



2018

ENVIRONMENTAL, SOCIAL
AND GOVERNANCE REPORT

Haitong International Securities Group Limited
Stock Code : 665.HK

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Information About Haitong International

Haitong International Securities Group Limited (“Haitong International” or the “Company”; 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. (“Haitong Securities”, Stock Code: 600837.SH; 6837.HK).

To date, Haitong International has well positioned to serve corporate, institutional, as well as retail and high-net worth clients worldwide. Its well-established financial services platform provides corporate finance, wealth management, asset management, institutional clients (key businesses include fixed income, currency and commodities (FICC), derivatives, institutional equities) and investments business, and a full spectrum of financial products and services. Haitong International possesses a sound risk management system that is in line with international standards. The Company has been assigned a “Baa2” long-term issuer rating by Moody’s and a “BBB” long-term credit rating by Standard and Poor’s. Haitong International has a global financial servicing network covering the world’s major capital markets including Hong Kong, Singapore, New York, London, Tokyo, Mumbai, and Sydney, thereby making it to be a leading global Chinese financial institution with international competitiveness, systematic importance and brand influence.



31 December 2018

Five major businesses



About This Report

This report is the third environmental, social and governance (“ESG”) report (the “Report”) published by Haitong International in its openness and transparency initiative. The Report discloses the initiatives and performance of the company and its subsidiaries (the “Group”) over the subjects of sustainable development in 2018 and demonstrates its strategies for and commitment to its sustainable trajectory in order to improve the confidence in and understanding of the Group among its stakeholders.

For Haitong International, the Report does not only review its corporate performance, but it also drives necessary reforms. To this end, the Group has compiled the Report with advice provided by the engaged independent professional consultant, CECEP Environmental Consulting Group (“CECEPEC”). During the preparation of the Report, CECEPEC assisted the Group in evaluating the Group’s performance of environment management and social responsibility and identifying key subjects to which the Group should pay utmost attention so as to facilitate the Group to improve and enhance performance in a more continuous manner.

The Report also serves as a communication platform through which Haitong International hopes to strengthen its communication with its stakeholders. “Stakeholders” represent a group or an individual that has a significant impact on or is affected by the business of the Group. The stakeholders of the Group include our internal staff, management, directors as well as external customers, business partners, investors, regulatory authorities and different community groups. The Report shows the present and future performance of the Group and discloses the Group’s non-financial performance and overall development strategies to stakeholders. The Group anticipates that stakeholders will give their feedbacks on the Group’s information disclosure, and the Group will also respond to their opinions in a timely manner, so the Report plays the role as a close and efficient information communication channel.

Reporting Period

All information contained herein reflects the performance of Haitong International on environmental management and social responsibility from 1 January 2018 to 31 December 2018 (the “reporting period”). Subsequently, the Group will publish an ESG Report on a regular basis each year, which can be accessed by various sectors at any time, to continuously enhance the transparency of information disclosure.

Scope of Report

The Report focuses on the major operation of Haitong International’s head office located in Hong Kong excluding other operations. The Group will extend the scope of disclosures and will ultimately cover all operations of the Group when the data collection system is better established and the ESG work is strengthened. The Report discloses the environmental key performance indicators (“KPIs”) as far as possible with explanation to establish evaluation basis for comparison.

Reporting Guideline

The Report is published in accordance with the “comply or explain” provisions set out in the Main Board Appendix 27, Environmental, Social and Governance Reporting Guide (the “ESG Guide”) issued by The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The Report mainly outlines the ESG performance of Haitong International in a concise manner. The Board of Directors of the Company has reviewed the information disclosed prior to the publication of the Report. The information contained herein is sourced from the official documents and statistical data of the Group, and is aggregated from the monitoring, management and operational information provided by Haitong International’s subsidiaries in accordance with the relevant rules of the Group. A complete index is provided in the last chapter of the Report for reference. The Report is written in Chinese and English and both versions are uploaded onto Haitong International’s website at www.htisec.com. In case of any deviation between the Chinese and the English versions, the Chinese version shall prevail.

We Value Your Feedback

Our continuous improvement relies on your valuable feedback on both the content and the form of the Report. If you have any questions or comments, please send us your views via media@htisec.com to help with our continued improvement in ESG performance.

