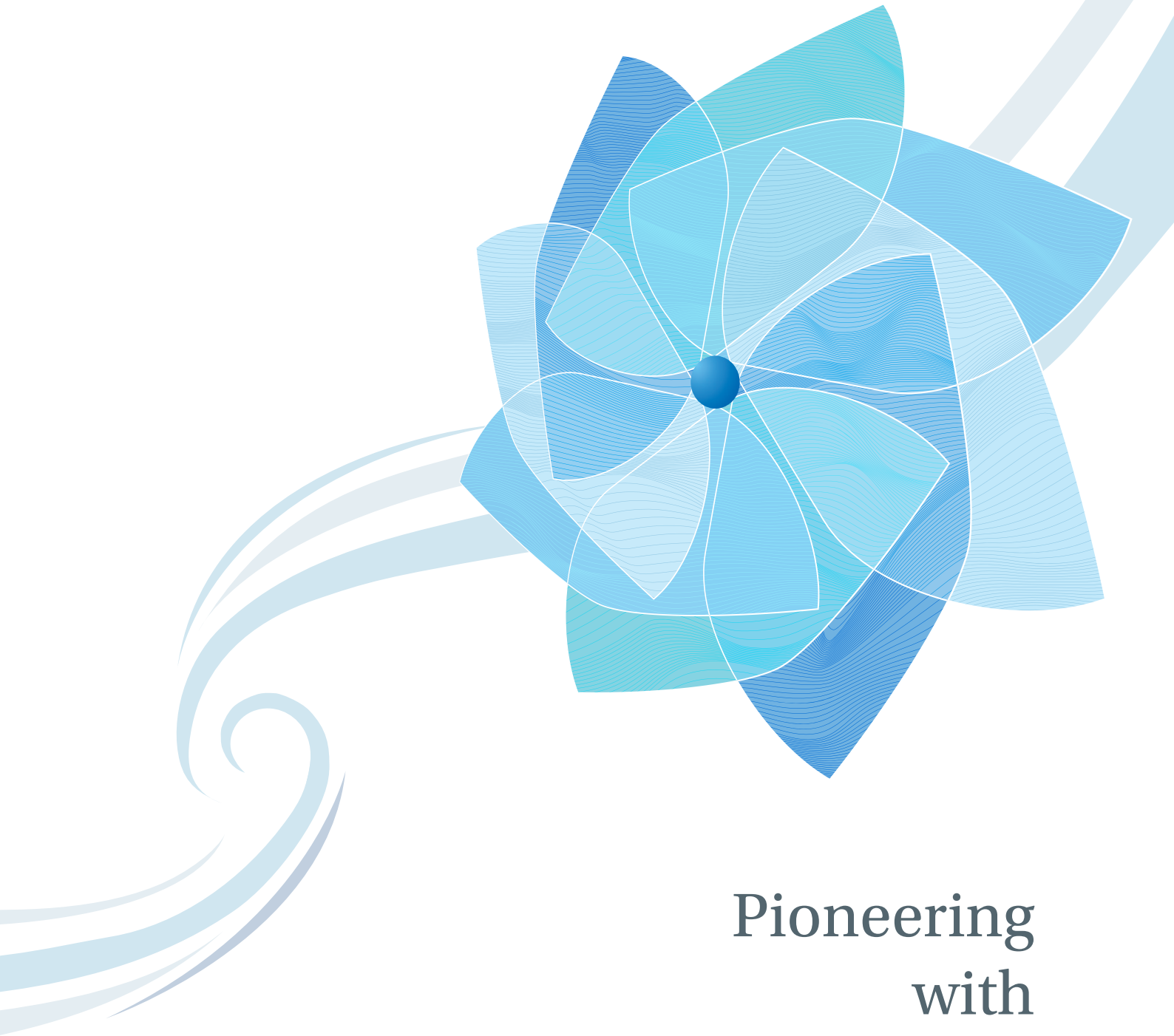




Stock Code : 665.HK



# Pioneering with Convergence

Environmental, Social and Governance Report 2021

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# About This Report

This report is the sixth environmental, social and governance (“ESG”) report (the “Report”) published by Haitong International Securities Group Limited (the “Company”, together with its subsidiaries, the “Group” or “Haitong International”). The purpose of this Report is to disclose the various tasks in environmental, social and governance (ESG) aspects and outcomes of the Group in 2021, in an open and transparent manner, in hopes of timely and effective communication with the stakeholders of the Group. This Report also gives a detailed picture of the Group’s strategic philosophy, corporate governance, green finance practices in respect of ESG and how the Group identifies and manages various risks and opportunities.

## Reporting Period

This report covers the period from 1 January 2021 to 31 December 2021 (certain parts disclosed herein may be beyond this time frame).

This Report is compiled following the previous one for the period from 1 January 2020 to 31 December 2020 which was published on 21 April 2021. No material restatement is made regarding the information, scope, boundary setting process and calculation methodologies as ascribed in the previous report.

## Scope of Report

The Report covers major locations where the Group operates in, including Hong Kong, Macau, Tokyo, Singapore, New York, London, Mumbai and Sydney. However, the quantitative environment performance indicators stated herein are applicable only to Hong Kong which is the Group’s principal place of operation.

## Guarantee of Obligations

Before publishing this report, the Board of Directors of the Company has reviewed and approved the disclosure of the information hereof, which is sourced from the official information and statistical data of the Group. The Report with certain data has obtained independent assurance from Ernst & Young in respect of certain data as detailed in this Report. The details of scope and criteria of assurance are set out in the section “Assurance Statement” in this report. For easy reference of analysts and researchers, an index of Global Reporting Initiative (“GRI”) and ESG Reporting Guide issued by the Stock Exchange of Hong Kong Limited (“Stock Exchange”) are set out in this report.

# About This Report

## Reporting Guidelines

The Report is compiled on the “Comply-or-Explain” basis as required in the Appendix 27, Environmental, Social and Governance Reporting Guide of the rules governing the listing of securities (the “Listing Rules”) issued by The Stock Exchange. When compiling this Report, the Group based on the 4 ESG core principles advocated by the Stock Exchange, namely, Materiality, Quantitative, Balance and Consistency.

- **Materiality:** Through an online survey conducted with relevant stakeholders, involvement of stakeholders and information analysis, this report has identified material topics in environmental, social and governance aspects and given responses. For details, please see pages 22 to 25 of this Report.
- **Quantitative:** This Report has disclosed quantitative ESG KPIs of the Group. For details, please see pages 68 to 76 of this Report.
- **Balance:** This Report objectively reflects the facts with positive and negative indicators included.
- **Consistency:** This Report uses consistent indicators in different reporting periods as far as possible and gives explanation on the changes in calculation process to reflect the trend shown in the KPI tables.

Meanwhile, this Report is compiled with reference to the GRI Standards issued by the GRI and follows the latest version of GRI Standards issued in 2021 and the recommended framework for disclosure of climate-related financial information by the Task Force on Climate-Related Financial Disclosure (“TCFD”).

## Reporting Languages and Access to the Report

This Report is compiled in Chinese and English versions which are uploaded on the websites of Hong Kong Exchanges and Clearing Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Group ([www.htisec.com](http://www.htisec.com)). In case of any discrepancies between the Chinese and the English versions, the Chinese version shall prevail.

# Management Statement

Haitong International has always been striving to integrate our beliefs in environmental, social and corporate governance philosophy into every part of our businesses and operations. Taking on a unique role of being an information and capital intermediary in investment, financing, financial advisory and equity research, the Group is determined to become one of the world's renowned leading green investment banks focusing on sustainable finance.

The Group's outstanding achievement in ESG and sustainable finance was also recognised by the public. In 2021, the Group was granted an upgrade of ESG rating to "A" level by the internationally recognised index agency, MSCI. We have also been included to the FTSE4Good Index by FTSE Russell of the London Stock Exchange, marking a milestone with high recognition by global financial institutions and investment community in the ESG sphere.

Though facing fierce competition in the market, Haitong International emphasises on "profit for purpose" and is committed to sustainable finance. In 2021, in addition to the launch of the world's first ESG-focused Asia ex-Japan high yield corporate USD bond ETF, the Group also participated in the underwriting of 40 green and sustainable bonds amounting to a total of US\$11.2 billion, increasing by over two-fold against 2020, making itself a forerunner in the green finance market among Chinese financial institutions in Hong Kong. Starting from the first quarter of 2021, the Group has voluntarily begun to disclose its quarterly results in view to tighten the communication with its investors, stakeholders and the public for a transparent corporate governance and financial information disclosure.

As a leading Chinese financial institution in the ESG field, Haitong International has actively promoted its thought leadership to enhance the knowledge and implementation of ESG in the financial industry and market as a whole. In 2021, the Group partnered with China-UK Climate and Environmental Information Disclosure Pilot Working Group and jointly published "*Chinese Financial Institutions' Route to Achieving Carbon Neutrality*" Report, as well as jointly published "*Hong Kong: the International Financial Center for the Future*" with the One Country Two Systems Research Institute, advocating to develop Hong Kong as a sustainable financial centre and ESG investment hub in the world. The Group also signed Memorandum of Understanding (MoU) with the Hong Kong Quality Assurance Agency to jointly promote the development of green and sustainable finance.

During 2021, Haitong International also fulfilled its social responsibility through various contributions to Hong Kong society, including the continuous participation in the "Financial Industry Recruitment Scheme for Tomorrow" launched by the Hong Kong Financial Services Development Council, and the "New Graduates-New Opportunities Scheme" by the Hong Kong Chinese Enterprises Association to open opportunities for the current graduates in this uncertain time. Moreover, we are devoted to support local sports development in Hong Kong to groom young athletes and strengthen social cohesion, as evidenced by our long-term sponsorship to the Hong Kong Windsurfing Association. We successfully debuted the first Haitong International Victoria Harbour Windsurfing Race and resumed the Hong Kong Windsurfing Champion Race after two years. We were also the only Chinese financial institution that sponsored the "Well Dunk!" Basketball league and training scheme run by InspiringHK Sports Foundation.

Surrounded by the highly uncertain macroeconomic and market environment, Haitong International will persevere with its strategic plan to complete a full line of investment banking services centered around its core competitiveness in 2022. The Group will enhance its business model by strengthening international footprint and increasing cross-border and cross-departmental synergies. The Group will strictly control risks and try its best to capture business opportunities. Standing by its ESG philosophy and sustainable finance principles, the Group aims to become the world-renowned investment bank that possesses global competitiveness, systemic importance, and brand influence.

# 1. Businesses of Haitong International

## 1.1 Overview of Organisation

Haitong International Securities Group Limited (Stock Code: 665.HK), is an international financial institution with established presence in Hong Kong and a rapidly expanding network across the globe. It strives to serve as a bridge linking up the Chinese and overseas capital markets. The parent company of Haitong International is Haitong Securities Co., Ltd. (Stock Code: 600837.SH; 6837.HK)

The Group, based in Hong Kong, is listed on the Stock Exchange and is an important overseas platform of its parent company with financial service network covering major capital markets in the world including Hong Kong, Singapore, New York, London, Tokyo, Mumbai and Sydney.

The core business of Haitong International comprises the following five segments:

<b>Wealth Management</b>	<b>Corporate Finance</b>	<b>Asset Management</b>	<b>Global Markets</b>	<b>Investment</b>
provides financial advisory services and customised investment solutions to satisfy the specific financial needs of high net worth clients. This segment offers a broad range of products and services including securities, futures and options contracts, over-the-counter products, funds, discretionary account management services, securities custodian services, and securities margin financing.	engages in provision of sponsoring and underwriting services to corporate clients for their fund raising activities in equity and debt capital markets, and also engages in provision of financial advisory service for corporate actions such as mergers and acquisitions. In addition, this segment also provides financing solutions to the corporate clients and distributes these financing assets in secondary market.	engages in provision of investment management services on diversified and comprehensive investment products including public funds, private funds, and mandatory provident funds to individual, corporate and institutional clients.	provides a vast range of financial services to a diverse group of institutional clients, such as investment funds, sovereign funds, insurance companies and financial institutions, globally. This segment offers sales and trading of both equity and fixed income products, prime brokerage and risk management solutions, and research advisory. It is also an active player in equity derivative products creation and trading. This segment is supported by the award-winning equity research team that specialises in listed equities in Asian financial markets.	primarily invests in various financial instruments and holds majority of investment securities of the Group. Investments held by this segment include primarily investment funds, listed and unlisted debt and equities, and private equities. This segment aims at acquiring investments that generates a reasonable yield while maintaining a robust risk management mechanism.

For details of the Group's businesses and financial performance, please refer to the Group's annual report for 2021.

## 1.2 Core Values and External Ratings

Haitong International has been treating ESG as one of its basic requirements for its operations and basic responsibility and commitment to its customers, shareholders, employees, community and the natural environment. With the core values of being “courageous, sincere and innovative”, the Group operates in Hong Kong and expands presence to the world. In 2021, the Group continued to apply ESG risk management across every facet of its operation and strived to be a leading player in the sustainable finance sphere.

Boasting a sound risk management system in line with international standards, Haitong International has been granted the Baa2 rating by Moody’s and BBB long term credit rating by S&P.



This year, Haitong International has been incorporated into the FTSE4Good Index by FTSE Russell under the London Stock Exchange, manifesting its outstanding performance in ESG and high acclaims from the international financial market and investment community.



In March 2021, MSCI, the largest provider of indexes in the world, granted an upgrade of the Group’s ESG rating from “BBB” to “A”, displaying worldwide recognitions of the Group’s ESG performance. This rating makes the Group a leading player among investment banks and securities firms in the world. In early 2022, Haitong International was maintained an “A” in the MSCI ESG evaluation.



Haitong International was granted the Excellence in ESG Governance — Grand Award and Carbon Neutral Award — Commendation by HERA during the year, being the first Chinese financial institution awardee of the above awards.

# 1. Businesses of Haitong International

## 1.3 Entities Included in the Consolidated Financial Statements

This Report covers the Company and its subsidiaries, and the main subsidiaries included in this Report include:

Name	Place of incorporation/ registration	Principal businesses
Haitong International (UK) Limited	England and Wales	Brokerage, equity research, research sales
Haitong International Asset Management (HK) Limited	Hong Kong	Provision of assets management services
Haitong International Asset Management Limited	Hong Kong	Provision of assets management services
Haitong International Capital (HK) Limited	Hong Kong	Corporate finance
Haitong International Capital Limited	Hong Kong	Provision of corporate financial advisory services
Haitong International Futures Limited	Hong Kong	Futures and options brokerage and trading
Haitong International Financial Products Limited	Hong Kong	Market-making in financial instruments
HTI Financial Solutions Limited (Note a)	Hong Kong	Provision of financial solutions
Haitong International Investment Managers Limited	Hong Kong	Provision of assets management services
Haitong International (Japan) K.K.	Japan	Asian equity research and corporate finance
Haitong International Research Limited	Hong Kong	Provision of research services
Haitong International Securities (Australia) Pty Ltd	Australia	Brokerage services
Haitong International Securities (USA) Inc.	United States	Equity research, sales and trading and investment banking
Haitong International Securities (UK) Limited	England & Wales	Provision of corporate finance advisory services
Haitong International Securities Company Limited	Hong Kong	Securities brokerage and margin financing
Haitong International Securities Group (Singapore) Pte. Ltd.	Singapore	Investment holding
Haitong Securities USA LLC	United States	Investment banking
Haitong International Securities Nominees Limited	Hong Kong	Provision of custodian services
Haitong Securities India Private Limited	India	Institutional securities broking and investment banking
演天資訊科技(深圳)有限公司	People's Republic of China	Provision of software development services

Note:

- (a) The company was renamed from "Haitong International Financial Solutions Limited" to "HTI Financial Solutions Limited" with effect from 23 September 2021.

For more details of entities included in the consolidated financial statements, please refer to the annual report for 2021.

## 1.4 Organisation Coverage

Currently, the Group has a global financial service network covering the world's major capital markets including Hong Kong, Singapore, New York, London, Tokyo, Sydney and Mumbai, and provides clients with a plethora of investment banking services. The Group has 1,245 staff members as at 31 December 2021. Haitong International is well positioned to serve corporate, institutional, as well as high-net worth clients worldwide. Its well-established services platform provides a full spectrum of financial services including private wealth management, corporate finance, asset management, global markets (key businesses include sales and trading of both equity and fixed income products, prime brokerage and risk management solutions, and research advisory) and investment businesses.

The Group is a licensee and registered institution with licenses granted by the Hong Kong Securities and Futures Commission. In 2021, the Group's subsidiary in Singapore was admitted as a securities and derivatives clearing member of the Singapore Exchange ("SGX") and a depository agent of The Central Depository (Pte) Limited. Therefore, it has obtained a full suite of memberships on the SGX. In 2020, the Group's subsidiary in Australia was granted the Australian Financial Services Licence by ASIC, becoming the first Chinese financial institution with this licence. So far, Haitong International, together with its Hong Kong and overseas offices, is one of the few Chinese financial institutions with a full suite of licenses, which enables it to become a market participant to provide comprehensive investment banking businesses in the markets of Hong Kong, Singapore, the United States, India etc., helping it move a step closer to become a leading global Chinese financial institution with international competitiveness, systemic importance and brand influence.

The Group's network covers:

<b>China – Hong Kong</b>	Provision of comprehensive financial services including wealth management, corporate finance, asset management, global markets and investment services
<b>U.S. – New York</b>	Mainly engaged in corporate finance, equity sales and trading
<b>UK – London</b>	Mainly engaged in financial services including in equity sales and trading, fixed income sales and trading, and corporate finance
<b>India – Mumbai</b>	Mainly engaged in cash equities and corporate finance businesses
<b>Singapore</b>	Mainly engaged in corporate finance, asset management, fixed income sales and trading, private wealth management and equity sales and trading
<b>Japan – Tokyo</b>	Engaged in equity research and corporate finance
<b>Australia – Sydney</b>	Mainly engaged in equity trading by using algorithmic trading

# 1. Businesses of Haitong International

## 1.5 Business Overview

In 2021, Haitong International adhered to a steady business strategy, strictly controlled risks, further reduced the scale of risk assets, and actively mitigated market risks. After continuous efforts, the Group's fee based business strategy is starting to see positive results with a diversified fee income stream and light-weighted balance sheet with low leverage, establishing a strong foundation towards strengthening its core businesses to complete and upgrade a well-rounded investment banking services cycle, capture market opportunities and enhance stability and sustainability of profits.

In 2021, Haitong International achieved an income of HK\$5,252 million with a net profit of HK\$301 million, among which fee income was at its record high of HK\$3,257 million, a remarkable achievement showing an ever stronger revenue stream. Profit attributable to shareholders of the Company decreased by approximately 84% in 2021, mainly driven by the downward fluctuations in the market that took place in the fourth quarter of 2021 that caused a decline of valuations of certain investment funds held by the Group. Nevertheless, the aggregated total of fee income and interest income of HK\$4,998 million was able to cover all costs of the Group with excess. This is an indicator that we have established a sustainable business model and operational structure for stable revenue inflow.

The Group started to see success from the continuous enhancement of the structure of balance sheet, resulted with a lighter weight yet higher quality assets portfolio. As at 31 December 2021, the Group's total assets were HK\$105 billion, 28% lower than the position as at early 2021. Leverage ratio was 3.33 times as at 31 December 2021, decreased from 4.45 times as at 31 December 2020, being the lowest since 2012.

<b>Net turnover/Total income:</b>	HK\$5,252 million
<b>Tax paid:</b>	HK\$470 million
<b>Profit before tax:</b>	HK\$723 million
<b>Total number of staff:</b>	1,245

## 2. Governance Structure

### 2.1 Corporate Governance Practices

The board of directors of the Company (the "Board") is committed to maintaining a high standard of corporate governance practices within the Group. Throughout the year ended 31 December 2021, the Group has fully complied with the code provisions set out in the Corporate Governance Code (the "CG Code") as contained in Appendix 14 to the Listing Rules of the Stock Exchange.

### 2.2 Corporate Governance and Committee Structure

The Board believes that a well-balanced corporate governance structure will enable the Group to better manage its business risks and thereby ensure the Group is run in the best interests of its shareholders and other stakeholders. The following chart depicts the overall corporate governance structure of the Group. The Group's highest governing body of all committees is the Board of Directors which is responsible for setting directions, formulating strategies, monitoring performance and managing risks of the Group. At the same time, it is also charged with the duty to enhance the effectiveness of the corporate governance practices of the Group. There are currently 6 committees set up under the Board, namely Audit Committee, Executive Committee, Nomination Committee, Remuneration Committee, Risk Committee and Strategic Development Committee (each a "Board Committee"). All these committees perform their distinct roles in accordance with their respective terms of reference and assist the Board in supervising certain functions of the senior management. The Chairman of the Board is a non-executive director.



To enhance corporate governance, different committees have been set up under the Board of Directors. In 2020, the ESG Committee and ESG Executive Office were set up under the Executive Committee to promote ESG across the Group. In harness with the Chief Economist Office, it communicates with the Board in different channels and follows up with the latest development of ESG-related topics.

## 2. Governance Structure

The duties of each committee under the Board of Directors are as follows:

**Audit Committee:** It reviews all business affairs managed by the executive directors, in particular those related to connected transactions and continuing connected transactions, if any, and to review the quarterly, interim and annual financial statements of the Group before their submission to the Board for approval. It will also review the effectiveness of the internal control system of the Group. The terms of reference of the Audit Committee are aligned with the requirements of the Listing Rules and the recommendations set out in “A Guide for Effective Audit Committees” published by the Hong Kong Institute of Certified Public Accountants and any updates thereof.

**Nomination Committee:** It is responsible for reviewing the structure, size and composition of the Board, including the skills, knowledge, experience of directors and time devoted by them to fulfill their responsibilities; making recommendations on any proposed changes to the Board to complement the Company’s corporate strategy; making recommendations to the Board in respect of the appointment or re-appointment and the succession plan of directors, including but not limited to the Chairman and the CEO; assessing the independence of the independent non-executive Directors as set out in Rule 3.13 of the Listing Rules; and reviewing the Board Diversity Policy, as appropriate, and review the measurable objectives that the Board has set for implementing the Board Diversity Policy, and the progress on achieving the objectives.

**Remuneration Committee:** Its responsibilities include setting remuneration policy of the Group and fixing remuneration packages of the directors in accordance with the Listing Rules and the New Bye-laws, while such remuneration packages are determined with reference to the remuneration benchmark in the industry and the prevailing market conditions. No directors can determine their own remuneration packages. The Remuneration Committee is provided with sufficient resources to discharge its duties. The chairman of the Remuneration Committee will report their findings and recommendations to the Board for consideration and approval.

**Risk Committee:** It is responsible for advising the Board on the Group’s risk appetite statement(s), risk principles and other risk-related issues including corporate actions and proposed strategic transactions such as mergers, acquisitions and disposals; considering major investigation findings on risk management matters as delegated by the Board or on its own initiative and management response to these findings; approving the Group’s risk policies and risk tolerances; considering emerging risks relating to the Group’s business and strategies to ensure that appropriate arrangements are in place to control and mitigate the risks effectively; reviewing risk reports and breaches of risk tolerances and policies; reviewing and assessing regularly the adequacy and effectiveness of the Group’s risk management framework, internal control system and risk management policies and procedures in identifying, measuring, monitoring and controlling risk, and overseeing their effective operation, implementation and maintenance; reviewing and assessing the effectiveness of the Group’s risk control/mitigation tools including the enterprise risk management programme, the risk management systems, the internal audit function relating to risk management and the Group’s contingency plans; and reviewing the Group’s capital adequacy and solvency level.

**Strategic Development Committee:** Its main responsibility is to assist the Board in formulating medium to long term business development strategies and directions for the Group.

**Executive Committee:** The Executive Committee is duly authorised by the Board to manage the day-to-day business of the Group.

