



**ENVIRONMENTAL,  
SOCIAL AND GOVERNANCE  
REPORT  
2019**

# CONTENTS

<b>About This Report</b>	<b>4</b>
<b>Information about Haitong International</b>	<b>5</b>
<b>Management's Statement</b>	<b>6</b>
<b>1 ESG Management Improvement</b>	<b>7</b>
1.1 ESG Strategy	7
1.2 ESG Management Structure	8
1.3 Management of Stakeholders	8
<b>2 Grow with Stakeholders</b>	<b>12</b>
2.1 Clients	12
2.1.1 Product Safety and Innovation	12
2.1.2 Good Communication with Clients	15
2.1.3 Protection of Client Privacy	16
2.2 Employees	17
2.2.1 General Employment	17
2.2.2 Health and Safety	18
2.2.3 Development and Training	19
2.2.4 Anti-corruption	20
2.2.5 Work-life Balance	22
2.3 Investors and Shareholders	23
2.3.1 Investor Relations	23
2.3.2 Investor Education	25
2.4 Suppliers	26
2.4.1 Green Procurement	26
2.4.2 Environmental and Social Risk Management for Suppliers	27
2.4.3 Anti-corruption of Suppliers	27
2.5 Community	28

2.5.1	Haitong International Charitable Foundation	28
2.5.2	Haitong International Caring Ambassador Volunteer Team	30
<b>3</b>	<b>Push Forward the Sustainable Development by Capitalizing on the Power of</b>	
	<b>Finance</b>	<b>31</b>
3.1	Green Financial Services to Promote the Development of Green Economy	32
3.2	ESG Capital Financing	34
3.3	Incorporating ESG into Asset Management	35
<b>4</b>	<b>Participating in Environmental Protection with Commitment</b>	<b>37</b>
4.1	Improvement of Energy Utilization Efficiency	37
4.2	Emissions Reduction	39
4.3	Proper Disposal of Waste	39
4.4	Involved in Environmental Protection Initiatives	41
	<b>Appendix</b>	<b>42</b>
	Appendix 1: KPI Tables	42
	Appendix 2: Environmental, Social and Governance Reporting Guide Content Index	53
	Appendix 3: Global Reporting Initiative Standards Index	59
	Appendix 4: Feedback	69

## About This Report

This report is the fourth environmental, social and governance (“ESG”) report (the “Report”) published by Haitong International Securities Group Limited (the “Company” or “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 2019, which plays the role as a communication channel between the Group and the stakeholders.

### Reporting Period

1 January 2019 to 31 December 2019 (certain parts disclosed herein may be beyond this time frame).

### Scope of Report

The Report covers major locations where the Group operates including Hong Kong, Macau, Tokyo, Singapore, New York, London and India. However, the quantitative environment performance indicators stated herein refer only to the Group’s operation in Hong Kong.

### Guarantee of Obligations

Before publishing this report, the board of directors of the Group has approved the information hereof to be disclosed, which 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 list of index is provided in the last section of the Report for reference.

### Reporting Guideline

The Report is published in accordance with the Appendix 27, Environmental, Social and Governance Reporting Guide of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (the “Listing Rules”). Materiality, Quantitative, Balance and Consistency are four core principles on which this Report is based. This report is also complied with reference to the GRI Standards issued by the Global Reporting Initiative (“GRI”).

### Reporting Languages and Access to the Report

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

## Information about Haitong International

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. (“Haitong Securities”, Stock Code: 600837.SH; 6837.HK).

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, Sydney, and Mumbai and provides clients with a plethora of investment banking services. In 2019, the Company was granted a Capital Market Services Licence from the Monetary Authority of Singapore. At the same time, it gained the qualification to become one of the first cross-border conversion institutions for GDR under the Shanghai-London Stock Connect. On 11 February 2020, the Company was granted the Australian Financial Services Licence by ASIC, becoming the first Chinese financial institution with this licence. These help the Company move a step closer to become a leading global investment bank with international competitiveness, systemic importance and brand influence.

For the latest information about our corporate governance, please refer to the Annual Report 2019 of Haitong International Securities Group Limited.

## Management's Statement

Since its establishment, Haitong International has been strengthening cooperation and communication with its stakeholders including clients, shareholders, employees and the community, fulfilling its social commitments, striving to become an outstanding corporate citizen and contributing to the sustainable development for the globe. These years, we focus our social responsibilities on the environmental, social and governance (“ESG”) area which has become one of the fundamental requirements for the Company’s business operations with an aim to respond to the concern of the Group’s ESG in the capital market. Moreover, the Group also considers ESG as an important measure for non-financial management.

This report is the fourth ESG report published by us, in which how we are fulfilling our ESG responsibilities and how we keep enhancing the quality of disclosure of non-financial information are outlined, This report covers the ESG issues that is closely associated with our operations and the ways to achieve UN Sustainable Development Goals (“SGDs”) with a business perspective.

In 2019, we have made some achievements for ESG. On one hand, we practiced more on energy-saving, emission reduction, employees’ welfare, social contribution and corporate governance. On the other hand, we develop “Impact Investment” by leveraging on its unique capital intermediary role of investment, financing, consultancy and research to promote widespread implementation of low-carbon economy and sustainable finance. In 2019, we were granted a “BBB” ESG rating by MSCI for the third consecutive year, staying at the top 28% among the world’s investment banks and brokers.

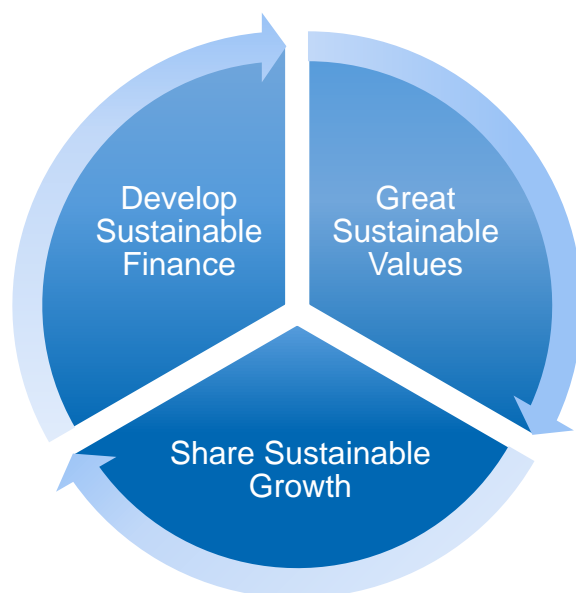
In future, we will continue to explore and utilize advanced management methods and technologies to incorporate ESG philosophy into each area of our business to improve our ESG risk control and achieve sound operations. We are poised to become an industry leader in sustainable finance and promoted sustainable development along with our stakeholders.

# 1 ESG Management Improvement

Haitong International has been improving ESG management system by formulating ESG policies and guidelines applicable to the Group, building an ESG organization system and assigning ESG responsible persons, and implementing an ESG annual plan with appraisal each year in good order. All these lay a solid foundation for the sustainable growth of the Group.

## 1.1 ESG Strategy

The Company endeavors to become a Chinese investment bank with ESG philosophy incorporated into all of its business lines with a focus on “Sustainable Finance” and has set mid-to-long term goals to create more values for its shareholders, clients, employees and the community.



### Develop Sustainable Finance

The Group incorporates the ESG philosophy into its daily operations and promotes the development of ESG investment and green finance , as well as innovative fintech to meet the demands of all stakeholders to achieve its goal of sustainable growth.

### Great Sustainable Values

The Group adheres to the concepts of ESG and sustainable growth over the course of its operations in each business segment and encourages its employees to actively participate into sustainable services in the community, insists on green operational practices, maintains environmental and ecological equilibrium and creates sustainable comprehensive service values.

### Share Sustainable Growth

The Group puts emphasis on communication with its 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 turn promotes sustainable growth of the community.

