHG emissions performances:

Indicators <sup>1</sup>	Unit <sup>2</sup>	FY2020
Scope 1 – Direct GHG Emissions	tCO <sub>2</sub> e	-
Scope 2 – Indirect GHG Emissions • Purchased electricity <sup>3</sup>	tCO <sub>2</sub> e	15
Scope 3 – Other Indirect GHG Emissions • Paper waste disposal • Business air travel	tCO <sub>2</sub> e	6.05 0.90 5.15
<b>Total GHG Emissions</b>	<b>tCO<sub>2</sub>e</b>	<b>21.05</b>
<b>Intensity<sup>4</sup></b>	<b>tCO<sub>2</sub>e/million revenue (HK\$)</b>	<b>0.16</b>

**Note:**

1. GHG emissions data is presented in terms of carbon dioxide equivalent and is based on, but not limited to, “The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards” issued by the World Resources Institute and the World Business Council for Sustainable Development, “How to prepare an ESG report – Appendix 2: Reporting Guidance on Environmental KPIs” issued by the Stock Exchange, the “Global Warming Potential Values” from the IPCC Fifth Assessment Report, 2014 (AR5) and the Sustainability Report 2019 published by the CLP Power Hong Kong Limited.
2. tCO<sub>2</sub>e is defined as tonnes of carbon dioxide equivalent.
3. Figures only included the Hong Kong office. Electricity usages in the Netherlands and U.S. offices were included in the tenancy agreement, related data is hence not available.
4. For FY2020, the Group recorded a revenue of HK\$132 million. This data is used for calculating other intensity data.

**Sewage Discharges into Water and Land**

Due to the Group’s business nature, the sewage discharge into land is insignificant. Similarly, there was no significant and unreasonable amount of sewage water discharged; used water is discharged to the municipal sewage network to the regional water treatment plant.

**Waste Management**

*Hazardous Waste Management*

Due to the Group’s business nature, the Group does not produce hazardous waste.

*Non-hazardous Waste Management*

Non-hazardous wastes generated were mainly office paper. The Group makes a great effort to raise the awareness of its employees of the importance of reducing

waste production. Where applicable, the Group follows the recycling policy of the management company in the rented offices to separate waste at source. The Group has adopted the following environmentally friendly initiatives to enhance its environmental performance. Green measures include but are not limited to the following:

- Reuse single-sided waste paper where possible;
- Reduce the use of single-use disposable items;
- Separate recyclable waste from wastes to be disposed of in the landfill;
- Recycle office and electronic equipment after their life cycle; and
- Print electronic correspondences only when necessary.

As a result, employees’ awareness of waste management has been increased.

Summary of major non-hazardous waste disposal performance:

Category of Waste	Unit	FY2020
Total Non-hazardous Waste	Tonnes	0.19
• Office Paper		
Intensity	Tonnes/million revenue (HK\$)	0.0014

## A2. Use of Resources

The Group aims to minimise its environmental impacts by identifying and imposing measures to avoid excessive consumption and ensure efficient use of finite resources. The Group takes practical steps where appropriate to reduce energy and water consumption.

### Energy Efficiency

Electricity was the principal energy source used by the Group in the rented offices. The Group takes the initiative to introduce environment-friendly measures to reduce the environmental impact arising from its business operations. The Group strives to further reduce energy consumption by adopting the following energy-saving measures:

- Pre-set thermostats of heaters and air-conditioners at a mutually agreed level;
- Post eye-catching reminders near lights switches and electrical

appliances as a reminder to employees;

- Switch off all idle appliances and unnecessary lightings upon leaving offices; and
- Purchase equipment with higher energy efficiency on the replacement of obsolete equipment.

To further the Group's commitment to the conservation of finite resources, the Group seeks to select rented offices where the landlord or management company gives due regard to mitigating environmental and social impact and provides premises that incorporate environmentally friendly features. The Group also takes into account the location of the offices and the proximity to investors and service providers to minimize unnecessary travel.