## 2.3 Nomination and Election of the Highest Governing Body

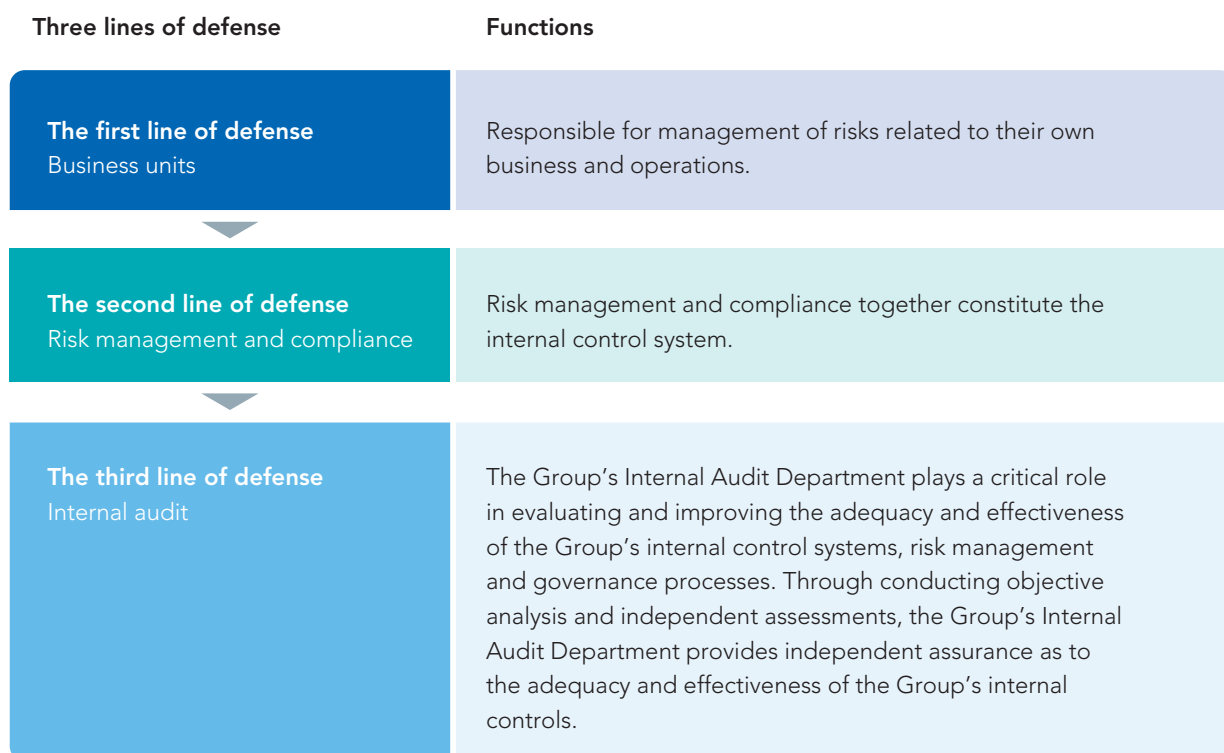
All directors are appointed for a specific term of maximum 3 years subject to the retirement and re-election provisions in the New Bye-laws. One-third of the directors are required to retire from office by rotation and, being eligible, may offer themselves for re-election at each annual general meeting in accordance with the New Bye-laws. The names of directors who are eligible for re-election at general meetings will be disclosed in the notice of the relevant general meetings and their biographical details will be provided in the accompanying circulars. The election of each director will be subject to the votes of shareholders by way of separate resolutions.

The shareholders of the Group can propose candidates for election as a director according to the section "The Procedures for a Shareholder to Propose a Person for Election as a Director" on the Group's website. The Board has adopted a policy concerning the diversity of Board members (the "Board Diversity Policy"), with the recommendation from the Nomination Committee, in November 2013. Selection criteria include independence of candidate in the case of appointment of an independent non-executive director.

For the full picture of the Group's corporate governance, please refer to the annual report 2021 of Group.

## 2.4 Internal Audit

The Group's internal control framework is embodied by the three lines of defense with various risks managed at an activity-based model. All parties are held accountable and responsible for risk management and control, environment monitoring with clear delineation of duties. All employees serve as a part of the model under which each take up a distinct role based on their position.



## 2. Governance Structure

By adopting a risk-based approach, the Group Internal Audit Department develops its annual audit plan which covers the Group's major business activities, operations and processes, as well as its IT environment across all geographical locations. The Group Internal Audit Department submits its annual audit plan which is reviewed and approved by the Audit Committee. Based on the approved audit plan, the Group's Internal Audit Department schedules and carries out internal audit activities of different business units, functions and operations with resources focusing on areas of higher risk. The head of the Group's Internal Audit directly reports audit results and matters to the Audit Committee and senior management.

In addition to the internal audit activities, Group-wide internal control self-assessment exercise is conducted annually across all business, functions and locations of the Group, aiming to enhance a long-term mechanism for evaluation, feedback, and continuous improvement of its internal control system. Moreover, ad hoc reviews shall be conducted according to Group's development strategy and specific areas of concern, with continuous effort to improve risk management, internal control and corporate governance standards using a holistic approach.

### 2.5 Conflict of Interest and Remuneration Policy

The company secretary of the Group (the "Company Secretary") assists the Chairman and the respective Board Committees in setting agenda for meetings, and each director is given an opportunity to include any matters to be transacted in the agenda. Where any director is considered to be having a conflict of interest in any transactions, the director concerned will not be counted in the quorum of the relevant meeting. Besides, the Group's "Conflicts of Interest Policy" is applicable to all staff of the Group including each member of the highest governing body and senior management. This policy defines conflict of interest and gives advice and guidance on how to deal with conflict of interest. It also sets out effective control measures to ensure the Group is acting in compliance with relevant regulations and laws regarding conflict of interest.

On the remuneration front, the Group's remuneration policy covers the Group's every member of its the highest governing body and senior management and all staff of the Group. The Group determines employees' remuneration based on various factors, including job nature, labour market trends and practices, external economic environment, as well as employee's experiences, qualifications, and capabilities. The Group's remuneration framework has a strong linkage between pay and performance. Base salaries, discretionary incentives and bonuses are reviewed on an annual basis by making references to the prevailing practices of the labour market, business strategic focus, financial results of business segments and the Group as a whole, and employees' performances and their fulfillment of compliance requirements. Annual reviews are conducted to reward employees for their contributions over the year, and to retain and inspire talents and professionals to continue in creating values for the Group. Share options and share awards are also granted to employees in recognising their contributions. Other benefits offered by the Group include employer voluntary contributions to the mandatory provident fund scheme, various Group insurance schemes, and medical check-up plans.

### 3. ESG Governance Structure

Haitong International has been improving its ESG management system by formulating ESG policies and guidelines applicable to the Group, building ESG organisation system, assigning dedicated staff responsible for ESG issues, and implementing ESG annual plan in good order with annual evaluation. All these lay a solid foundation for the sustainable growth of the Group.

In 2020, the Group set up an ESG Committee and ESG Executive Office under the Executive Committee which is under the Board to promote ESG throughout the Group and apply its ESG philosophy to every part of its operations. The ESG Committee is comprised of the Group’s executive directors, chief economist, chief risk officer, heads of Global Capital Markets, Asset Management, Finance and Company Secretariat, Investor Relations, Human Resources and Internal Audit. The ESG Committee meets quarterly to review ESG-related targets and progress and reports to the Group’s Executive Committee. Since the establishment of the ESG Committee, the Group has successfully built and strengthened the ESG culture from its strategic to operation level. It announced its first ESG statement to the public in late 2020, leading its way among the Chinese investment banks in Hong Kong and serving as a guidance for the Group to achieve ESG objectives by 2025.



The ESG Executive Office is comprised of Chief Economist Office, Global Markets Department, Finance and Company Secretariat Department, Investor Relations Department, Risk Management Department, Administration Department and Internal Audit Department. The ESG Executive Office regularly offers opportunities of participation to employees so that they can give advice on implementation of the Group’s ESG strategy and participate into daily tasks of ESG Executive Office.

### 3. ESG Governance Structure

#### 3.1 The Main Functions of ESG Committee and ESG Executive Office

	<b>Main Functions</b>
<b>ESG Committee</b>	<ul style="list-style-type: none"><li>• Formulate the ESG strategic goals and overall plan at group level, and review and make decision for material ESG matters;</li><li>• Give ESG risk advice and guidance on the Group's material deals or projects in the areas of financial advisory, financing or direct investment;</li><li>• Give ESG risk directions to the business units in terms of specific ESG risk &amp; opportunity analysis, and to review, approve and organise ESG strategies for different business segments of the Group;</li><li>• Review the annual ESG report;</li><li>• Assess the annual performance for each department of the Group in terms of ESG management.</li></ul>
<b>ESG Executive Office</b>	<ul style="list-style-type: none"><li>• Carry out tasks and daily management works in relation to ESG strategies under the guidance of the ESG Committee;</li><li>• Liaise with business units of the Group, organise and sort out the progress of implementing the Group's ESG strategies (including data), and report to the ESG committee;</li><li>• Review ESG-related laws and regulations regularly for updating training materials and information; organise and initiate ESG campaigns, advertise good ESG practice example and conduct ESG-related training;</li><li>• Lay down the Group's ESG policies;</li><li>• Compile the ESG report.</li></ul>

## 3.2 ESG Strategy

Haitong International has been taking on a unique role of being a capital intermediary in investment, financing, financial advisory and equity research, and the Group is determined to become one of the world's renowned leading green financial institutions focusing on sustainable finance and to generate long-term values for clients, shareholders, employees and the society.

### Sustainable Finance

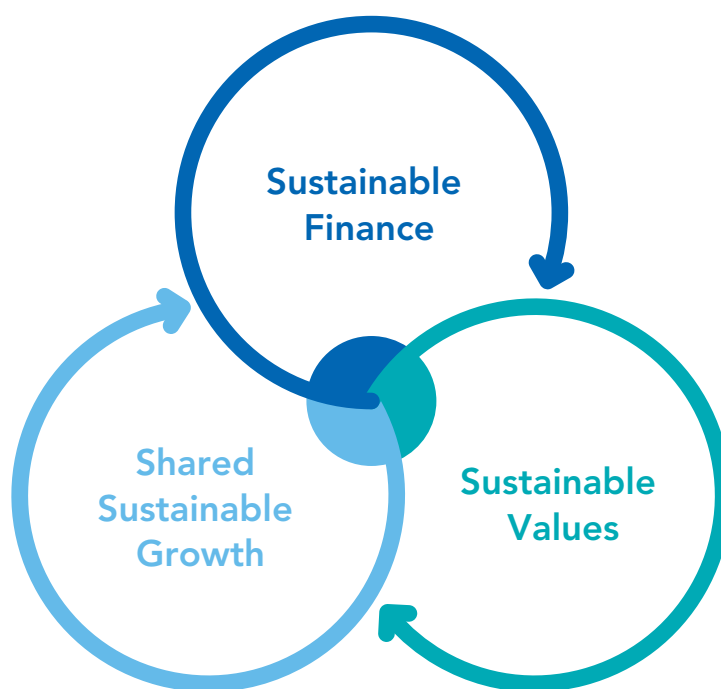
The Group applies its ESG philosophy into its day-to-day operations and management and promote development of ESG investment and green finance businesses. Being ever-innovative, it expedites the development of fin-tech in order to meet the demands of all stakeholders and strives to achieve its goal of sustainable growth.

### Sustainable Values

As all business segments of the Group are heading forward with business, the Group insists on ESG and sustainable development. It actively encourages its staff to take up sustainable services in the community, adheres to green operations to reach environmental and ecological balance and generate values of integrated services.

### Shared Sustainable Growth

The Group attaches emphasis to the communication with stakeholders and fully understands their needs and expectations. With the implementation of its ESG strategy, the Group shares the sustainable outcomes with related stakeholders, which in turns promotes the sustainable growth.



Haitong International strives to pursue healthy and sustainable ways of development and announced its first ESG statement in 2020. The Group has pledged to achieve carbon neutrality at operation level by the end of 2025 and carries out ESG practices with energy-saving & carbon emission reduction and sustainable finance. The Group's ESG goals and progress are summarised in the following table.

### 3. ESG Governance Structure

**Energy Saving & Carbon Reduction:** Haitong International plans to achieve “carbon neutrality” at operation level by the end of 2025.

Specific task	Progress and highlights in 2021
Gradually cut down on its carbon emissions through reducing energy consumption and utilising renewable energy, and purchase carbon credits to offset any remaining carbon emissions to achieve net zero carbon emissions, i.e. carbon neutrality by the end of 2025;	<ul style="list-style-type: none"> <li>Each of the offices rented by the Group has been granted with Green Building Certificate;</li> <li>Carbon emission of the Group decreased by around 45% when compared with that of 2020;</li> <li>For specific carbon emission reduction measures, please refer to Chapter 9 “Environment and Climate Change” in this Report.</li> </ul>
Advocate the “Reduce, Reuse, Recycle” concept throughout the Group with an aim to power its operations with 100% renewable energy and reduce its annual paper consumption and waste generation per capita by at least 30% by the end of 2025 (compared to the end of 2020); and encourage replacing high carbon-emitting business activities such as business air travels and bulk printing with alternatives;	<ul style="list-style-type: none"> <li>The Group has purchased “Renewable Energy Certificate” from a local power supplier. During 2021, the Group purchased 590 kWh of renewable energy, representing 37.3% of its total power consumption;</li> <li>This year, the Group has been granted the Hong Kong Green Organisation Certifications — Wastewi\$e Certificate for 7 consecutive years, manifesting the Group’s commitment and efforts to environmental protection.</li> </ul>
Keep track of its greenhouse gas emission metrics (including power, paper waste & other waste and business air travels) in line with the ISO-14064 standard and disclose the data in its annual ESG report.	<ul style="list-style-type: none"> <li>The greenhouse gas emission density of the Group decreased by around 48% this year when compared with 2020. This is mainly attributable to the purchase of renewable energy of 590 MWh and therefore significantly reducing the scope 2 greenhouse gas emission. At the same time, the Group cut down the paper consumption from 25.11 tons in 2020 to 20.55 tons in 2021 with an increase of recovery rate of 76.7% from 49.6% in 2020, resulting in a decrease of scope 3 greenhouse gas emission. For details of the environmental data of the Group for the year, please refer to the Appendix 1 “KPI Tables” to this Report.</li> </ul>

**Sustainable Finance:** Haitong International has planned to deploy or provide US\$20 billion to support ESG and sustainable financing and investment by the end of 2025.

Specific Task	Progress and highlights in 2021
Establish a company-wide incentive system to encourage its staff to devote efforts towards green and sustainable businesses such as green bond underwriting and ESG-themed product development;	<ul style="list-style-type: none"> <li>Haitong International has underwritten a total of 40 green and sustainable bond issuance projects with an amount of over US\$11.2 billion. The number of project and total underwriting amount increased by over two-fold than in 2020.</li> <li>Haitong International Asset Management launched a new ESG product to promote sustainable finance development. The Asset Management partnered with a British asset manager to launch “Tabula Haitong Asia ex-Japan HY Corp USD Bond ESG UCITS ETF” (TAHY) which is the first-ever ESG-themed Asian (ex-Japan) corporate high yield USD bond ETF in the world and the first public fund issued in Europe by Haitong International. As at 31 December 2021, the asset under management (AUM) exceeded US\$200 million. For details, please refer to the Chapter 5.1: Sustainable and Green Finance in this Report.</li> </ul>

## Specific Task

**Integrate ESG risk assessment in its investment decision-making process, and gradually turn away from heavily polluting and energy-consuming corporate financing and investment activities. It will proactively support the new energy and green industries to promote development of clean and green industries.**

## Progress and highlights in 2021

- The Private Equity Investment Department has included ESG as one of the requirements in the rating mechanism for selecting funds and in all stages of investment
  - *Initial selection*: scrutinise investment proposals according to ESG policies to method of exclusion to assess ESG risks
  - *Due diligence*: assess the quality of ESG management system of new investments from an ESG perspective and review/evaluate ESG risks and opportunities
  - *Investment decision*: raise critical questions in ESG aspect, reach consensus with the management of the investees for their ESG action plan and add ESG terms as a part of the legal agreement
  - *Exit Investment*: review the ESG conditions and consider the ESG development
  - ESG matters are incorporated as a regular disclosure in the quarterly report provided by invested funds
- The Group has incorporated ESG risks including climate risks into its governance procedures and related management policies, and has incorporated climate risks into the specific management framework. It has also built a quantitative analysis framework of climate risks. For more details of the climate management, please refer to chapter 9.1 Climate Change of this Report.

In future, Haitong International will deliver positive environmental and social values through each of its businesses and decision-making. The Group will take on a unique role in capital intermediary and brokerage in investment, financing, advisory and research, bringing the “impact investment” into play and is determined to become one of the world’s renowned leading green investment banks focusing on sustainable finance.

## 4. Grow with Stakeholders

Stakeholders represents internal or external interest groups having relationship with the Group who could impose material impacts to the Group's business or vice versa. Haitong International communicates with its stakeholders in different conduits to understand their expectation, and based on which, important topics for the sustainable development for the Group are put into thorough analysis in a systematic approach. The Group's stakeholders include customers, employees, investors and shareholders, government and regulatory authorities, suppliers and the community who have material impacts to the Group's sustainable development.

Stakeholders of the Group is defined based on the 4 principles as follows:

1. **Responsibility:** the stakeholders in connection to the Group's legal, financial, operating, contractual and/or policies aspects;
2. **Association:** the stakeholders who are closely associated with the daily operation of the Group;
3. **Reliance:** the stakeholders who rely on the Group's operation; and
4. **Impact:** the stakeholders who can impose the direct and indirect impacts to the Group's decision making.

### 4.1 Communication with Stakeholders

With communication with stakeholders at least once a year, Haitong International gained full understanding of their requests, opinions and expectations and has taken their concerned topics into the Group's operations and decision making process with timely response to address their feedbacks. The materiality analysis of sustainable development is the first and foremost goal. The material topics and expectations will be picked by taking into account of the stakeholders' professional knowledge, their influence and their intention to cooperate with the Group.

Starting from the first quarter of 2021, the Group has voluntarily begun to strengthen information disclosure and heighten corporate governance transparency and disclose its quarterly results in view to tighten the communication with its stakeholders, investors and the public, being the first Chinese financial institution to do so in Hong Kong.

The table below depicts the major communication channels and frequency to communicate with stakeholders in 2021.

Stakeholder	Participation or communication channel	Frequency or time
Customers	Phone call or email	Daily
	Customer satisfactory survey	Quarterly or as needed
	Customer satisfaction survey on MPF funds	Yearly
	Online forum and house-made videos	Ad hoc

<b>Stakeholder</b>	<b>Participation or communication channel</b>	<b>Frequency or time</b>
<b>Employees</b>	Work meeting	Regular
	Performance management meeting	Mid-year/year end
	HR memo	As needed
	Face-to-face interview/phone call or email	As needed
	Questionnaire	As needed
<b>Investors and shareholders</b>	Annual/special general meeting	Annually/as needed
	Press release/announcement/circular	Regular/as needed
	Quarterly report/Interim report/annual report	Quarterly/semiannually/annually
<b>Government and regulators</b>	Daily communication and reporting	Daily/regular/as needed
	Timely addressing to their feedbacks	As needed
<b>Suppliers</b>	Maintenance services	Ad hoc
	Procurement and tender conference	Ad hoc
	Tender activities	As needed
	e-platforms/virtual meetings and phone call	As needed
<b>Public and media</b>	Press release/announcement	As needed
	Management/spokesperson interview	As needed
	Social media	As needed
	Results announcement	Quarterly/Semiannually/annually

In 2021, Haitong International adds a new column “ESG Express” in both English and Chinese in its internal e-news letter “Set Sail”. Other than focusing on introducing Haitong International’s ESG business development, the e-news letter also touches on ESG-related reporting coverage from medias and corporate social responsibilities (CSR), practical progress and outcomes and other knowledge of ESG. During the year, there were 4 releases of the e-newsletter with the ESG column which gave a timely picture of ESG business outcomes to employees and sharing of ESG product knowledge, further raising awareness of the Group’s ESG philosophy.

## 4. Grow with Stakeholders

### 4.2 Materiality Analysis

This Report of the year was compiled based on the materiality assessment with a focus on a series of material topics with an aim to fully understand each stakeholder's needs, views and expectations. Material topics are prioritised to put into the decision making of the Group's operation with timely responses given to stakeholders as per their needs.

Material topic refers to the topic which may impose material impact to Haitong International's business in terms of economic, environmental and social aspects or the topic that may impose substantial impact to the assessment and decision of stakeholders. Through the materiality assessment, the Group aims to assess the sustainable development performance of the Group according to the expectation of stakeholders.

#### 4.2.1 Materiality Assessment Procedure

The Group conducts a thorough materiality assessment at least once a year to ensure that the sustainable development report can reflect the Group's economic, environmental and social impact to the Group. The overall assessment can identify and review the sustainable topics that are most important to the Group's business and stakeholders during the year or in future.

Haitong International has engaged an independent consultant for sustainable development. With reference to "ESG Report Guide" issued by the Stock Exchange, "Global Reporting Initiative" by the GRI Standards, recommendations made by TCFD, United Nations Sustainable Development Goals ("SDGs") and the Global Risk Report issued by the World Economic Forum ("WEF"), the independent consultant helps the Group identify and review 28 sustainable development topics that are closely related with the Group's operations covering the following 5 areas:

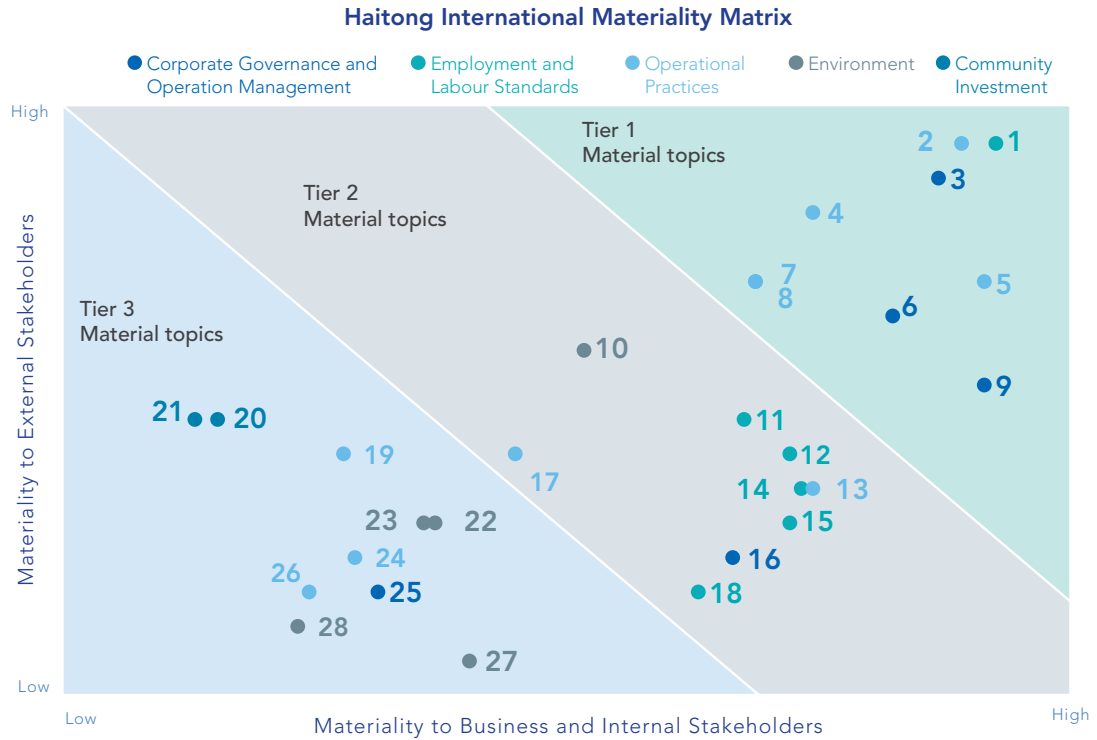
1. Corporate governance and operation management
2. Employment and labour standards
3. Operational practices
4. Environment
5. Community investment

The Group's sustainable development consultant conducted a questionnaire survey to stakeholders to assess the material topics and their priority orders. Findings in the survey were plotted on the matrix in the following way: materiality of material topics to the Group's internal stakeholders (horizontal axis) and to the Group's external stakeholders (vertical axis) are represented on the two axes, in which topics with higher order are disclosed in this report as important topics. The Group's external stakeholders include its customers, investors and shareholders, suppliers, public and media, government and regulatory authorities while its internal stakeholders include the Group's employees.

Selection and priority orders of material topics, which were reviewed and confirmed by the ESG Committee and ESG Executive Office, serve as an important basis of compilation of this Report and ESG management.

## 4.2.2 Materiality Matrix

In early 2022, the Group conducted an ESG survey virtually and around 200 valid responded questionnaires were collected. To address the needs of stakeholders, the report focuses on the selected Tier 1 material topics with coverage of 9 material topics.



\* The numbers indicated in the Materiality Matrix represent the ranking of the ESG topics

### Analysis of Haitong International's ESG topics

Ranking	Topic
<b>Tier 1 Material topics</b>	
1	Employment and Labour Compliance
2	Anti-Corruption
3	Compliance and Operations
4	Service Quality and Customer Satisfaction
5	Customer Privacy and Data and Intellectual Property Protection
6	Internal Control and Risk Management
7	Economic Performance
8	Product and Service Innovation and Safety
9	Corporate Governance

## 4. Grow with Stakeholders

<b>Ranking</b>	<b>Topic</b>
<b>Tier 2 Material topics</b>	
10	Environment Protection Compliance
11	Employee Training and Development
12	Occupational Health and Safety
13	Stakeholder Communication and Information Disclosure
14	Employee Welfare
15	Work-life Balance
16	Investor Relations
17	Sustainable and Green Finance
18	Diversity, Inclusion and Equal Opportunities of Employees
<b>Tier 3 Material topics</b>	
19	Supply Chain Management
20	Community Investment and Charitable Donations
21	Local Communities
22	Environment and Natural Resources
23	Addressing Climate Change
24	Procurement Practices
25	Anti-competitive Behaviours
26	Green Procurement
27	Green Operations
28	Environmental Protection Education and Promotion

### 4.2.3 Selected Material Topics by Stakeholders

The following table shows most important ESG topics by stakeholders among 9 material topics under tier-1:

No./Ranking	Tier 1 Material Topic	Customers	Employees	Public
1	Employment and Labour Compliance	✓	✓	✓
2	Anti-Corruption	✓	✓	✓
3	Compliance and Operations	✓	✓	✓
4	Service Quality and Customer Satisfaction	✓	✓	✓
5	Customer Privacy and Data and Intellectual Property Protection	✓	✓	✓
6	Internal Control and Risk Management		✓	✓
7	Economic Performance	✓		✓
8	Product and Service Innovation and Safety			✓
9	Corporate Governance	✓	✓	✓

Haitong International's ESG Report is compiled based on the materiality matrix and discloses the measures taken for and performance of each material topic during 2021, with emphasis on higher ranking topics. For details, please refer to chapter 5 to chapter 9 of this Report.