Reporting Principles and Communication with Stakeholders

Reporting Principles

The Stock Exchange proposed 4 reporting principles in the ESG Guide, including Materiality, Quantitative, Balance and Consistency, as the preparation basis of the ESG Report. During the process of preparation, Haitong International conducted the reporting with reference to these reporting principles. The table below presents the Group's understanding about and responses to these reporting principles.

Reporting principle	Meanings	Response from Haitong International
Materiality	The report contains environmental and social topics which are material to stakeholders.	The Report has paid special emphasis to the most concerned topics relating to core businesses and the stakeholders.
Quantitative	The report should disclose KPIs in ways that can be measured.	The Group strived to present quantitative information and enclosed with explanation only if permitted under the circumstances.
Balance	The report should be unbiased in presenting the performance of the Group.	The Report identified and described the achievements made and challenges faced by the Group.
Consistency	The report should use consistent statistical and disclosure methods so that meaningful comparison can be performed in future.	The Group will continue to use the existing statistical and disclosure methods in future so that stakeholders can perform comparison on the performances of the Group year on year.

Communication with Stakeholders

Stakeholder engagement is the most efficient method for assessing materiality. In this virtue, Haitong International communicated with important stakeholders through different channels, so as to understand their expectations more deeply, identify opportunities for business development and deal with the challenges in its operation. During the past year, Haitong International communicated with key stakeholders through different ways as listed in the table below:

Communication methods with stakeholders during the reporting period

Internal Stakeholders	External Stakeholders
<ul style="list-style-type: none"> • The Board of Directors • Management • Administrative personnel • General staff 	<ul style="list-style-type: none"> • Shareholders • Customers • Service providers • Government / regulatory bodies
Communication methods	
Meetings, mails, e-mails, interviews, internal training, staff activities, voluntary activities, conferences, telephones, intranet, annual appraisals, general meetings, notices, financial reports, circulars, press conferences for annual or interim results, analyst meetings, social platforms, surveys	

Different stakeholders are being affected by the businesses of Haitong International and they have different expectations on the Group. The Group will consider conducting in-depth communication with stakeholders by adopting different communication methods (such as staff activities, surveys and so on) so as to identify material aspects of its business operation.

Our Employees

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. Being committed to maintaining a healthy and safe working environment for its employees, Haitong International has established *Code of Practice for Working with Display Screen Equipment* and *Haitong International Employee Workplace and Display Screen Checklist* to check if the working environment and computer equipment are suitable and comfortable. The items in the checklist include size of desk, 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 and further reviewed by the Administration Department within a week. During the reporting period, the Group completed evaluations for about 270 staff members and all evaluations have been completed in 2018. Moreover, 4 seminars regarding health have been hosted by the Group to raise the staff members' awareness of workplace safety.

Occupational health aside, Haitong International also pays attention to the anxieties of its staff members in their daily life. Starting from 2015, the Group launched the Employee Assistance Programme and engaged a professional counseling company to provide its staff with free counseling services including psychological counseling and treatment regarding family and marriage matters so that they can gain appropriate information and support for both workplace and daily life. During the reporting period, the Group has helped a total of 65 employees through the programme.

During the reporting period, no non-conformity to laws and regulations relating to providing a safe working environment and protecting employees from occupational hazards that had a significant impact on the Group, such as the *Employees' Compensation Ordinance*, has been identified.

Summary of Safety and Health Performance Indicators

	Number of work injury cases	Rate of work injury (per thousand employee) (%)	Number of working day lost due to work injury	Number of working day	Percentage of working day lost due to work injury(%)	Total hours of absence (hours)	Total working hours (hours)	Total absence rate(%)
Male	0	2.84	0	126,880	0.008	2,824	1,015,040	0.37
Female	1		17	91,520		3,724	732,160	

Labor Standards

The International Labour Organization is a specialized agency of the United Nations to enact labor standards in the form of international labor conventions and recommendations, thereby improving the standard of work and living standards around the world. China is a founding member of the International Labour Organization and a permanent member of the organization. In Hong Kong, there are currently 41 international labor conventions applicable to working conditions, employment policies, and other matters.

