



Corporate Social Responsibility Report 2014

As a well-established financial institution with a long history in Hong Kong, Dah Sing Financial Group (the "Group") is strongly committed to corporate social responsibility ("CSR"), recognising that long-term business success is dependent on our relationship with all of our stakeholders - both inside and outside the company - and that adopting responsible management practices is essential. At our Group, CSR is about achieving commercial success in ways that honour ethical values and respect people, communities and the natural environment.

Business today is not just about making money. Expectations of corporate behaviour go beyond legal or regulatory requirements. The business licence to operate is given, perhaps not explicitly, but nonetheless effectively, by the communities in which we work. Without stakeholders such as customers, staff, suppliers or investors, what is any business worth? Business depends as much on the community infrastructure that enables key stakeholders to function as it does on capital and material assets. It is inconceivable that in the long term a company can enhance shareholder value unless it is dedicated to retaining and developing its customer and employee relationships.

To be successful in carrying out CSR, the Group strives to embed socially responsible values throughout our organisation, influencing our day-to-day operations.



Corporate Social Responsibility Policy



Governance Responsibility



Environmental Responsibility



Community Responsibility



CSR Awards and Recognitions



Corporate Social Responsibility Policy

Approach and Principles

The Group's CSR activities are in line with its strategy, mission, guiding principles and values as well as its corporate governance framework. Besides, the following approach and principles are adopted for CSR activities in different aspects:

Workplace

- Treat employees fairly and equally, respect their human rights, ensure employment practices that uphold equal opportunity and non-discrimination are in place
- Provide competitive and fair reward and recognition
- Provide a safe and healthy working environment
- Support employee wellness, work-life balance and family friendly practices
- Encourage open communication and provide channels for employees to express their concerns
- Nurture talent and support continuous development of employees

Marketplace

- Uphold the highest standards of governance and a set of core ethical values including honesty, integrity, diligence, fairness, responsible citizenship and accountability in conducting business
- Provide a diverse range of products and services to enable customers to select the solution that best suits their needs
- Provide clear and honest information to customers to help them make informed decisions
- Listen to customer feedback, continually enhance customer service and customer satisfaction
- Ensure privacy of customer data
- Promote sustainable business practices through assessing the potential environmental and social impact when deciding to make a loan or investment
- Use suppliers that act in an environmentally, socially and ethically responsible manner

Community

- Work with partners to support community programmes that bring about positive social impact
- Provide resources to encourage and facilitate employees to participate in volunteering service and charitable activities
- Contribute to sustainable economic development of Hong Kong and the Pearl River Delta region via supporting SMEs, job creation, e.g. internship, and raising financial literacy in the community

Environment

- Use eco-friendly materials and supplies
- Reduce waste production and consumption of energy and natural resources
- Increase recycling
- Prevent pollution and reduce carbon footprint
- Promote environmentally responsible practices among employees, customers, suppliers, contractors and business partners

CSR Management

The CSR Committee, comprising members of Management of the Group, is responsible for setting the CSR strategy and directing the CSR activities. The Committee also reviews, approves, supervises and monitors the implementation of all CSR initiatives. Various support teams working under the direction of the Committee are responsible for promotion, support and organisation of CSR activities.

The CSR Policy and activities will be communicated to the stakeholders as appropriate.



Governance Responsibility

Mission & Values / Guiding Principles

Our commitment to CSR and the overall sustainability of our Group's development is also embodied in our corporate mission and values / guiding principles:

Mission

- To create value for our customers by providing quality products and excellent service
- To grow with our employees through mutual commitment
- To increase shareholder value through sustainable returns on capital

Values / Guiding Principles

- i. Customer commitment
- ii. Employer – employee mutual commitment
- iii. Integrity
- iv. Financial strength & risk management
- v. Operational excellence
- vi. Compliance

Code of Conduct

Our Group's Code of Conduct encapsulates our core values / guiding principles and sets high ethical standards of behaviour expected of our staff members. We focus on having the right culture, structures and processes in place to ensure that we practise strong governance.

Corporate Governance

Good governance contributes to the long-term success of our Group, overseeing strategy execution and mission fulfilment, and creating trust and engagement between the company and its stakeholders. The Group and its subsidiaries are committed to high standards of corporate governance, and strictly abide by applicable laws and regulations. The Group adopts sound corporate governance framework and practices, with appropriate oversight on businesses, internal control, risk management and operations of the Group. There is a clear division of responsibilities between the Boards and the Management. Moreover, the Boards have established Board Committees to assist them in performing their duties, taking into consideration international best practices of corporate governance.