# 5. Economic and Operating Practices

## 5.1 Sustainable and Green Finance

Haitong International actively devotes to put sustainable and green finance into practice by providing professional financial services for clients in the ESG sphere and incorporating sustainable development elements into its business activities. To achieve this, the Group keeps a watchful eye on and monitors relevant risks pertaining to sustainable development. Moreover, it helps its client better cope with the risks arising from climate change to yield long-term and stable returns on assets. Besides, the Group has been taking the unique role of capital intermediary in investment, financing, advisory and research and providing green investment banking services to help outstanding clients in the ESG sphere to access capital markets and promote sustainable development of clients' businesses.

### 5.1.1 ESG Investment Roadmap

Objectives	Practices and Achievements of ESG Finance in 2021
<b>Sustainable Financial Products and Services</b>	
<p>In 2020, Haitong International announced Haitong International ESG Statement which states its intention to deploy or provide US\$20 billion in ESG and sustainable financing and investment by the end of 2025.</p> <p>In addition, Haitong International's Asset Management continues to launch a series of ESG-themed products covering different types of assets or industry segments with an aim to position Haitong International's Asset Management as a buy side investment and research platform with distinct characteristics and ESG investment philosophy.</p>	<p>This year, Haitong International's Debt Market Capital has stepped up its underwriting efforts on green and sustainable bonds. It completed a total of 40 green and sustainable bond issuance projects with an amount of over US\$11.2 billion. The proceeds have been used for green projects including building energy efficiency, green building and ecological conservation.</p> <p>Haitong International continues to launch innovative sustainable financial products. During the year, it partnered with a British asset manager to launch "Tabula Haitong Asia ex-Japan HY Corp USD Bond ESG UCITS ETF" (TAHY) which is the first-ever ESG-themed Asian (ex-Japan) corporate high yield USD bond ETF in the world. As at 31 December 2021, the asset under management exceeded US\$200 million.</p> <p>Haitong International completed 2 placement projects amounting to around \$US120 million for green companies. The proceeds raised have been used in building wind power stations and solar power stations. The Group also helped ESG-related industries to raise funds through IPOs in Hong Kong. During the year, it also completed an IPO for a green property services enterprise with proceeds raised amounting to about US\$45 million.</p>
<b>ESG Investment Decision Making</b>	
<p>In the Haitong International's ESG Statement, the Company expressed its plans to integrate ESG risk assessment in its investment decision-making process; gradually turn away from heavily polluting and energy consuming corporate financing and investment activities; proactively support the development of green industries.</p> <p>Haitong International's Equity Research rates the ESG performance of all research subjects, and presents these ratings in the final research report as one of the important reference factors for investment decisions. A rating is given on a scale of 1–5 (with 5 being the highest) in each area of ESG and is included in the research report.</p>	<p>The Group's Private Equity Investment has incorporated ESG factors into the investment decision-making process and effectively reviewed ESG risks in the investment portfolio.</p> <p>Haitong International's Equity Research Department has set up an ESG database to help the Group establish an ESG rating system. Currently, ratings given by the international rating agency, MSCI and SustainWave, to target stocks for investment are shown in the research reports for investors' consideration of their ESG performance when making investment decisions.</p>

Moreover, Haitong International provides a series of financial services for clients including product issuance and placement to carry out business, investment and financing activities better in line with sustainable goals with clients in support of UN SDGs. In 2021, Haitong International's ESG green finance projects are as follows:

## UN SDGs

## Project Highlights



- Assisted the Shandong Shuifa Group Co. Limited ("Shandong Shuifa Group") to issue the green bond. The proceeds raised have been used for the development of water conservancy project. The Shandong Shuifa Group operates with a focus on "ecological, environmental protection and livelihood" aspects. It is a tier 1 enterprise solely owned by Shandong provincial government. Its business covers development and utilization of water resources, modern agriculture, environmental protection and clean energy. It strives to become a province-level platform for water resources, agriculture and environmental protection as well as clean energy industry clusters with a focus to promote ecological, environmental protection and livelihood development.

The bond has been granted green certificate by HKQAA and is the "first offshore Shandong green bond".



- Assisted GCL-Poly Energy Holdings Limited ("GCL-Poly") for the new share placement projects. The net proceeds have been used to raise production capacity of FBR granular silicon and silicon powder. GCL-Poly is a world-leading provider of polycrystalline silicon and silicon wafer which are the raw materials for generating quality photovoltaic power. Moreover, it is a first-class professional power station solution and photovoltaic power development service provider in the world. It owns a number of large-scale power stations scattered across the world. It is well-experienced in photovoltaic power station development and operation.
- Assisted a listed company in Hong Kong ("Listed Company 1") through Haitong International's Alternative Asset Investment Department in support of its development strategy of its solar cell production and solar station expansion. The material consumption during operations is reduced, energy utilisation rate is heightened and use of natural resources is reduced. With the strategic standard of low-carbon, emission reduction and energy saving, the Group helps Listed Company 1 to enrich its green energy and reduce its reliance on natural resources.



- Assisted a listed company in Hong Kong ("Listed Company 2") to arrange refinancing of a syndicated loan. This company engages in recycle business of ferrous and non-ferrous metals, scarp cars and e-waste and production of secondary aluminium ingots from scrap aluminium to recycle resources with an "urban mining" philosophy. Meanwhile, it partners with the largest aluminium producer in China to build industrial recirculating facilities for recycling of metal scraps to reduce impacts on the environment and reliance on natural resources.

## 5. Economic and Operating Practices

### UN SDGs



### Project Highlights

- Assisted Industrial Bank Co., Ltd — Hong Kong Branch to issue the offshore carbon neutrality high-grade green bond and high-grade green bond. The proceeds raised are solely used to provide financing and re-financing for eligible assets of renewable energy, low-carbon and low emission transportation.

This bond, before its issuance, has been granted green finance certificate by HKQAA with a third party assurance provided by Sustainalytics.

- Assisted Bank of Communications Financial Leasing Co., Ltd (“BOCOMM Leasing”) to issue a green and sustainable bond to support carbon neutrality-related projects. BOCOMM Leasing is the largest subsidiary of the Bank of Communication in terms of asset size and is one of the first 5 pioneer financial leasing companies approved by the State Council. BOCOMM Leasing continues to promote the development of green finance with a focus primarily on green transportation, renewable energy, green operation and green bank syndicate.

The bond is the first green and sustainable USD bond issued by BOCOMM Leasing with green and sustainable certificates granted by both the world-leading ESG evaluation agency Vigeo Eiris and HKQAA, being the first Chinese leasing company with 2 green certificates.



- Assisted CSSC (Hong Kong) Shipping Company Limited to issue a high-grade green and blue bond. The proceeds raised are used in energy efficiency, pollution prevention and control, and low-carbon fuel related to shipping to comply with the direction of sustainable utilisation of marine resources. The principal business of CSSC is to provide leasing of ships and promote green development in the shipping industry including green ship research and development, and marine energy development.

The bond is the first offshore green and blue bond issued by a Chinese enterprise and the first Chinese green and blue USD bond issued in the Greater China region. The issuance of this bond serves as an important move for CSSC to promote green development. This introduces a new way for green bond financing for green ship research and development and marine energy development. This aims to meet the demands of environmental protection and smart development for the shipping industry in response to carbon neutrality and carbon peak to achieve quality green development.

### 5.1.2 ESG Investment Practices of the Asset Management

Haitong International's Asset Management practiced ESG investment philosophy in 2021 and continued to develop innovative sustainable products and incorporate ESG investment philosophy into its investment process and actively promote ESG investor education, making substantial contributions to the promotion of ESG investment and the development of sustainable finance.

To promote sustainable finance industry development, Haitong International's Asset Management launched a series of new and innovative ESG investment products. The Group worked with world-class ESG rating agencies to conduct feasibility analysis on ESG themes, product types and mechanisms with ESG factors incorporated to meet the rising demand of ESG investment products from clients and demonstrated its leading position.

- Haitong International partnered with a British asset manager and ETF provider Tabula Investment Management Limited to launch "Tabula Haitong Asia ex-Japan HY Corp USD Bond ESG UCITS ETF" (TAHY) which is the first-ever ESG-themed Asian (ex-Japan) corporate high yield USD bond ETF in the world and the first public fund issued in Europe by Haitong International, marking a milestone for the Group's ESG development strategy. The fund tracks the iBoxx MSCI ESG USE Asia ex-Japan High Yield Capped Index, which is jointly created by Haitong International's Asset Management, Tabula and IHS Markit with MSCI ESG data analysis included with an aim to bring credit and liquidity risks of investment targets that fulfill investment criteria under control. The fund was listed on 6 September 2021. As at 31 December 2021, the assets under management exceeded US\$200 million.
- Haitong International launched Haitong MSCI China A ESG ETF fund in 2020. As at 31 December 2021, the fund size reached RMB359 million. The fund completely tracks the performance of MSCI China A ESG Universal Index and invests into A shares selected and highlighted as premium and outstanding in ESG in line with the strict criteria set out by MSCI index companies. This fund is the only one Chinese A share ESG fund offering board investment exposure to ETF products as of the end of 2020. It is also the first broad-based ESG ETF listed on the HKEx issued by the Group's Asset Management. Shortly after its launch, it earned awards for the Group including the Best Innovative ETF Award in Hong Kong 2021 granted by The Asset.

In 2021, Haitong International's Asset Management further improved its internal investment strategy to encourage ESG practices. The Group has established the "Due Diligence Guideline" to comply with the "Principles of Responsible Ownership" issued by the Securities and Futures Commission (SFC) and raise participation of investors and transparency on the premise of safeguarding clients' best interest and ESG investment. The Group takes initiatives to manage investment decisions, participate in proxy voting and keep communication with investees with an aim to promote sustainable financial development of investees.

To meet the ESG requirements laid down by regulatory authorities, Haitong International has taken corresponding measures to strengthen the ESG factors considered by the Group including management of climate-related risk and launching of ESG-related products for choice of investors.

- In August 2021, the SFC published the "Circular to licensed corporations – Management and disclosure of climate-related risks by fund managers", which states the requirements on investment managers' governance, investment management, risk management and disclosure in respect of the climate-related risks. The Group has set up a dedicated working group to establish mechanism to address climate-related risks.
- According to the SFC's "Circular to management companies of SFC-authorized unit trusts and mutual funds — ESG funds" issued in June 2021, the Group has increased its disclosure in relation to ESG funds and will perform regular evaluation and reporting as required by the SFC.
- The Group follows the "Principles for Adopting Sustainable Investing in the Investment and Risk Management Processes of MPF Funds" issued by the Mandatory Provident Fund Schemes Authority ("MPFA") in November 2021. Based on the investment and risk management framework recommended by the MPFA, the Group will follow MPFA's suggested principles in governance, strategy, risk management and disclosure.

## 5. Economic and Operating Practices

### 5.2 Anti-Corruption and Anti-Money Laundering

Haitong International is committed to preventing corruption, bribery, extortion, fraud and money laundering with zero tolerance to any form of corruption. To reinforce effective management of anti-corruption and anti-bribery, the Group conducts regular evaluation on the risks of corruption and bribery and gives training regarding such topics to its employees according to the laws and regulations of Hong Kong with reference to a series of anti-corruption and anti-bribery policies recommended by relevant international organisations. By doing this, the Group ensures its operations to comply with laws and regulations, effectively keeps financial risks at bay, maintains economic and financial security and fosters fairness and justice in society. The Group confirms that there were neither employees punished with disciplinary actions or dismissed due to non-compliance with anti-bribery and anti-money laundering policies nor fines, penalties or settlement fees incurred from corruption during the year.

#### 5.2.1 Anti-Corruption

The Group's "Guideline on Anti-bribery and Handling of Gifts and Entertainment" and "Staff Handbook" outline the standards for its employees to conform with. The guidelines also set out the standards employees must follow and the behaviour they should avoid as well as the definition of interests, entertainment and the value cap of gifts. Moreover, whistleblowing methods and procedures are also detailed. No employees are allowed to solicit any interests from any persons who are connected to its business. Meanwhile, the Group has formulated the "Conflicts of Interest Policy" and "Personal Dealing Guideline" to provide guidelines for approval and disclosure of external employment or private investment for employees and establish procedures for monitoring personal dealings and reporting.

In addition, the "Guideline on Anti-Bribery and Handling of Gifts and Entertainment" sets out appropriate standards to be included in the agreements regarding anti-corruption before the Group establishes any business relationship with business partners (including agencies, consultants and contractors). This ensures that relevant persons understand the anti-corruption requirements with bribery forbidden in any forms. In the case of breaching such requirements by business partners' companies or staff, the Group has the right to terminate the contract with the business partners, and may report to the police and/or ICAC, depending on the severity.

In addition, upon selection of suppliers, besides a series of service assessments required, an explanation should be given for choosing a supplier in a special circumstance with satisfying rationale.

To ensure employees to comply with the guidelines, the Group has established the internal grievance reporting and whistleblowing policy covering corruption in many facets for employees to lodge complaints, report on non-conformity, give feedback and bring governance matters to the Group's attention. When an employee is aware of bribery or gravely sensitive or serious incidents that are required to be reported to the management, they can report on the matters according to the "Guideline on Anti-Bribery and Handling of Gifts and Entertainment". The whistleblowers will be kept confidential to protect their privacy and avoid unfair dismissal and injustice disciplinary punishment against them.

## 5.2.2 Anti-Money Laundering Policies

For anti-money laundering, Haitong International monitors post-trading risks for money laundering with automatic money-laundering dealing monitoring system and evaluate pre-trading risks for transfer of third party funds, shares and bonds and steps up enforcement of investigation and scrutiny. Besides, the internal anti money-laundering measures includes "Suspicious Trading or Activity Reporting Guideline" within the "Group Anti-Money Laundering Policy" which sets out the ways and procedure to report suspicious transactions, allowing staff to understand the requirements of operation to identify suspicious transaction more accurately in avoidance of the Group's products and services to be used as money laundering and illicit purposes. The Group's systematic anti-money laundering procedure gives guidelines to employees to perform a series of investigations including assessment on the risk of money laundering and terrorist fundraising over 240 countries and regions.

### Pre-trading risk evaluation

Haitong International conducts risk evaluation on money laundering and terrorist financing over 240 countries and regions in the world, reinforces pre-trading management on businesses of high risk in relation to money laundering and pays close attention to clients' third party transactions (including funds, shares and bonds).

### Post-trading monitoring

Haitong International sets out the type of suspicious transactions, the ways and procedures to report on suspicious transactions and instructions for the employees to identify suspicious transactions in "Suspicious Trading or Activity Reporting Guideline". Moreover, the Group owns an automatic anti-money laundering monitoring system and monitors suspicious trading.

The Group adopts the risk-based approach ("RBA") to combat money-laundering/terrorist financing. On top of client due diligence and ongoing monitoring, the general principle of RBA is when certain customers or the situations/cases are assessed to be of higher money-laundering/terrorist financing risks, enhanced measures should be taken to manage and mitigate those risks. Conversely, when the risks are lower, simplified or less enhanced measures are taken.

The Group strictly abides by laws and ordinance including the Anti-Bribery Ordinance, United Nations (Anti-Terrorism Measures) Ordinance and Anti-Money Laundering and Counter-Terrorist Financing Ordinance. Moreover, it sets out a series of internal anti-money laundering guidelines and procedures. The "Group Anti-Money Laundering Guideline" includes "Anti-Money Laundering and Counter-Terrorist Financing Policy and Guideline", "Anti-Money Laundering Country Risk Assessment", "Politically Exposed Persons Assessment Guideline", "Negative News and Adverse Records Assessment Guideline" and "Customer Due Diligence Guideline".

## 5.2.3 Anti-Corruption and Anti-Money Laundering Training

Haitong International strives to heighten its staff's awareness of anti-corruption by providing its staff with anti-corruption training including educational materials on e-platform, seminars provided by external speakers and the Group's internal training courses. This year, the Group provided members of the board of directors, management, staff of front, middle and back offices with anti-corruption training including updated anti-money laundering guidelines, know your clients (KYC), trading monitoring procedures and due diligence against clients during trading. The training sessions were attended by members of the Board of Directors and all staff with 100% attendance rate.

## 5. Economic and Operating Practices

### 5.3 Supply Chain

Haitong International incorporates the sustainable development philosophy into its daily management of suppliers. Considering that its purchase pattern will have an impact on the environment and society, the Group emphasises the control on suppliers' environment and social risk and requires its suppliers to comply with the Group's sustainable development standards on top of compliance and financial stability so as to promote the sustainable development of the whole supply chain. Most suppliers engaged by the Group are local suppliers.

This year, there is no material change of the Group's supply chain and supply chain management nor any material adverse impacts identified.

#### 5.3.1 Green Procurement

The Group has formulated the "Purchasing Manual" to gradually incorporate more green principles within the procurement procedure, for example, outlining green prerequisites for suppliers to follow. This policy sets out standards for selecting suppliers for the Group. Green service requirements and assessment standards are set for suppliers in the tender procedure. Environmental management certificates are required to ensure suppliers are up to the eco-friendly standards for provision of services. For example, an outstanding printing supplier in terms of sustainable development has been selected in line with the ESG philosophy to achieve the Group's goal of carbon emission reduction.

#### 5.3.2 Supplier Assessments and Negative News Screening

The Group's supply chain encompasses different types of suppliers. When choosing new suppliers, the new suppliers are required to provide the Group with information like its company overview, environmental protection policies and relevant environment protection certificates. Each year, the Group will assess the performance of suppliers based on specific criteria as a consideration for further cooperation or termination of services when necessary.

The Group conducts examination on the services of its suppliers to ensure that their performances are in line with procurement requirements. In addition, service examination can meet the Group's expectation of ethics and environmental protection in long run. In the case of breaching the code by the suppliers, the Group will devise a ratification plan with them, and will terminate business relationship when and where necessary.

To keep reviewing its procurement system, the Group strengthens its market research tasks and keeps monitoring negative news of its external suppliers, particularly in the areas of environmental and social areas to avoid risks arising from suppliers.

#### 5.3.3 Anti-Corruption of Suppliers

The Group has formulated the "Purchasing Manual" and "Guideline on Anti-bribery and Handling of Gifts and Entertainment". Employees are prohibited to solicit any interests from any individuals. Other than a series of evaluations, an explanatory letter is required for choosing a quote provided by a supplier which is not the lowest price to ensure transparency, fairness and integrity.

In addition, the "Guidance on Anti-Bribery and Handling of Gifts and Entertainment" sets out appropriate standards to be included in the agreements regarding anti-corruption before the Group establishes any business relationship with business partners (including agencies, consultants and contractors) to ensure relevant persons understand the anti-corruption requirements with bribery forbidden in any forms. In the case of breaching such requirements by business partners' companies or staff, the Group has the right to terminate the contract with the business partners, and may report to the police and/or ICAC, depending on the severity.

#### 5.3.4 Anti-Commercial Bribery of Supply Chain

The Group spares no effort to promote a culture of integrity including formulation of policies and measures, and give guidelines to employees so as to strengthen the building of integrity culture. As to the anti-bribery of supply chain, the Group has formulated the "Purchasing Manual" and "Guideline on Anti-bribery and Handling of Gifts and Entertainment". Employees are prohibited to solicit interests from any business-related parties.

## 6. Products and Services

### 6.1 Product Responsibility

Providing quality products and professional services are fundamental to the business development of Haitong International. The Group keeps strict and up-to-date global compliance management philosophy and abides by the Trade Descriptions Ordinance, Securities and Futures Ordinance, "Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission" and "Advertising Guidelines Applicable to Collective Investment Schemes Authorized under the Product Codes" to ensure all information is correct without misleading, slandering and fraudulent representation.

#### 6.1.1 Strict Guarantee on Product Safety

Haitong International is building a global internal control system by focusing on the "comprehensive, timely, measurable and preemptive" risk management. Adhering to its strict and up-to-date compliance management philosophy, the Group updates and implements respective measures according the latest rules and regulations:

- The Group has formulated the "Product Evaluation and Control Management" and outlines the requirements of product due diligence and risk monitoring; strengthens communication and liaison among front, mid and back offices; lays out related regime for product planning, management and review.
- The Group has set up a Product Management Committee under the Risk Management Committee comprising the Group's Chief Risk Officer, Head of Risk Management Department, Head of Compliance Department, Head of Legal Department, Head of Global Technology & Operation Department and Head of Finance which is responsible for reviewing sales practices, standards and findings of product due diligence to guarantee product quality, implement supervisory guideline and comply with the regulations.
- Abides by the guidelines and regulations regarding funds laid down by regulatory authorities like Securities and Futures Commission ("SFC"), Mandatory Provident Fund Schemes Authority ("MPFA") and The Stock Exchange of Hong Kong Limited ("SEHK") with good compliance.
- All products launched by the Global Markets segment meet the requirements as stipulated in the Listing Rules of the Stock Exchange and are monitored with internal risk management procedures. Written explanation is required to be given to the Stock Exchange for failure in compliance with such requirements.
- As a part of development of private wealth management business, the Group provides premium wealth management solutions to high net worth individuals. Investment consultants will make investment recommendations of different products to meet demands of clients, including the low-risk stocks and fixed income products and high-risk structured products. For protection of shared interest of clients and the Group, relationship managers or investment advisors shall ensure clients have basic knowledge of the characteristics, merits and investment risks of products when making recommendations.
- To promote development of green and sustainable finance in Hong Kong, the Green and Sustainable Finance Cross-Agency Steering Group ("Steering Group") was set up in 2020 which is led by the SFC and HKMA. The Steering Group has laid down a number of requirements for green and sustainable finance in 2021. In response to which, Haitong International has taken measures to reinforce the Group's considerations to ESG factors including management of climate-related risks, and launch ESG-related investment products for the choice of investors.

## 6. Products and Services

### 6.1.2 Quality Assurance Process

With strict quality assurance process in place, Haitong International strives to provide clients with financial services that are of the highest quality and most reliable. During the year, the Group reinforced the policies and guidelines, strengthened investment suitability reviews and provided more internal training so as to safeguard investors' interests.

#### 6.1.2.1 Measures taken by the Private Wealth Management

The Group's Private Wealth Management Department is responsible for conducting internal monitoring and risk management over launching of over-the-counter ("OTC") products and sales procedures. The products range from bonds (fixed income products), funds, structured products to exchange-traded products. The product and investment solution team carries out due diligence against various types of investment products and gives risk rating to such products, and prepare product due diligence reports. In 2021, the Product and Investment Solution team completed over 700 due diligence reports.

The compliance and risk management teams within the Private Wealth Management Department established criteria on internal control system according to requirements laid down by regulatory authorities and internal control functions, and developed the internal operating handbook and work procedures for relevant departments regarding the risk rating and due diligence to draw a clear line on due diligence and risk control requirements. The Private Wealth Management set up a product committee task group during the year. Members of the committee include head of the product and investments solution team, head of wealth planning team, global family office, head of business development, head of compliance and middle office, and head of department. All OTC product due diligences shall be subject to approval of product committee the task group.

As a part of development of private wealth management business, the Group provides premium wealth management solutions to high net worth individuals. Investment consultants will make investment recommendations of different types of products as to demands of clients, including the low-risk stocks and fixed income products and high-risk structured products. For protection of shared interest of clients and the Company, relationship managers or investment advisors shall ensure clients have due knowledge of the characteristics, merits and investment risks of products when making recommendations and sufficient assets to cover the losses that may be incurred from the trading in such products. Account executives also ensure the authenticity and accuracy of product information without any false, misleading and fraudulent misrepresentation. At the same time, all related costs shall be disclosed to clients in a fair and reasonable way.

The Private Wealth Management's Compliance team continued to review and update relevant guidelines and enhance the department's product sales and investor suitability evaluation system. The middle office team strictly performed pre-trading checks and investment suitability evaluations for each OTC transaction according to relevant policies to ensure suitability for all transactions including verification of suitable clients, right matching of product risks, sufficient product information provided to clients by sales teams, identification of high-risk clients and proper record keeping of sales teams; and carried out post-trading monitoring regularly to ensure product recommendation and sales procedures are in compliance with requirements of regulatory authorities and the Group. Middle office team performs statistical analysis on transactions with higher risks on a regular basis. Those transactions were categorised and reported to the management of the department so that they can gain a thorough understanding of the implementation of product sales and investor protection. Besides, the Product and Investment Solution teams of the department provided various product training including seminars and educational videos to frontline sales teams from time to time to ensure all salespersons have sufficient product knowledge and the procedures are in compliance with the requirements of the Group and the SFC.