Haitong International fully recognizes that child labor and forced labor violate the basic human rights and international labor conventions, and pose a threat to sustainable social and economic development. Therefore, the Group has strictly complied with *Employment of Children Regulations* under the *Employment Ordinance* and other relevant laws and regulations relating to preventing child and forced labor that had a significant impact on the Group, and prohibits employment of children with scrutiny of actual age of candidates during recruitment, including inspection of identity documentations and record keeping. The Group will only follow the requirements of standard labor contract and will not unfairly limit the employment relationship between employees and the Company in any way, such as detaining deposit or proof of identity. Employees have the right to terminate the labor contract in compliance with laws and regulations.

During its day-to-day operation, Haitong International is aware of work-life balance of its employees and never coerces them working overtime. The Group also encourages its staff members to participate more in recreational activities to alleviate working pressure. The Haitong International Staff Club, formed by colleagues from different departments, has been holding a wide range of recreational activities regularly for employees and their families for years. In 2018, the Group held events such as annual dinner and singing contest for employees. Besides, employees were encouraged to represent Haitong International to join Athletics Competition and basketball matches. These experiences increase our cohesion.

During the reporting period, neither child labor nor forced labor has been identified in the Group.

Employment

Haitong International believes that every employee should be treated with respect and fairness. As a result, the Group has established a clear employment mechanism and helps employees know about their rights and responsibilities as well as the Group's requirements on staff conducts and disciplines through the Employee Handbook.

Haitong International makes an effort to achieve equality regarding human resources and to provide a harassment-free working environment. No discrimination of sex, pregnancy, race, marital status, family status or disability is tolerated in the Group. If being treated with discrimination or sexual harassment, employees can inform of their immediate supervisor or make written complaints to the director of Human Resources Department.

The remunerations and benefits provided by Haitong International are in compliance with the *Employment Ordinance* and other relevant laws and regulations relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare that had a significant impact on the Group. The Group reviews its employees' remunerations and benefits on a regular basis to keep up the pace with the market. For recruitment and promotion, the Group upholds the principle of meritocracy. The Group has established a comprehensive performance management system to assess the performance of its staff each year in order to improve staff performance and development. Salary adjustment or prospective promotion will be considered by taking into account of staff's performance. The Group also offers internal transfer opportunities to its employees to enrich their career subject to its business needs. Moreover, outstanding staff award and long service award are granted to preeminent staff members as an appreciation of their contribution and loyalty.

During the reporting period, no non-conformity to laws and regulations relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare that had a significant impact on the Group has been identified.

Number and proportion of employees grouped by gender

Female employees	Male employees	Total number of employees
42%	58%	840

Proportion of employees grouped by age

Under 30	30-50	Above 50
25%	66%	9%

Attrition rate of employees grouped by gender

Female employees	Male employees
18%	18%

Attrition rate of employees grouped by age

Under 30	30-50	Above 50
18%	19%	12%

Development and Training

Haitong International believes that nurturing and retaining excellent talents is central to the Company's development and strengthening competitiveness. Therefore, the Group sets itself the objectives of reinforcing professional development of staff and exploring ways to attract talents. To this end, the Group adopts a systematic approach to plan out and lay out a training and development framework for staff. To achieve this, the Group formulates working guidelines such as *Training, Awareness and Competence* which is put into practice by the Human Resources Department. To dovetail with the Group's internationalization strategies, corporate compliance and risk management policies and the practical needs of different departments, training and development plans and programs are defined. Moreover, employees are encouraged to attend at least 20 hours of job-related training each year. In 2018, the Group held over 90 internal training sessions covering topics such as global capital market, A share market, new financial products, China-HK Connect, risk management and compliance & regulatory issues.

Haitong International has formulated *Policy on Training Sponsorship*. Other than sponsoring its staff to acquire professional qualification and professional membership or to attend external job-related training, the Group also provides examination leaves and study leaves as well as cash bonus. The Group's training system ensures that the employees comply with the requirements of continuous professional training requirements for licensed persons as stipulated by the Securities and Futures Commission, and the continuous professional development requirements for insurance and MPF intermediaries and for registration with the Chinese Gold and Silver Exchange Society and

at the same time encourages them to self-develop and enhance professionalism continuously.