## 1.2 ESG Management Structure

<b>The Group's ESG management group</b>	The ESG management group is authorized by the board of directors of the Company and led by the chief operating officer and executive director along with department heads.	Responsible for review and decision-making for material ESG matters of the Group including formulation of the ESG development strategy, review on the ESG report for each year and evaluation of the ESG performance of each of the Group's department each year.
<b>The Group's ESG task group</b>	The ESG task group is based in principal office for the purpose of ESG implementation.	Responsible for the daily ESG tasks including launching ESG-related policies and measures, organizing ESG activities, compiling the ESG report, demonstrating good ESG practices and providing ESG-related training.
<b>Department heads</b>	Employees of functional and business units of the Group's principal office and its affiliates assigned for ESG tasks.	Responsible for reporting to the Group on ESG status on a regular basis, organizing all kinds of ESG-related activities, gathering cases demonstrating good ESG practices and assisting in the implementation of the Group's ESG management work.

## 1.3 Management of Stakeholders

With the strategic goal of “becoming a top-tier investment bank in the international arena of international competitiveness, systemic importance and brand influence”, Haitong International has established different channels to maintain good communication with all stakeholders to understand their expectations. Based on their feedback, the Group can conduct thorough analysis on important issues of the Group's sustainable growth and identify the direction of its sustainable growth. Important stakeholders of the Group include clients, employees, investors, shareholders, government and regulators, suppliers and the community who can exert material influence to the sustainable growth of the Company.

Table: Communication with Stakeholders

Stakeholder	Stakeholder's expectations on Haitong International	Haitong International's response
Clients	<ul style="list-style-type: none"> <li>• Provide safe products and services</li> <li>• Protect clients' privacy</li> <li>• Products and services innovation</li> <li>• Enhance client experience</li> </ul>	<ul style="list-style-type: none"> <li>• Higher quality control</li> <li>• Promotion and implementation of Fintech</li> <li>• Higher client satisfaction</li> <li>• A sound system to handle client complaints</li> </ul>
Employees	<ul style="list-style-type: none"> <li>• Protect basic rights</li> <li>• Strict compliance with employment standards</li> <li>• Safe working environment</li> <li>• Better training offered to employees</li> <li>• Anti-corruption</li> <li>• Improve employees' benefits</li> </ul>	<ul style="list-style-type: none"> <li>• A sound employment system</li> <li>• Evaluation on health and safety of working environment</li> <li>• Different kinds of training and development plans</li> <li>• Provision of training on anti-corruption</li> <li>• Organizing recreational activities for employees</li> </ul>
Investors and shareholders	<ul style="list-style-type: none"> <li>• Stronger corporate governance</li> <li>• Better information disclosure</li> <li>• Ever-improving performance</li> <li>• Promoting advancement of industry</li> </ul>	<ul style="list-style-type: none"> <li>• Publishing report on a regular basis</li> <li>• Convening general meetings</li> <li>• Conducting researches for investors</li> <li>• Quality investment research reports</li> <li>• Investor relationship management</li> <li>• Investor education</li> </ul>
Government and regulators	<ul style="list-style-type: none"> <li>• Implementation of regulatory policies</li> <li>• Operations in compliance with regulations</li> <li>• Timely and full tax payment</li> </ul>	<ul style="list-style-type: none"> <li>• Daily communication and reporting</li> <li>• Involvement in management of government affairs</li> <li>• Timely response to regulatory requirements</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>• Win-win cooperation</li> <li>• Sustainable supply chain</li> </ul>	<ul style="list-style-type: none"> <li>• Regular review on suppliers</li> <li>• Monitoring of negative news about</li> </ul>

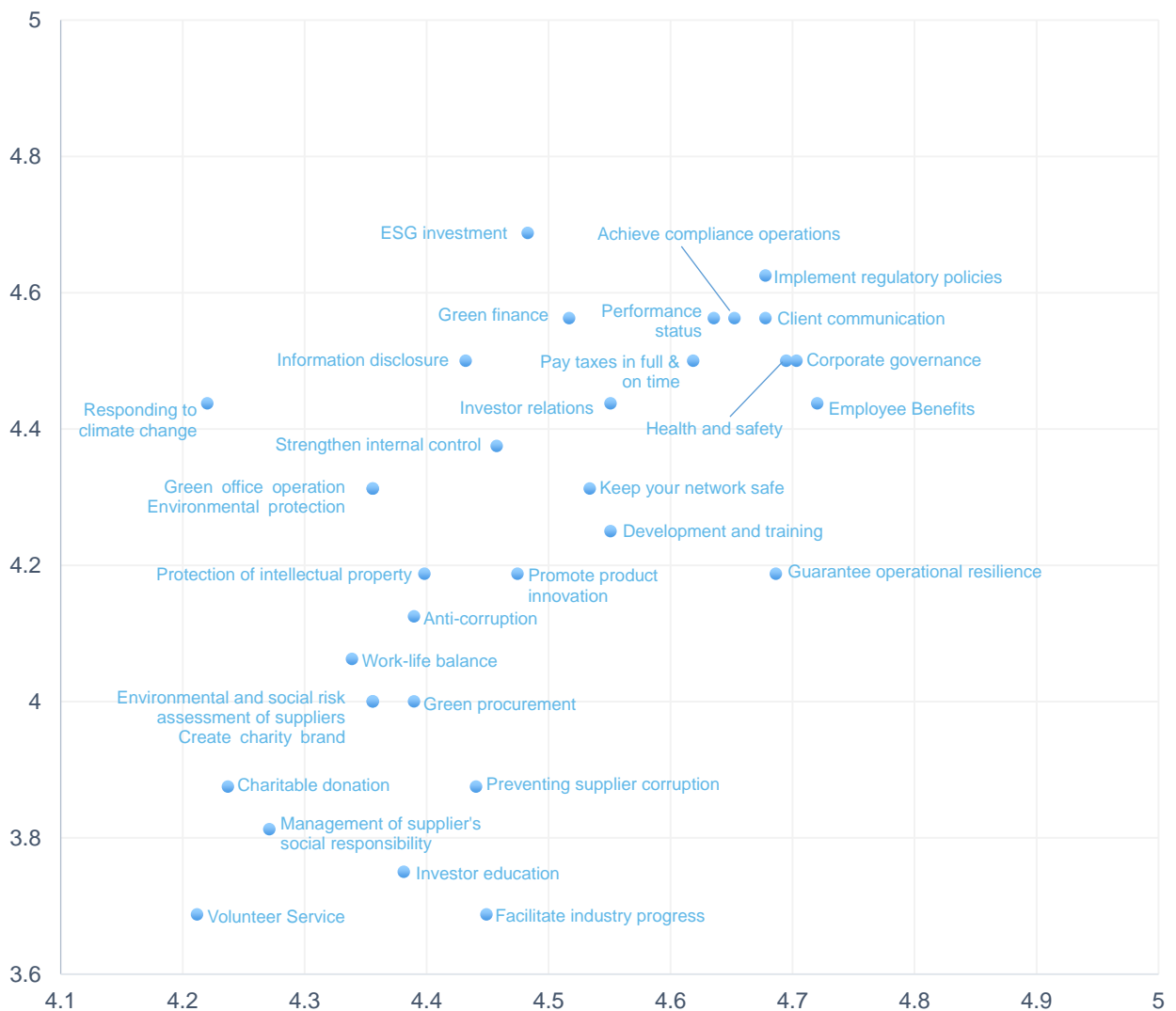
		<ul style="list-style-type: none"> <li>suppliers</li> <li>• Anti-corruption on the level of supply chain</li> <li>• Green purchase</li> <li>• Suppliers' ESG risk management</li> </ul>
Community	<ul style="list-style-type: none"> <li>• Social charity</li> <li>• Improvement of livelihood</li> </ul>	<ul style="list-style-type: none"> <li>• Charity donations</li> <li>• Promotion of culture and education development</li> <li>• Taking part in communication in the community</li> <li>• Voluntary services</li> </ul>
Environment	<ul style="list-style-type: none"> <li>• Development and promotion of green financing</li> <li>• Promotion of ESG investment</li> <li>• Coping with risks brought by climate change</li> </ul>	<ul style="list-style-type: none"> <li>• Assistance in ESG-related IPOs</li> <li>• Supporting issuance of green bonds</li> <li>• Green office</li> <li>• Collection and disclosure of environment performance data</li> </ul>

## Materiality Analysis

Haitong International conducted a survey with stakeholders to fully understand their feedbacks, views and expectations on the Company. The stakeholder-concerned topics are therefore incorporated in its operations and decision-making process, and their requests were responded in a timely manner. In early 2020, Haitong International conducted a ESG survey through Wechat and 134 valid responded questionnaires were collected from employees, clients, investors, suppliers etc. Through systematic analysis and evaluation, material issues were defined and considered as one of the critical bases for the preparation of the 2019 ESG report of the Group with an aim to actively respond to the concerns and needs of stakeholders including regulators, clients, employees and shareholders etc.