#### **6.1.2.2 Measures taken by the Asset Management Department**

The Asset Management Department performs product due diligence on new products. Evaluation is well performed by the Compliance and Risk management teams to ensure the risk rating of new products are in line with the Group's requirements. The results of due diligence reports are required to be approved by the department head. The department also performs due diligences on services providers each year to ensure the quality of service rendered is maintained.

#### **6.1.3 Data Protection and Customer Privacy**

The Group maintains good long term relationships with its stakeholders such as its customers, employees, investors and the community so that its strategies can be implemented for its sustainable operations. Protection of customer data is a key to maintain Haitong International's good corporate governance and long-term mutual trust with its clients. Personal data of clients for all activities is provided by clients on a voluntary basis. Haitong International and its affiliates will only use such personal data in promotional or advertising purpose for its products and/or service after obtaining written approval from clients.

The Group abides by the relevant laws and regulations regarding protection of privacy and formulates the Handling of Client's and Staff's personal Data Guideline which gives direction to the employees to protect the data of the Group, its staff and third parties. The Group demands its employees to comply with the Personal Data (Privacy) Ordinance when handling personal data and sets out a series of measures to protect personal data. Meanwhile, each business segment provides staff with professional guidance on practical operation according to the customer privacy protection policies adopted by the Group's management. The Group also organises yearly online training courses regarding data privacy, data classification, information protection.

## 6. Products and Services

### Handling of Personal Data of Customers and Employees

- For organisation of any activities by any department, collection of personal data from customers or employees filled in the personal data forms or documents, if necessary, is subject to review and approval by the Legal Department, and the "Personal Data Collection Statement" is included in the relevant documents or forms.
- Provision of personal data by customers for any activities is on a voluntary basis. If the personal data is to be used by Haitong International and its affiliates for promotion or advertisement of its products and/or services, the Group will seek written consent from customers.

### Personal Data (Privacy) Ordinance

- All personal data is protected by passwords or stored in a safe location which is only accessible by authorised persons. Authorised persons also pay high attention with professionalism when accessing such personal data to ensure such data is used in line with the ways set out in the internal guidelines and policies.
- The Group prohibits its staff to transmit or disclose any personal data to the public by whatever means. In the case of special need, data is encrypted to avoid data leakage.
- The Group prohibits its staff to store their personal data or confidential data in any portable device. In the case of special need, the device is encrypted to avoid data leakage.

### Information Technology and Security Management Handbook

- The Group stipulates that all hardware and software used for business or operational purpose shall be copyrighted and in accordance with the requirements of protection of intellectual properties.
- Purchase, allocation, maintenance and destruction of IT devices is under control by the Group to avoid data leakage.

Besides, the Group has also adopted a series of measures to protect personal data:

1. The Compliance is charged with data loss prevention daily monitoring and will conduct further investigation on suspicious data loss events including but not limited to unauthorised data damage, amendment, disclosure, transmission and usage as well as inappropriate storage and handling of the Group's data before reporting to the head of relevant departments or senior management.
2. Clean desk policy: The Group has adopted the clean desk policy to protect sensitive and confidential data. All sensitive and confidential data are required to be kept at a locked space by staff before leaving office to mitigate the risk of data loss. Failure to comply with the clean desk policy will result in disciplinary actions.

## 6.2 Products and Services Development

While development of financial industry is ever-changing, Haitong International keeps abreast of the times and keep heightening its business quality and expanding its footprints. It strives to meet the demands of financial products and asset allocation from clients and provides innovative and reliable financial service experiences to maintain the Group's market competitiveness. Besides, the Group endeavours to explore market opportunities in the industry and promote financial and fin-tech innovation. Therefore, its outstanding performance is recognised by its peers.

### 6.2.1 Innovation of Financial Services and Technologies

Haitong International continued to bring its ESG philosophy into practice. In 2021, the Debt Capital Market Department stepped up its green bond underwriting effort. Up to the end of December 2021, Haitong International completed a total of 40 green and sustainable bond issuance projects with a total underwriting amount reaching US\$11.2 billion. The number of projects and amount increased by over two-fold when compared with in 2020, solidifying its leadership in the Chinese corporate offshore green bond market.

Haitong International's Asset Management Department continued to launch innovative ESG products for the second year. Haitong International's Asset Management Department maintained communication with business clients in the markets in Europe, South Korea, Taiwan, Singapore and Canada to deliver the sustainable finance practices and ESG philosophy and expanded ESG service coverage to Europe, enhancing Haitong International's ESG brand and reputation.

Riding on the strong trend towards digitalisation in wealth management, the Private Wealth Management Department eyed on an integrated online and offline service model, and partnered with Avaloq, a leading wealth management system provider in the world, to upgrade its wealth management system and platform that are also used by top private banks around the world, offering our high net worth and entrepreneurial clients an access to the world's best private wealth management experience.

Besides, the Private Wealth Management Department spared no effort to build and upgrade product and service level to meet the demands of entrepreneurial clients, allowing the high net worth clients to enjoy a complete chain of services within the investment banking spectrum offering traditional equities and bonds trading, private equity investment, investments advisory, equity research and ESG investments.

Capitalising on the Group's strong presence in Singapore, it officially established global family office service in August 2021, offering bespoke one-stop financial services and solutions of private wealth management, investment banking, global markets and asset management, to ultra-high net worth clients and external asset managers.

Building on the continuous efforts in information technology of the Group's Global Technology and Operations, the Group's internal operational systems and database have been continuously enhanced. Despite the challenges brought by the pandemic and remote work arrangements in the past two years, the Group maintained its operational efficiencies in its transaction, settlement, valuation, and risk management monitoring around the clock to ensure all businesses and functions operated without disruptions.

## 6. Products and Services

### 6.2.2 Exploration of Industry Opportunities

Haitong International keeps close contact with its peers. By communicating and cooperating through ESG-related associations in hosting forums, writing media columns and research reports, the Group, together with its peers, explores opportunities for the future development for the industry, demonstrating its thought leadership on ESG.



In 2020, Haitong International joined the China-U.K. Climate and Environmental Information Disclosure Pilot Programme Working Group, becoming the first Chinese financial institution participant of the group. This project is jointly run by the Green Finance Committee (GFC), China Society for Finance and Banking and City of London's Green Finance Initiative since 2017, aiming to reinforce green finance cooperation between the 2 countries, encouraging climate and environmental information disclosure and facilitate the experience and information exchange.

In April 2021, Haitong International jointly published the "Chinese Financial Institutions' Route to Achieving Carbon Neutrality" Report with the China-U.K. Climate and Environmental Information Disclosure Pilot Programme Working Group to help Chinese financial institutions devise plans and take actions to achieve carbon neutrality on an operating and asset level. This report was the first of its kind to give reference and guidance to Chinese financial institutions on the reduction of its carbon emissions. Haitong International's team was subsequently invited by a number of financial institutions and held various sharing sessions.



In November 2021, Haitong International released a research report titled "Hong Kong: The International Financial Center for the Future" with the One Country Two Systems Research Institute, a non-profit public policy research institute in Hong Kong. The report pointed out, Hong Kong, as an international financial hub and to further develop steadily, should consider RMB internationalisation, ESG investment and digital asset trading, as these are expected to become major trends globally in the coming decade. It also states that Hong Kong holds advantages to transform itself into an Offshore RMB business centres, ESG investment hub, and digital asset trading and management center.



Haitong International invited professionals, scholars, thought leaders and industry leaders locally and abroad to join its Annual Investor Conference 2021 to explore hot topics like ESG and carbon neutrality, innovative pharmacy, consumption and internet, and market outlook for the second half of 2021.

The 3-day seminar began with a speech on “ESG and Carbon Neutrality” gathering a number of enterprise representatives, investors and authoritative third party institutions at home and abroad to join online or offline. Topics like carbon neutrality, sustainable development, green finance, industry innovation, carbon trading platform, carbon capture and business application were thoroughly explained and discussed with guests in the keynote session on the first day.



Artificial Intelligence (“A.I.”) is developing rapidly and has potentials to empower various industries. The 3rd Haitong International A.I. Conference held by the Group was focused on hardware, software and technologies. At which, technological applications and development trend of A.I. were explored and in-depth explanation and analysis were conducted on empowerment and integration of software and hardware like chip manufacturing, healthcare and smart transportation, etc.. The 2-day event attracted over 1,000 individuals including professionals, scholars, outstanding enterprise representatives and veteran investors in the field of A.I. from around the world. Constructive exchanges about A.I. and related technologies were made during the event.

## 6. Products and Services



Haitong International signed the memorandum of understanding with the Hong Kong Quality Assurance Agency to establish a long-term cooperative relationship for making contributions to promote Hong Kong as a green and sustainable financial hub. The basis lies on green development planning in line with the national 14th Five-year Plan. Cooperation will revolve around green and sustainable financial business, capability development and information disclosure framework building, green enterprise revamp, and green index-related technology research. With the principle of mutually benefit, complementary advantage and development, the Group strives to implement China's goal of the objectives of "carbon peak" by 2030 and "carbon neutrality" by 2060.



In 2021, Haitong International's Chief Economist Office published over 20 ESG-related articles in mainstream financial presses and professional publications. It also has columns in Yicai and Hong Kong Economic Journal to introduce and to promote ESG philosophy, ESG practices and cutting edge ESG-related developments. Haitong International's Chief Economist has attended various large ESG-themed forums, professional seminars and industry exchange meetings as a speaker, discussing the exploration of finance-focused carbon neutrality, ESG and sustainable investment, China's carbon market, post-pandemic recovery and sustainability economic development. Related activities encompass Caijin Sustainable Development Peak Forum, China Social Investment International Forum, UNOSSC Seminar, the Chinese University of Hong Kong's The Greater Bay Area Chief Economist Forum 2021.



Haitong International's Asset Management Department has also been actively communicating and cooperating with peers to promote development of ESG business. The Group was invited by the Hong Kong General Chamber of Commerce as a guest speaker in an online seminar, where the Group shared emerging ESG practices of issuers and asset managers as well as the ESG development in China. The Group also gave details of the practical work of incorporating ESG factors by the Asset Management Department. Besides, Haitong International was also invited to give a talk in the online seminar with the theme "Lipper Asia Sustainable Investment" by Refinitiv to share ESG investment principles of Haitong International's Asset Management. Topics like sustainable development, responsible investment and general market practices were discussed. Haitong International also gave an explanation on the Group's existing and future ESG asset management products to responsible green and sustainable finance units of the Hong Kong Monetary Authority. Potential cooperation opportunities with financial regulators were therefore explored to raise ESG awareness and advocate sustainable finance.

### 6.2.3 Outstanding Achievements and Recognitions

In 2021, the Group's outstanding achievements was recognised by a number of financial institutions and the community with highlights including the followings:



Haitong International was granted the ESG Investment Award in ESG Leading Enterprise Awards 2021 by Bloomberg Businessweek (Chinese) for the first time, demonstrating that the Group's excellent ESG performance is well-recognised by the peers.



The Group was granted the Hong Kong Pension Funds Awards — Equity Global (5 Years) and Hong Kong Pension Funds Awards — Equity Hong Kong (5 Years) by Refinitiv Lipper Fund Awards.



The Group was granted the Outstanding Award for Green and Sustainable Bond Lead Manager (China Real Estate Industry) — Largest Amount of Green Bonds by HKQAA in 2021 for the first time.

The sustainable bonds issued by Minmetals Land Limited for which the Group acted as a lead manager won the Excellent Green and Sustainable Issuer (State-owned Real Estate Developer) — Excellent Vision Green Bond Framework.



The first broad-based ESG ETF — Haitong MSCI China A ESG ETF(3031.HK) launched by Haitong International's Asset Management was granted a number of awards in 2021:

- The Asset — Most Innovative ETF (Hong Kong)
- Insights & Mandate — Most Innovative Product (Hong Kong)
- IESGB — The Outstanding ESG Fund/ETF — Platinum

## 6. Products and Services

### 6.3 Shareholder and Investor Relations

Haitong International maintains positive communication and close association with its shareholders and investors. With diverse yet effective announcement and press release, the Group is able to give a clear picture of its operations, financial performance and business development. Moreover, it also analyses and follows up with the feedback and questions raised by investors to foster effective communication with investors.

Haitong International's public relations team has been delivering accurate corporate information and positive brand value to stakeholders such as customers, investors, mass medias and public with professionalism. Starting from 2021, Haitong International voluntarily discloses its quarterly results, being the first Chinese investment bank listed in Hong Kong in order to keep close communication with its stakeholders, investors and the public. Business updates and development information are therefore provided by the Group to implement good practice of corporate governance.

### 6.4 Customer Relations

Quality products and professional services are the heartbeats of ongoing operations of an enterprise. As such, Haitong International spares no effort to provide customers with the most quality and reliable financial services.

#### 6.4.1 Investor Education

Haitong International has been emphasising on investor education and helping its customers improve their wealth management skills with a proper financial management mindset to avoid financial risks and improve service experience. In 2021, Haitong International educates its investors through the following channels:

- Online Seminar: ESG product education for investors was provided when the fund was set up, which included introduction of ESG-themed investment (e.g. ESG investment trend in Asian region) and product training activities.
- Making Investor education videos: the content covers various types of products including futures and options, equity derivatives, OTC funds/leveraged and inverse products, structured products, bonds and funds, etc.
- Holding investment seminars: surrounding the topics that investors are interested in with deep insights expressed.
- Market news and professional analysis: including market news reporting, commentary of Chinese markets and A shares, announcement of trading in futures and options and announcement of trading in securities and options.
- Investment scenario analysis: ensuring clients have knowledge of the maximum returns or losses arising from the investment products.

#### 6.4.1.1 Investor Education of the Global Markets Department

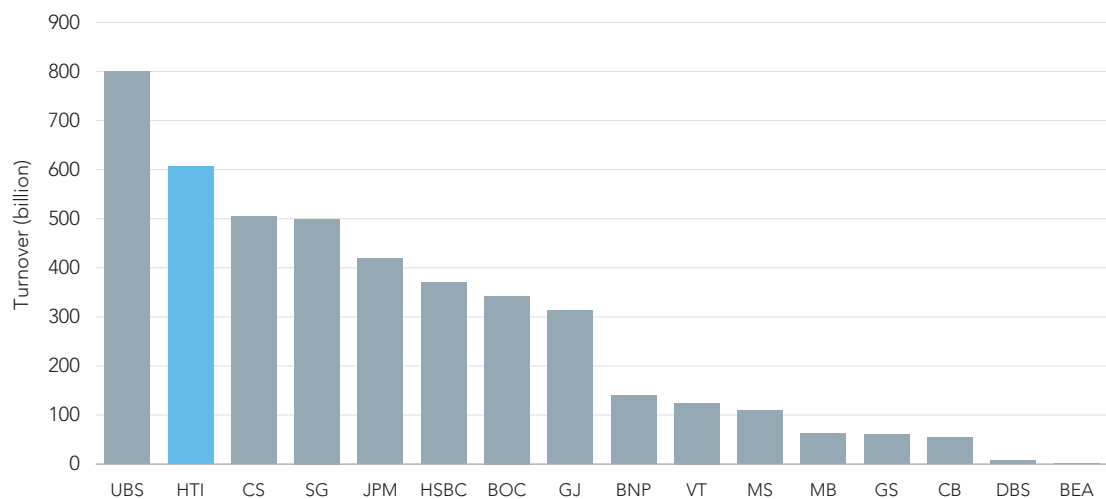
In 2021, the Equity Research team of the Global Markets Department held 420 expert meetings, 9 research meetings, 280 road shows and 11 investment seminars, and 5,728 reports were released. The equity derivatives team held 20 investor education activities including online investor forums and workshops and product promotion conference.

Haitong International's Equity Derivatives team attaches emphasis on investor education and hosts physical or online forums and workshops on a regular basis, and provides articles on investor education columns in media or websites. Moreover, it works closely with the Stock Exchange to actively promote new products on the market. Due to the pandemic in 2021, online forums and workshops were held instead of physical forums and workshops.

The Group held a number of online forums and made promotional videos for newly listed derivatives. It also shared strategic viewpoints on investment in warrants and Callable Bull/Bear Contracts ("CBBCs") with other securities houses or on online media platforms.

After years of efforts, Haitong International's equity derivatives business has made forth into top tier in Hong Kong. During the year, it issued a total of 4,469 warrants and CBBCs, representing a year-on-year growth of almost 50%; the total transaction volume for 2021 was HK\$606.9 billion. Haitong International ranked no.2 in terms of transaction volume. It is also the only Chinese financial institution among the top 5 in the market.

Total Turnover for Warrants and CBBCs in 2021



## 6. Products and Services

### 6.4.1.2 Investor Education of the Asset Management

Haitong International's Asset Management Department cohosted a number of online seminars with KPMG and MSCI and attracted attention from 450 institutional clients. The department rolled out road shows and round-table meetings with a number of South Korean asset managers to promote its professional ESG investment services.

### 6.4.1.3 Investor Education of the Private Wealth Management

The Private Wealth Management Department held an online seminar in September 2021 to explore the development of Hong Kong stock market in the 4th quarter in 2021.

As a part of development of private wealth management business and to provide high-net worth clients with premium wealth management solutions, the Group's investment advisors recommend different types of investment products to clients according to their needs including the low-risk equities or fixed-income products and the high-risk structured products. To protect the shared interests of the Group and clients, when making recommendation, relationship managers and investment advisors must ensure clients have fundamental knowledge of the characteristics, merits and risks of such products before investment.

The Private Wealth Management Department's product and investment solution team has prepared a series of product publications covering securities, funds, bonds, alternative investments and structured products. Other than basic product features, scenario analysis is also included to let clients understand the maximum return and loss for investment in such products. Investors can devise ideal investment solution only if they are clear about the product's return mechanism. Through research reports, the Private Wealth Management Department delivered regular market analysis on HK stocks, A shares and U.S. shares to clients.

## 6.4.2 Good Customer Communication

Good communication is an important way to heighten an enterprise's service quality. Haitong International always sees customer experience as a centerpiece. Therefore, the Group maintains direct communication with customers in different forms and channels. With implementation of its internal management regime, the Group keeps optimising its customer services.

### 6.4.2.1 Customer Satisfaction

The Group is highly aware of communication with clients. Customer feedback survey will be conducted quarterly to understand customer satisfaction to the Group's products and services in furtherance of continuous improvement of operating procedure and improvement of its product and service quality.

In 2021, the customer services team invited 216 clients to take the survey and give ratings to the Group in terms of products and services with a 1-to-5 scoring mechanism. There were 209 respondents to the survey. The average score was 4.5 out of 5. The customer satisfaction stood at 90% (The customer satisfaction for 2019 and 2020 were 89% and 90% respectively).

This year, the complaints were primarily about operations, electronic services, account and fees. All complaints have been handled with follow-up actions and timely response. 100% of the cases have been successfully and effectively handled.

#### 6.4.2.2 Handling Customer Complaints

The Group has formulated the “Client’s Feedback and Complaints Guideline”. Upon receipt of complaints, the Group will look into the case and respond within 2 weeks as far as possible with appropriate follow-up actions such as rectification and service improvement. Customer complaints can be received through different channels (e.g. phone call, email, fax or by post) and response will be made accordingly.

#### Procedures set out in the Client’s Feedback and Complaints Guideline

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<b>Optimised Customer Services</b>	According to the subject of complaints, Haitong International’s product related departments will instantly handle the cases with internal investigations according to the nature and risk level of the complaints. Effective and constructive solutions will be given to ensure integrity, fairness and protection of customers’ interests over the whole process.
<b>Enhanced Customer Experience</b>	Customers’ feedback is taken into analysis after the complaints are solved for the betterment of service procedure to safeguard clients’ rights and customer experience for higher customer satisfaction. Customer surveys are conducted quarterly to keep improving operating procedures to further sharpen up product and service quality.
<b>Active Approach in Handling Customer Complaints</b>	Clients can make enquiries and lodge complaints through the Group’s warrant/CBBC hotline or by email. The Group will then give timely response regarding derivative warrants to relevant clients in full compliance with the Listing Rules and regulatory requirements to solve complaints timely. Besides, with customers’ feedbacks, the team keeps improving the products, services and procedures in order to improve customer satisfaction, and promotes the standardisation, refinement and systematisation of complaint management.

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In 2021, Haitong International received 70 complaints, 48% down when compared with that of 2020. The complaints were primarily about system operations, e-services, accounts and fees. One complaint was investigated by the Equity Derivatives team and Compliance Department and it was found that the investor misunderstood the mechanism of warrants and CBBCs. Subsequently, the Equity Derivative Product team has given a written reply to the investor. All complaints were followed up by the customer services team with timely reply. 100% of the cases were handled effectively.

## 7. Employee Care

As an international financial services institution, Haitong International considers its staff as its backbone for long-term development. Keeping this in mind, Haitong International cherishes each staff member by setting up and implementing all kinds of internal policies to have communication and dialogue with its staff to understand their needs. The Group strives to provide a quality working environment, improve staff welfare, promote well-being at work, encourage employees to lead a good life and work with esteem.

### 7.1 Employment and Interests

To protect basic rights of employees, the Group has compiled a “Staff Handbook (Hong Kong)” in which an array of policies and procedures are detailed in, including but not limited to Employment Ordinance, Employees’ Compensation Ordinance, Occupation Safety and Healthcare Ordinance, Minimum Wage Ordinance, salary, dismissal, recruitment, promotion, working hours, leaves, equal opportunities, diversity, anti-discrimination and other welfares and remunerations. Besides, overseas subsidiaries of the Group also compiled their own handbook for staff according to local laws and regulations. The Group strictly complies with the rules and regulations of the place it is operating. During 2021, there was neither violation of labour rules which may lead to material negative effects to the Group nor any violation of policies in relation to discrimination, forced and child labour.

The number of staff of the Group remained stable. All activities of the Group are performed by regular staff, among which 98.4% are full-time staff. The Group’s Human Resources holds belief of work equality for all staff and protection of employees’ right such as day-offs and leaves.

The Group offers a number of channels to understand its employees’ needs. In the case of injustice, unfairness or hindrance to proceed with effective works considered by employees, they can inform their immediate supervisor or department head or make written complaints to Human Resources. In addition, staff are welcome to send email to the CEO and/or the Chairman of the Audit Committee to express their views privately and comfortably. The Group has established a grievance mechanism covering a wide range of areas such as labour relations, employment rights, workplace harassment and discrimination for employees to raise grievances, express their views, and raise concerns about the Group’s governance.

#### Awards

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- The Group was named Best Companies to Work For in Asia (Hong Kong Edition) for 4 consecutive years (2018–2021), the average results of employee survey were higher than other peer participants.
- The Group won Best Employer Brand Development — Silver for the first time, demonstrating the recognition of its brand building and recruitment strategies.



The Group actively safeguards employees' rights and incorporates the requirements of labour laws into the Staff Handbook. This policy protects employees rights and gives specific guidelines in terms of diversity and inclusiveness, equality, reasonable working time and workplace health and safety.

The Group strictly adheres to labour laws and has zero tolerance towards child labour and forced labour. During the reporting period, there was no violation of human rights or existence of child labor or forced labor noticed by the Group.

## 7.2 Health and Safety

Haitong International believes that the operational efficiency of an enterprise and the maintenance of a healthy and safe working environment for all employees are closely related. The Group establishes specific management policies to keep improving working environment and a number of welfare plans to boost happiness and a sense of belonging of staff. The Staff Handbook covers standards in relation to health and safety such as adverse weather arrangement, occupational health and safety standards, medical and life insurance, use of computers and prohibition of smoking.

The Group adopts occupational and safety measures including risk assessment of workstation for each new recruits. For office renovation/setup, the Group ensures the setup standards are in line with fire safety requirements (e.g. size of corridors, fire equipment and other office facilities. Meanwhile, the Group has provided the "Working Guideline on the Use of Display Screens" and "Haitong International Employee Workplace and Display Screen Checklist" to evaluate the health and safety of working environment for each new staff member. The checklist outlines a number of areas including size of working desks, brightness and location of display screen, location of keyboard and mouse, specification of chairs, size of working space, lighting, noise and so on. Upon evaluation, non-conformities of working environment or equipment will be rectified within a week.

- **Voluntary Enhanced Health Insurance Scheme**

Haitong International hopes to share the fruit of development with its staff and their families. For more protection, Haitong International specially offers a voluntary enhanced health insurance scheme for its staff, through which staff can purchase medical insurance for their family members with privileged offers.

## 7. Employee Care

- **Covid-19 Measures**

Haitong International formulates contingent mechanism and anti-pandemic measures in time to protect the health of its staff and maintain efficient operations.