Haitong International emphasizes the importance of developing bench strength. Therefore, one-year “Management Trainee Programme” is organized every year. The programme covers professional development, job rotation, innovative cooperation project and mentorship. “Management Trainee Club” also promotes team spirit and develops pipeline of talent through senior management forums, industry seminars and team building activities.

Moreover, responding to the Group’s overseas strategies, colleagues are encouraged to join the overseas attachment and exchange programmes. It allows colleagues to gain professional knowledge and strengthen their capabilities, as well as broadening their horizons and equipping themselves with global vision.

Number and proportion of trained employees grouped by level

Employee level	Number of trained employees	Number of employees	Percentage (%)
Senior management	225	238	95%
Manager	298	325	92%
General staff	244	277	88%
Total number	767	840	*91%

* approximately 9% of employees, primarily the non-clerical employees or those who joined the Group at the end of year, were untrained.

Average training hour of employees grouped by level

Employee level	Training hour	Number of employees	Average training hour
Senior management	2,508	238	11
Manager	3,454	325	11
General staff	13,147	277	47
Total number	19,109	840	23

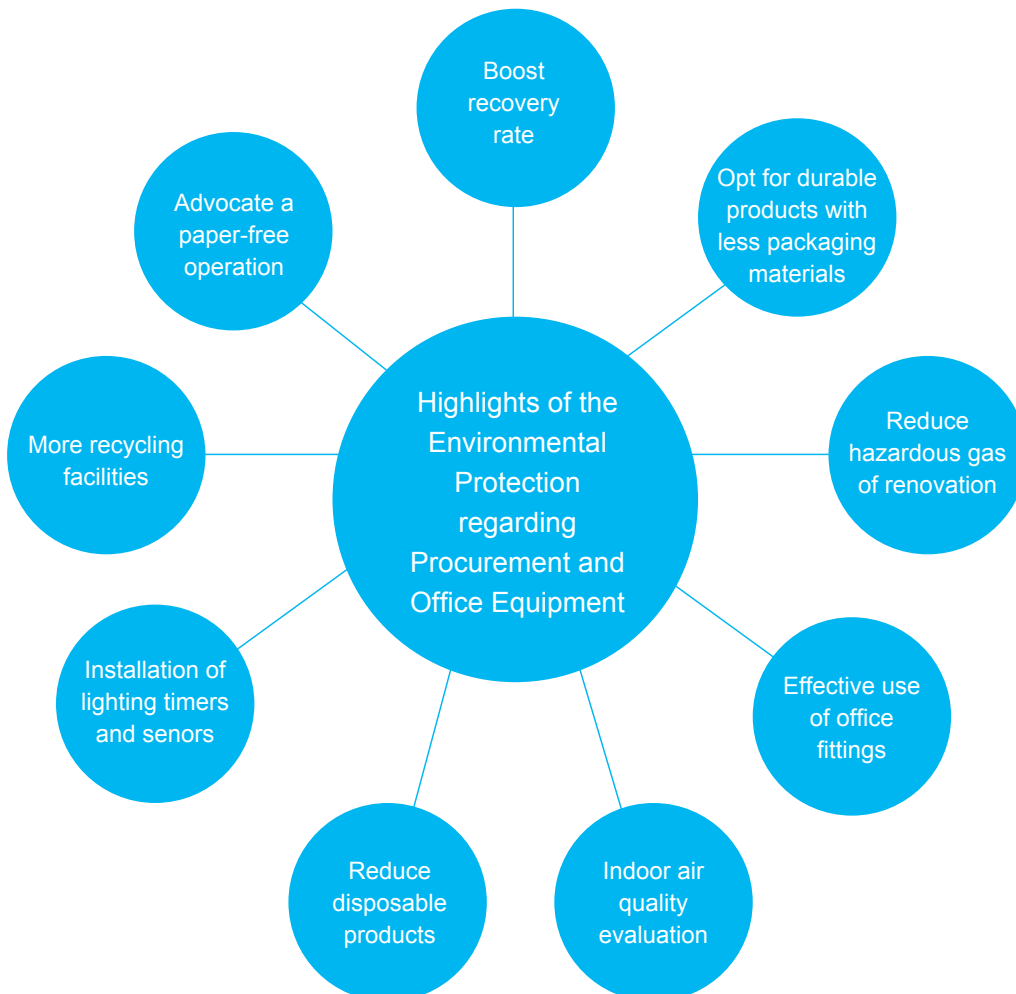
Our Environment

Environment and Natural Resources

The operation of head office of Haitong International does not have direct material bearing on the environment and natural resources. Nevertheless, the Group has formulated the *Policies on Environmental Protection Regarding Procurement and Office for environmental protection*.

With procurement policy, Haitong international encourages its staff and suppliers to support eco-friendly initiatives. Other than advocating a paper-free workplace, the Group also chooses to use recycled paper for annual report and interim report printing and Programme for the Endorsement of Forest Certification (“PEFC”) certified paper for document printing in office. In addition, the Group has appointed the vendor who is using FSC paper for staff business cards printing to reduce paper production and in turn the logging. Recycling facilities are provided on all floors of the Group’s offices to encourage its staff to reduce paper waste and at the same time to encourage recycling by its suppliers. The Group makes use of its office fittings as far as possible and avoids producing bulky wastes so as to alleviate burden of landfill. The Group also makes an effort to reduce pollutants produced during renovation. As a result, it plans to cooperate with the property management of the office premises to conduct an indoor air quality evaluation for offices.

In order to continuously reduce the emissions and waste, Haitong International have enrolled the Wastewi\$e scheme from Hong Kong Awards for Environmental Excellence. For the past few years, the Group have fulfilled the requirement of the defined goals which involved continuously increase waste paper recycling and increase the quantity of electronic appliances donation. Thus, the group have obtained the certificate of Excellent Level for the last past three years, displaying its efforts to improve its environmental performances.