The expectations from internal stakeholders

### Materiality Matrix



The expectations from external stakeholders

## 2 Grow with Stakeholders

The Group forges good long term relationship with our stakeholders like clients, employees, investors, shareholders, government and regulators, suppliers and the community with a sustainable operation strategy in place to keep our operations sustainable.

### 2.1 Clients

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

#### 2.1.1 Product Safety and Innovation

##### *Well-assured product safety*

Haitong International is poised to build a global internal control system by focusing on the “comprehensive, timely, measurable and preemptive” risk management. With a global insight, the Group implements the risk management measures for each of its business lines in a strict manner by keeping up with the time and paying attention to relevant regulations of jurisdictions in the world. Policies are updated in a timely manner in response to the changes of regulations.

- The Group has formulated the *Product Evaluation and Control Management Policy* which clearly sets out the requirements for product due diligence and risk control for each department. With this policy in place, strong communication and cooperation between front offices and the mid and back offices is forged in relation to the policies such as product planning, management and review & approval.
- The Group has established a Product Management Committee which comprises the chief risk officer, heads of the Risk Management, Compliance and Legal Departments. The committee is responsible for the review and approval of the Group’s sales practice, product due diligence and related prescriptions and outcomes to ensure product quality and to oversee the implementation of policies in line with laws and regulations.

##### *Quality control of the Wealth Management Segment*

The Business Development Team of the Wealth Management segment conducts internal control and risk management on the process of launching and distribution of exchange-traded or OTC products including bonds (fixed income products), funds, structured products and exchange-traded products.

- **Pre-trading check:** the team aims to ensure trading suitability including eligibility of clients, vulnerability of clients, proper matching of product risks, sufficiency of information provided for clients by salespersons, and adequacy of record keeping by salespersons.
- **Due diligence:** the team performs checks on the background of issuers, conducts AML investigations and compiles due diligence reports, etc. Product due diligence reports shall be subject to review and

approval of the Risk Management and Compliance Department. In 2019, the business development team completed a total of over 500 products due diligence reports.

- **Product training:** Training is provided for frontline salespersons, including seminars and educational video clips, etc to ensure all procedures performed by salespersons are in line with the requirements of the Company and the Securities and Futures Commission (the “SFC”).

#### *Quality Control of the Private Wealth Management Segment*

The private wealth management segment’s product validation working group, product and investment solutions teams perform due diligence on all kinds of investment products and establish a risk rating system for products. All OTC products shall be subject to the review and approval of the product validation working group. At the same time, relationship managers shall make sure clients’ investment profiles should match with their corresponding risk rating before recommending the products to clients.

- **Product and Investment Solutions Team**
  - Recommends suitable products based on the clients’ investment risk profile
  - Assign product risk ratings
  - Explains investment rationales to clients
- **Compliance Team**
  - Formulates compliance guidelines and selling procedures
  - Updates OTC product trading forms and suitability analysis reports
  - Provides training for relationship managers
- **Middle Offices**
  - Conducts pre-trade checking on clients’ documents
  - Performs sample check throughout the distribution of products for clients including phone call recording or transaction records

## Awards

In 2018-2019, a number of awards were granted to Haitong International's Equity Derivatives Team in recognition of its product quality, safety and innovation.

- Derivatives Provider of the Year 2019 by Bloomberg Businessweek
- Derivatives Provider of the Year 2018 by Bloomberg Businessweek
- Hong Kong House of the Year 2018 by AsiaRisk
- Excellent Structured Products in Hong Kong for 2018 by SRP
- Best Hong Kong Derivatives Provider of the Year 2018 by The Asset
- Best Market Maker (ETF) in Hong Kong in 2018 by The Asset
- First batch of issuers providing 5000:1& 8000:1 HSI CBBCs and call warrants and put warrants tracking listed shares of Alibaba in the U.S.



## Constant Innovation in Product Development

Haitong International actively explores the application of fintech and provides clients with new and reliable financial service experience.

- With natural language processing (NLP), the Company is able to sort out and analyze public information of listed companies (including announcements on the HKEX, news and social media information) and has set up the sentiment index for timely monitoring of risks.
- Machine learning is applied to the securities classification with higher accuracy to effectively keep reducing risks arising from poor quality securities.
- The Customer Services team of the Wealth Management Department has taken improvement recommendations from employees with reference to the non-complex and complex products guideline given by the SFC and the sales procedure is modified by the business development team according to such guidelines in 2019.
- 36 improvement recommendations were given by employees to the derivatives business, of which 80% were adopted and 4 innovative products were therefore launched in the market.

## Awards

In recognition of the excellent performance of Haitong International in terms of its product innovation, Asia Asset Management granted the Group the "Asian Rising Star" award and "Most Innovative Product" award in 2019.



**2.1.2 Good Communication with Clients**

Good communication is an important way to heighten an enterprise’s service quality. Haitong International always puts clients’ experiences at the centre of its business. Therefore, the Group maintains direct communication with clients in different forms and channels. With implementation of its internal management regime, the Group keeps optimizing its customer services.

*Client Satisfaction Surveys*

In 2019, the Customer Services team invited 237 clients to take the survey and there were 110 respondents. An average score of 4.3 was given by 10 SVIPs. An average score of 4.17 was given by 35 VIPs. An average score of 4.6 was given by 65 common clients. Therefore, the total average score is 4.45 out of 5. From the feedback of the respondents, the most important topics are the stability of the operating interface of the trading system, and then customer services, and followed by brokerage commission. Client service employees provided advice and solutions in response to the client feedback which were well-received and agreed by clients.

*Client Complaints Handling*

**Procedure of Handling Client Feedbacks and Complaints**

Optimized Customer Services	Enhanced Client Experience
<ul style="list-style-type: none"> <li>Based on the subject of client complaints, each product department handles the complaints promptly, performs an internal investigation regarding the nature and risk level of the complaints, and provides effective and constructive solutions to ensure the case is handled based on honest and fair principles in the best interests of clients.</li> </ul>	<ul style="list-style-type: none"> <li>Clients’ feedback is analyzed after the complaints are solved to improve the service procedure to safeguard clients’ rights and client experience for higher client satisfaction;</li> <li>Client surveys are conducted quarterly to keep improving operating procedures to further enhance product and service quality.</li> </ul>

**Handling Client Complaints of Financial Products**

Feedback and complaints about products, services and employee regarding financial products will be handled promptly by the team concerned, together with the compliance officers. All regulation-related opinions and complaints will be subject to review by the relevant compliance officers, and a detailed internal investigation will be performed based on the nature and risk level to provide effective and constructive solutions in the manner of integrity and fairness for the best interest of the clients. At the same time, after analysis performed on the feedback by operation team and compliance team of the Financial Product Department, the Group’s service procedure will be optimized to safeguard the clients’ interest and service experience for better client satisfaction.

## Handling Client Complaints of Equity Derivatives

The Group has set up a dedicated warrant / CBBC hotline and email to receive clients' enquiries and complaints, and gives responses to clients regarding questions of derivative warrants according to the Listing Rules and in full compliance of regulatory requirements with an aim to solve the complaints in time. By considering clients' feedback, the Group keeps improving its products, services and procedures in order to get higher client satisfaction. A standardized, detailed and systematic complaint management system is advocated. Thanks to its relentless efforts for better performance, Haitong International's warrant and CBBC turnover, number of transactions and cash flow kept growing, ranking top in the Hong Kong market.