- To find out asymptomatic patients in the community and break the chain of infection as soon as possible, the Group encourages its employees and their family to participate in the free testing service provided by the Universal Community Testing Programme.
- The Company provided timely reminders for its employees and arranged them to work from home if possible to reduce footfall and contact in the community. Starting from 2021, 2 day leaves are granted to staff for taking the vaccination jab as an encouragement to take vaccination and to boost immunity.
- To actively reinforce epidemic prevention work, the Company cleaned and disinfected the office premises on a regular basis to ensure workplace hygiene. Spray disinfections were performed regularly in the offices. Moreover, sufficient masks and handrub were provided to maintain a clean and hygiene working environment.
- The Group took the following arrangements and preventive measures during the peaks of pandemic during 2021:
  - Each department implemented A/B rotation system according to actual situation and arranged staff to work in different locations (in office/work from home) to ensure the Company remains in normal operations
  - Department heads arranged employees of critical business to work in different offices as needed. This practice can minimise the impact on all employees in the same office in case any employee is infected
  - Unless there was necessity (cleaning or courier services), only staff was allowed to enter the Company's premises
  - All staff wore masks and paid attention to personal hygiene in the Company's premises
  - Face-to-face meeting was avoided and social distancing was applied. Tele-meeting was therefore advocated
  - Close contact with inbound travelers from overseas was avoided
  - Responding and complying with the measures and policies laid down by the government

In 2021, the Group arranged occupational environment and health and safety evaluation for around 300 staff and provided a safe environment for staff to protect them from occupational hazards. Over the past 3 years, there were 0 death toll due to occupational accidents for each year. During the year, no non-conformity to laws and regulations that had a significant impact on the Group, such as the Employees' Compensation Ordinance, has been identified.

### 7.3 Development and Training

Haitong International believes that staff is its most valuable asset and treat “creating values for staff” as the most important task. Therefore, the Group emphasises growth and development of staff. Haitong International keeps a watchful eye on development for its staff and continues to reinforce its training system, set up talent pool, improve the career path for staff, encourage diverse individuals to bring their talents into play and give staunch support to staff development. In addition, the Group has a performance management system and conducts annual performance evaluation for full-time employees who join the Group before July to assess their performance and vocational training needs every year.

The Group has formulated and implemented “Training Sponsorship Policy”. The Group sponsors its staff to acquire professional qualification and professional membership or to attend external job-related training to make sure that its staff can meet relevant continuous professional training requirements of licensed persons as stipulated by the Securities and Futures Commission.

Meanwhile, the Group raised its employees’ awareness of climate change and provided them with relevant training to build a green working and company culture. Moreover, it also raised their consciousness of sustainable development and planned to deepened its staff and management’s understanding of carbon neutrality by educating the meaning and global trend of carbon neutrality, as well as the Group’s pledge and roadmap to achieve this.

During the year, the Group’s internal development activities include:

- It hosted over 200 internal training sessions covering global capital markets, ESG investment, Mainland-Hong Kong Stock Connects, risk management and regulations, business expertise, personal skills and senior management training with over 15,500 participants.
- It hosted 8 compulsory courses about laws and regulations with 100% completion rate.

## 7. Employee Care

- Haitong International emphasises nurturing of leaders-to-be and holds "Management Trainee Development Programme" each year. The programme covers professional developments, department rotation, innovative & cooperative projects, personal development and team work. A "Management Trainee Club" has also been set up for the management trainees to have dialogue with the management in various ways, participate in industry seminar and team building activities, and build up team spirit and talent pipeline.



- The Group launched Graduate Trainee Programme in 2021 to select trainees who are fit to work in supporting units of the Company.
- To put forward the Group's talent grooming strategy plan, Haitong International launched the first "Sail Program" with an aim to create a learning, innovative, growing and duty-bound entrepreneurial culture by nurturing a cohort of leader-to-be with knowledge, capability and responsibility in hopes of strengthening staff's self-confidence and sense of belonging. Participants who completed the program will be internally promoted or given performance-based incentive.



- Following the development of the Group's strategic transformation, the demand of Haitong International for high-calibre talents is increasing. To attract excellent professionals with international and professional insights, the Group upgraded its existing internal referral programme in Hong Kong to encourage referral of suitable talents to join the Group.
- Haitong International held reading club sessions for staff and invited senior management and employees to give a sharing on books with interactions among colleagues with good reception.



The Group has formulated a fair and competitive remuneration mechanism by taking qualification, experience, work nature, performance and market conditions into consideration to foster equality for employment. The Staff Handbook of the Group has set out the approaches to determine compensation such that the Minimum Wage Ordinance is complied with. The Group always pays attention to gender equality and remuneration topics in hopes of reducing the impact brought to salary standard and structure by gender factors. Besides, the Group reserves the positions for the employees on maternity and paternity leaves and encourages them to resume work with guarantee that their career path and salary will not be therefore hindered. Meanwhile, the Group strives to provide job openings with transparency and equality. During the recruitment process, the capability and qualification of candidates are the most crucial consideration without gender, age, race or other factors being taken into account.

In addition, amidst pandemic, the Group responded to and actively supported development of Hong Kong society. To achieve this, the Group provided job training and opportunities for young persons through talent schemes including the Mentorship and Internship Program run by the Chinese Securities Association of Hong Kong, Financial Industry Recruitment Scheme for Tomorrow launched by the Financial Services Development Council and New Graduates — New Opportunities Scheme rolled out by the Hong Kong Chinese Enterprises Association.

## 8. Community Investment

Haitong International has always been emphasizing on community investment in order to live up to its good corporate citizenship. By promoting sustainable community development in different ways and encouraging its employees to participate in voluntary works, Haitong International shares its fruits of corporate development with society and promotes harmonious social development. During the volatile pandemic, the Group has been paying attention to the latest development of the pandemic and actively working with and supporting the anti-epidemic tasks of HKSAR government. The Group also worked with the community to prevent the pandemic. During 2021, the Group invested a total of HK\$1.836 million in the community. For details of supporting activities, please refer to Appendix 1.

The Group has been recognized as a “Caring Company” by The Hong Kong Council of Social Service for over 17 years since 2004, and the “Haitong International Charitable Foundation” has also received the “Caring Organisation” logo for 7 consecutive years since 2015.

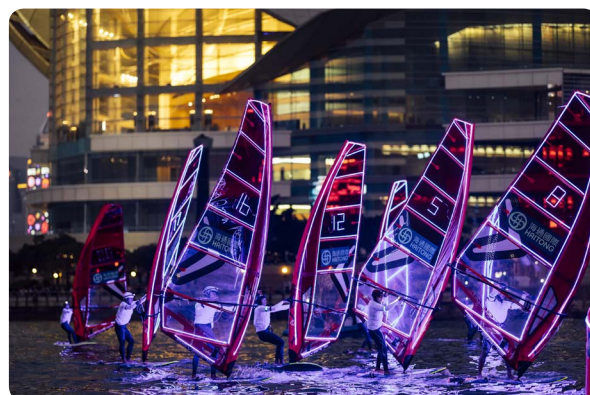


### 8.1 Haitong International Charitable Foundation and Donations

In 2014, Haitong International Charitable Foundation was founded to pool resources together and to implement sustainable social responsibility projects more strategically by developing charitable projects with similar brand value and philosophy and sustainable social projects and charity events. Over the past 8 years, Haitong International Charitable Foundation contributed to build a better community by actively participating in local charity events ranging from poverty alleviation, youth education, sports and arts, environmental protection and carbon emission reduction and so on, through cooperating with non-profitmaking organisations, donating money and providing sponsorship.

#### Long-term support to the development of windsurfing in Hong Kong and sponsor Haitong International Hong Kong Open Windsurfing Championships 2021 for 5 consecutive years

Haitong International has been sponsoring the windsurfing events and nurturing windsurfers as the representative players for Hong Kong with an aim to raise the social awareness of the sport. During the year, Haitong International granted a total of HK\$230,000 cash prize to windsurfers who represented HKSAR to participated in the 2020 Tokyo Olympic Games as a token to express its congratulation to the windsurfing players Hayley Victoria Chan Hei Man and Michael Cheng Chun Leung for their outstanding performance and its recognition to the sportsmanship, hard work and perseverance of the Hong Kong windsurfing representative team.



Haitong International eyes on training of potential athletes through the Haitong International Hong Kong Youth Windsurfing Training Program in hopes of bringing up talented windsurfing players in Hong Kong. Two Hong Kong representatives participating in the 2020 Tokyo Olympic Games are graduates of this program.

Moreover, Haitong International promoted windsurfing sports to the community. Starting from 2017, Haitong International became the major sponsor of the Hong Kong Windsurfing Association. This year, Haitong International acted as a title sponsor for the Haitong International Hong Kong Open Windsurfing Championships 2021 Opening Ceremony as well as the first Haitong International Victoria Harbour Windsurfing Race 2021 in the form of night-time competition. The event, held in a Hong Kong landmark Victoria Park, was wrapped up successfully in Central on 14 December 2021. Through this, the Group hopes to encourage Hong Kong citizens to participate in more sports and enhance coherence in the community.



**Haitong International sponsors “Well Dunk!” Basketball league and training scheme run by InspiringHK Sports Foundation.**

Haitong International sponsored the “Well Dunk!” Basketball league and training scheme run by InspiringHK Sports Foundation in 2021/22 for the first time. The scheme is the first large-scale youth sports training project where professional basket training meets standard competition in Hong Kong. The scheme started in 2019 and returned in its second edition this year. A total of 24 basketball teams participated in the scheme which aims at providing grassroots youngsters with standard basketball training.



**Haitong International supports Helping Hand Cookie Campaign 2021**

Haitong International has been a long-term sponsor for charity cookie sales campaign of Helping Hand. Affected by the pandemic, the Helping Hand sold cookies online to raise funds for its elderly services. The Group’s staff subscribed its cookies for family and also for the Helping Hand. The received cookies were donated to other charity organisations or minority groups as a blessing.



**A corporate member of the Better Hong Kong Foundation**

The Group has joined the Better Hong Kong Foundation as a corporate member since 2014. Over years, the Group has been actively participating in and supporting the seminars and high-level meetings with political and commercial individuals organised by the foundation with an aim to promote economic and social development of Hong Kong

## 8. Community Investment

### 8.2 Charity and Volunteer Work Participated by Staff

The Group actively encourages its staff to participate in charity and volunteer services in hopes that they can further unleash their potential and contribute to society. Over the years, the Group's employees have been actively involved in and benefited a number of charitable organisations, including World Wide Fund for Nature, Community Chest, ORBIS, Helping Hand and others. In terms of the types of activities, the Group has been supporting innovative and highly interactive volunteer activities in order to fulfill its social responsibility through practical actions.

#### Haitong International Low Carbon Diet Challenge

As an ESG pioneer among Chinese investment banks, Haitong International kicked off the Haitong International Low Carbon Diet Challenge at 5 p.m. on 6 June. This first ESG programme for staff was joined by over 100 employees and 4,242 diets were recorded by way of uploading their low-carbon diet photos by staff. Measured by average carbon emission per capita in Hong Kong, this activity successfully reduced up to 35 metric tons of carbon.

The Group also arranged a series of interactive and educational activities for staff to raise their awareness and understanding of topics like low-carbon diet and climate change. The activity "Beefless Diet Nutrition Talk" not only gave employees an understanding of the merits of low-carbon to good health, but also inspired invention of abundant recipes. The SDG Simulation World delivered the game experience of SDG to give employees an understanding of how human's behaviour and choices affect the social, environmental and economic aspects of the world in an interesting way.

海通國際665低碳飲食挑戰  
Haitong International Low Carbon Diet Challenge

6/6 5pm 活動時間 Challenge Duration:  
6/6/2021 5pm - 31/7/2021 5pm





**Ocean Park Conservation Foundation, Hong Kong  
— Run For Survival 2021**

The Group’s management and staff participated in the Run for Survival 2021 hosted by the Ocean Park Conservation Foundation to support and express concern for the ecological conservation of the Earth.



**Jockey Club Food Grace Kitchen**

Haitong International’s staff actively participated in cooking lessons provided by Food Grace Kitchen run by the Jockey Club in which participants were taught how to reincarnate leftover into delicious dish.

**“Well Dunk!” Basketball Exchange Activity of InspiringHK Sports Foundation**

Haitong International joined hands with the InspiringHK Sports Foundation “Well Dunk!” Basketball league and training scheme, a local non-profit making organisation including 3-man corporate invitation competition and youth basket training friendship competition. Through playing basketball, Haitong’s employee were able to exchange ideas with grassroots talent, living up to its spirit of “cultivate youngsters through sports”.



## 9. Environment and Climate Change

Besides its own business development, Haitong International adheres to the philosophy of green and sustainable development and advocates responsible investment. The Group attaches high emphasis to the topic of climate change including how its operations and investment and financing activities bring impacts to the climate change, and how climate change brings business risks and opportunities to the Group. The Group has established a comprehensive governance structure to address climate change and formulated related strategies and objectives. Climate change factors are therefore incorporated into every part of its business decisions, risk management and day-to-day operations.

### 9.1 Climate Change

This session primarily discloses the identification, evaluation and management of climate risk-related topics focusing on 4 key factors namely governance, strategy, risk management and indicators and objectives with reference to the recommendations made by the TCFD.

Governance:	Disclosure of governance of the organisation or entity regarding climate-related risks and opportunities
Strategy:	Disclosure of the actual and potential effects of the businesses, strategies and financial planning of the organisation or entity arisen from climate-related risks and opportunities
Risk Management:	Disclosure of the methods to identify, evaluate and manage climate-related risks by the organisation or entity
Indicators and Objectives:	Disclosure of the indicators and objectives used for evaluating and managing relevant climate-related risks and opportunities

#### 9.1.1 Governance Structure

Haitong International has established an ESG governance structure at the board level with clear delineation of duties assigned to the Board and senior management to oversee and manage environmental (including climate change topics), social and governance matters. Meanwhile, the Group has also set up an ESG Committee under the Executive Committee. The ESG Committee is comprised of the Group's executive directors and heads of other departments. Together with the ESG Executive Office, the ESG Committee pursues to achieve global ESG strategic goals such as climate change.

The ESG Committee is primarily responsible for formulating the ESG strategic goals and overall planning at group level and giving ESG risk advice and guidance on the Group's material deals or projects in the areas of financial advisory, financing or direct investment. Moreover, it also gives directions to the business units on how to perform specific ESG risks & opportunity analysis, and reviews, approves and organises ESG strategies for different business segments of the company. The climate change issues are covered in terms of setting goals and business strategies for climate investment and financing. The ESG Committee meets quarterly to discuss climate-related topics that Haitong International faces on a regular basis. To ensure the Group's management can gain knowledge of climate-related information including climate-related risks and opportunities as well as the latest progress of climate risk-related tasks under supervisory, business units and the Risk Management Department also report the latest work progress and plans during the quarterly meeting and considers the latest work progress and plans reported by the business units and the Risk Management so that the Group's management can gain knowledge of climate-related information including climate-related risks and opportunities as well as the latest progress of climate risk-related tasks under supervisory. Meanwhile, under the guidance of ESG Committee, the ESG Executive Office is responsible for executing ESG-related strategic tasks.

On the policy and regime front, the ESG-related risks such as climate risk are included in the key governance procedure and relevant management policies of the Group. The existing “Group Risk Management Policy” clearly sets out the definitions and methodologies to manage the climate risks, which has been reviewed and approved by the risk management committee in March 2021 and is applied at the group level. The Group also provides relevant training for employees to ensure effective implementation of policies. Climate risks of the Group itself, customers, counterparties and investees are monitored with preventive measures taken.

Besides, the SFC issued an amendment to and a circular of “Fund Manager Code of Conduct” in August 2021, which sets out the standards for fund managers of collective investment scheme to consider climate-related risk and information disclosure during the course of investment and risk management. The Group’s Asset Management has complied with the regulatory requirements and established a working group to reinforce the building of the climate-related risk. Moreover, it has taken corresponding measures to comply with relevant governance and disclosure principles on top of investment and risk management framework of related fund products.

### 9.1.2 Strategies and Goals

Haitong International proactively identifies the business-related risks and opportunities brought along by climate change, among which, the potential climate-related risks it may primarily face include:

- **Transformation risk:** Currently, over 100 countries have declared that they will achieve carbon neutrality by 2050. China has also declared its goal to achieve carbon neutrality by 2060 whereas Hong Kong strives to do so by 2050. The global economy will take on the path of transformation toward a low-carbon economy. During this course, changes in relation to policies and regulations, energy-related transformation, technology innovation and industry upgrades will take place which will impose material impact to the real economy and financial markets. For example, high-carbon emitting industry will suffer from higher cost, lower return or asset devaluation. Related climate change risk will also impose impact to the Group’s investment and financing activities.
- **Physical risk:** Extreme weather and natural disasters may harm assets, resulting in loss or change of asset value. The Group will evaluate how those risks affect clients and its own business.

In 2020, Haitong International announced its ESG statement and has pledged to promote ESG practices in terms of energy saving, carbon emission reduction and sustainable finance to address the climate change at a group strategic level.

Against the context of global trend of transformation towards a low-carbon economy, beyond its commitment to achieving carbon neutrality at the operating level, the Group also proactively takes the role of intermediary to embrace investment opportunities therefrom and assists clients, counterparties and invested projects/targets to move toward low-carbon consuming businesses in support of green development for the economy as a whole. As a prioritized strategic goal of the Group, specific tasks of green finance include but not limited to providing financing for green and carbon reduction-related businesses, practicing responsible investment, issuing investment products themed with low carbon emission and adopting stricter financing requirements towards high carbon emitting enterprises.

To address climate change, the Group has made the pledges and set up the main objectives as follows:

- **Minimize its operations’ impact on climate change** — The Group pledged for carbon neutrality by the end of 2025 at its business level in a firm attitude. It has also announced its relevant energy-related targets, including, to source 100% of its power from renewable energy by the end of 2025, and to achieve a 30% reduction in paper consumption and waste production per staff by the end of 2020.

## 9. Environment and Climate Change

- Step up efforts in green finance — Haitong International pledged to provide or deploy a total of US\$20 billion to support ESG as well as sustainable financing and investment funds by 2025. The green and low-carbon industries including clean energy, low-carbon technology, green building, green traffic and transformation of high-carbon industry to a low one will be our focus.
- Establish incentive mechanism for staff — Green, low-carbon and sustainable industries are strongly encouraged. More efforts will be put into ESG and sustainable industries such as underwriting green bonds and development of ESG-related financial products.
- Incorporate ESG-related risk into investment decision making — The Group will gradually turn away from heavily-polluting and high energy-consuming industries as investment and financing targets. Instead, it will actively support new energy and green industries to promote development of clean and green industries.
- Provide more ESG training to staff — The Group sets up an ESG training programme for all staff by organising thematic seminars to raise their awareness of ESG topics such as climate change.

Haitong International will keep an eye on the information about climate risks. In response to the market trend and regulatory requirements, it will regularly review its strategies and objectives concerning topics like climate risks and climate change.

### 9.1.3 Risk Management and Actions to Address Climate Change

According to the existing “Group Risk Management Policy”, the Group has incorporated climate risk factors into specific management framework including:

1. Definition, identification and evaluation of the Group’s climate-related risks;
2. Establishment of climate risk control measures including risk screening and risk scoring mechanism;
3. Incorporation of climate factors into the Group’s overall risk appetite assessment to raise awareness of climate risk by all business units and supporting departments.

To identify climate-related risks, the Group continues to improve climate-related risks as an important objective for risk management tasks. Therefore, the Group puts efforts in research and development of relevant tools to monitor and measure the financial impact brought by the climate change to the Group.

There are 2 major climate risk management objectives of the Group established under the “Group Risk Management Policy” in 2021. The first one is to classify and summarise the assets of the Group according to the ESG rating standard set out by MSCI, the largest index provider in the world. The second is to perform stress tests on climate risks.

### 9.1.3.1 ESG Classification of the Group's assets

The MSCI ESG rating agency evaluates the ESG performance of 965 listed companies at home and abroad in terms of a certain ESG topics. Among which,

- "AAA" and "AA": Total ESG score 7.1–10: Greater adaptability against ESG risks of the company and the ESG indicators are at a leading level
- "A"/"BBB" and "BB": Total ESG score 2.9–7.1: Average level of ESG of the company
- "B" and "CCC": Total ESG score 0–2.9: Failure of the company to adequately manage the ESG risks it faces and ESG indicators are lagged behind.

In view of different business natures, MSCI also gives rating to each industry. Industries with a "BB" rating or above include discretionary consumption, medical and health care, real estate, finance, new energy, communications and utilities.

The Group's Risk Management Department makes reference to the MSCI rating for individual company stocks and industries and classifies the Group's assets according to their ESG rating. To do this, the department gives the ESG rating based on underlying industry segments in relation to the interest and credit asset held by the Group (such as equities and derivatives, bonds, financial products and financing products). As shown in the asset classification as at November 2021, 70% of the Group's assets concentrate on "A/BBB/BB" of the MSCI ESG ratings, namely the real estate, finance, utilities and discretionary businesses. Meanwhile, most of the assets managed under the Asset Management Department concentrated on the "A/BBB/BB" ESG ratings, taking up about 80%.

### 9.1.3.2 Climate Risk Quantitative Analysis Framework

In 2021, the Group's Risk Management established a climate risk transmission mechanism and climate risk monitoring model according to temperature-based climate scenarios recommended by the Intergovernmental Panel on Climate Change (IPCC). The climate risk transmission mechanism defines how climate risks are arisen (physical risks, transition risk) and how they affect a series of macroscopic indicators, and further transmit the effects are transmitted to the market Value-at-Risk (VaR) and Probability of Default (PD)/Loss Given Default (LGD), and finally how they bring impacts on the Group's risk exposures and assets.

Haitong International performs scenario analysis and stress tests based on 3 Representative Concentration Pathways (RCPs) of greenhouse gases — RCP2.6, 4.8 and 8.5 climate scenarios reflecting the rise of 1.5°C, 3°C and 4°C for the earth temperature in 2100 combined with the climate sensitivity of the industry. The Climate risk stress test on credit risks is based on the IFRS9 credit provision model whereas the one on market risks is based on the VaR model.

## 9. Environment and Climate Change

Based on the existing comprehensive climate change model and with reference to the structure of stress tests, Haitong International will continue to improve the methods to identify and quantify various climate risks and refine the models. In future, it is expected the models can serve as a guidance for the Group's investment decision and limit management and as a support to the development of sustainable investment. Moreover, it is also instrumental in controlling traditional energy and high carbon-emitting industries. Relying on this, the Group is capable to apply positive investment in new energy and low carbon-emitting industries.

So far, Haitong International has incorporated climate-related considerations into its business and financial strategy decision processes as well as its investment products and strategies. For example, ESG and climate risk considerations are added to the equity research reports. MSCI and SusallWave ratings are being used in the research reports to help clients to take climate risk factors into consideration during analysis of stocks. For investment business, limit management can guide investors to consider sustainable investment. Limit control on traditional energy and high carbon-emitting industries also makes investors apt to choose new energy and low carbon emitting industries. At present, the Group's Private Equity Investment adopts direct or indirect investment to support low carbon-emitting industries such as medical and healthcare, new energy and utilities industries. Brilliant investment returns in 2021 indeed speak for the ESG value.

In future, Haitong International will continue to play the role of information and capital intermediary. With stronger climate risk management adopted in its investment and financing, the Group will actively and directly help clients to address climate risks and gradually participate in ESG and responsible investment. Related Investment and financing cover underwriting of green and sustainable bonds and issuance of ESG equities and bonds or ETF investment products. Leveraging on its ESG practices, the Group wishes to guides its business partnerships, directly and indirectly, to pay attention to climate-related risks and participate in development of sustainable finance.

### 9.1.4 Climate Change Indicators

Haitong International actively monitors and keeps record of its scope 1 and scope 2 greenhouse gas emissions and gradually complete its disclosure of scope 3 emissions to ensure effective monitoring of the Group's environment performance and progress of low-carbon or emission reduction tasks. The quantitative process is carried out with reference to the "Account for and Report on Greenhouse Gas Emissions and Removals for Buildings in Hong Kong", GHG protocol and ISO 14064-1, Appendix 27 to the Listing Rules and documents and standards as set out by the Stock Exchange Guidelines. Relevant indicators are set out in the Appendix 1: KPI Tables.

For indicators of climate risk management and with reference to the GTAP-INT, the Group forecasts the actual impact brought to the GDP growth by the climate risks of global warming with temperature of 1.5°C to 4°C higher in future. Provision made and value at risk are measured in different climate scenarios to reflect the long-term impact on the credit risk and market risk management brought by climate risks.

## 9.2 Environmental-related Policies and Systems

### 9.2.1 Emission Management

Haitong International strictly complies with emission-related laws and regulations including but not limited to Air Pollution Control Ordinance and Water Pollution Control Ordinance, Waste Disposal Ordinance. In 2021, no non-conformity of the Group to laws and regulations relating to air and GHG emissions and discharges into water and land and generation of hazardous and non-hazardous waste were identified.

### 9.2.2 Greenhouse Gas Emissions

The quantitative method of GHG emission was applied with reference to and in compliance with the guidelines as directed by the Electrical and Mechanical Services Department and the Environmental Protection Department, namely the Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings in Hong Kong, the GHG Protocol, ISO 14064-1 and Appendix 27 of the Listing Rules and other documents and standards as required by the Stock Exchange.