Take the Group's rented office in the Netherlands as an example, the lighting in the premises is equipped

with a motion detector which helps save energy in the meeting, storage and sanitary rooms. Furthermore, the Netherlands office uses the natural air for its air-conditioning systems when the outside temperature drops below 12 °C. The office's building management systems allow technical installations to be switched off automatically overnight and on weekends. The office also has double-glazed windows, wall and roof insulation and high-efficiency boilers installed to reduce over-reliance on energy for heating during the winter months.

Any anomalies in electricity consumption will be investigated, where appropriate corrective measures will be taken. Through the implementation of the aforementioned energy-saving measures, employees' awareness of energy conservation has increased.

Summary of energy consumption performances:

Types of Energy	Unit	FY2020
Direct Energy Consumption	kWh	-
Indirect Energy Consumption • Electricity	kWh	30,005.0 <sup>5</sup>
<b>Total Energy Consumption</b>	<b>kWh</b>	<b>30,005.0</b>
<b>Intensity</b>	<b>kWh/million revenue (HK\$)</b>	<b>227.3</b>

**Note:**

5. Figures only includes Hong Kong office. Electricity usages in the Netherlands and U.S. offices were included in the tenancy agreement, related data is hence not available.

**Water Consumption**

Water was mainly used in the rented offices. Since water usage and its related costs form part of the tenancy agreement, a breakdown of water consumption was thus not available. The Group reminds its employees to

uphold water conservation measures by posting reminders around the offices and would report leakages to the landlord as soon as possible. Due to the Group's business nature, the Group did not encounter any problem in sourcing water that is fit

for purpose.

**Use of Packaging Materials**

The Group did not consume packaging materials given its business nature.

### A3. The Environment and Natural Resources

The Group's business operations have a limited impact on the environment and natural resources. Nevertheless, the Group regularly assesses its existing and potential environmental risks and impacts to ensure compliance with relevant laws and regulations. Where necessary, the Group will implement preventive measures to ensure compliance with relevant laws and regulations.

**Selection of Markets to Trade**

The Group incorporates relevant ESG considerations into its investment strategies. When selecting markets to trade it takes into consideration other factors include:

- Whether the relevant derivative instrument or underlying security is listed on a UN Sustainable Stock Exchange;
- The Country Sustainability Ranking of RobecoSAM for

the countries in which potential investment products or index constituents are traded; and

- For single stocks, the Restricted Trading List includes securities on the Exclusion List prepared and published by one of the world's largest pension funds as it is believed they have a long-standing and thoughtful approach in the area.

**Indoor Air Quality**

Indoor air quality is regularly monitored and measured. During FY2020, the indoor air quality of the Group's offices was satisfactory. To improve indoor air quality, air purifying equipment has been placed in the offices and the ventilation system is cleaned periodically. These measures resulted in maintaining indoor air quality at a satisfactory level.



## B. Social

### B1. Employment

The Group highly values its personnel and recognises that attracting and retaining talented and committed employees is an important factor in the continued success of the Group. Therefore, the Group is committed to attracting and retaining a diverse and inclusive workforce to help build a resilient and strong organisation. Employment policies are formally documented in the Group's Staff Handbook, covering areas such as recruitment, remuneration, benefits, diversity, equal opportunities, working hours and rest periods. The Group periodically reviews existing policies and employment practices to ensure continuous improvement of its employment standards and competitiveness against service providers within the same industry.

During FY2020, the Group was not aware of any material non-compliance with employment-related laws and regulations that would have a significant impact on the Group, including but not limited to the Employment Ordinance, the Sex Discrimination Ordinance and the Minimum Wage Ordinance of Hong Kong, the Fair Labour Standards Act and the Americans with Disabilities Act of the U.S., the Equal Treatment Act and relative collective agreements and statutes of the Netherlands.

As at 31 December 2020, the Group had a total of 26 employees, 25 of which pertain to the reporting scope. The employee turnover rate in 2020 is 0%.