### 2.1.3 Protection of Client Privacy

Haitong International places its emphasis on client privacy and considers it as a core part of corporate governance. With *Handling of Clients' and Staffs' Personal Data* and *Personal Data (Privacy) Ordinance* in place, the Group has established standards and policies for data protection and procedures for using data. Each of the business segments also formulates client privacy protection standards for operations followed by employees during the course of their businesses according to the Group's policy.

#### *Handling of Personal Data of Clients and Employees*

- For the organization of any activities by any department, collection of personal data, if necessary, is subject to review and approval by the Legal Department, and any personal data required is stated in the relevant forms.
- Provision of personal data by clients for any activity 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 Company will seek written consent from clients.

#### *Personal Data (Privacy) Ordinance*

- All personal data is protected by passwords or stored in a safe location which is only accessible by authorized persons. Authorized 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 employees to transmit or disclose any personal data to the public by whatever means. In special cases, data is encrypted to avoid leakage of data.
- The Group prohibits its employees to store their personal data or confidential data on any portable devices. In special cases, the device is encrypted to avoid leakage of data.

### *Information Technologies Device Management Policy*

- 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 intelligence properties.
- The purchase, allocation, maintenance and destruction of all IT devices are under the control of the Group to avoid leakage of data.

### *Client Privacy Protection for Derivatives Segment*

A statement of collection of personal data is provided to clients when requesting personal data to comply with laws and regulations. Collection of personal data of clients for the purpose of activities held by the Department is subject to approval by the Legal Department and the personal information required is stated on the relevant forms.

### *Client Privacy Protection for Financial Products Segment*

Collection of personal data is strictly in line with requirements of laws and regulations and the guidelines of the Group such as data retention period and the ways to use such personal data. During the course of operations, only authorized employees are permitted to process or access the data. A compliance regime is established to provide compliance views on operations to ensure the Group operates in line with relevant guidelines and policies. When accessing or using relevant personal data, employees are urged to pay high attention with professionalism to ensure such data is used in line with the ways set out in the internal guidelines and policies. In case of breach of policies, related employees are subject to disciplinary punishment.

## **2.2 Employees**

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

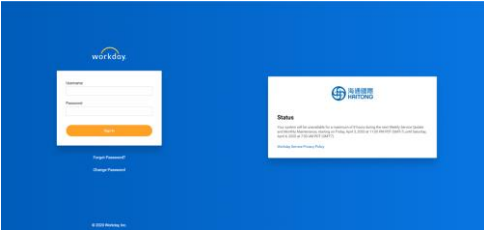
### **2.2.1 General Employment**

To protect the basic rights of employees, the Group has compiled a *Staff Handbook (Hong Kong)* in which an array of policies and procedures are detailed, including but not limited to salary, dismissal, recruitment, promotion, working hours, leaves, equal opportunities, diversity, anti-discrimination and other welfare, benefits and remunerations. In 2019, the Group updated the handbook with the addition of paternity leave in line with *Employment Ordinance of Hong Kong*.

The Group’s Human Resource adheres to the principle of providing equal rights of work to employees. Employees’ basic rights to take leaves and holidays are protected. Moreover, 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 make written complaints to Human Resources Department. The Group advocates diversity in the working environment and discourages restrictions imposed on individuals on the ground of race, sex, marital status, fertility and religion. In 2019, no material adverse impact arising from discrimination, forced labor or child labor which is in breach of the labor conventions was identified for the Company.

**Case study : Workday - a newly launched HR system**

For more efficient HR management, the Group launched the brand new HR system Workday in 2019 in which employee profiles and personal data are stored in a digitalized manner.



**Award**

In recognition of its excellent HR management, HR Asia granted the “Best Companies to Work for in Asia 2019” award to Haitong International in 2019.



**2.2.2 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 has established a number of welfare plans to boost happiness and a sense of belonging of employees.

Regarding its operations in office premises, the Group has established *Haitong International Employee Workplace and Display Screen Checklist* to evaluate the health and safety of working environment for employees. The items in the checklist include brightness and location of display screens, location of keyboard and mouse, specification of chairs, lighting, noise and so on. Upon evaluation, non-conformities of the working environment or equipment will be rectified within a week. In 2019, the Group completed evaluations for about 200 employees.

### *Voluntary Enhanced Health Insurance Scheme*

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

In 2019, 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.

### **2.2.3 Development and Training**

Self-achievement of employees serves as a developmental driver for an enterprise. Therefore, Haitong International keeps a watchful eye on development for its employees and continues to reinforce its training system, sets up a talent pool, improves the career path for employees, encourages diverse individuals to bring their talents into play and gives staunch support to employee development. In addition, the Group has a performance management system that conducts performance evaluations for employees every year to evaluate the work performance and vocational training needs of employees.

The Group has formulated and implemented *Policy on Training Sponsorship*. The Group sponsors its employees to acquire professional qualification and professional membership or to attend external job-related training to make sure that its employees can meet the requirements of 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.

In 2019, the Group held over 100 internal training sessions covering topics such as global capital markets, the A share market, financial products, China-HK Connect, risk management and compliance & regulatory issues with more than 10,000 enrolments.

#### **Case Study : The newly launched e-learning platform**

In early 2019, the Group completed the beta test of the e-learning platform and officially launched the platform. 98% of employees of most departments (including overseas entities) were required to take compulsory courses on the platform and 100% of employees completed the courses.

### Case Study : Management Trainee development plan

In 2008, Haitong International launched the *Management Trainee Programme*, according to which, the Company recruits over 10 graduates from top-notch universities around the world and offers them training and job rotation opportunities. The programme covers professional development, innovation cooperation projects, personal development and team work. The management trainees are given opportunities to communicate with the senior management via different channels, attend industry seminars and team building activities to develop the Group's bench strength.



In 2018, the Group started to send management trainees with excellent performance abroad. Those young members, as international management trainees, got a chance to station at overseas offices such as New York, London, Tokyo, Bombay and Singapore for exchange which widened their horizons and strengthens the services standards. On 1 February 2019, Haitong International launched the *Management Trainee Starter Loan Scheme*. According to the scheme, each eligible applicant (free from financial scrutiny) can apply for an interest-free loan up to HKD2 million for the first-time purchase of self-occupied property in Hong Kong.



### Case Study : Specific training for sales personnel

In 2019, the Group organized a total of 14 specific training sessions (for 2 quarters) for professional sales personnel. The topics included hot segments and products and marketing strategies, giving sales personnel a good understanding of products in other departments and helping them explore opportunities for cross-departmental transactions.



## 2.2.4 Anti-corruption

Haitong International is committed to prevent 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 has established a series of anti-corruption and AML policies with reference to the relevant laws and regulations of Hong Kong and recommendations by relevant international organizations. The Group also conducts

risk assessment on anti-corruption and bribery and provides relevant trainings to employees. The Group ensures its operations in compliance with relevant laws and regulations, maintains economic and financial safety and fosters fairness and justice in society.

*Anti-corruption Policies*

Haitong International is committed to prevent corruption, bribery, extortion, fraud and money laundering and abide 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*, the Group has established a series of internal policies including *Conflicts of Interest Policy*, *Group AML Policy*, *Guideline on Anti-Money Laundering & Counter Terrorist Financing*, *AML Country Risk Assessment*, *Politically Exposed Persons Assessment Procedure*, *Negative News & Adverse Records Assessment Procedure* and *Guideline for Client Due Diligence* and *Client Feedback and Complaint*.

Haitong International has established the *Guidelines For Employee Holding External Private Investment/ Directorship / Appointment* and *Personal Dealing Guidelines* to provide guidelines for approval and disclosure of external employment or private investment for employees, and establish procedures for monitoring of personal dealings and reporting. Besides, the Group’s *Guideline on Anti-bribery and the Handling of Gifts and Entertainment* and *Staff Handbook* also outline the requirement of conduct of employee. Such guidelines set out the standards employees must follow and the behavior they should avoid as well as the definition of interests, entertainment, gift and the maximum limit that can be accepted.