The Group's major banking subsidiary in Hong Kong has implemented a comprehensive Board Governance Policy and Procedure with the adoption of the following enhanced procedures and practice:

- Board Code of Conduct Policy
- Board Conflict of Interest Policy and Procedures
- Board Appointment and Succession Policy
- Policy on Delegation of Authority and Oversight of Senior Management
- Performance evaluation of the Board and individual Directors
- Corporate Structure Policy
- Enhanced Terms of Reference of the Board

The Group will continue to review its corporate governance principles and practices in light of experience, regulatory changes and market developments.



Environmental Responsibility

All businesses have an impact on the environment. So it is the duty of every business to manage the environmental impact of the products it procures, produces and sells in order to help protect the biodiversity of the natural environment. A business can reduce its impact by cutting back on its use of water and energy and reducing the greenhouse gases and waste it produces.

Eco-friendly Suppliers, Products and Projects

Environmental protection is one of the most important criteria we use in selecting our suppliers and their products. Our key service providers have ISO14001 environmental management systems and standards and / or be Forest Stewardship Council ("FSC") certified. The Group also selects office machines that minimise energy loss and have less-CO2 emissions, relative to similar products in the market.

In January 2014, we participated in a well-known environmental protection award scheme organised by the Hong Kong Awards for Environmental Excellence ("HKAEE"). HKAEE is led by the Environmental Campaign Committee alongside the Environmental Protection Department. We focus on energy saving area and have implemented a number of initiatives during the year. For example, the Group is replacing lighting devices that will result in more than 9% reduction in electricity usage, and a major IT project was completed in mid-2014, which has reduced CO2 emission by 367 tons (the equivalent effect of 9,414 trees) on an annualised basis. With the positive feedback from staff members, we will not only focus on energy saving but also waste reduction area in the coming year.

Eco-friendly Environment for Staff Members and Customers

The Group endeavours to select Eco-friendly materials and supplies for all offices and branches. These include the use of LED, energy saving lamps and low-VOC emission carpeting and furniture, which help to minimise the possible damage to the environment and health risks to staff and customers.

Recycling

In addition to using recycled paper, the Group also collects used paper for recycling. In 2014, this amounted to approximately 118,000 kg. Printer cartridges and toner bottles from more than 950 multi-functional devices were sent for recycling.

Saving Trees

The Group adopts paperless processes where practicable, for example, by replacing paper-based reports with electronic reports and using e-procurement system. When paper-based reports are necessary, we advocate printing in 2-up duplex format (2 pages on 1 side and having 2-sided reports) to save paper. The Group deploys more than 200 scanning devices in our offices and branches, in order to retain records electronically, rather than on paper.

We constantly encourage our customers to make use of our electronic banking services, including e-statements and our state-of-the-art internet commercial banking platform "DS Direct" to reduce paper usage.

Making Responsible Decisions

As a financial institution, we promote sustainable business practices, which include assessing the potential environmental and social impact when making a loan or investment. Since 1st April 2014, we have introduced new assessment criteria in relation to environmental issues in evaluating credit proposals, which include the status of environmental compliance of the commercial borrowers, fulfilment of applicable environmental licencing requirements for business operation etc.



Community Responsibility

Our People

Recognising that our people are important stakeholders in our business, we are committed to providing equal opportunity, competitive pay and benefits, training and continuous development, and also promoting employee wellness, work-life balance and family friendliness.

Equal Opportunities for All

We believe that every individual has the right to work in an environment that is free of discrimination, harassment, victimisation or vilification on the grounds of gender, marital status, pregnancy, disability, family status or race. The Group encourages breaking down barriers and building a harmonious working environment for all staff. To support this, we have strong policies on sexual harassment, racial equality in employment and recruitment, and terms and conditions of employment that comply fully with anti-discrimination ordinances. There are clear channels, e.g. whistle-blowing and grievance procedures, for employees to express any concerns.

Employee Well-Being

Our Employee Assistance Program ("EAP") aims at helping employees to prevent, identify and resolve their personal, family or work-related concerns. Under the EAP, employees can obtain professional counselling and consultation services from an appointed service provider on a confidential basis. Regular wellness seminars on various topics are held.