Breakdown of all employees of the Group according to gender, age group, employment type and geographical region is as follows:

<u>Gender</u>		<u>Employment Type</u>	
Male	19	Full-time	24
Female	7	Part-time	2
<u>Age Group</u>		<u>Geographical Region</u>	
Under 30 Years Old	5	Hong Kong	16
30 to 50 Years Old	17	U.S.	2
Above 50 Years Old	4	Netherlands	6
		UK	1
		China	1

#### **Non-discriminatory Recruitment, Diversity and Equal Opportunities**

Sustainable growth of the Group relies on the diversity of talents and non-discriminatory recruitment process. The Operational Control

Outline sets out the Group's hiring practices. The Group's employees are recruited via a robust, transparent and fair recruitment process based solely on their application, interviews, comments from previous employers

and references, as well as specifically considering whether they are fit and proper to perform their assigned responsibilities. New employees are subject to a probationary period.

The Diversity and Anti-harassment Policies set out the Group's commitment to providing a workplace where employees of all backgrounds can thrive and deliver superior performance for its clients, where individual differences and contributions of employees are recognised and valued, and where rewards and opportunities for training and career development are based on merit. The Group does not tolerate discrimination on grounds of age, disability, gender reassignment,

marriage and civil partnership, pregnancy and maternity, race (including colour, nationality, and ethnic or national origin), religion or belief, sex and sexual orientation. The Group believes that all employees should have the right to work in an environment free of discrimination and harassment and emphatically states its zero-tolerance stance on any aforementioned behaviours of any form in the workplace.

The Board is looking to increase the the

proportion of female Board members over time. The Board will seek to ensure that an appropriate balance of gender diversity is achieved with reference to stakeholders' expectations and international and local recommended best practices, with the ultimate goal of bringing the Board to gender parity. The nomination committee will review and monitor the implementation of the Board Diversity Policy to ensure its effectiveness and recommend any revisions to the Board for consideration and approval.

### Employee Benefits and Welfare

Good benefits and welfare encourage retention and foster a sense of belonging. Therefore, the Group seeks to offer a competitive and attractive remuneration package, including a competitive base salary and discretionary bonuses.

The remuneration structure of the Group is illustrated in the Remuneration Policy, which is designed to ensure that there is an appropriate balance of fixed and variable rewards and is dependent on performance-related factors such as individual, functional and corporate performance. In addition to the statutory leave entitlement of respective jurisdictions, the Group also offers employees various types of leaves and benefits, such as wedding leave, study leave and funeral leave, medical insurance and pension benefits.

The Company established a remuneration committee (the "**Remuneration Committee**") on 22 September 2020 with written terms of reference in compliance with Rules 5.34 to 5.36 of the GEM Listing Rules and the Corporate Governance Code contained in Appendix 15 to the GEM Listing Rules. The Remuneration Committee reviews and makes recommendations to the Board on the overall remuneration policy and package structure relating to all Directors and senior management of the Group. The Board approves the remuneration policy as well as individual packages for directors and senior management.

The remuneration packages are reviewed regularly by the Board to ensure that they are competitive and in line with the market trend in attracting and retaining individuals

with the relevant skills, knowledge and experience. The balance of fixed and variable components in the employees' remuneration package is subject to annual review by the Board based on the Group's performance. In conducting the employees' pay review annually, the Board takes into account a number of factors, such as individual responsibilities and performance, economic conditions, and competitiveness in the job market.

### Promotion, Performance Appraisal and Dismissal

The Group assesses the performance of the employees on an annual basis. The performance review system has been designed to identify the quality of an employee's performance and conduct of their duties in terms of job knowledge, volume and quality of work, technical knowledge, judgment, initiative and interpersonal skills, etc. The results are used for their annual salary review and performance appraisal. The Group also gives preference to internal promotion in order to provide incentives to employees for their consistent and continuous effort.

Unreasonable dismissal under any circumstances is strictly prohibited, dismissal will be based on reasonable and lawful grounds supported by internal policies of the Group.

### Working Hours and Rest Periods

Official working hours and rest periods are clearly stated in the Staff Handbook and are in accordance with the employment laws of respective jurisdictions. Compensation for hours worked in excess of the normal working hours is included in the salary.

## B2. Health and Safety

### Occupational Health and Safety

Providing employees with a safe and healthy working environment is of utmost importance to the Group. The Group has implemented a policy on safety and accidents covering office safety policies, severe weather conditions arrangements, fire safety, procedures for any workplace accidents resulting in personal injury, and employee compensation for injury at work. The said policy can be found within the Staff Handbook.