**Anti-corruption Risk Evaluation and Procedures**

Pre-transaction risk assessment	Post-transaction monitoring
<ul style="list-style-type: none"> <li>• Perform countries risk assessment of over 240 countries in the world from AML/CFT perspective</li> <li>• Strengthen pre-management of high AML risk business</li> <li>• Close monitoring on clients’ third party fund transfer and stock transfer transactions</li> </ul>	<ul style="list-style-type: none"> <li>• <i>Guideline on Post-Transaction Monitoring &amp; Reporting</i> sets out the types of suspicious transaction and procedures to report suspicious transaction and instructions for the employees to identify suspicious transaction</li> <li>• Automatic AML transaction monitoring system</li> <li>• AML Exception reports</li> </ul>

### *Anti-corruption Training*

Haitong International provides its employees with a series of anti-corruption-related training. For example, the Group provides all employees with the anti-money laundering, anti-bribery and anti-corruption training through the e-platform each year, provides training to front-line and relevant staff on updated anti-money laundering guidelines, know your clients (KYC), transaction monitoring and third party transaction due diligence.

### *Integrity Culture*

The Group spares no effort to promote a culture of integrity, including formulation of policies and measures, and providing guidelines to employees to follow so as to strengthen the building of a culture of integrity. Regarding anti-corruption in the supply chain, the Group has formulated the *Guideline on Anti-bribery and the Handling of Gifts and Entertainment* and *Purchasing Procedure*. Employees are prohibited to accept any advantage from any parties. Other than a series of evaluations, written justification is required if the quotation of the selected supplier is not the lowest.

Any employee who discovers any misconducts, sensitive or serious matters requiring attention from management, should escalate to Internal Audit & Special Project Department according to *Guidelines on Anti-bribery and Handling of Gifts and Entertainment*.

#### **Case Study : “Know Your Clients” Programme**

With this programme, frontline employees were trained to take appropriate action to know their clients and understand their needs. With different scenarios provided for case studies in the programme, employees were given instructions to put guidelines into practice with higher awareness of anti-corruption responsibilities.

### **2.2.5 Work-life Balance**

Haitong International advocates “Happy work, healthy life” and seeks benefits for employees, holds recreational activities, gives them guidance on how to lead a healthy life, inspiring them to hold optimism at work, enriching their off-work life, demonstrating their abilities and enhancing cohesiveness among them.

#### *The Staff Club*

The Staff Club serves as a communication link between employees and senior management, strives to protect the rights and benefits of employee, and seek more welfare for employees. In 2019, the Staff Club gave SEs Gift Certificates and Hung Fook Tong Chinese New Year Cake Coupons to each employee.

### *Fitness First Membership privileges*

The Group works with Fitness First gyms to give membership privileges to its employees and encourages its employees to have physical workouts after work.

### *Love is all around*

To foster communication of its young members, the Group arranged them to participate in a carnival event including talent shows or team play to uncover their talents.

## **2.3 Investors and Shareholders**

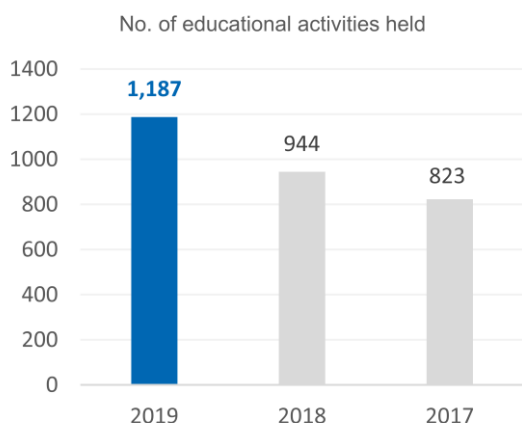
Haitong International puts a lot of effort into creating long-term and stable returns for shareholders and investors. Against the context of the turbulence of economies around the world in 2019, Haitong International still achieved a healthy growth and performance in each business segment.

### **2.3.1 Investor Relations**

Haitong International has maintained positive communication with shareholders and investors. Through a number of channels and effective announcements, press releases and other information, the Group keeps its investors instantly and clearly informed of its operating and financial positions as well as its business development. It also analyzed the questions and feedbacks given by the investors and takes follow-up actions to foster effective communication between both sides.

#### **Awards**

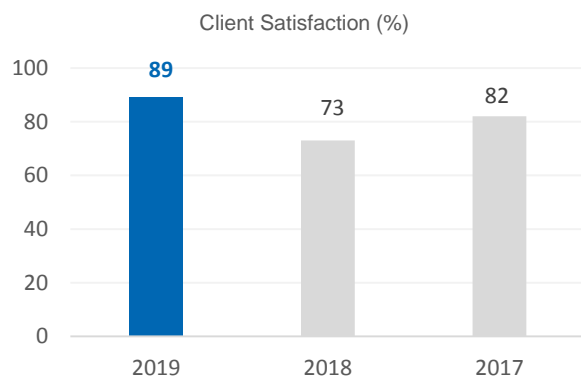
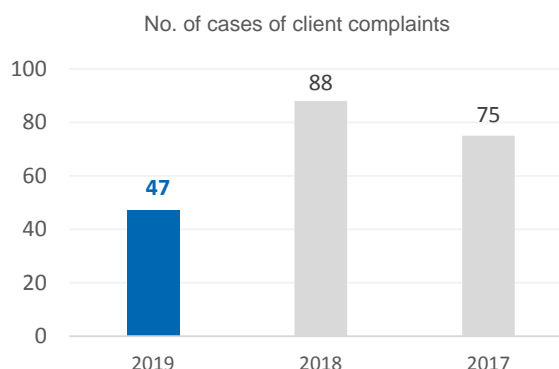
On 9 January 2019, Haitong International was awarded “Securities Companies - The Best Research Strength” and “Listed Companies - The Best Investor Relations” in the Financial Institutions Value List Jinwu Award co-hosted by Phoenix Finance and Economics and Phoenix Hong Kong stock as a recognition of its investor relations work.



Investor education includes but is not limited to:

- investment research report (covering H shares, A shares, US daily, weekly and quarterly reports)
- themed events (covering client events run by HTI's Wealth Management)
- shareholder training (covering public events co-organized by HTI's Wealth Management and other institutions)
- seminars
- information given by media (covering written interview, contributed articles, video / online recording or on-the-spot interview)

Complaints were related to securities, futures, options, foreign currencies and insurance businesses. All cases of complaints were followed by the Customer Services and responses were given to clients in time. As such, 100% cases were handled effectively for 3 consecutive years.



Client satisfaction surveys were conducted quarterly by the Customer Service Team of the Wealth Management Department to collect feedbacks from clients for calculation of client satisfaction.

### 2.3.2 Investor Education

Haitong International has been emphasizing investor education and helping its clients improve their wealth management techniques with a proper financial management mindset. The Company also assists its clients in fending off financial risks with enhanced service experience, which effectively reduces the number of cases of complaints and disputes. In 2019, the Group held 1,218 investor education activities with 67,670 participating investors (excluding regular interviews via different channels).

#### *Major Initiatives*

- **Creating investor education video clips** : covering a wide range of products including futures and options, equity derivatives, ETFs / leveraged and inversed products, structured products, bonds, funds, etc.
- **Holding investment seminars** : surrounding the topics that investors are interested in with deep insights.
- **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**: give clients knowledge of the maximum returns or losses arising from the investment products.

#### *Investor Education on Derivatives Products Segment*

The derivatives products segment places emphasis on investor education and hosts physical or online forums and workshops on a regular basis and provides articles in investor education columns in media or websites. Moreover, it works closely with the HKEX to actively promote new products on the market. Regarding the newly-launched inline warrants on the HKEX, the Group arranged a number of forums and CPTs for investors and securities practitioners in 2019. The Group also sent its employees to promote related products to financial services institutions in Taipei.