A number of activities were organised during a Work-Life Balance Week in October 2014 to raise awareness of the importance of a well-balanced life. Staff members learnt stretching exercises designed by a Certified Professional Ergonomist, enjoyed afternoon tea break, and exchanged tips on work-life balance. The Chief Executives of DSBG and DSB visited colleagues at their offices on the Happy Friday, to express their good wishes, share healthy snacks and encourage everyone to leave early to enjoy the weekend.

Family Friendliness

We have a wide range of policies and practices that support family friendliness, including paid maternity leave, paternity leave and compassionate leave, as well as birthday leave and flexi-medical scheme that allows employees to choose their own medical coverage based on their needs, some of which were introduced in 2014.

In 2014, [Dah Sing Banking Group Limited: 41, Dah Sing Financial Holdings Limited: 42] female employees and [Dah Sing Banking Group Limited: 38, Dah Sing Financial Holdings Limited: 41] male employees took maternity and paternity leave respectively. The return-to-work rate following parental leave was close to 99%.

Training and Development

The Group encourages and sponsors employees to attend training programmes for job-relevant knowledge and skills that enhance their competence, upgrade their expertise or performance, and improve their capabilities to take up future challenges.

We offer education sponsorships for employees to gain higher academic qualifications for their personal development. Sponsorship and examination leave are also given to employees to attend various professional development

programmes and examinations such as FLMI, ACCA, HKICPA, AHKIB, CFP, CFMP and CFA organized by different professional bodies.

In our insurance business, we also sponsor our life insurance agents to participate in the "Registered Financial Consultants" programme organised by the International Association of Registered Financial Consultants to encourage continuous education and to uplift the professional standard of our insurance consultants.

We are committed to nurturing young talent. The Group's efforts in grooming talented young people are also evidenced in the Graduate Trainee Programme which has been running continuously since 2004. Professional training is also provided to fresh graduates who want to enter the banking industry through various programmes such as our Financial Services Trainee and Customer Services Trainee programmes. Awards are also given to the employees to encourage continuous learning to achieve higher professional qualifications in the banking field.

In 2014, we launched a number of new training programmes to cope with the Group's changing business needs, and continued to run workshops to reinforce our corporate culture, including the Dah Sing Manager Program. During the year, our employees received over [Dah Sing Banking Group Limited: 41,500. Dah Sing Financial Holdings Limited: 43,600] hours of training on topics including financial knowledge, banking products and operations, sales, customer service, business communication, leadership and management skills, compliance, anti-corruption, etc.

Support to Professional Development in the Banking Industry

To foster and promote continuous professional development in the banking field, the Group continuously supports the Hong Kong Institute of Bankers to provide education and training to the banking community across the region. With Hong Kong being an international financial centre, it is essential that we contribute to the ongoing learning and development of professionals in the rapidly evolving banking industry.

Community Donations & Sponsorships

In 2014, we continued to put our efforts to support youth development and those in need in the community, including:

- To help promote creativity and teamwork among youngsters, the Bank supported the 2nd "Boogie on Board" Hong Kong Youth Dance Gala which was held on the first travelling truck stage in town.
- The Bank donated books to 300 children in the Buddy Reading Program organised by Kids4Kids to encourage reading among Hong Kong's younger generation.
- The Bank sponsored a series of seminars entitled "Life Journey" organised by the Hong Kong Association of Youth Development, which are designed to help youngsters adopt a positive attitude towards life.
- On Children's Day, Dah Sing Life organised a Chocolate Egg Workshop called "Delights to Share" for about 60 youngsters from less-advantaged families. The event aimed to heighten the participants' level of concentration, stimulate their creativity and help inspire them with Hong Kong's "Can Do Spirit".
- Dah Sing Life organised a youth programme "Achieving Your Dreams – Ultimate Challenge 2014" in collaboration with Ocean Park Hong Kong. Using "ghosts" from the Park's "Halloween Fest" as programme instructors and other spooky elements, the programme aimed to inspire 200 youngsters to pluck up their courage to overcome their fears of facing their studies, work or daily life.
- Dah Sing Charity Score Challenge was held in November to raise funds for SCMP Operation Santa Claus ("OSC"). In the Charity Score Challenge, Dah Sing Bank staff teams played against the YMCA team in a series of basketball game challenges along with a friendly match. The event not just contributed towards raising funds for OSC, but also fostered stronger team spirit of the Bank.
- Dah Sing Life held the "UFuture Elite Development Programme 2014" in June, which included lectures on wealth management knowledge, experiential learning and community projects, for 40 students from various universities in Hong Kong.