During FY2020, the Group was not aware of any material non-compliance with health and safety-related laws and regulations that would have a significant impact on

the Group, including but not limited to the Occupational Safety and Health Ordinance and the Employees' Compensation Ordinance of Hong Kong, the Occupational Safety and Health of 1970 of the U.S. and the Working Conditions Act of the Netherlands. During FY2020, there were no reported cases of work-related fatalities and no lost days due to work injury.

### Implementation of COVID-19 measures

In response to the outbreak of the COVID-19 pandemic, the Group has swiftly implemented measures to safeguard the health and safety of its employees. Remote work

arrangements have been made to minimise the risk of cross-infection between employees and exposure to the coronavirus during daily commute to the offices. Employees were required to take their temperature before entering the Group's premises, they were also required to wear facial masks at all times. The Group also provided employees with anti-epidemic supplies such as face masks and hand sanitisers. A COVID-19 response team was formed to report employee positive testing, office or work-from-home status, any precautionary approach adopted in various areas of the Group and critical counterparties, such as prime brokers, bank, fund administrators and data centres.

## B3. Development and Training

The Group recognises its responsibility to help abate financial crimes and is committed to conducting its global activities with integrity. Therefore, the Group strongly encourages all its employees to participate in training and education to further enhance their competencies and remain up-to-date with industry and regulatory developments.

### Continuous Training and Development

The Continuous Professional Training Policy, found in the Compliance Manual, encapsulates the framework of professional training activities.

The Group requires all its employees to attend annual anti-money laundering ("AML") training provided by a global consultancy firm as well as quarterly cybersecurity training. The Group's cybersecurity training program may cover the following: general information security matters, policies and procedures pertaining to information security, information classification, access control and use of passwords, maintenance and protection of passwords,

incident reporting, physical security, social engineering tactics, phishing (conducted semi-annually), as well as additional relevant information at the time of the training. To ensure the Group's employees remain vigilant to potential cybersecurity threats, fake phishing emails are routinely sent to employees to test their alertness.

To protect sensitive and highly confidential data, the Group provides related training to newly recruited employees to ensure that they are aware of and comply with all internal policies, rules and regulations as required by the Group and adhere to confidentiality and non-disclosure obligations. The Group has also implemented access controls and confidentiality standards guidelines for relationships with designated critical third-party vendors.

The Group's responsible officers and licenced representatives are required to undertake a minimum of five continuous professional training hours per calendar year for each regulated activity in order to fulfil the Securities and Futures Commission ("SFC") continuous

professional training requirements, maintain their SFC licences to carry on the relevant regulated activities, and keep updated on the changes and developments in the asset management industry and the relevant laws and regulations. Designated compliance team personnel will review employees' training record each year to identify any licence-holder who has not met the hourly requirements

and remind those license-holders of the deficit.

During FY2020, the Group conducted a series of job-related training courses which covered areas such as compliance, ethics, AML and cyber security. These training courses are designed to ensure compliance with all applicable laws in countries where the Group operates.

Information on employees' training activities are as follows:

Categories		Percentage of Category Trained	Percentage of Total Employees	Total Training Hours	Average Training Hours
<b>Gender</b>	Male	100%	73%	158	8.3
	Female	100%	27%	49	7.0
<b>Employee Category</b>	Senior Management	100%	37%	89	8.9
	Management	100%	26%	64	9.1
	Other Employees	100%	37%	54	6.0

## B4. Labour Standards

### Prevention of Child and Forced Labour

As an investment management business, the nature of the Group's activities involves a relatively small, highly skilled team of professionals working together. We strive to ensure that we can provide an attractive working environment and career opportunities to current and prospective employees. The Group also seeks to ensure that we uphold and promote our values and have a positive impact through our work in our activities and engagement with third party suppliers.

The Group's hiring process and employment practices are designed to include appropriate checks to ensure compliance with all relevant

laws, including but not limited to the Employment Ordinance of Hong Kong, the Fair Labour Standards Act of the U.S. and the Working Hours Act and relative collective agreements and statutes of the Netherlands. The Group strongly supports international efforts to prevent child labour and forced labour.