In 2019, the Group organized 22 investor education events including seminars and workshops, CPT seminars, new product promotion meetings and internal training sessions. During the year, there were 3 complaints made to the HKEX about pricing of products. Regarding this, Equity Derivatives submitted the explanatory letters and written reports to the HKEX according to the Listing Rules. 100% of the case of complaints have been solved with client satisfaction of 80%.



The Group publishes video clips for investors on its e-platform and website

### *Investor Education of Private Wealth Management*

As 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 fixed-income instruments, medium-risk equities and the high-risk structured products. To protect the shared interests of the Company and clients, when recommending products, relationship managers and investment advisors must ensure clients have fundamental knowledge of such products, their characteristics, investment advantage and risks before investment.

PWM product and investment solutions team has compiled product brochures covering equities, funds, bonds and structured products, in which the basic characteristics of products are explained with scenario analysis to give clients understanding of maximum payoff and losses arising from such investment products. This helps investors form the best investment strategy with the knowledge of profit yielding structure of products.

## **2.4 Suppliers**

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 emphasizes 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 growth of the whole supply chain.

### **2.4.1 Green Procurement**

The Group has formulated its *Procurement Policy* incorporating a green philosophy. This policy sets out standards for selecting suppliers for the Group. Selection and rating standards for related products are detailed in the auction procedure. Moreover, environmental management certificates are required to ensure suppliers are up to the eco-friendly standards for provision of services. For example, outstanding supplier in terms of sustainable

development has been selected as the Group's printing service providers in line with the ESG philosophy to attain the Group's goal of carbon emission reduction.

#### 2.4.2 Environmental and Social Risk Management for Suppliers

Haitong International sets up a code of ethics and environmental protection for its products and suppliers and requests its suppliers to fulfill such requirements. Though the Group's business units and functional departments are held accountable to what suppliers they use, our global procurement unit is responsible for overseeing the scrutiny on the ethics and behavior of suppliers.

##### *Scrutiny of Suppliers' Conducts*

Each year, the Group scrutinizes the services of its suppliers to ensure that they are complying with the code of ethics and environmental protection. In the case of breaching the code by the suppliers, the Group will devise a rectification plan with them, and will terminate business relationships when and where necessary.

##### *Monitoring of Negative News of Suppliers*

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

#### 2.4.3 Anti-corruption of Suppliers

The Group has formulated the *Procurement Policy* and *Anti-Bribery and Guidelines on Handling of Gifts and Entertainment* which prohibits its employee from asking for any form of interests from business-related parties. During selection of suppliers, a number of evaluations have to be conducted. For selecting a supplier who does not provide the lowest price, an explanatory letter is required to ensure the whole process is taken on the principle of openness, fairness, integrity and compliance.

## 2.5 Community

Haitong International has always emphasized 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 promoting harmonious social development. The Group has been recognized as a “Caring Company” by The Hong Kong Council of Social Service for over 15 years since 2004. Since 2015, the “Haitong International Charitable Foundation” has also received the “Caring Organization” logo for 5 consecutive years.

### 2.5.1 Haitong International Charitable Foundation

In 2014, Haitong International Charitable Foundation was founded to implement sustainable social responsibility projects in a resources concentrated, strategic and long-term manner by developing charitable projects with similar brand value and philosophy and sustainable social projects and charity events. Over the past 5 years, Haitong International Charitable Foundation contributed to build a better community by cooperating with non-profitmaking organizations, donations of sponsorship, and actively participating in local charity events ranging from poverty alleviation, youth education, sports and arts, environmental protection and carbon emission reduction and so on.

#### *Haitong International “Care for the Elderly, Caring for the Brain” Project*

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 cognitive impairment in the forms of horticulture, music and arts with better retirement days. As of year ended December 2019, the program has provided 472 activity hours for 5 elderly service units of the Helping Hand with 6,300 enrolments and 500 elderlies benefited.



#### *Sponsoring Haitong International Hong Kong Windsurfing Open Championships*

Since 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 raise the social awareness of the sport. In 2019, the Group organized a rig design competition to promote windsurfing sports, encouraged local creations and delivered positive messages to local citizens and athletes. The Group actively organized tasks in relation to the competitions

in 2020 and promotion to support local surfers to attend the upcoming Olympic Games taking place in Tokyo on behalf of Hong Kong, and promote the windsurfing sports in Hong Kong.

#### *Nurturing AI Talents*

These years, the Group strived to promote research and application of A.I. In 2019, Haitong International worked with Faculty of Engineering, The Chinese University of Hong Kong and Sensetime to run the “CUHK x Sensetime AI Competition 2019” for secondary schools in Hong Kong and granted Haitong International AI Award to winners with certificates and prize money to encourage and support Hong Kong secondary students for technological innovation and learning, and to nurture local talents for the development in the AI sphere.

#### *Supporting Cultural and Arts Events*

With the support given to cultural and arts events, the Group hopes to encourage creativity of youth, help the needy in society and promote the development of local culture. In 2019, the Company sponsored “YO Dancical” run by Youth Outreach, 21<sup>st</sup> Century Cup National English Speaking Competition and Helping Hand Health Bank Cookie Campaign as well as the activities run by Asia Society and the Association of Chinese Culture for Hong Kong for the first time.

#### *Participating in Social Relief of Distress*

Haitong International Charitable Foundation granted a fund of HKD100,000 to help the victims and their families of the traffic accident occurred on the Fanling Highway on 18 December 2019 with 6 deaths and over 39 injuries.

#### *A Corporate Member of the Better Hong Kong Foundation*

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

## 2.5.2 Haitong International Caring Ambassador Volunteer Team

The Group established the Haitong International Caring Ambassador Volunteer Team in 2004. With this, the Group hopes its employee members can participate in charity activities, unleash their potential and fulfill their social responsibilities. Over the years, the volunteer team has received positive feedback from employees with numerous activities held to help many charities including Community Chest, Orbis, Hong Kong Youth Services, Salvation Army, Christian Action and YMCA of Hong Kong.

### Initiative 1



Our employees participated in the “WWF Run for Wild 2019”.

### Initiative 2



We helped recover edible surplus food in “Foodstep Journey” hosted by Food Angel.

### Initiative 3



In the event “Global X-perience” hosted by Crossroads Foundation, our employees played the role of visually impaired and AIDS patients so that they could understand their difficulties.

### Initiative 4



Haitong International co-organized “Micro:bit Digital Transformation CSR Workshop” with British Council Hong Kong which let participants acquire basic coding skills via Micro:Bit and become qualified volunteer to engage in future community projects to promote coding education among teenagers.

### Initiative 5



The Company visited Siu Sai Wan Jockey Club Housing for the Elderly of Helping Hand, and created Zentangle artworks with elderly.

### Initiative 6



We painted bright and colorful murals in a primary school students to help brighten the outlook of the school, which was organized by HandsOn Hong Kong.

### 3 Push Forward the Sustainable Development by Capitalizing on the Power of Finance

Haitong International actively promotes putting green finance into practice by providing professional financial services for ESG clients and incorporating sustainable development elements into its business financing. To achieve this, Haitong International keeps a watchful eye on and monitors relevant risks pertaining to sustainable development. Moreover, it helps its client cope better with the risks arising from climate change to yield long-term and stable returns on assets.