Use of Resources

Given the nature of its business, the Group's resource consumption is primarily attributable to the gasoline used for transport, power consumption of office premise where it operates and paper consumption.

Since 2018, the Group has adopted automatic lighting system and lighting sensors in its new office in Wong Chuk Hang to reduce electricity consumption. At present, the Group monitors the power consumption of each floor of its office premises. Existing lightings are to be replaced by energy-saving equipment such as LED lights step by step. The Group plans to review the energy consumption intensity in different locations and considers installing automatic lighting control in the pioneer areas so as to compare the energy-saving performance and promote the best practice throughout the Group. The practice of using recycled paper for printing of its financial reports was adopted in 2013. However, the Group wishes to go a step forward to reduce the use of resources further. In view of this, the Group has conducted a survey among its shareholders to investigate the feasibility of reducing the number of print copies of financial reports. The Group will continuously enhance its operational efficiency while reducing its use of resources.

To heighten employees' awareness of paper recycling, the Group sets up designated recycling bins on each floor in its office premise for recycling of paper and collection of confidential documents for shredding. Paper was collected and recycled which was subsequently disposed of by a qualified agent appointed by the Group, and relevant process was under monitor and kept recorded. In 2018, the paper recycled by the Group weighted about 16.53 tonnes.

- **Energy Consumption and Conservation**

The direct energy consumption of power is 1,387 MWh and the electricity intensity is 0.15 MWh per square metre of floor area. In order to reduce the direct energy consumption, the Group has adopted automatic lighting system and lighting sensors in its new office at Wong Chuk Hang. Also, all copying machines at the new office will apply the "tap to print" function and default duplex printing function for all users.

The consumption of gasoline for the Group-owned cars amounted to 17,042 L. This introduced an indirect energy consumption of 158.18 MWh, with energy intensity of 0.02 MWh per square metre of floor area.

- **Water Consumption and Conservation**

There was no water consumption data available as the consumption was managed by the property management of the office premise. During the reporting period, no issues in sourcing water was fit for purpose.

- **Recycling**

Noxious wastes derived in offices during the course of the Group's operations are collected and recycled. For instance, the Group choose to use the photocopier vendors who can collect and recycle ink and toner cartridges. In addition, the Group also choose qualified vendors who can recycle computers and electronic equipment in support of recycling.