The Group outsources functions and engages consultants to fulfil operational needs and supplement or enhance the work undertaken by the Group's employees. Suppliers include international investment banks, financial data providers and other firms. The Group takes steps to prevent any indirect exposure to child labour and forced labour through

due diligence on its suppliers and consultants. This includes preventing engagement with suppliers and consultants who have past child and/or forced labour hiring record.

During FY2020, the Group was not aware of any material non-compliance with child and forced labour-related laws and regulations that would have a significant impact on the Group, including but not limited to the Employment Ordinance of Hong Kong, the Fair Labour Standards Act of the U.S. and the Working Hours Act and relative collective agreements and statutes of the Netherlands. During FY2020, the Group did not discover any exposure to child and forced labour in its operations.

## B5. Supply Chain Management

The Group outsources functions and engages consultants to fulfill its operational needs. The Group's Operational Control Outline states that the selection of outsourced service providers and consultants is based on their assessed abilities and capacities, all suppliers are subjected to the selection practices set out in the Operational Control Outline.

The Group also intends to engage service providers and consultants who incorporate ESG issues into their policies and business development. The Group's primary service providers, Bank of America and Morgan Stanley, are financial institutions that focus on integrating sustainability into their core businesses and support functions and have already established relevant policies in relation to ESG issues. Bank of America has achieved carbon neutrality; Morgan Stanley is on track to achieving this goal by 2022. In addition, Bloomberg, another significant service provider, has committed to sourcing 100% of its energy from renewable sources by 2025.

Where possible, the Group strives not to over-rely on a particular supplier by maintaining more than one supplier for each type of goods or services provided in order to ensure the stability of the supply chain. The Group periodically

evaluates and monitors the performance of its suppliers to ensure their compliance with quality and service standards. Should services provided by a supplier fall below the agreed standard, the cooperation may be terminated.

Breakdown of suppliers by geographical region is as follows:

Geographical Region	Number of Suppliers
Hong Kong	48
U.S.	33
Netherlands	13
UK	4
Singapore	10
Other	14
<b>Total number of suppliers</b>	<b>122</b>

## B6. Product and Service Responsibility

During FY2020, the Group was not aware of any non-compliance with laws and regulations concerning health and safety, advertising, labelling and privacy matters relating to products and services and methods of redress that would have a significant impact on the Group, including but not limited to the Personal Data (Privacy) Ordinance and the Securities and Futures Ordinance of Hong Kong, the Investment Advisers Act of 1940 of U.S., the Financial Markets Supervision Act Amendment 2014 of the Netherlands and the Alternative Investment Fund Managers Directive 2011/61/EU. During FY2020, the Group

did not receive any cases of product or service-related complaints, nor was it subjected to any product recalls.

### Cybersecurity and Data Protection

Protecting clients' data is of paramount importance of the Group. Therefore, the Group strives to ensure the privacy and security of the collection and usage of all personal information. The Group has adopted the comprehensive Written Information Security Policy ("WISP") in accordance with the increased regulatory attention to the process of protecting information by preventing, detecting, and responding to the loss

of sensitive data in the investment management space.

Access to sensitive data and the Group's network is granted on an as needed basis. A formal registration procedure has been established to grant and revoke access to sensitive data. Each employee who has access to sensitive data is responsible for the confidentiality, integrity and availability of the data. If the compliance officer determines that an employee or third-party has violated the WISP, the compliance officer or members of senior management may impose sanctions and/or take

other action as deemed appropriate, which may include termination of employment or contract. Additionally, confidential sensitive data cannot be disclosed to any other individual without documented appropriate permission from the Group's management level. Standards concerning the protection of sensitive data on removable media (including USB drives, flash memory cards and portable hard drives) are in place.

The Group's chief technology officer is responsible for coordinating and maintaining the WISP and the compliance team is responsible for

assisting the chief technology officer in administering the policy and the procedures adopted therein.