#### ESG Investment Roadmap

2019	2020	Future Plan
<ul style="list-style-type: none"> <li>Assistance in ESG-related IPOs: Haitong International completed a number of ESG-related IPOs in Hong Kong including hazardous waste incineration, scrap metal recycling, wind power generation, photovoltaic power generation, energy and elderly services.</li> <li>Haitong International 's DCM team completed a total of 3 green bonds issuance projects amounting to USD700 million in 2019, they are: re-tap of USD200 million 1.5 yr green bond of Modern Land China (Co)., Limited, exchange offer and new issuance of USD 300 million 2.5 yr green bond of Modern Land China (Co)., Limited and 200 million USD 3 yr green bond of Landsea Green Properties Co., Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>The Group's research team gives ratings to the performance of all research targets which are included in the research report as one of the most important reference for investment.</li> <li>Haitong International's research team conducts a thorough and in-depth analysis on and give ratings for the ESG elements of the companies covered in our research. A score of 1 to 5 (5 is maximum) is given to the such companies' ESG performance which will be included in the research reports.</li> </ul>	<ul style="list-style-type: none"> <li>In the upcoming 2 to 3 years, the Group 's Asset Management Department will set up a series of ESG-related products investing in the Greater China region and products of niche industries with good outlooks in ESG with an aim to become the most outstanding Chinese ESG ETF manager in overseas markets. It also plans to set up fund products covering ESG-related A shares in 2020.</li> </ul>

### 3.1 Green Financial Services to Promote the Development of Green Economy

The Group considers ESG as one of the performance indicators for an enterprise’s long term development. For issuance of financial products such as bonds or equities, ESG factors are the fundamental indicators to be taken into account for evaluation whether the bond or equity issuers care about ESG on top of economic benefits. It is found that companies which pay attention to ESG can better allocate its resources and operate in an innovative management with more competitiveness, compared with its peer group. Therefore, the Group prioritizes companies excelling in social welfare, environmental and corporate governance areas as its project partners, or takes their shares as underlying securities for our products.

- In 2019, the Group’s ratings advisory team assisted in Landsea Green Properties to issue green bonds as Green Structure Bank and Green Bond Rating Advisor. Therefore, the bond received an E1/82 rating, the highest rating in the S&P green rating system.
- The Private Equity Fund Department of the Group invested in CDH VGC Fund II, L.P. in 2019. The Fund has ESG procedures including introduction and principles, ESG polices, organization, responsibilities and reporting.
- The LAF Department of the Group participated in green financing projects as follows:

Green Economy	Description of Clients	Services of Haitong International	ESG Efficiency
Scrap metal recycling	A HK listed company (“Listco1”), primarily engaged in recycling of mixed metals scrap and collection, recycling, dismantling, sorting and processing of other resources. In 2016, the Listco1 completed its acquisition of a target asset, which is based in Europe with business presence in Europe, North America and Central America and is one of the largest mixed metal scrap manufacturers with advanced processing capability of end-of-life vehicles.	Haitong International worked with the Listco1 to arrange a syndicate facility to provide the target asset with M&A bridge financing in 2016. In 2019, Haitong International continued to support the Listco1 by providing financing advice.	<ul style="list-style-type: none"> <li>• Engaged in ferrous metal and non-ferrous metals scraps, end-of-life vehicles and electronic scraps recycling business and production of secondary aluminum ingots from aluminum scraps. With the application of the “urban mining” concept, resources can be recycled to reduce the impacts on the environmental and dependence on natural resources.</li> </ul>

<p>Clean energy - wind power</p>	<p>A HK listed company (“Listco2”), primarily engaged in R&amp;D and manufacturing of wind turbines, wind power services, wind farm investment and development and other business of water treatment.</p>	<p>Haitong International was one of the Listco2’s joint sponsors in its H-share IPO in 2010. Again, Haitong International advised on its rights issue of H-share in 2019 and the fund raised was over HKD 1 billion.</p>	<ul style="list-style-type: none"> <li>• Impact on the environment from power consumption and waste in the wind power supply chain is minimal.</li> <li>• Efficiency and performance of planning and design of wind power project, project building and operations in detail are optimized and improved to minimize costs but maximize energy generation; water supply, sewage treatment and water recycling business are conducted to improve efficiency of water resources and reduce harms to the environment due to pollutant discharges.</li> </ul>
<p>Clean energy - photovoltaic</p>	<p>A HK listed company (“Listco3”), primarily engaged in new energy and clean energy businesses covering electricity, photovoltaic, natural gas, industrial parks, new energy vehicles and semiconductors.</p>	<p>Haitong International has been continuously working with the Listco3 since 2015 and supported its strong development in solar cell production and solar power plants expansion in 2019.</p>	<ul style="list-style-type: none"> <li>• Photovoltaic business: active technological innovation can improve production technique and reduce material consumption and to increase energy utilization rate.</li> <li>• Photovoltaic station business: distributed solar power plants do not produce noise, carbon emission and electromagnetic radiations, but electricity generated can be used for the power plant itself and be sold to the National Grid; centralized power plants can be for use of agriculture and to assist fishery.</li> <li>• Green power and intelligent energy: technological innovation, explore more on traditional ways of power generation and intelligent energy to increase utilization and to reduce consumption of natural resources.</li> </ul>

### 3.2 ESG Capital Financing

Through provision of consultancy services, the Group expedites cash flows and assists outstanding clients in terms of ESG entering the capital market by actively providing financing services so as to promote sustainable development of their businesses. From 2017 to 2019, Haitong International has completed a total of 26 ESG-related IPOs in Hong Kong including the followings.

 <p>3 GOOD HEALTH AND WELL-BEING</p>	<ul style="list-style-type: none"> <li>• <b>Participating in the IPO of IVD Medical Holding Limited:</b> The company is an IVD distributor in China engaging in research, development, manufacturing and sales of IVD products.</li> <li>• <b>Participating in the IPO of SinoMab BioScience Limited:</b> The company dedicates to the research, development, manufacturing and commercialization of therapeutics for the treatment of immunological diseases in Hong Kong, primarily mAb-based biologics .</li> </ul>
 <p>4 QUALITY EDUCATION</p>	<ul style="list-style-type: none"> <li>• <b>Participating in the IPO of Scholar Education Group:</b> The company offers a comprehensive suite of after-school education services through academic preparation program and early primary education program.</li> <li>• <b>Participating in the IPO of JH Educational Technology Inc:</b> The company is the largest private provider of junior college education and fourth largest private provider of formal higher education in Zhejiang province with an aim to provide higher education and secondary education services.</li> </ul>
 <p>11 SUSTAINABLE CITIES AND COMMUNITIES</p>	<ul style="list-style-type: none"> <li>• <b>Participating in the IPO of Weigang Environmental Technology Holding Group Limited:</b> The company is a comprehensive hazardous waste incineration turnkey solution provider focused on solid waste treatment systems including hazardous waste incineration.</li> </ul>
 <p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	<ul style="list-style-type: none"> <li>• <b>Acting as the sole sponsor for the H shares IPO of CIMC Vehicles (Group) Co., Ltd.:</b> The company is a leader in the semi-trailer industry in China and the globe and is the only one semi-trailer manufacturer complying with GB7258-2017 standard, the latest semi-trailer standard in China.</li> </ul>



- **Participating in the IPO of China Boqi Environmental (Holding) Co., Ltd.:** The company provides environmental-friendly and energy-saving technologies and services for coal-fired power plants to reduce pollutant emission and improve their production efficiency. Particularly, they provide services for controlling air-pollution at coal-fired power plants.

### 3.3 Incorporating ESG into Asset Management

The Group strives to assist investors in evaluating the market value of sustainable development of enterprises in a more comprehensive way and at the same time promote the sustainable economic and social development for a better outlook and to address to global challenges.

#### ----- ( ESG industry in different Asian countries ) -----

Haitong International puts the ESG industry in different Asian countries into its analysis system. The combined score of E (environmental) and S (social) and the independent score of G (governance) are given to each country as a reference to evaluate the risks and opportunities of the industries in such country. Based on the combined score of E and S, the Group can identify the industry with opportunities greater than risks and maximum investment potentials. Then, G will enter into the equation of evaluation. The Group can therefore identify the most attractive industry and pin down the critical problem such industry is exposed to in terms of ESG.

#### ----- ( Fundamentals analysis of listed companies ) -----

For the consideration of fundamentals of listed companies, other than financial information, the Group takes environmental protection, social responsibilities and corporate governance into account to evaluate their long term prospect. In this respect, the Group is able to select companies and investment targets with outstanding and stable performance. In this way, the Group can help investor avoid the risk of investing in underperforming targets, and at the same time can facilitate social capital to help vulnerable groups, raise awareness of health building and promote technology innovation and industry upgrade.