## 9.3 Green Office

The Group incorporates the high-efficient and environment-friendly and sustainable resources philosophy into its daily operations and strives to minimise the adverse impact on the environment due to its business operations. Meanwhile, the Group advocates green office and implements "Procurement and Office Equipment Environment Protection" Policy to boost waste recycling, energy-saving and resources and emission management so as to reduce waste of environment and natural resources.

### 9.3.1 Waste

#### 9.3.1.1 Waste Reduction

The Group sets its goals for waste reduction each year and evaluate the outcome at the end of the year. The Group actively participates into the Hong Kong Green Organisation scheme and has been granted the Wastewi\$e Certificate for 7 consecutive years. The Group's relentless efforts in environment protection is well-recognized by the public.

#### Case study:

Haitong International has been granted Hong Kong Green Organisation Certifications and Wastewi\$e Certificate for 7 consecutive years



Wastewi\$e Certificates (2016-2022)

## 9. Environment and Climate Change

### 9.3.1.2 Recycling and Disposal of Non-hazardous Waste

The Group properly manages the wastes in the workplace, especially the recyclable wastes including paper waste, plastic bottles and aluminium cans. Staff are encouraged to use the document recycle bins placed in offices and resource recycle bins provided, the waste in which are collected by external services providers from time to time.

Meanwhile, regarding the inelastic demand on paper consumption due to the commercial business nature, the Group has taken measures specific to the sources and paper recycling to reduce logging for paper production and increase the recycling rate of paper.

#### Important Initiatives

- Advocates digitalised office to minimize the use of paper;
- Chooses to use recycled paper for annual report and interim report printing and FSC paper for business card printing;
- Recommends shareholders to elect e-version of financial report to reduce the printed copies;
- Chooses Programme for the Endorsement of Forest Certification ("PEFC") certified paper for document printing in office;
- Appoints qualified agents to collect recyclable paper.



(Note: The paper and business card used by Haitong International are certified by PEFC and FSC. PEFC is the world's largest forest certification system. PEFC and FSC certificates ensure that the papers used by consumers are from sustainably managed forest.)

### 9.3.1.3 Recycling and disposal of hazardous waste

The Group pays attention to the proper disposal of hazardous waste and engages professional suppliers to recycle the used carbon cartridges from time to time. The Group has participated in an electronic products recycling programme organised by "Caritas Computer Workshop" for 5 consecutive years since 2017 and donated recycled electronic appliances to charitable organisations.

## 9.3.2 Energy Use

### 9.3.2.1 Energy Saving

For energy consumption, the automatic lighting system and lighting sensors have been installed in all offices in Hong Kong. Existing lightings are replaced by energy-saving LED lights. Besides, all copying machines at the new office have the “tap to print” function, which stay at the energy-saving mode until being used; The Group complies with the Building Energy Efficiency Ordinance (BEEO) standard laid down by the Electrical and Mechanical Services Department, which is applied to the new office settings and renovated offices.



Remark: IFC and Wong Chuk Hang offices are in compliance with guidelines given by the Electrical and Mechanical Services Department (EMSD) and certain documents have been sent to the EMSD

The Group purchases renewable energy from local power supplier to support local development of renewable energy and has been granted the Renewable Energy Certificate



## 9. Environment and Climate Change

### 9.3.2.2 Water Resources

For water saving, the Group has installed water filter system in office premises. The Group has posts notices reminding water saving in toilets and pantries to encourage all of its employees to play their part to save water.

### 9.3.2.3 Environmental-friendly Fuel

The Group insists to use environmental-friendly fuel for its own automobile (fuel type: Shell V-Power, Shell FuelSave Unleaded, Synergy Supreme) and Hybrid engine for 7-seater car so as to reduce emission of pollutants and the impact of its operations to the environment.

### 9.3.2.4 Paper resources

- In 2021, all offices of the Group across the world cease to provide disposable paper cups, resulting in a drop of paper cup consumption from 600,000 pieces to 0 piece in 2021.
- The Group also encourages colleagues not to print out documents if it is not necessary. The paper consumption volume reduced from 25.11 tons in 2020 to 20.65 tons in 2021. The recycle rate of paper increased from 49.6% in 2020 to 76.7% in 2021.

## 9.4 Participation In and Promotion of Environmental Protection

Haitong International not only pays attention to the impact of its business operations to the sustainable development, it is also aware of its responsibility and active role as a financial services institution to protect the environment. The Group deepens cooperation with international and local non-profit-making bodies to support the sustainable development through supporting environmental protection projects to build an environmental friendly community.

# Assurance Statement



Ernst & Young  
27/F, One Taikoo Place  
979 King's Road  
Quarry Bay, Hong Kong

安永會計師事務所  
香港鰂魚涌英皇道979號  
太古坊一座27樓

Tel 電話: +852 2846 9888  
Fax 傳真: +852 2868 4432  
ey.com

## Independent Limited Assurance Report in relation to Haitong International Securities Group Limited's ESG Disclosure 2021

To the board of directors of Haitong International Securities Group Limited:

### Scope

We have been engaged by Haitong International Securities Group Limited (the "Company") to perform a limited assurance engagement, as defined by International Standards on Assurance Engagements, here after referred to as the engagement, to report on five selected environmental, social and governance ("ESG") key performance indicators for the year ended 31 December 2021, including (1) Scope 1 Greenhouse Gas ("GHG") emissions, (2) Scope 2 GHG emissions, (3) non-hazardous waste, (4) hazardous waste and (5) the total power consumption (the "Subject Matter"), as contained in Appendix I of the Company's ESG Report 2021 (the "Report").

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Report, and accordingly, we do not express a conclusion on this information.

### Criteria applied by Haitong International Securities Group Limited

The Company prepared the Subject Matter in accordance with Appendix 27 Environmental, Social and Governance Reporting Guide to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with reference to the Global Reporting Initiative (GRI) Standards (collectively as the "Criteria").

The applicable criteria are designed solely for the purpose of the preparation of the Subject Matter included in the Report and, as a result, the subject matter information may not be suitable for another purpose.

### Haitong International Securities Group Limited's responsibilities

Haitong International Securities Group Limited's management is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

### EY's responsibilities

Our responsibility is to express a limited assurance conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with the International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (ISAE 3000), and the terms of reference for this engagement as agreed with Haitong International Securities Group Limited on 28 February 2022. Those

# Assurance Statement



standards require that we plan and perform our engagement to obtain limited assurance about whether, in all material respects, the Subject Matter is presented in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

## **Our Independence and Quality Control**

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the Hong Kong Institute of Certified Public Accountants, and have the required competencies and experience to conduct this assurance engagement.

EY also applies Hong Kong Standard on Quality Control 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

## **Description of procedures performed**

Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the Report and related information, and applying analytical and other appropriate procedures.



Our procedures included:

- Conducted interviews with selected management and personnel to understand the business;
- Conducted interviews with selected personnel to understand the process for collecting, collating and reporting the selected ESG performance indicators during the reporting period;
- Checked that the calculation criteria have been correctly applied in accordance with the methodologies outlined in the Criteria;
- Checked the arithmetical accuracy of the calculations performed; and
- Tested, on a sample basis, underlying source information to check the accuracy of the data.

### Inherent Limitations

There are inherent limitations in performing assurance. Assurance engagements are based on selective testing of the information being examined, and it is possible that fraud, error, or non-compliance may occur and not be detected.

Our assurance was limited to the Subject Matter set out within the Report for the year ended 31 December 2021. We have only sought evidence to support key information and data related to the Subject Matter and our responsibility does not include:

- Any work in respect of ESG information published elsewhere in the Company's annual report, website and other publications; and
- Forward-looking statements made by the Management.

### Conclusion

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the Subject Matter for the year ended 31 December 2021, in order for it to be presented in accordance with the Criteria.

### Restricted Use

This report is intended solely for the information and use of the Company for evaluation of the Company's preparation of the Subject Matter in accordance with the Criteria, and is not intended to be and should not be used by anyone other than the specified party.

**Ernst & Young**

Hong Kong

26 April 2022

# Appendix 1: KPI Tables

## Emissions: Greenhouse Gas ("GHG") Emission

Indicator	Unit	2021	2020	2019
<b>Total GHG emissions<sup>1</sup></b>	tCO <sub>2</sub> e	<b>1,187.92</b>	1,715.83	1,498.87
Density of GHG emissions <sup>1</sup>	tCO <sub>2</sub> e/m <sup>2</sup>	<b>0.10</b>	0.16	0.14
<b>Scope 1 GHG emissions<sup>1</sup></b>	tCO <sub>2</sub> e	<b>39.39</b>	30.41	42.60
Petrol/gasoline <sup>1</sup>	tCO <sub>2</sub> e	<b>39.39</b>	30.41	42.60
<b>Scope 2 GHG emissions</b>	tCO <sub>2</sub> e	<b>875.55</b>	1,473.83	1,230.14
Purchased power	tCO <sub>2</sub> e	<b>1,093.55</b>	1,473.83	1,230.14
Renewable Energy	tCO <sub>2</sub> e	<b>-218.00</b>	/	/
<b>Scope 3 GHG emissions<sup>1</sup></b>	tCO <sub>2</sub> e	<b>272.98</b>	211.59	226.13
Paper waste <sup>1</sup>	tCO <sub>2</sub> e	<b>98.62</b>	120.51	109.61
Recycled paper	tCO <sub>2</sub> e	<b>-75.70</b>	-59.82	-86.31
Business flight travel	tCO <sub>2</sub> e	<b>250</b>	150.90	202.83
Water and sewage treatment	tCO <sub>2</sub> e	<b>0.07</b>	/	/

Note 1: Due to an adjustment made to the GHG emission calculation of petrol/gasoline and the statistical method of paper waste, the data including total GHG emissions and its density. Scope 1 GHG emissions and Scope 3 GHG emissions for 2019 and 2020 have been restated accordingly.

## Emissions: Air Pollutants

Indicator	Unit	2021	2020	2019
NO <sub>x</sub>	kg	<b>6.39</b>	4.93	6.91
Yoy change	%	<b>29.61</b>	-28.65	-6.37
SO <sub>x</sub>	kg	<b>0.21</b>	0.17	0.23
Yoy change	%	<b>23.53</b>	-26.09	-8.00
RSP	kg	<b>0.47</b>	0.36	0.51
Yoy change	%	<b>30.56</b>	-29.41	-5.56

## Waste

Indicator	Unit	2021	2020	2019
<b>Non-hazardous waste</b>				
Paper consumption <sup>2</sup>	ton	<b>20.55</b>	25.11	22.84
Recycled paper	ton	<b>15.77</b>	12.46	17.98
Waste plastic bottles produced	piece	<b>480</b>	321	1,252
Used Paper cups <sup>3</sup>	piece	<b>0</b>	60,000	90,000
<b>Hazardous waste</b>				
Waste light tube	piece	<b>427</b>	271	262
Electronic information product waste	ton	<b>1.87</b>	0.52	4
Recycled electronic information products	piece	<b>434<sup>4</sup></b>	108	0

Note 2: Due to an adjustment made to statistical method to count the paper consumption, the figures for the years 2019 and 2020 have been restated accordingly.

Note 3: The Group has ceased to use disposable paper cups since 2021.

Note 4: For electronic IT products, 153 computers, 8 printers and 273 monitor screens have been recycled.

## Appendix 1: KPI Tables

### Use of Resources

Indicator	Unit	2021	2020	2019
Total power consumption	MWh	1,721.99	1,974.28	1,690.48
Density of power consumption	MWh/m <sup>2</sup>	0.14	0.18	0.16
<b>Direct power consumption</b>				
Petrol/Gasoline	MWh	140.99	108.84	152.48
Density of Petrol/ Gasoline Consumption	MWh/m <sup>2</sup>	0.01	0.01	0.01
<b>Indirect power consumption</b>				
Power	MWh	1,581	1,865	1,538
Density of Power Consumption	MWh/m <sup>2</sup>	0.13	0.17	0.14
Purchase of Renewable Energy	MWh	590	/	/
Density of purchased renewable Energy	MWh/m <sup>2</sup>	0.05	/	/
<b>Water Consumption<sup>5</sup></b>				
Water Consumption	M <sup>3</sup>	157	/	/
Density of Water Consumption	M <sup>3</sup> /m <sup>2</sup>	0.013	/	/

Note 5: The data of water consumption only includes that within office premise in Wong Chuk Hang. Due to other water supply was centrally managed by the property management company, the Group is not able to access to other water consumption data for 2021.

### Employment

Indicator	Unit	2021	2020	2019
Total number of employees	person	1,245	1,371	1,238
<b>Number and proportion of employees grouped by gender</b>				
Number of male employees	person	687	787	705
Number of female employees	person	558	584	533
Number of full time male employees	person	680	781	699
Number of full time female employees	person	545	574	529
Number of part time male employees	person	7	6	6
Number of part time female employees	person	13	10	4
Proportion of male employees	%	55	57	57
Proportion of female employees	%	45	43	43
Proportion of female senior management	%	8.7	8.4	7.9
Proportion of female department head or above	%	23	26	28

## Appendix 1: KPI Tables

Indicator	Unit	2021	2020	2019
<b>Number and proportion of employees grouped by employment type</b>				
Number of part-timers	person	20	16	10
Number of full-timers	person	1,225	1,355	1,228
Number of permanent staff	person	1,245	1,371	1,238
Number of temporary staff	person	0	0	0
Proportion of part-timers	%	1.6	1.2	0.8
Proportion of full-timers	%	98.4	98.8	99.2
Proportion of permanent staff	%	100	100	100
Proportion of temporary staff	%	0	0	0
<b>Number and proportion of employees grouped by age</b>				
Number of employees aged under 30	person	360	353	295
Number of employees aged from 30 to 50	person	766	873	814
Number of employees aged over 50	person	119	145	129
Proportion of employees aged under 30	%	29	26	24
Proportion of employees aged from 30 to 50	%	62	64	66
Proportion of employees aged over 50	%	9	10	10
<b>Number and proportion of employees grouped by region</b>				
Hong Kong	person	906	1,011	909
Number of full-timers	person	894	1,004	900
Number of part-timers	person	12	7	9
Macau	person	6	8	9
Number of full-timers	person	6	8	9
Number of part-timers	person	0	0	0
Tokyo	person	13	12	14
Number of full-timers	person	12	11	14
Number of part-timers	person	1	1	0
Singapore	person	57	82	75
Number of full-timers	person	57	82	75
Number of part-timers	person	0	0	0
New York	person	27	33	38
Number of full-timers	person	27	33	37
Number of part-timers	person	0	0	1
London	person	18	22	30
Number of full-timers	person	18	21	30
Number of part-timers	person	0	1	0

## Appendix 1: KPI Tables

Indicator	Unit	2021	2020	2019
Mumbai	person	51	46	44
Number of full-timers	person	51	46	44
Number of part-timers	person	0	0	0
Shanghai	person	93	88	57
Number of full-timers	person	87	84	57
Number of part-timers	person	6	4	0
Shenzhen	person	26	28	32
Number of full-timers	person	26	28	32
Number of part-timers	person	0	0	0
Beijing	person	45	35	23
Number of full-timers	person	44	32	23
Number of part-timers	person	1	3	0
Sydney	person	3	6	7
Number of full-timers	person	3	6	7
Number of part-timers	person	0	0	0
<b>Number and proportion of new employees grouped by age and region</b>				
Number of new male recruits	person	325	277	210
Number of new female recruits	person	255	192	189
Proportion of new male recruits	%	26.1	20.2	17
Proportion of new female recruits	%	20.5	14	15.3
Number of new recruits in Hong Kong	person	407	357	298
Number of new recruits in other regions	person	173	112	101
Proportion of new recruits in Hong Kong	%	32.7	26	24.1
Proportion of new recruits in other regions	%	13.9	8.2	8.2
<b>Number and Attrition rate of employees leaving grouped by gender</b>				
Number of male employees leaving this year against 2020	person	297	125	141
Number of female employees leaving this year against 2020	person	204	107	93
Attrition rate of male employees	%	23.9	9.1	11.4
Attrition rate of female employees	%	16.4	7.8	7.5
<b>Number and Attrition rate of employees leaving grouped by age</b>				
Number of employees aged under 30	person	150	71	62
Number of employees aged from 30 to 50	person	336	148	159
Number of employees aged over 50	person	15	13	13
Attrition rate of employees aged under 30	%	12	5.2	5
Attrition rate of employees aged from 30 to 50	%	27	10.8	12.8
Attrition rate of employees aged over 50	%	1.2	0.9	1.1
<b>Number and Attrition rate of employees leaving grouped by regions</b>				
Number of attritions of employees in Hong Kong	person	412	185	180
Number of attritions of employees in Hong Kong	person	89	47	54
Attrition rate of employees in Hong Kong	%	33.1	13.5	14.5
Attrition rate of employees in other regions	%	7.1	3.4	4.4

## Appendix 1: KPI Tables

### Health and Safety

Indicator	Unit	2021	2020	2019
Number of deaths due to work	person	0	0	0
Proportion of deaths due to work	%	0	0	0
<b>Work injuries</b>				
Number of disabled employees	person	0	0	0
Number of occupational injuries for male employees	case	1	0	1
Number of occupational injuries for female employees	case	0	0	0
Rate of injured (calculated in per 1,000 employees)	%	0.1	0	0.8
Number of working days lost due for male employees	day	1	0	2
Number of working days lost due to work injury for female employees	day	0	0	0
Number of working days for male employees	day	178,620	204,620	183,300
Number of working days for female employees	day	145,080	151,840	138,580
Percentage of working days lost due to work injury	%	0.0003	0	0.0006
<b>Health and safety for working environment</b>				
Number of employees who completed the working environment health evaluation	person	220	300	200
Health and safety non-conformities	case	0	0	0
<b>Attendance</b>				
Total hours of absence for male employees	Hour	9,128	4,804	2,648
Total hours of absence for female employees	Hour	12,096	8,552	2,884
Total working hours for male employees	Hour	1,428,960	1,636,960	1,466,400
Total working hours for female employees	Hour	1,160,640	1,214,720	1,108,640
Absence rate	%	0.8	0.5	0.2

## Appendix 1: KPI Tables

### Development and Training

Indicator	Unit	2021	2020	2019
Number of e-training sessions	Times	162	179	8
Number of offline training sessions	Times	40	31	98
<b>Number and proportion of trained employees grouped by type of employees</b>				
Number of management	person	318	354	334
Number of managers	person	538	592	490
Number of common employees	person	389	425	414
Number of trained management	person	318	354	334
Number of trained managers	person	538	592	490
Number of trained common employees	person	364	396	381
Total number of trained employees	person	1,220	1,342	1,205
Proportion of trained management	%	100	100	100
Proportion of trained managers	%	100	100	100
Proportion of trained common employees	%	94	93	88
Proportion of total trained employees	%	98	98	97
<b>Number of average training hours for employees by type of employees</b>				
Number of training hours for management	hour	3,951	4,642	3,028
Number of training hours for managers	hour	6,171	7,228	4,173
Number of training hours for common employees <sup>4</sup>	hour	6,240	4,887	17,830
Total number of training hours for all employees	hour	16,362	16,756	25,031
Average number of training hours for the management	hour	12	20	9
Average number of training hours for the managers	hour	12	12	9
Average number of training hours for the common employees	hour	16	11	44
Average number of training hours for all employees	hour	13	12	20

Note 6: Training hours of management trainees are excluded starting from this year.

## Appendix 1: KPI Tables

Indicator	Unit	2021	2020	2019
<b>Number and proportion of trained employees grouped by gender</b>				
Number of trained male employees	person	676	774	691
Number of trained female employees	person	544	568	514
Proportion of trained male employees	%	98	98	99
Proportion of trained female employees	%	97	97	97
<b>Number of average training hours for employees by gender</b>				
Number of training hours for male employees	hour	8,836	9,454	13,578
Number of training hours for female employees	hour	7,525	7,302	11,453
Average number of training hours for male employees	hour	13	12	19
Average number of training hours for female employees	hour	13	13	22
<b>Proportion of full-time employees who underwent regular performance and vocational development assessment <sup>7</sup></b>				
Proportion of male employees who underwent assessment	%	100	/	/
Proportion of female employees who underwent assessment	%	100	/	/
Proportion of employees who underwent assessment over total employees	%	100	/	/

Note 7: All full-time employees joined the Group before 1 July 2021 shall undergo year-end performance assessment including employees' training and vocational development requirements.

### Labour Standard

Indicator	Unit	2021	2020	2019
Confirmed discrimination	Case	0	0	0
Confirmed forced-labour	Case	0	0	0
Confirmed child labour	Case	0	0	0

## Appendix 1: KPI Tables

### Suppliers

Indicator	Unit	2021	2020	2019
Total number of suppliers	number	369	380	317
<b>Number of suppliers grouped by location</b>				
Hong Kong	number	202	224	317
Other Regions	number	167	156	/
<b>Contractual Suppliers engaged</b>				
Contract fulfillment rate	%	100	100	100
Suppliers engaged according to engagement practice	number	77	21	18

### Products and Services

Indicator	Unit	2021	2020	2019
Customer Satisfaction	%	90	90	89
No. of customer complaints	case	70	133	47
Rate of customer complaints effectively solved	%	100	96.2	100
Technological expenditure	HKD10,000	16,169	1,130	1,000

### Anti-corruption

Indicator	Unit	2021	2020	2019
Confirmed bribery	Case	0	0	0
No. of dismissals or disciplinary punishments against employee due to bribery	Case	0	0	0
No. of contracts terminated or non-renewal of with business partner due to briber	Case	0	0	0
No. of public legal proceedings against organisation and its employees due to bribery	Case	0	0	0
No. of anti-bribery training (for management or above)	Time	1	4	1
Enrollments for anti-bribery training sessions (for management or above)	Enrollments	289	559	275
Anti-bribery training sessions (for common employees)	Time	1	4	1
Enrollments for anti-bribery training (for common employees)	Enrollments	784	1,512	716

## Appendix 1: KPI Tables

### Community Investment

Indicator	Unit	2021	2020	2019	Description
Total community investment	HKD10,000	<b>183.6</b>	140.6	146.7	
Education Expense	HKD10,000	<b>5</b>	70.4	34.9	<ul style="list-style-type: none"> <li>China Daily's 21st Century Cup National English Speaking Competition (Hong Kong) 2021: HKD50,000</li> </ul>
Environmental protection expense	HKD10,000	<b>19.1</b>	21	2.4	<ul style="list-style-type: none"> <li>CarbonCare InnoLab's Haitong International 665 Low-carbon Diet Challenge: HK\$149,176</li> <li>Ocean Park's "Run for Survival": HK\$41,500</li> </ul>
Health Care expense	HKD10,000	<b>50</b>	12.7	12.8	<ul style="list-style-type: none"> <li>Food Angel: HKD500,000</li> </ul>
Cultural expense	HKD10,000	<b>1</b>	3	35.5	<ul style="list-style-type: none"> <li>Sponsoring Youth Outreach — We@One YO Street Dance Competition: HKD10,000</li> </ul>
Sports expense	HKD10,000	<b>73.5</b>	3.5	51.2	<ul style="list-style-type: none"> <li>Sponsoring Windsurfing Association of Hong Kong HK\$430,000</li> <li>Donation to InspiringHK for volunteering events: HK\$305,000</li> </ul>
Other expense	HKD10,000	<b>35</b>	30	10	<ul style="list-style-type: none"> <li>Sponsoring Better Hong Kong Foundation: HK\$250,000 and Helping Hand cookie sale campaign: HK\$100,000</li> </ul>
Accumulated community voluntary service hours	hour	<b>143</b>	71	392.5	
Accumulated number of community volunteers	Enrollment	<b>57</b>	27	121	

# Appendix 2: HKEX ESG Reporting Guide Content Index

This table adopts Environmental, Social and Governance (“ESG”) Reporting Guide set out in Appendix 27 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

Disclosure	Disclosure Requirements	Details
<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.	9.2 Environmental-related Policies and Systems
KPI A1.1	The types of emission and respective emissions data	Appendix 1: KPI Tables
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	Appendix 1: KPI Tables
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	Appendix 1: KPI Tables
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	Appendix 1: KPI Tables
KPI A1.5	Description of emission target(s) set and steps taken to achieve them	3.2 ESG strategy 9.3 Green Office
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them	3.2 ESG strategy 9.3 Green Office
<b>Aspect A2: Use of Resources</b>		
General Disclosure	Policies on efficient use of resources including energy, water and other raw materials	9.3 Green Office
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility)	Appendix 1: KPI Tables
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility)	Appendix 1: KPI Tables
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them	3.2 ESG Strategy 9.3 Green Office
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them	9.3 Green Office
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced	Due to its business nature, the Group did not has any packaging material used for finished products