- **Packaging Materials**

The business operation of the Group does not involve any consumption of packaging materials.

Emissions

In line with the commitment to global cooperation to tackle climate change, Hong Kong government advocates a low-energy consumption, low-pollution and low-carbon Hong Kong to be developed in the future. With reference to China's carbon reduction target, Hong Kong government has set its own carbon reduction target in a bid to reduce its carbon intensity by 50% to 60% by 2020 as compared with 2005 level. As stated in the "Hong Kong's Climate Action Plan 2030+", the carbon intensity is targeted to be reduced by 65% to 70% by 2030 as compared with 2005 level.

Haitong International pays high attention to the Group's carbon footprint and has been striving for reducing the impact on the environment due to its operation. In 2018, the Group engaged CECEPEC, a professional consultant, to involve in the calculation of greenhouse gas (GHG) emissions from the Group's business operation within the reporting scope. The quantitative measurement of GHG was conducted mainly based on the reporting guidance set out by the Stock Exchange, unless otherwise specified.

During the reporting period, no non-conformity to laws and regulations relating to air and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste that had a significant impact on the Group were identified.

Emissions and Waste

- Air Pollutant Emission

The Group-owned vehicles emitted key air pollutants including nitrogen oxides ("NO_x"), sulphur oxides ("SO_x") and particulate matter ("PM") during the reporting period.

Mobile Fuel Source	Year	NO _x (kg)	PM (kg)	SO _x (kg)
Petrol/gasoline	2018	7.38	0.54	0.25
Petrol/gasoline	2017	12.86	0.95	0.27

- Greenhouse Gas Emissions

The total carbon emission for the Group during the reporting period was approximately 1,300 tCO₂e, and the emission intensity was approximately 0.15 tCO₂e per square metre of floor area. The major source of GHG emission came from our use of electricity, representing 82% of the total emission; and the second largest source of emission came from business flight travel of our staff, representing 15% of the total emission. The quantitative measurement gives the Group a clear picture of how resources are used and helps it devise specific action plans to enhance efficiency and set its target of carbon reduction.

Scope of GHG Emissions	Emission in 2018 (tCO ₂ e)	Emission in 2017 (tCO ₂ e)
Scope 1 Direct GHG emission - company vehicles	45.33	49.89
Scope 2 Energy indirect emission - purchased electricity	1,096.10	923.95
Scope 3 Other indirect emission		
- paper waste disposal	194.20	446.28
- paper waste disposal (reduction of GHG emission)	79.33	87.57
- business travel flight	-79.33	-80.13
	194.20	438.84
Total	1,335.63	1,420.12

Notes:

- Emission factors were measured with reference to Appendix 27 to the Main Board Listing Rules and their referred documentation as set out by the Stock Exchange, unless stated otherwise.
- Emission factor of 0.79 tCO₂/MWh was used for purchased electricity from Hong Kong Electric (per HK Electric Investments Sustainability Report 2017).
- The paper waste disposal generates GHG emissions, whereas recycling of paper contributes the reduction of GHG emission, thus was indicated as minus.

- Hazardous Waste

There was no hazardous waste generated by the Group during the reporting period.

- Non-hazardous Waste

The paper consumption for document printing was 16.53 tonnes. The Group will continue to use PEFC paper on document printing and further reduce waste generation by increasing paper recycling rates. In addition, some non-hazardous wastes such as plastic bottles, paper cup and paper bag were consumed during the reporting period but the related consumption was insignificant on the total consumption and was not recorded.

Wastes generated from the operation of Haitong International primarily included general waste and recyclable paper. General waste was collected and disposed of by a professional cleaning company. Recyclable paper and shredded confidential paper were separately collected for recycling and disposal respectively by appointed qualified agents. During the reporting period, recycled paper of the Group weighed 16.53 tonnes.