Furthermore, the Group has implemented a framework for ensuring that all systems and applications are kept up-to-date with critical security patches. The Group's cybersecurity service provider performs technical assessments, such as vulnerability assessments, to identify systems that may be missing required patches in a manner that will not adversely impact production systems on a regular basis. Procedures have also been implemented to identify and

manage or correct possible areas of vulnerability in the system's security procedures, design, implementation or internal controls that could result in a security breach or a violation of the WISP.

The Group's Incident Response Plan ("ICR") details the resolution phases and reporting procedures in case of information security incidents. The ICR documents, monitors and reviews information security incidents and/or breaches and provides a framework for future improvement.

### Stability of Technology Platform

As digital technology advances, it plays an increasingly more significant role in how the Group delivers services for its clients. Therefore, the resilience and stability of the systems is directly correlated to the quality of the services that the Group provides.

The Group has developed its in-house proprietary platform to support its distinctive and active trading strategy and enable real-time pricing of implied volatilities, quantitative comparisons, risk management as well as speedy execution of trades. The proprietary technology significantly reduces the reliance on external technology suppliers, and when combined with the Group's experienced information technology ("IT") team, the two elements effectively enhance the Group's control over internal technology risks. The technology platform utilises cloud-native technologies with abundant

redundancies to ensure it supports seamless 24/5 trading without disruptions, even during times when various software or applications are being updated.

To ensure the risk of business disruption is maintained at the lowest level, the Group has implemented and maintained the Business Continuity and Disaster Recovery Plan ("BCDR Plan") which outlines procedures in the event of an internal or external emergency or significant business disruption.

In order to ensure that the Group is compliant with SFC, Securities and Exchange Commission (the "SEC") and the U.S. Commodity Futures Trading Commission (the "CFTC") requirements in relation to internal controls and management systems, the Group has adopted certain internal control system and procedures which are implemented in part of its operations.

### Conduct and Compliance

As a fiduciary, ensuring sound practices is inherent to protecting the assets of its clients and investors and the Group's continued success. The Group also operates in a highly regulated industry and therefore places a strong emphasis on internal

controls and compliance. During FY2020, the Group was not engaged in any litigation, claim or arbitration proceeding of material importance and has complied with all applicable legislation, regulations, rules, codes, guidelines and permits and licence requirements in the jurisdictions in

which the Group operates, namely Hong Kong and the U.S. The Group has established the Code of Ethics to ensure ethical and responsible business conduct. The said code emphatically states that the interest of its clients must be placed first at all times, employees should not take

inappropriate advantage of their positions and must comply with all applicable securities law.

### **Complaint Management and Customer Satisfaction**

The Group highly values feedback from its clients, whether positive or negative. Feedback can help us to continually improve and develop to better serve our clients' needs.

The Group is committed to ensuring compliance and customer satisfaction and has established complaint procedures.

In the event a complaint is received, the compliance team will strive to handle it in a timely and appropriate manner.

The compliance team is responsible for maintaining a register of any complaints that may be received, which is reviewed periodically by senior management. If a complaint is not remedied promptly, the client or investor is advised of any further steps which may be available under the relevant regulatory system. All complaints and the handling of such are presented to the chief executive officer and chairman, co-chief investment officers and chief technology officer.

### **Intellectual Property ("IP") Rights**

The Group obtained registration of the Group's trademarks in Hong Kong; the domain name was also registered. The Group respects and regularly monitors to ensure that IP rights are not being

infringed upon.

### **Advertising and Labelling**

A comprehensive guideline on advertising matters can be found in the Group's Compliance Manual in the section headed "Advertising/Promotional Materials". In addition to prohibiting fraudulent, deceptive or manipulative advertising, the advertising materials must be approved by the chief compliance officer or a Director who did not prepare the materials.

### **Health and Safety**

Due to the Group's business nature, health and safety matters relating to the Group's products and services provided are not material to the Group.

## **B7. Anti-corruption**

Solid corporate governance is the bedrock of the Group's growth and development. The Group does not tolerate illegal or unethical conduct that not only violates relevant laws and regulations but also places the business integrity and reputation of the Group in jeopardy.