- Dah Sing Life partnered with Hong Kong Federation of Youth Groups to organise Prevocational Workshops for youngsters. The participants learnt from two leaders from the hospitality and image industries dining etiquette and professionalism, to enhance their soft skills before embarking on their careers.
- The Group awarded scholarships to 46 students with good academic results at selected universities in Macau and China.
- To help raise the public's awareness of the work of the Ai You (Hong Kong) Foundation which provides financial support for children in mainland China suffering from heart condition, we have been sending out quarterly pamphlets to customers along with their statements. In addition, we supported the "Human Christmas Tree" and "City Mosaic" organised by the Foundation in December and sponsored Polo Shirts for the participants who built the tree.
- We also helped some organisations, e.g. Ai You (Hong Kong) Foundation, Maryknoll Hospital and ORBIS to draw the public's attention on their work as charities by sending out their promotional materials to our customers.

Volunteer Services

We encourage our people to undertake volunteer work to help the underprivileged.

To show our love and care for those in need during the mid-Autumn festival, our volunteers together with their family members gave gift packs to elderly folks in two public housing estates.

We also supported the Buddy Reading Program organised by Kids4Kids, in which the volunteers read English stories with children from various local community centres, schools and learning centres.

Serving Our Customers

We strive to create value for our customers by providing quality products and excellent services. We offer a comprehensive range of banking products and services to meet the diverse needs of customers. Apart from serving the mass public, we also provide tailor-made banking services to specific market segments. For example, VIP Banking tailored for affluent market, SME Banking for the small-medium sized companies and YOU Banking for the progressive, young generation. Digital development is one of our key business initiatives, with the recent launches of Mobile Banking and Mobile Trading Services to help customers manage their finances more conveniently. We serve our customers in a wide array of channels, including a branch network of 46 branches, 20 VIP Centres, 35 Securities Centres, phone banking service and internet / mobile channels in Hong Kong.

We also helped vulnerable customers enjoy regular banking services. The Bank is a Signatory of the Treat Customers Fairly Charter championed by the Hong Kong Monetary Authority. We offer low-balance maintenance fee waiver to vulnerable customers (such as senior citizens, minors, low-income customers, and customers with physical or mental disabilities) and do not charge dormant account fee.

Supporting SMEs and the Economy

SMEs are the lifeblood of the Hong Kong economy and they form an important customer segment for the Group. We believe that supporting SMEs is important not just for the sustainable development of Hong Kong, but also for the Pearl River Delta region as a whole.

In 2014 we organised two events to provide our SME customers with the latest information on areas such as logistics, counterparty risk management, environmental protection and intellectual property to help sustain development in the Hong Kong and Pearl River Delta Region. The events attracted over 300 SME clients. In addition, the Bank was a platinum sponsor of the Hong Kong Award for Industries to support and honour the industrial and commercial

development in Hong Kong and also the sole sponsor of the "2014 World SME Summit" in which over 200 SMEs learnt about the business opportunities in the region.

In addition to providing a knowledge platform for SMEs through seminars, we continued to participate in the SME Loan Guarantee Scheme ever since it was launched by the Hong Kong SAR Government as well as the SME Financing Guarantee Scheme ("SFGS") operated by the Hong Kong Mortgage Corporation to support SMEs in Hong Kong.



CSR Awards and Recognitions

The following are the major awards received by the Group in 2014:

- "10+ years Caring Company" recognition by the Hong Kong Council of Social Service
- "Family-Friendly Employer" recognition under the 2013/14 Family-Friendly Employers Award Scheme organised by the Family Council
- "Best Practice Award 2014 in Mentoring Programme Development" by The Best Practice Management Group
- "Distinguished Salesperson Award 2014" by The Hong Kong Management Association for 5 branch colleagues
- "Outstanding Financial Management Planner Award" by the Hong Kong Institute of Bankers for 6 sales and financial planning colleagues
- "2014 Best SME's Partner Award" by The Hong Kong General Chamber of Small and Medium Business