## Appendix 2: HKEX ESG Reporting Guide Content Index

Disclosure	Disclosure Requirements	Details
<b>Aspect A3: The Environment and Natural Resources</b>		
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources	9.2 Environmental-related Policies and Systems 9.3 Green Office 9.4 Participation in and promotion of Environmental Protection
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and actions taken to manage them	5.1 Sustainable and Green Finance 9.2 Environmental-related Policies and Systems 9.3 Green Office 9.4 Participation in and promotion of Environmental Protection
<b>Aspect A4: Climate Change</b>		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer	3.2 ESG Strategy 5.1 Sustainable and Green Finance 9.1 Climate Change
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them	3.2 ESG Strategy 5.1 Sustainable and Green Finance 9.1 Climate Change
<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	2.5 Conflict of Interest and Remuneration Policy 7.1 Employment and Interests
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region	Appendix 1: KPI Tables
KPI B1.2	Employee turnover rate by gender, age group and geographical region	Appendix 1: KPI Tables

Disclosure	Disclosure Requirements	Details
<b>Aspect B2: Health and Safety</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 providing a safe working environment and protecting employees from occupational hazards	7.2. Health and Safety
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year	Appendix 1: KPI Tables
KPI B2.2	Lost days due to work injury	Appendix 1: KPI Tables
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	7.2. 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	7.3. Development and Training
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management)	Appendix 1: KPI Tables
KPI B3.2	The average training hours completed per employee by gender and employee category	Appendix 1: KPI Tables
<b>Aspect B4: Labour Standards</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 preventing child and forced labour	7.1. Employment and Interests
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour	7.1. Employment and Interests
KPI B4.2	Description of steps taken to eliminate such practices when discovered	7.1. Employment and Interests

## Appendix 2: HKEX ESG Reporting Guide Content Index

Disclosure	Disclosure Requirements	Details
<b>Aspect B5: Supply Chain Management</b>		
General Disclosure	Policies on managing environmental and social risks of the supply chain	5.3. Supply Chain
KPI B5.1	Number of suppliers by geographical region	Appendix 1: KPI Tables
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	5.3. Supply Chain (Green Procurement) 5.3. Supply Chain (Supplier Assessments and Negative News Screening) Appendix 1: KPI Tables
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored	5.3. Supply Chain (Supplier Assessments and Negative News Screening)
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored	5.3. Supply Chain (Green Procurement) 5.3. Supply Chain (Supplier Assessments and Negative News Screening)
<b>Aspect B6: Product Responsibility</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 health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress	6.1. Product Responsibility 6.2. Products and Services Development
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	The Group did not recall any products due to safety and health reasons in 2021
KPI B6.2	Number of products and service related complaints received and how they are dealt with	6.4. Customer Relations (Investor Education, Good Customer Communication) Appendix 1: KPI Tables
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights	6.1. Product Responsibility
KPI B6.4	Description of quality assurance process and recall procedures	6.1. Product Responsibility (Quality Assurance Process) 6.4. Customer Relations (Good Customer Communication) Due to business nature, the Group does not have any product and service recall procedure
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored	6.1. Product Responsibility (Data Protection and Customer Privacy) 6.4. Customer Relations (Investor Education)

Disclosure	Disclosure Requirements	Details
<b>Aspect B7: Anti-corruption</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 bribery, extortion, fraud, and money laundering	5.2 Anti-corruption and Anti-Money Laundering 5.3 Supply Chain (Anti-Corruption of Suppliers)
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	Appendix 1: KPI Tables
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored	5.2 Anti-corruption and Anti-Money Laundering 5.3 Supply Chain (Anti-Corruption of Suppliers, Anti-Commercial Bribery of Supply Chain)
KPI B7.3	Description of anti-corruption training provided to directors and staff	5.2 Anti-corruption and Anti-Money Laundering (Anti-Corruption and Anti-Money Laundering Training) Appendix 1: KPI Tables
<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 takes into consideration communities' interests	8 Community Investment 8.1 Haitong International Charitable Foundation and Donations
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport)	8 Community Investment 8.1 Haitong International Charitable Foundation and Donations 8.2 Charity and Volunteer Work Participated by Staff
KPI B8.2	Resources contributed (e.g. money or time) to the focus area	Appendix 1: KPI Tables

# Appendix 3: Global Reporting Initiative (GRI) 2021 Index

GRI Standard	Disclosure	Disclosure Requirements	Disclosure details
<b>General Disclosure</b>			
GRI 2: General Disclosures 2021	2-1 Organisational details	The organisation shall: a. report its legal name; b. report its nature of ownership and legal form; c. report the location of its headquarters; d. report its countries of operation.	About this report 1.1 Overview of Organisation 1.3 Entities Included in the Consolidated Financial Statements 1.4 Organisation Coverage
	2-2 Entities included in the organisation's sustainability reporting	The organisation shall: a. list all its entities included in its sustainability reporting; b. if the organisation has audited consolidated financial statements or financial information filed on public record, specify the differences between the list of entities included in its financial reporting and the list included in its sustainability reporting; c. if the organisation consists of multiple entities, explain the approach used for consolidating the information.	1.3 Entities Included in the Consolidated Financial Statements
	2-3 Reporting period, frequency and contact point	The organisation shall: a. specify the reporting period for its financial reporting and, if it does not align with the period for its sustainability reporting, explain the reason for this; b. report the publication date of the report or reported information; c. report the publication date of the report or reported information. d. specify the contact point for questions about the report or reported information.	About this report Appendix 4: Feedback
	2-4 Restatements of information	The organisation shall: a. report restatements of information made from previous reporting periods and explain.	About this report  In this report, there is no material restatement made to the previous report regarding information provided, scope, scope-setting process and calculation.
	2-5 External assurance	The organisation shall: a. describe its policy and practice for seeking external assurance, including whether and how the highest governance body and senior executives are involved; b. provide a link or reference to the external assurance report(s) or assurance statement(s).	Assurance Statement
	2-6 Activities, value chain and other business relationships	The organisation shall: a. report the sector(s) in which it is active; b. describe its value chain; c. report other relevant business relationships; d. describe significant changes in 2-6-a, 2-6-b, and 2-6-c compared to the previous reporting period.	1.1 Overview of Organisation 1.5 Business Overview 5.3 Supply Chain

GRI Standard	Disclosure	Disclosure Requirements	Disclosure details
2-7	Employees	<p>The organisation shall:</p> <ol style="list-style-type: none"> <li>report the total number of employees, and a breakdown of this total by type;</li> <li>report by type;</li> <li>describe the methodologies and assumptions used to compile the data;</li> <li>report contextual information necessary to understand the data reported under 2-7-a and 2-7-b;</li> <li>describe significant fluctuations in the number of employees during the reporting period and between reporting periods.</li> </ol>	7.1 Employment and Interests Appendix 1: KPI Table
2-8	Workers who are not employees	<p>The organisation shall:</p> <ol style="list-style-type: none"> <li>report the total number of workers who are not employees and whose work is controlled by the organization;</li> <li>describe the methodologies and assumptions used to compile the data, including whether the number of workers who are not employees is reported;</li> <li>describe significant fluctuations in the number of workers who are not employees during the reporting period and between reporting periods.</li> </ol>	The Group has no workers who are not employees
2-9	Governance structure and composition	<p>The organisation shall:</p> <ol style="list-style-type: none"> <li>describe its governance structure, including committees of the highest governance body;</li> <li>list the committees of the highest governance body that are responsible for decision making;</li> <li>describe the composition of the highest governance body and its committees.</li> </ol>	2.1 Corporate Governance Practices 2.2 Corporate Governance and Committee Structure  Please refer to the Group's 2021 Annual Report
2-10	Nomination and selection of the highest governance body	<p>The organisation shall:</p> <ol style="list-style-type: none"> <li>describe the nomination and selection processes for the highest governance body and its committees;</li> <li>describe the nomination and selection processes for the highest governance body and its committees.</li> </ol>	2.3 Nomination and Election of the Highest Governing Body
2-11	Chair of the highest governance body	<p>The organisation shall:</p> <ol style="list-style-type: none"> <li>report whether the chair of the highest governance body is also a senior executive in the organisation;</li> <li>if the chair is also a senior executive, explain their function within the organisation's management, the reasons for this arrangement, and how conflicts of interest are prevented and mitigated.</li> </ol>	2.2 Corporate Governance and Committee Structure

## Appendix 3: Global Reporting Initiative (GRI) 2021 Index

GRI Standard	Disclosure	Disclosure Requirements	Disclosure details
2-12	Role of the highest governance body in overseeing the management of impacts	<p>The organisation shall:</p> <ol style="list-style-type: none"> <li>describe the role of the highest governance body and of senior executives in developing, approving, and updating the organisation's purpose, value or mission statements, strategies, policies, and goals related to sustainable development;</li> <li>describe the role of the highest governance body in overseeing the organisation's due diligence and other processes to identify and manage the organisation's impacts on the economy, environment, and people, including:</li> <li>describe the role of the highest governance body in reviewing the effectiveness of the organisation's processes as described in 2-12-b, and report the frequency of this review.</li> </ol>	<p>2.2 Corporate Governance and Committee Structure</p> <p>3.1 The Main Functions of ESG Committee and ESG Executive Office</p>
2-13	Delegation of responsibility for managing impacts	<p>The organisation shall:</p> <ol style="list-style-type: none"> <li>describe how the highest governance body delegates responsibility for managing the organisation's impacts on the economy, environment, and people, including:</li> <li>describe the process and frequency for senior executives or other employees to report back to the highest governance body on the management of the organisation's impacts on the economy, environment, and people.</li> </ol>	<p>2.2 Corporate Governance and Committee Structure</p> <p>3.1 The Main Functions of ESG Committee and ESG Executive Office</p> <p>4.2 Materiality Analysis</p>
2-14	Role of the highest governance body in sustainability reporting	<p>The organisation shall:</p> <ol style="list-style-type: none"> <li>report whether the highest governance body is responsible for reviewing and approving the reported information, including the organisation's material topics, and if so, describe the process for reviewing and approving the information;</li> <li>if the highest governance body is not responsible for reviewing and approving the reported information, including the organisation's material topics, explain the reason for this.</li> </ol>	<p>About This Report</p> <p>2.2 Corporate Governance and Committee Structure</p> <p>3. ESG Governance Structure</p> <p>3.1 The Main Functions of ESG Committee and ESG Executive Office</p>
2-15	Conflicts of interest	<p>The organisation shall:</p> <ol style="list-style-type: none"> <li>describe the processes for the highest governance body to ensure that conflicts of interest are prevented and mitigated;</li> <li>report whether conflicts of interest are disclosed to stakeholders, including, at a minimum, conflicts of interest relating to.</li> </ol>	2.5 Conflict of Interest and Remuneration Policy
2-16	Communication of critical concerns	<p>The organisation shall:</p> <ol style="list-style-type: none"> <li>describe whether and how critical concerns are communicated to the highest governance body;</li> <li>report the total number and the nature of critical concerns that were communicated to the highest governance body during the reporting period.</li> </ol>	2.2 Corporate Governance and Committee Structure

GRI Standard	Disclosure	Disclosure Requirements	Disclosure details
	2-17 Collective knowledge of the highest governance body	The organisation shall: a. report measures taken to advance the collective knowledge, skills, and experience of the highest governance body on sustainable development.	2.2 Corporate Governance and Committee Structure 3 ESG Governance Structure
	2-18 Evaluation of the performance of the highest governance body	The organisation shall: a. describe the processes for evaluating the performance of the highest governance body in overseeing the management of the organisation's impacts on the economy, environment, and people; b. report whether the evaluations are independent or not, and the frequency of the evaluations; c. describe actions taken in response to the evaluations, including changes to the composition of the highest governance body and Organisational practices.	Please refer to the Group's 2021 Annual Report
	2-19 Remuneration policies	The organisation shall: a. describe the remuneration policies for members of the highest governance body and senior executives; b. describe how the remuneration policies for members of the highest governance body and senior executives relate to their objectives and performance in relation to the management of the organisation's impacts on the economy, environment, and people.	2.5 Conflict of Interest and Remuneration Policy
	2-20 Process to determine remuneration	The organisation shall: a. describe the process for designing its remuneration policies and for determining remuneration; b. report the results of votes of stakeholders (including shareholders) on remuneration policies and proposals, if applicable.	2.5 Conflict of Interest and Remuneration Policy
	2-21 Annual total compensation ratio	The organisation shall: a. report the ratio of the annual total compensation for the organisation's highest-paid individual to the median annual total compensation for all employees(excluding the highest-paid individual); b. report the ratio of the percentage increase in annual total compensation for the organisation's highest-paid individual to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual); c. report contextual information necessary to understand the data of Guidance to 2-21-a and 2-21-b and how the data has been compiled.	the ratio of the annual total compensation of the highest-paid individual to the median of the other staff is 26.82 times  The annual total compensation for the organisation's highest-paid individual decreased when compared with the previous year.

## Appendix 3: Global Reporting Initiative (GRI) 2021 Index

GRI Standard	Disclosure	Disclosure Requirements	Disclosure details
	2-22 Statement on sustainable development strategy	The organisation shall: a. report a statement from the highest governance body or most senior executive of the organisation about the relevance of sustainable development to the organisation and its strategy for contributing to sustainable development.	Management Statement
	2-23 Policy commitments	The organisation shall: a. describe its policy commitments for responsible business conduct; b. describe its specific policy commitment to respect human rights, including: c. provide links to the policy commitments if publicly available, or, if the policy commitments are not publicly available, explain the reason for this; d. report the level at which each of the policy commitments was approved within the organisation, including whether this is the most senior level; e. report the extent to which the policy commitments apply to the organisation's activities and to its business relationships; f. describe how the policy commitments are communicated to workers, business partners, and other relevant parties.	3.2 ESG Strategy  Please refer to the Group's Haitong International ESG Statement.
	2-24 Embedding policy commitments	The organisation shall: a. describe how it embeds each of its policy commitments for responsible business conduct throughout its activities and business relationships.	3.2 ESG Strategy 5.1 Sustainable and Green Finance 9.1 Climate Change  Please refer to the Group's Haitong International ESG Statement.
	2-25 Processes to remediate negative impacts	The organisation shall: a. describe its commitments to provide for or cooperate in the remediation of negative impacts that the organisation identifies it has caused or contributed to; b. describe its approach to identify and address grievances, including the grievance mechanisms that the organisation has established or participates in; c. describe other processes by which the organization provides for or cooperates in the remediation of negative impacts that it identifies it has caused or contributed to; d. describe how the stakeholders who are the intended users of the grievance mechanisms are involved in the design, review, operation, and improvement of these mechanisms; e. describe how the organisation tracks the effectiveness of the grievance mechanisms and other remediation processes, and report examples of their effectiveness, including stakeholder feedback.	2.4 Internal Audit 5 Economic and Operating Practices 6.4 Customer Relations

GRI Standard	Disclosure	Disclosure Requirements	Disclosure details
	2-26 Mechanisms for seeking advice and raising concerns	The organisation shall: a. describe the mechanisms for individuals to:	2.4 Internal Audit 5. Economic and Operating Practices
	2-27 Compliance with laws and regulations	The organisation shall: a. report the total number of significant instances of non-compliance with laws and regulations during the reporting period, and a breakdown of this total by: b. report the total number and the monetary value of fines for instances of non-compliance with laws and regulations that were paid during the reporting period, and a breakdown of this total by: c. describe the significant instances of non-compliance; d. describe how it has determined significant instances of non-compliance.	5. Economic and Operating Practices 6.1 Product Responsibility 7. Employee Care 9.2 Environment-related Policy and System Appendix 1: KPI Tables  The Group did not violate any laws and regulations or was not imposed pecuniary penalty or non-pecuniary sanctions in 2021.
	2-28 Membership associations	The organisation shall: a. report industry associations, other membership associations, and national or international advocacy organisations in which it participates in a significant role.	1.1 Overview of organisation
	2-29 Approach to stakeholder engagement	The organisation shall: a. describe its approach to engaging with stakeholders, including:	4.1 Communication with stakeholders
<b>Material Topics</b>			
GRI 3: Material Topics 2021	3-1 Process to determine material topics	The organisation shall: a. describe the process it has followed to determine its material topics; b. specify the stakeholders and experts whose views have informed the process of determining its material topics.	4.2 Materiality Analysis
	3-2 List of material topics	The organisation shall: a. list its material topics; b. report changes to the list of material topics compared to the previous reporting period.	4.2 Materiality Analysis

## Appendix 3: Global Reporting Initiative (GRI) 2021 Index

GRI Standard	Disclosure	Disclosure Requirements	Disclosure details
<b>Economic Performance</b>			
GRI 3: Material Topics 2021	3-3 Management of Material Topics	The organisation shall: a. describe the actual and potential, negative and positive impacts on the economy, environment, and people, including impacts on their human rights; b. report whether the organisation is involved with the negative impacts through its activities or as a result of its business relationships, and describe the activities or business relationships; c. describe its policies or commitments regarding the material topic; d. describe actions taken to manage the topic and related impacts; e. report the tracking the effectiveness of the actions taken; f. describe how engagement with stakeholders has informed the actions taken (3-3-d) and how it has informed whether the actions have been effective (3-3-e).	1. Businesses of Haitong International 3. ESG Governance Structure 5. Economic and Operating Practices
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	The reporting organisation shall report the following information: a. Direct economic value generated and distributed (EVG&D) on an accruals basis, including the basic components for the organisation's global operations as listed below. If data are presented on a cash basis, report the justification for this decision in addition to reporting the following basic components; b. Where significant, report EVG&D separately at country, regional, or market levels, and the criteria used for defining significance.	1.5 Business Overview 8. Community Investment Appendix 1: KPI Tables  Please refer to the Group's 2021 Annual Report
	201-2 Financial implications and other risks and opportunities due to climate change	The reporting organisation shall report the following information: a. Risks and opportunities posed by climate change that have the potential to generate substantive changes in operations, revenue, or expenditure, including:	2.2 Corporate Governance and Committee Structure 3. ESG Governance Structure 9.1 Climate Change

GRI Standard	Disclosure	Disclosure Requirements	Disclosure details
	201-3 Defined benefit plan obligations and other retirement plans	The reporting organisation shall report the following information: <ul style="list-style-type: none"> <li>a. If the plan's liabilities are met by the organisation's general resources, the estimated value of those liabilities.</li> <li>b. If a separate fund exists to pay the plan's pension liabilities.</li> <li>c. If a fund set up to pay the plan's pension liabilities is not fully covered, explain the strategy, if any, adopted by the employer to work towards full coverage, and the timescale, if any, by which the employer hopes to achieve full coverage.</li> <li>d. Percentage of salary contributed by employee or employer.</li> <li>e. Level of participation in retirement plans, such as participation in mandatory or voluntary schemes, regional, or country-based schemes, or those with financial impact.</li> </ul>	Please refer to the Group's 2021 Annual Report
<b>Procurement Practices</b>			
GRI 3: Material Topics 2021	3-3 Management of Material Topics	The organisation shall: <ul style="list-style-type: none"> <li>a. describe the actual and potential, negative and positive impacts on the economy, environment, and people, including impacts on their human rights;</li> <li>b. report whether the organisation is involved with the negative impacts through its activities or as a result of its business relationships, and describe the activities or business relationships;</li> <li>c. describe its policies or commitments regarding the material topic;</li> <li>d. describe actions taken to manage the topic and related impacts;</li> <li>e. report the tracking the effectiveness of the actions taken;</li> <li>f. describe how engagement with stakeholders has informed the actions taken (3-3-d) and how it has informed whether the actions have been effective (3-3-e).</li> </ul>	5.3 Supply Chain
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	The reporting organisation shall report the following information: <ul style="list-style-type: none"> <li>a. Percentage of the procurement budget used for significant locations of operation that is spent on suppliers local to that operation (such as percentage of products and services purchased locally).</li> <li>b. The organisation's geographical definition of 'local'.</li> <li>c. The definition used for 'significant locations of operation'.</li> </ul>	5.3 Supply Chain Appendix 1: KPI Tables

## Appendix 3: Global Reporting Initiative (GRI) 2021 Index

GRI Standard	Disclosure	Disclosure Requirements	Disclosure details
<b>Anti-corruption</b>			
GRI 3: Material Topics 2021	3-3 Management of Material Topics	The organisation shall: <ol style="list-style-type: none"> <li>describe the actual and potential, negative and positive impacts on the economy, environment, and people, including impacts on their human rights;</li> <li>report whether the organisation is involved with the negative impacts through its activities or as a result of its business relationships, and describe the activities or business relationships;</li> <li>describe its policies or commitments regarding the material topic;</li> <li>describe actions taken to manage the topic and related impacts;</li> <li>report the tracking the effectiveness of the actions taken;</li> <li>describe how engagement with stakeholders has informed the actions taken (3-3-d) and how it has informed whether the actions have been effective (3-3-e).</li> </ol>	5.2 Anti-Corruption and Anti-Money Laundering
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	The reporting organisation shall report the following information: <ol style="list-style-type: none"> <li>Total number and percentage of operations assessed for risks related to corruption.</li> <li>Significant risks related to corruption identified through the risk assessment.</li> </ol>	5.2 Anti-Corruption and Anti-Money Laundering
	205-2 Communication and training about anti- corruption policies and procedures	The reporting organisation shall report the following information: <ol style="list-style-type: none"> <li>Total number and percentage of governance body members that the organisation's anti-corruption policies and procedures have been communicated to, broken down by region.</li> <li>Total number and percentage of employees that the organisation's anti-corruption policies and procedures have been communicated to, broken down by employee category and region.</li> <li>Total number and percentage of business partners that the organisation's anti-corruption policies and procedures have been communicated to, broken down by type of business partner and region. Describe if the organisation's anti-corruption policies and procedures have been communicated to any other persons or organisations.</li> <li>Total number and percentage of governance body members that have received training on anti-corruption, broken down by region.</li> <li>Total number and percentage of governance body members that have received training on anti-corruption, broken down by region.</li> </ol>	5.2.3 Anti-Corruption and Anti-Money Laundering Training Appendix 1: KPI Tables

GRI Standard	Disclosure	Disclosure Requirements	Disclosure details
	205-3 Confirmed incidents of corruption and actions taken	The reporting organisation shall report the following information: a. The reporting organisation shall report the following information: b. Total number of confirmed incidents in which employees were dismissed or disciplined for corruption. c. Total number of confirmed incidents when contracts with business partners were terminated or not renewed due to violations related to corruption. d. Public legal cases regarding corruption brought against the organisation or its employees during the reporting period and the outcomes of such cases.	5.2 Anti Corruption and Money Laundering Appendix 1: KPI Tables  There is no confirmed incidents of corruption against the Group or its staff in 2021.
<b>Energy</b>			
GRI 3: Material Topics 2021	3-3 Management of Material Topics	The organisation shall: a. describe the actual and potential, negative and positive impacts on the economy, environment, and people, including impacts on their human rights; b. report whether the organisation is involved with the negative impacts through its activities or as a result of its business relationships, and describe the activities or business relationships; c. describe its policies or commitments regarding the material topic; d. describe actions taken to manage the topic and related impacts; e. report the tracking the effectiveness of the actions taken; f. describe how engagement with stakeholders has informed the actions taken (3-3-d) and how it has informed whether the actions have been effective (3-3-e).	9.3.2 Energy Use
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	The reporting organisation shall report the following information: a. Total fuel consumption within the organisation from non-renewable sources, in joules or multiples, and including fuel types used. b. Total fuel consumption within the organisation from renewable sources, in joules or multiples, and including fuel types used. c. In joules, watt-hours or multiples, the total consumption. d. In joules, watt-hours or multiples, the total sold. e. Total energy consumption within the organisation, in joules or multiples. f. Standards, methodologies, assumptions, and/or calculation tools used. g. Source of the conversion factors used.	9.3.2 Energy Use Appendix 1: KPI Tables

## Appendix 3: Global Reporting Initiative (GRI) 2021 Index

GRI Standard	Disclosure	Disclosure Requirements	Disclosure details
	302-3 Energy intensity	The reporting organisation shall report the following information: a. Energy intensity ratio for the organisation. b. Organization-specific metric (the denominator) chosen to calculate the ratio. c. Types of energy included in the intensity ratio; whether fuel, electricity, heating, cooling, steam, or all. d. Whether the ratio uses energy consumption within the organisation, outside of it, or both.	9.3.2 Energy Use Appendix 1: KPI Tables
	302-4 Reduction of energy consumption	The reporting organisation shall report the following information: a. Amount of reductions in energy consumption achieved as a direct result of conservation and efficiency initiatives, in joules or multiples. b. Types of energy included in the reductions; whether fuel, electricity, heating, cooling, steam, or all. c. Basis for calculating reductions in energy consumption, such as base year or baseline, including the rationale for choosing it. d. Standards, methodologies, assumptions, and/or calculation tools used.	9.3.2 Energy Use Appendix 1: KPI Tables
<b>Water and Effluents</b>			
GRI 3: Material Topics 2021	3-3 Management of Material Topics	The organisation shall: a. describe the actual and potential, negative and positive impacts on the economy, environment, and people, including impacts on their human rights; b. report whether the organisation is involved with the negative impacts through its activities or as a result of its business relationships, and describe the activities or business relationships; c. describe its policies or commitments regarding the material topic; d. describe actions taken to manage the topic and related impacts; e. report the tracking the effectiveness of the actions taken; f. describe how engagement with stakeholders has informed the actions taken (3-3-d) and how it has informed whether the actions have been effective (3-3-e).	9.3.2 Energy Use
GRI 303: Water and Effluents 2018	303-3 Water withdrawal	The reporting organisation shall report the following information: a. Total water withdrawal from all areas in megaliters, and a breakdown of this total by the following sources, if applicable; b. Total water withdrawal from all areas with water stress in megaliters, and a breakdown of this total by the following sources; c. A breakdown of total water withdrawal from each of the sources listed in Disclosures 303-3-a and 303-3-b in megaliters by the following categories; d. Any contextual information necessary to understand how the data have been compiled, such as any standards, methodologies, and assumptions used.	9.3.2 Energy Use Appendix 1: KPI Tables