During FY2020, the Group was not aware of any material non-compliance with the relevant laws and regulations of bribery, extortion, fraud and money laundering that would have a significant impact on the Group, including but not limited to the Prevention of Bribery Ordinance, the Anti-Money Laundering and the Counter-Terrorist Financing Ordinance and the Securities and Futures Ordinance of Hong Kong, the Foreign Corrupt Practices Act of the U.S. and the Dutch Criminal Code. During FY2020, there were no concluded legal cases regarding any forms of fraud brought against the Group or its employees.

### **AML and Counter-financing of Terrorism ("CFT")**

The Group does not tolerate any deliberate breach of applicable financial crime laws and regulations, such as bribery, extortion, fraud and money laundering. The Code of Ethics sets forth standards of conduct expected of

the Group's employees and reflects employees' and the Group's fiduciary duty to the Group's clients.

Various policies and procedures have also been implemented and extensively reported to ensure compliance with Hong Kong, Cayman Island and the U.S. AML legislation and regulations. An AML Program ("AML Program"), amongst other procedures, has been adopted to comply with the Group's obligations. The chief compliance officer is responsible for overseeing compliance with the AML Program, which includes procedures that apply to existing and prospective investors in the funds managed by the Group.

New employees are required to undergo AML training during the initiation and training programme, all employees are required to take part in the mandatory AML training every calendar year.

As such, the Group has set out comprehensive policy and procedures on money laundering and terrorist financing in its compliance manual with the section headed "Money Laundering and Terrorist Financing" which are specifically

designed to ensure employees fully understand their obligations and responsibilities at work. The senior management ensures the implementation of AML/CFT systems, including through annual mandatory AML training for all employees and the delegation of AML/CFT duties to an administrator as well as the appointment of a manager-in-charge (“MIC”) for AML who also fills the role of money laundering reporting officer.

Furthermore, a risk-based approach customer acceptance policy has been established to identify the types of clients and investors who are likely to pose a higher than average risk of money laundering and terrorist financing. An enhanced customer due diligence process is adopted for customers, business relationships or transactions that pertain to higher risk categories.

#### Anti-corruption Training

Apart from providing employees with clear guidance on the prevention of corrupt practices via the Group’s policies, the Group also ensures execution of good practices via arranging anti-corruption training for all Directors and managers.

#### Acceptance of Gifts

Employees should not solicit or accept any advantage for themselves or others, from any person or firm that have business dealings with the Group. The Gifts and

Entertainment Policy explicitly sets out the circumstances where employees may accept (but not solicit) when offered on a voluntary basis. However, an employee should decline an offer of advantage if the acceptance of such could affect his or her objectivity in conducting the Group’s business. Anti-bribery, fraud and corruption in any form or in relation to any parties are all strictly prohibited in the Group.

#### Whistle-blowing Mechanism

The Whistle-blowing Policy has been established and covers the treatment of all concerns or complaints relating to suspected improper activities. The said policy aims to provide employees with guidance and reporting procedures to encourage employees to report fraudulent activities. Whistle-blowers are encouraged to promptly report suspected improper activity to the MIC for Compliance for investigation. In the event the MIC for Compliance is involved in the suspected improper activity, the whistle-blower should promptly report such activity to a Responsible Officer. The Group intends to protect the whistle-blower from common concerns such as confidentiality and potential retaliation or discrimination. Therefore, the employee reporting in good faith under the whistle-blowing mechanism can be assured of the protection against unfair dismissal or victimisation, even if the reports are subsequently proved to be unsubstantiated.

## B8. Community Investment

#### Active Community Participation

As a responsible corporate citizen, the Group recognises the importance of contributing to the community where it operates. The Group has established relevant guidelines on community investment to nurture the corporate

culture and encourage its employees to engage in community services and voluntary activities to give back to the members of the public.

To create a positive relationship with the Hong Kong sports community,

the Group sponsored HK\$80,000 to a Hong Kong youth rugby club during FY2020. The Group will continue to look into engaging in more community events in the coming years.