Our Operations

Anti-corruption

Haitong International is committed to preventing corruption, bribery, extortion, fraud and money laundering. In addition to abiding relevant laws and regulations such as the *Prevention of Bribery Ordinance*, *United Nations (Anti-Terrorism Measures) Ordinance* and *Anti-Money Laundering and Counter-Terrorist Financing Ordinance*, internally, the Group has formulated policies such as *Group AML Policy*, *Guideline on Anti-Money Laundering & Counter-Terrorist Financing*, *Anti-Money Laundering Country Risk Assessment*, *Politically Exposed Persons Assessment Procedure*, *Negative News & Adverse Records Assessment Procedure* and *Guideline on Customer Due Diligence*, with which its staff is directed to carry out reviews in a systematic manner, including evaluation on the risk of money laundering and terrorist financing in over 240 countries around the world.

For suspicious trading activities, Haitong International has formulated *Guideline on Post-Transaction Monitoring & Reporting* which outlines types of suspicious trading, manners and procedures of reporting suspicious trading and the ways to identify suspicious trading by employees. With this, the employees are well informed of the required practices in an efficient manner to identify suspicious trading to prevent the Group's products or services from being used for money laundering in an illegal way.

For its staff, Haitong International has formulated the *Guidelines on Anti-Bribery and the Handling of Gifts and Entertainment* to regulate their conduct. Such guideline states the code of conduct that staff should comply with and the behavior they should avoid. It also outlines the definition of benefits and entertainment and their limits.

During the reporting period, there was no incident of non-compliance with corruption, bribery, extortion, fraud and money laundering in the Group.

Product Responsibility

With the ever-changing financial milieu around the globe, customers have raised their expectation on products and services. Haitong International understands that it has to optimize value for customers in order to gain their trust and support. Up-to-date products and services, timely investment information and research reports are provided to customers through a wide range of conduits of the Group's business units.

Protection of customer data and privacy is prerequisite for Haitong International to maintain good corporate governance and long-term relationships and trust with its customers. The Group complies with relevant regulations of privacy protection and has formulated procedure for *Handling of Personal Data of Customers and Employees* with which the employees are directed to protect data of its customers, employees and third parties. Staff is required to comply with the *Personal Data (Privacy) Ordinance* when handling personal data by the Group which has established an array of measures to protect personal data. All personal data is protected by password or stored in a safe location like file cabin with locks which is only accessible by authorized persons. The Group prohibits its staff to transmit or disclose any personal data to the public by whatever means (e.g. via Internet). In the case of special need where personal data is transmitted via email, employees are required to handle the data with encryption to avoid leakage of data. No data or confidential data is allowed to be stored in any portable devices by staff. In the case of unavoidable circumstance, all devices are encrypted.

Haitong International takes conduct of operation to heart. Therefore, it dedicates to maintaining good governance and avoiding non-compliance by setting up internal monitoring and risk management procedure. In compliance with regulations such as *Trade Descriptions Ordinance, Securities and Futures Ordinance, Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission and Product Codes and the Advertising Guidelines Applicable to Collective Investment Schemes Authorized under the Product Codes*, the Group makes sure that all information given is correct without misleading, defamatory and fraudulent contents. In addition, the Group has established *Policy on Market Conduct* which outlines 10 standards and principles with an aim to inform all staff of the requirements by the Group and ensures all product details, terms of service and internal procedure are provided in compliance with laws and regulations.

In addition, Haitong International has also formulated the *Product Information Protection* guideline, pursuant to which, due diligence is performed on all types of products. Employees are required to keep themselves well-informed of the characteristics and risks of related financial products and services so that suitable products and services can be provided for the customers.

Haitong International cherishes customers' feedbacks and makes an effort to handle feedbacks or complaints in a timely and proper fashion. As such, the *Procedure on Handling of Customer Feedbacks and Complaints* has been set up by the Group which outlines the procedure and responsible persons for complaints in detail. Upon receipt of a complaint, an investigation regarding such complaint will be conducted and response will be made to the complainant within 2 weeks if possible, and appropriate follow-ups such as rectification of procedure deficiency or service improvement will be adopted. The Group also places high emphasis on communication with customers. As such, customer survey is conducted on a quarterly basis so that it can understand the level of customers' satisfaction to the Group's products and service. With this, the Group can improve its operation procedure on an on-going basis, thereby enhancing its service quality.

During the reporting period, there was no disciplinary action taken against the Group by any regulatory authorities due to violation of laws and regulations relating to advertising, labelling and privacy matters relating to products and services provided and methods of redress. Laws and regulations relating to the health and safety of products and services are not applicable to the Group.