GRI Standard	Disclosure	Disclosure Requirements	Disclosure details
<b>Emissions</b>			
GRI 3: Material Topics 2021	3-3 Management of Material Topics	The organisation shall: <ul style="list-style-type: none"> <li>a. describe the actual and potential, negative and positive impacts on the economy, environment, and people, including impacts on their human rights;</li> <li>b. report whether the organisation is involved with the negative impacts through its activities or as a result of its business relationships, and describe the activities or business relationships;</li> <li>c. describe its policies or commitments regarding the material topic;</li> <li>d. describe actions taken to manage the topic and related impacts;</li> <li>e. report the tracking the effectiveness of the actions taken;</li> <li>f. describe how engagement with stakeholders has informed the actions taken (3-3-d) and how it has informed whether the actions have been effective (3-3-e).</li> </ul>	9.2 Environmental- related Policies and Systems
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	The reporting organization shall report the following information: <ul style="list-style-type: none"> <li>a. Gross direct (Scope 1) GHG emissions in metric tons of CO2 equivalent.</li> <li>b. Gases included in the calculation; whether CO2 , CH4 , N2O, HFCs, PFCs, SF6 , NF3 , or all.</li> <li>c. Biogenic CO2 emissions in metric tons of CO2 equivalent.</li> <li>d. Base year for the calculation, if applicable, including:</li> <li>e. Source of the emission factors and the global warming potential (GWP) rates used, or a reference to the GWP source.</li> <li>f. Source of the emission factors and the global warming potential (GWP) rates used, or a reference to the GWP source.</li> <li>g. Standards, methodologies, assumptions, and/or calculation tools used.</li> </ul>	9.2.2 Greenhouse Gas Emissions Appendix 1: KPI Tables
	305-2 Energy indirect (Scope 2) GHG emissions	The reporting organization shall report the following information: <ul style="list-style-type: none"> <li>a. Gross location-based energy indirect (Scope 2) GHG emissions in metric tons of CO2 equivalent.</li> <li>b. If applicable, gross market-based energy indirect (Scope 2) GHG emissions in metric tons of CO2 equivalent.</li> <li>c. If available, the gases included in the calculation; whether CO2 , CH4, N2O, HFCs, PFCs, SF6, NF3, or all.</li> <li>d. Base year for the calculation, if applicable, including:</li> <li>e. Source of the emission factors and the global warming potential (GWP) rates used, or a reference to the GWP source.</li> <li>f. Consolidation approach for emissions; whether equity share, financial control, or operational control.</li> <li>g. Standards, methodologies, assumptions, and/or calculation tools used.</li> </ul>	9.2.2 Greenhouse Gas Emissions Appendix 1: KPI Tables

## Appendix 3: Global Reporting Initiative (GRI) 2021 Index

GRI Standard	Disclosure	Disclosure Requirements	Disclosure details
305-3	Other indirect (Scope 3) GHG emissions	<p>The reporting organisation shall report the following information:</p> <ol style="list-style-type: none"> <li>Gross other indirect (Scope 3) GHG emissions in metric tons of CO<sub>2</sub> equivalent.</li> <li>If available, the gases included in the calculation; whether CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFCs, PFCs, SF<sub>6</sub>, NF<sub>3</sub>, or all.</li> <li>Biogenic CO<sub>2</sub> emissions in metric tons of CO<sub>2</sub> equivalent.</li> <li>Other indirect (Scope 3) GHG emissions categories and activities included in the calculation.</li> <li>Source of the emission factors and the global warming potential (GWP) rates used, or a reference to the GWP source.</li> <li>Standards, methodologies, assumptions, and/or calculation tools used.</li> </ol>	9.2.2 Greenhouse Gas Emissions Appendix 1: KPI Tables
305-4	GHG emissions intensity	<p>The reporting organisation shall report the following information:</p> <ol style="list-style-type: none"> <li>GHG emissions intensity ratio for the organisation.</li> <li>Organisation-specific metric (the denominator) chosen to calculate the ratio.</li> <li>Types of GHG emissions included in the intensity ratio; whether direct (Scope 1), energy indirect (Scope 2), and/or other indirect (Scope 3).</li> <li>Gases included in the calculation; whether CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, HFCs, PFCs, SF<sub>6</sub>, NF<sub>3</sub>, or all.</li> </ol>	9.2.2 Greenhouse Gas Emissions Appendix 1: KPI Tables
305-5	Reduction of GHG emissions	<p>The reporting organisation shall report the following information:</p> <ol style="list-style-type: none"> <li>GHG emissions reduced as a direct result of reduction initiatives, in metric tons of CO<sub>2</sub> equivalent.</li> <li>Gases included in the calculation.</li> <li>Base year or baseline, including the rationale for choosing it.</li> <li>Scopes in which reductions took place; whether direct (Scope 1), energy indirect (Scope 2), and/or other indirect (Scope 3).</li> <li>Standards, methodologies, assumptions, and/or calculation tools used.</li> </ol>	9.2.2 Greenhouse Gas Emissions Appendix 1: KPI Tables
305-7	Nitrogen oxides (NO <sub>x</sub> ), sulfur oxides (SO <sub>x</sub> ), and other significant air emissions	<p>The reporting organisation shall report the following information:</p> <ol style="list-style-type: none"> <li>Significant air emissions, in kilograms or multiples.</li> <li>Source of the emission factors used.</li> <li>Standards, methodologies, assumptions, and/or calculation tools used.</li> </ol>	9.2.1 Emission Management Appendix 1: KPI Tables

GRI Standard	Disclosure	Disclosure Requirements	Disclosure details
<b>Waste</b>			
GRI 3: Material Topics 2021	3-3 Management of Material Topics	The organisation shall: <ul style="list-style-type: none"> <li>a. describe the actual and potential, negative and positive impacts on the economy, environment, and people, including impacts on their human rights;</li> <li>b. report whether the organisation is involved with the negative impacts through its activities or as a result of its business relationships, and describe the activities or business relationships;</li> <li>c. describe its policies or commitments regarding the material topic;</li> <li>d. describe actions taken to manage the topic and related impacts;</li> <li>e. report the tracking the effectiveness of the actions taken;</li> <li>f. describe how engagement with stakeholders has informed the actions taken (3-3-d) and how it has informed whether the actions have been effective (3-3-e).</li> </ul>	9.3.1 Waste
GRI 306: Waste 2020	306-3 Waste generated	The reporting organisation shall report the following information: <ul style="list-style-type: none"> <li>a. Total weight of waste generated in metric tons, and a breakdown of this total by composition of the waste.</li> <li>b. Contextual information necessary to understand the data and how the data has been compiled.</li> </ul>	9.3.1 Waste Appendix 1: KPI Tables
	306-4 Waste diverted from disposal	The reporting organisation shall report the following information: <ul style="list-style-type: none"> <li>a. Total weight of waste diverted from disposal in metric tons, and a breakdown of this total by composition of the waste.</li> <li>b. Total weight of hazardous waste diverted from disposal in metric tons, and a breakdown of this total by the following recovery operations.</li> <li>c. Total weight of non-hazardous waste diverted from disposal in metric tons, and a breakdown of this total by the following recovery operations.</li> <li>d. For each recovery operation listed in Disclosures 306-4-b and 306-4-c, a breakdown of the total weight in metric tons of hazardous waste and of non-hazardous waste diverted from disposal.</li> <li>e. Contextual information necessary to understand the data and how the data has been compiled.</li> </ul>	9.3.1 Waste Appendix 1: KPI Tables

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GRI Standard	Disclosure	Disclosure Requirements	Disclosure details
	306-5 Waste directed to disposal	The reporting organisation shall report the following information: a. Total weight of waste directed to disposal in metric tons, and a breakdown of this total by composition of the waste. b. Total weight of hazardous waste directed to disposal in metric tons, and a breakdown of this total by the following disposal operations. c. Total weight of hazardous waste directed to disposal in metric tons, and a breakdown of this total by the following disposal operations. d. For each disposal operation listed in Disclosures 306-5-b and 306-5-c, a breakdown of the total weight in metric tons of hazardous waste and of non-hazardous waste directed to disposal. e. Contextual information necessary to understand the data and how the data has been compiled.	9.3.1 Waste Appendix 1: KPI Tables
<b>Supplier Environmental Assessment</b>			
GRI 3: Material Topics 2021	3-3 Management of Material Topics	The organisation shall: a. describe the actual and potential, negative and positive impacts on the economy, environment, and people, including impacts on their human rights; b. report whether the organisation is involved with the negative impacts through its activities or as a result of its business relationships, and describe the activities or business relationships; c. describe its policies or commitments regarding the material topic; d. describe actions taken to manage the topic and related impacts; e. report the tracking the effectiveness of the actions taken; f. describe how engagement with stakeholders has informed the actions taken (3-3-d) and how it has informed whether the actions have been effective (3-3-e).	5.3 Supply Chain
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	The reporting organisation shall report the following information: a. Percentage of new suppliers that were screened using environmental criteria.	5.3 Supply Chain Appendix 1: KPI Tables

GRI Standard	Disclosure	Disclosure Requirements	Disclosure details
	308-2 Negative environmental impacts in the supply chain and actions taken	The reporting organisation shall report the following information: a. Number of suppliers assessed for environmental impacts. b. Number of suppliers identified as having significant actual and potential negative environmental impacts. c. Significant actual and potential negative environmental impacts identified in the supply chain. d. Percentage of suppliers identified as having significant actual and potential negative environmental impacts with which improvements were agreed upon as a result of assessment. e. Percentage of suppliers identified as having significant actual and potential negative environmental impacts with which relationships were terminated as a result of assessment, and why.	5.3.2 Supplier Assessments and Negative News Screening Appendix 1: KPI Tables
<b>Employment</b>			
GRI 3: Material Topics 2021	3-3 Management of Material Topics	The organisation shall: a. describe the actual and potential, negative and positive impacts on the economy, environment, and people, including impacts on their human rights; b. report whether the organisation is involved with the negative impacts through its activities or as a result of its business relationships, and describe the activities or business relationships; c. describe its policies or commitments regarding the material topic; d. describe actions taken to manage the topic and related impacts; e. report the tracking the effectiveness of the actions taken; f. describe how engagement with stakeholders has informed the actions taken (3-3-d) and how it has informed whether the actions have been effective (3-3-e).	7. Employee Care
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	The reporting organisation shall report the following information: a. Total number and rate of new employee hires during the reporting period, by age group, gender and region. b. Total number and rate of employee turnover during the reporting period, by age group, gender and region.	Appendix 1: KPI Tables
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	The reporting organisation shall report the following information: a. Benefits which are standard for full-time employees of the organisation but are not provided to temporary or part-time employees, by significant locations of operation. b. The definition used for 'significant locations of operation'.	7. Employee Care 7.1 Employment and Interest 7.2 Health and Safety

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GRI Standard	Disclosure	Disclosure Requirements	Disclosure details	
<b>Occupational Health and Safety</b>				
GRI 3: Material Topics 2021	3-3 Management of Material Topics	The organisation shall: <ol style="list-style-type: none"> <li>describe the actual and potential, negative and positive impacts on the economy, environment, and people, including impacts on their human rights;</li> <li>report whether the organisation is involved with the negative impacts through its activities or as a result of its business relationships, and describe the activities or business relationships;</li> <li>describe its policies or commitments regarding the material topic;</li> <li>describe actions taken to manage the topic and related impacts;</li> <li>report the tracking the effectiveness of the actions taken;</li> <li>describe how engagement with stakeholders has informed the actions taken (3-3-d) and how it has informed whether the actions have been effective (3-3-e).</li> </ol>	7.2	Health and Safety
	403-2 Hazard identification, risk assessment, and incident investigation	The reporting organisation shall report the following information for employees and for workers who are not employees but whose work and/or workplace is controlled by the organisation: <ol style="list-style-type: none"> <li>A description of the processes used to identify work-related hazards and assess risks on a routine and non-routine basis, and to apply the hierarchy of controls in order to eliminate hazards and minimize risks.</li> <li>A description of the processes used to report work-related hazards and hazardous situations, and an explanation of how workers are protected against reprisals.</li> <li>A description of the policies and processes for workers to remove themselves from work situations that they believe could cause injury or ill health, and an explanation of how workers are protected against reprisals.</li> <li>A description of the processes used to investigate work-related incidents, including the processes to identify hazards and assess risks relating to the incidents, to determine corrective actions using the hierarchy of controls, and to determine improvements needed in the occupational health and safety management system.</li> </ol>	7.2	Health and Safety

GRI Standard	Disclosure	Disclosure Requirements	Disclosure details
	403-9 Work-related injuries	The reporting organisation shall report the following information: <ul style="list-style-type: none"> <li>a. The number and rate of fatalities as a result of work-related injury;</li> <li>b. For all workers who are not employees but whose work and/or workplace is controlled by the organisation;</li> <li>c. The work-related hazards that pose a risk of high-consequence injury;</li> <li>d. Any actions taken or underway to eliminate other work-related hazards and minimize risks using the hierarchy of controls.</li> <li>e. Whether the rates have been calculated based on 200,000 or 1,000,000 hours worked.</li> <li>f. Whether and, if so, why any workers have been excluded from this disclosure, including the types of worker excluded.</li> <li>g. Any contextual information necessary to understand how the data have been compiled, such as any standards, methodologies, and assumptions used.</li> </ul>	7.2 Health and Safety Appendix 1: KPI Tables
<b>Training and Education</b>			
GRI 3: Material Topics 2021	3-3 Management of Material Topics	The organisation shall: <ul style="list-style-type: none"> <li>a. describe the actual and potential, negative and positive impacts on the economy, environment, and people, including impacts on their human rights;</li> <li>b. report whether the organisation is involved with the negative impacts through its activities or as a result of its business relationships, and describe the activities or business relationships;</li> <li>c. describe its policies or commitments regarding the material topic;</li> <li>d. describe actions taken to manage the topic and related impacts;</li> <li>e. report the tracking the effectiveness of the actions taken;</li> <li>f. describe how engagement with stakeholders has informed the actions taken (3-3-d) and how it has informed whether the actions have been effective (3-3-e).</li> </ul>	7.3 Development and Training
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	The reporting organisation shall report the following information: <ul style="list-style-type: none"> <li>a. Average hours of training that the organisation's employees have undertaken during the reporting period.</li> </ul>	Appendix 1: KPI Tables
	404-2 Programs for upgrading employee skills and transition assistance programs	The reporting organisation shall report the following information: <ul style="list-style-type: none"> <li>a. Type and scope of programs implemented and assistance provided to upgrade employee skills.</li> <li>b. Transition assistance programs provided to facilitate continued employability and the management of career endings resulting from retirement or termination of employment.</li> </ul>	7.3 Development and Training

## Appendix 3: Global Reporting Initiative (GRI) 2021 Index

GRI Standard	Disclosure	Disclosure Requirements	Disclosure details
	404-3 Percentage of employees receiving regular performance and career development reviews	The reporting organisation shall report the following information: a. Percentage of total employees by gender and by employee category who received a regular performance and career development review during the reporting period.	Appendix 1: KPI Tables
<b>Diversity and Equal Opportunity</b>			
GRI 3: Material Topics 2021	3-3 Management of Material Topics	The organisation shall: a. describe the actual and potential, negative and positive impacts on the economy, environment, and people, including impacts on their human rights; b. report whether the organisation is involved with the negative impacts through its activities or as a result of its business relationships, and describe the activities or business relationships; c. describe its policies or commitments regarding the material topic; d. describe actions taken to manage the topic and related impacts; e. report the tracking the effectiveness of the actions taken; f. describe how engagement with stakeholders has informed the actions taken (3-3-d) and how it has informed whether the actions have been effective (3-3-e).	7.1 Employment and Interests
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	The reporting organisation shall report the following information: a. Percentage of individuals within the organisation's governance bodies in each of the following diversity categories: b. Percentage of employees per employee category in each of the following diversity categories:	Appendix 1: KPI Tables
<b>Local Communities</b>			
GRI 3: Material Topics 2021	3-3 Management of Material Topics	The organisation shall: a. describe the actual and potential, negative and positive impacts on the economy, environment, and people, including impacts on their human rights; b. report whether the organisation is involved with the negative impacts through its activities or as a result of its business relationships, and describe the activities or business relationships; c. describe its policies or commitments regarding the material topic; d. describe actions taken to manage the topic and related impacts; e. report the tracking the effectiveness of the actions taken; f. describe how engagement with stakeholders has informed the actions taken (3-3-d) and how it has informed whether the actions have been effective (3-3-e).	5.1 Sustainable and Green Finance 6. Products and Services 6.4.1 Investor Education

GRI Standard	Disclosure	Disclosure Requirements	Disclosure details
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	The reporting organisation shall report the following information: a. Percentage of operations with implemented local community engagement, impact assessments, and/or development programs.	5.1 Sustainable and Green Finance 6. Products and Services 6.4.1 Investor Education
<b>Supplier Social Assessment</b>			
GRI 3: Material Topics 2021	3-3 Management of Material Topics	The organisation shall: For each material topic reported, the organisation shall: a. describe the actual and potential, negative and positive impacts on the economy, environment, and people, including impacts on their human rights; b. report whether the organisation is involved with the negative impacts through its activities or as a result of its business relationships, and describe the activities or business relationships; c. describe its policies or commitments regarding the material topic; d. describe actions taken to manage the topic and related impacts; e. report the tracking the effectiveness of the actions taken; f. describe how engagement with stakeholders has informed the actions taken (3-3-d) and how it has informed whether the actions have been effective (3-3-e).	5.3 Supply Chain
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	The reporting organisation shall report the following information: a. Percentage of new suppliers that were screened using social criteria.	5.3 Supply Chain Appendix 1: KPI Tables
	414-2 Negative social impacts in the supply chain and actions taken	The reporting organisation shall report the following information: a. Number of suppliers assessed for social impacts. b. Number of suppliers identified as having significant actual and potential negative social impacts. c. Significant actual and potential negative social impacts identified in the supply chain. d. Percentage of suppliers identified as having significant actual and potential negative social impacts with which improvements were agreed upon as a result of assessment. e. Percentage of suppliers identified as having significant actual and potential negative social impacts with which relationships were agreed upon as a result of assessment.	5.3.2 Supplier Assessments and Negative News Screening Appendix 1: KPI Tables

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GRI Standard	Disclosure	Disclosure Requirements	Disclosure details
<b>Public Policy</b>			
GRI 415: Public Policy 2016	415-1 Political contributions	The reporting organisation shall report the following information: a. Total monetary value of financial and in-kind political contributions made directly and indirectly by the organisation by country and recipient/beneficiary. b. If applicable, how the monetary value of in-kind contributions was estimated.	The Group did not make any political contributions in 2021.
<b>Customer Health and Safety</b>			
GRI 3: Material Topics 2021	3-3 Management of Material Topics	The organisation shall: a. describe the actual and potential, negative and positive impacts on the economy, environment, and people, including impacts on their human rights; b. report whether the organisation is involved with the negative impacts through its activities or as a result of its business relationships, and describe the activities or business relationships; c. describe its policies or commitments regarding the material topic; d. describe actions taken to manage the topic and related impacts; e. report the tracking the effectiveness of the actions taken; f. describe how engagement with stakeholders has informed the actions taken (3-3-d) and how it has informed whether the actions have been effective (3-3-e).	6.1 Product Responsibility 6.2 Products and Services Development
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	The reporting organisation shall report the following information: a. Total number of incidents of non-compliance with regulations concerning the health and safety impacts of products and services within the reporting period.	6.1 Product Responsibility  There is neither non-compliance with laws and regulations nor voluntary codes regarding health and safety by the Group in 2021.

GRI Standard	Disclosure	Disclosure Requirements	Disclosure details
<b>Marketing and Labelling</b>			
GRI 3: Material Topics 2021	3-3 Management of Material Topics	The organisation shall: <ul style="list-style-type: none"> <li>a. describe the actual and potential, negative and positive impacts on the economy, environment, and people, including impacts on their human rights;</li> <li>b. report whether the organisation is involved with the negative impacts through its activities or as a result of its business relationships, and describe the activities or business relationships;</li> <li>c. describe its policies or commitments regarding the material topic;</li> <li>d. describe actions taken to manage the topic and related impacts;</li> <li>e. report the tracking the effectiveness of the actions taken;</li> <li>f. describe how engagement with stakeholders has informed the actions taken (3-3-d) and how it has informed whether the actions have been effective (3-3-e).</li> </ul>	6.1 Product Responsibility 6.2 Products and Services Development
	417-2 Incidents of non-compliance concerning product and service information and labelling	The reporting organisation shall report the following information: <ul style="list-style-type: none"> <li>a. Total number of incidents of non-compliance with regulations and/or voluntary codes concerning product and service information and labeling.</li> <li>b. If the organisation has not identified any non-compliance with regulations and/or voluntary codes, a brief statement of this fact is sufficient.</li> </ul>	6.1 Product Responsibility  There is neither non-compliance with laws and regulations nor voluntary codes regarding service information and labeling by the Group in 2021.
	417-3 Incidents of non-compliance concerning marketing communications	The reporting organisation shall report the following information: <ul style="list-style-type: none"> <li>a. Total number of incidents of non-compliance with regulations and/or voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship;</li> <li>b. If the organisation has not identified any non-compliance with regulations and/or voluntary codes, a brief statement of this fact is sufficient.</li> </ul>	6.1 Product Responsibility  There is neither non-compliance with laws and regulations nor voluntary codes regarding marketing communication(including advertising, promotion and sponsorship) by the Group in 2021.

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GRI Standard	Disclosure	Disclosure Requirements	Disclosure details
<b>Customer Privacy</b>			
GRI 3: Material Topics 2021	3-3 Management of Material Topics	The organisation shall: <ol style="list-style-type: none"> <li>describe the actual and potential, negative and positive impacts on the economy, environment, and people, including impacts on their human rights;</li> <li>report whether the organisation is involved with the negative impacts through its activities or as a result of its business relationships, and describe the activities or business relationships;</li> <li>describe its policies or commitments regarding the material topic;</li> <li>describe actions taken to manage the topic and related impacts;</li> <li>report the tracking the effectiveness of the actions taken;</li> <li>describe how engagement with stakeholders has informed the actions taken (3-3-d) and how it has informed whether the actions have been effective (3-3-e).</li> </ol>	6.1.3 Data Protection and Customer Privacy
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	The reporting organisation shall report the following information: <ol style="list-style-type: none"> <li>Total number of substantiated complaints received concerning breaches of customer privacy,</li> <li>Total number of identified leaks, thefts, or losses of customer data.</li> <li>If the organisation has not identified any substantiated complaints, a brief statement of this fact is sufficient.</li> </ol>	6.1.3 Data Protection and Customer Privacy

## Appendix 4: Feedback

Dear readers, Greetings! Thank you for your interest in the Environmental, Social and Government Report 2021 of Haitong International Securities Group Limited. To help us better provide you with valuable information and make continuous improvement in our ESG management and reporting, we sincerely look forward to your valuable opinion and suggestions. You may give us your feedback by following ways:

**Department:** Investor Relations

**Telephone:** 852-22138570

**Fax:** 852-22349863

**Email:** ir@htisec.com

**Mailing Address:** 22/F Li Po Chun Chambers, 189 Des Voeux Road Central, Hong Kong

1. Your overall comments on this Report:

Excellent    Good    Fair

2. Your comments on "Haitong International's business":

Excellent    Good    Fair

3. Your comments on Haitong International's "Governance structure":

Excellent    Good    Fair

4. Your comments on Haitong International's "Grow with its stakeholders":

Excellent    Good    Fair

5. Your comments on Haitong International's "Economic and operating practices":

Excellent    Good    Fair

## Appendix 4: Feedback

6. Your comments on Haitong International's "Products and services":

Excellent    Good    Fair

7. Your comments on Haitong International's "Employee caring":

Excellent    Good    Fair

8. Your comments on Haitong International's "Community Investment":

Excellent    Good    Fair

9. Your comments on Haitong International's "Environmental and Climate changes":

Excellent    Good    Fair

10. Your opinion and suggestions in respect of Haitong International's "ESG Management and ESG Report":

Excellent    Good    Fair

Thank you for your support to our Group.



**Haitong International Securities Group Limited**

22/F Li Po Chun Chambers

189 Des Voeux Road Central, Hong Kong