## The ESG reporting guide content index of The Stock Exchange of Hong Kong Limited

Subject Areas, Aspects, General Disclosures, and KPIs	Description	Section/Declaration
<b>Aspect A1: Emissions</b>		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer  relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Emissions
KPI A1.1 ("comply or explain")	The types of emissions and respective emissions data.	Emissions – Air Emissions, Greenhouse Gas ("GHG") Emissions, Waste Management
KPI A1.2 ("comply or explain")	GHG emissions in total (in tonnes) and intensity.	Emissions – Greenhouse Gas ("GHG") Emissions
KPI A1.3 ("comply or explain")	Total hazardous waste produced (in tonnes) and intensity.	Emissions – Waste Management
KPI A1.4 ("comply or explain")	Total non-hazardous waste produced (in tonnes) and intensity.	Emissions – Waste Management
KPI A1.5 ("comply or explain")	Description of measures to mitigate emissions results achieved.	Emissions – Air Emissions, Greenhouse Gas ("GHG") Emissions
KPI A1.6 ("comply or explain")	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Emissions – Waste Management
<b>Aspect A2: Use of Resources</b>		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Use of Resources
KPI A2.1 ("comply or explain")	Direct and/or indirect energy consumption by type in total and intensity.	Use of Resources – Energy Efficiency

Subject Areas, Aspects, General Disclosures, and KPIs	Description	Section/Declaration
KPI A2.2 ("comply or explain")	Water consumption in total and intensity.	Use of Resources – Water Consumption
KPI A2.3 ("comply or explain")	Description of energy use efficiency initiatives and results achieved.	Use of Resources – Energy Efficiency
KPI A2.4 ("comply or explain")	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Use of Resources – Water Consumption
KPI A2.5 ("comply or explain")	Total packaging material used for finished products (in tonnes) and with reference to per unit produced.	Use of Resources – Use of Packaging Materials Not applicable - Explained
<b>Aspect A3: The Environment and Natural Resources</b>		
General Disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources.	The Environment and Natural Resources
KPI A3.1 ("comply or explain")	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	The Environment and Natural Resources – Selection of Markets to Trade, Indoor Air Quality
<b>Aspect B1: Employment</b>		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer  relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employment
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	Employment
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Employment

Subject Areas, Aspects, General Disclosures, and KPIs	Description	Section/Declaration
<b>Aspect B2: Health and Safety</b>		
General Disclosure	<p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer</p> <p>relating to providing a safe working environment and protecting employees from occupational hazards.</p>	Health and Safety
KPI B2.1	Number and rate of work-related fatalities	Health and Safety
KPI B2.2	Lost days due to work injury.	Health and Safety
<b>Aspect B3: Development and Training</b>		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Development and Training
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Development and Training
KPI B3.2	The average training hours completed per employee by gender and employee category.	Development and Training
<b>Aspect B4: Labour Standards</b>		
General Disclosure	<p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer</p> <p>relating to preventing child and forced labour.</p>	Labour Standards
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Labour Standards – Prevention of Child and Forced Labour
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Labour Standards – Prevention of Child and Forced Labour

Subject Areas, Aspects, General Disclosures, and KPIs	Description	Section/Declaration
<b>Aspect B5: Supply Chain Management</b>		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	Supply Chain Management
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Supply Chain Management
<b>Aspect B6: Product and Service Responsibility</b>		
General Disclosure	<p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer</p> <p>relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.</p>	Product and Service Responsibility
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product and Service Responsibility
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Product and Service Responsibility
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Product and Service Responsibility Intellectual Property Rights (“IP”)
KPI B6.4	Description of quality assurance process and recall procedures.	Product and Service Responsibility Complaint Management and Customer Satisfaction
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Product and Service Responsibility Cybersecurity and Data Protection

Subject Areas, Aspects, General Disclosures, and KPIs	Description	Section/Declaration
<b>Aspect B7: Anti-corruption</b>		
General Disclosure	<p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer</p> <p>relating to bribery, extortion, fraud and money laundering.</p>	Anti-corruption
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Anti-corruption
KPI B7.2	Description of preventive measures and whistleblowing procedures, how they are implemented and monitored.	Anti-corruption – Whistle-blowing Mechanism
<b>Aspect B8: Community Investment</b>		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Investment
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community Investment
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Community Investment