Supply Chain Management

Haitong International's operation of office does not involve significant outsourcing. However, during its day-to-day procurement for office supplies, besides time and price factors, impacts on the environment and society are also taken into the Group's considerations. For example, the Group selects PEFC paper, avoids disposable products and chooses suppliers who provide durable products with less packaging materials so as to raise their awareness of sustainable development.

Community Investment

In the fall of 2017, Haitong International joined hands with the Windsurfing Association of Hong Kong to sponsor the windsurfing events organized by Windsurfing Association of Hong Kong and nurture windsurfers as the representative players for Hong Kong with an aim to foster the sport that Hong Kong people take pride in.

2018 is the 2nd year for Haitong International to act as the sole title-sponsor Haitong International Hong Kong Windsurfing Open Championships, a spectacular annual windsurfing event in Hong Kong. As a heavyweight international event with high standards and incentives, Haitong International 2018 Hong Kong Open Windsurfing Championships has attracted windsurfing athletes from the UK, Netherlands, Italy, South Korea, Thailand, Indonesia, HKSAR, Macau SAR and Chinese Taiwan to compete for the prize. In 2018, Haitong International also offered cash prizes up to HKD195,000 in total to outstanding windsurfers. In future, Haitong International will continue to support this sport with more resources to raise awareness of windsurfing in the community.

Since 2016, Haitong International Charitable Foundation has been cooperating with Helping Hand to unveil the “Haitong International “Care for the Elderly, Care for the Brain” Project” to help elderly in need to improve their emotion and dementia. As of today, the program has provided 330 activity hours for 5 elderly service units of the Helping Hand and 5,100 elderly has been benefited.

Through Haitong International Charitable Foundation and Haitong International Caring Ambassador Volunteer Team, Haitong International effectively allocated its resources to support the activities run by non-government organizations. In 2018, the Company continued to support Helping Hand Health Bank Cookie after several years of cooperation, and called on its employees to take part in a lineup of charity events including Bloomberg Square Mile Relay and Great Walker Fundraising Trekking Event in Guangzhou, a campaign aiming at helping poverty-stricken children. During the year, Haitong International co-organized HTI Pizza Hut Kid’s Tour with the Baptist Oi Kwan Social Service – Wan Chai Integrated Children and Youth Service Centre, in which our employees made pizza and shared joyful moment together with the ethnic minority children. In addition, the Company also worked with the Asia Children Education Association to roll out the “21st Century Cup” National English Speaking Competition Hong Kong Region, for which its foreign staff acted as the judge.

Like what it did last year, the Group has given its staff the SEs Gift Certificates as Mid-Autumn festive gifts. Those certificates are applicable to over 90 social enterprises or Fairtrade Shops. In this way, the Company hopes to raise its employees’ awareness of social enterprises and contribute its spending power to society in a meaningful way. In response to the death toll amounting to 19 with over 60 injured due to the KMB bus rollover on 10 February 2018, Haitong International Charitable Foundation allocated part of its funds as financial assistance to the family of the dead and injured.

Environmental, Social and Governance Reporting Guide Content Index

Key Aspects	Description	Page Index
A1 Emissions		
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General disclosure	Policies on efficient use of resources, including energy, water and other raw materials.	12
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).	12
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	12
A2.3	Description of energy use efficiency initiatives and results achieved.	12
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	12
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	12
A3 The environment and natural resources		
General disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources.	11
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	11

Key Aspects	Description	Page Index
B1 Employment		
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, antidiscrimination, and other benefits and welfare.	8
B2 Health and safety		
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
B2.2	Lost days due to work injury	7
B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	7
B3 Development and training		
General disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	9 - 10
B4 Labor standards		
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 labor.	7 - 8
B5 Supply chain management		
General disclosure	Policies on managing environmental and social risks of the supply chain.	16
B6 Product responsibility		
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.	15 - 16
B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	15 - 16

Key Aspects	Description	Page Index
B7 Anti-corruption		
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.	15
B8 Community investment		
General disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	17
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	17
B8.2	Resources contributed (e.g. money or time) to the focus area.	17