- In 2019, the Group invested in Shuidi through IDG China Capital Fund III. Shuidi is a company provides “Precaution + Subsequent Treatment” solution for disease with the use of mobile and Internet technologies to help vulnerable groups to establish individual health protection system.



- In 2017, the Group invested in Qingsongchou through IDG China Capital Fund III. Qingsongchou is committed to serving as a fundraising platform with the use of strong social connection to help pay medical bills for patients with severe disease.
- In 2018, the Group invested into Sensetime through All-Stars Investment Fund.

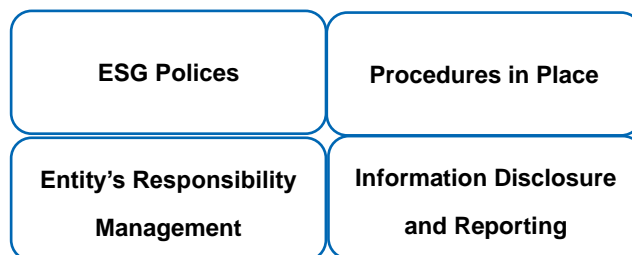


- In 2018, the Group invested in I-Mab Biopharma and HitGen Inc., leading biopharmaceutical enterprises, through CDH Investment Fund III.



**Case Study : The Group invests in environmental-friendly and social fairness-pursuing funds**

In 2019, Haitong International invested in the VGC II of CDH which possesses a complete environmental and social evaluation framework.



# 4 Participating in Environmental Protection with Commitment

Haitong International adheres to adopt environmental control policies and advocates running its business and operating in an environmentally responsible manner. Therefore, the Group reduces use of resources and improves energy utilization efficiency, and minimizes the adverse impacts and related risks to the environment due to its operation. Moreover, the Group also calls for green office and has adopted the *Procurement and Office Equipment Environmental Protection Policy* along with a series of measures to strengthen efforts on the recycling of wastes, energy saving and management of resources and emissions.

## 4.1 Improvement of Energy Utilization Efficiency

### Energy saving

For energy consumption, the Group reviews the electricity intensity in different locations and considers installing automatic lighting control in the pioneer areas so as to compare the energy-saving performance. The automatic lighting system has been applied to the new offices since 2018, and will be applied to other offices in stages. The following measures are in place:

- Continuously monitors the power consumption of each floor of its office premises. Existing lightings are replaced by energy-saving equipment such as LED lights in stages.
- In order to reduce the direct energy consumption, the Group has adopted automatic lighting system and lighting sensors in its new office in International Finance Centre and Wong Chuk Hang office.
- All copying machines at the offices will have the “tap to print” function, which stay at the energy-saving mode until used.
- Complies with the BEEO standard laid down by the Electrical and Mechanical Services Department (EMSD), which is applied to the new office settings and renovated offices.



The Group has installed automatic lighting control systems in the new offices in International Finance Centre and Wong Chuk Hang Photo (1)



and lighting sensors Photo (2)

A Certificate of Compliance Registration (COCR) has been granted by the EMSD for the Group's new office premises in International Finance Centre and Wong Chuk Hang, compliance of Lighting Installation with Building Energy Efficiency Ordinance.

### Environmental-friendly Fuel

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

### Water Saving

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 2019, 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.

## 4.2 Emissions Reduction

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* of Hong Kong Laws. In 2019, 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.

## Greenhouse Gas Emissions

The Group has engaged a professional consultant to conduct evaluation on the Group’s carbon emission to measure the GHG emission during the course of its operation in 2019 in a quantitative manner. 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 Hong Kong Exchanges and Clearing Limited.

## 4.3 Proper Disposal of Waste

The Group applies the idea of “high efficiency, environmental friendly sustainable resources” into its daily operations in a bid to minimize its impact on the environment. Moreover, the Group actively participates into The Hong Kong Green Organisation Certification and has been granted the Wastewi\$e Certificate (Excellence Level) for 5 consecutive years in recognition of its unremitting efforts put on environmental protection.

### Award

Haitong International has been granted the Wastewi\$e Certificate (Excellence Level) of The Hong Kong Green Organisation Certification for 5 consecutive years.





Wastewi\$e Certificates from 2016 to 2020

### Disposal of Hazardous Waste

The Group pays attention to the management of hazardous waste and engages professional suppliers to recycle the used carbon cartridges. The Group has participated in an electronic products recycling programme organized by “Caritas Computer Workshop” for 3 consecutive years since 2017. During the reporting period, the Group did not generate other hazardous waste.

### Reduction of Non-hazardous Waste

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 paper-free 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.
- Conducted a survey among its shareholders to investigate the feasibility of reducing the number of print copies of financial reports.
- Chooses Programme for the Endorsement of Forest Certification (“PEFC”) certified paper for document printing in office.
- Has appointed qualified agents to collect recyclable paper.



- the PEFC logo ( as shown above ) printed on the paper carton box ( stored in the printing or storage area )
- the FSC logo ( as shown above ) on the business cards of Haitong International, or relevant proof is provided by supplier for its qualification (e.g. photos or certificates)

Note: The paper and business cards 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 forests.

#### 4.4 Involved in Environmental Protection Initiatives

Haitong International does not only pay attention to the impact of its operations on the sustainable development, but it is also aware of the environmental protection duties and the role to exert positive influence of a financial services provider. Through its support to environmental protection projects, the Group deepens cooperation with non-profitmaking organizations that support sustainable growth at home and abroad to contribute to the development of environmental-friendly society.

##### Initiative 1



19 employees of the Group participated in WWF's Run for Wild and raised funds of HKD16,000 in support of WWFHK

##### Initiative 2



21 employees of the Group participated in a "Foodstep Journey" run by Food Angel and learned how to preserve and save food, understood the food waste in Hong Kong and helped select food and prepared free hot meals.

# Appendix

## Appendix 1: KPI Tables

### Emissions : Greenhouse gas ( “GHG” ) emission

Indicator	Unit	2019	2018	2017
Total GHG emissions	tCO2e	2,279.69	1,335.63	1,420.12
Density of GHG emissions	tCO2e /m2	0.21	0.15	0.20
Scope of GHG Emissions 1	tCO2e	37.12	45.33	49.89
Petrol / gasoline	tCO2e	37.12	45.33	49.89
Scope of GHG Emissions 2	tCO2e	1,230.14	1,096.10	923.95
Purchased power	tCO2e	1,230.14	1,096.10	923.95
Scope of GHG Emissions 3	tCO2e	1,012.43	1,171.35	2,164.29
Paper waste	tCO2e	895.91	1,056.48	1,805.58
Recycled paper	tCO2e	-86.31	-79.33	-80.13
Business flight travel	tCO2e	202.83	194.20	438.84

Remarks: Established new office at Wong Chuk Hang in 2018 and International Finance Centre in 2019.

### Emissions: Air pollutants

Indicator	Unit	2019	2018	2017
NOx	kg	6.91	7.38	12.86
Yoy change	%	-6.37	-74.25	/
SOx	kg	0.23	0.25	0.27
Yoy change	%	-8.00	-7.40	/
RSP	kg	0.51	0.54	0.95
Yoy change	%	-5.56	-43.16	/

## Waste

Indicator	Unit	2019	2018	2017
<b>Non-hazardous waste</b>				
Paper consumption	ton	186.65	220.1	376.16
Recycled paper <sup>1</sup>	ton	17.98	16.53	16.69
Waste plastic bottles produced	piece	1,252	1,308	Not applicable
Paper cups produced	piece	9,000	9,000	9,000
<b>Hazardous waste</b>				
Recycled computers and electronic appliances	piece	0	169	410

Remarks 1: Due to adjustment has been made to the method of measuring paper consumption, the figures for the years 2018 and 2017 have been updated accordingly.

## Use of resources

Indicator	Unit	2019	2018	2017
Total power consumption	MWh	1,690.48	1,545.18	1,329.75
Density of power consumption	MWh /m <sup>2</sup>	0.16	0.18	0.17
<b>Direct power consumption</b>				
Petrol / Gasoline	MWh	152.48	158.18	159.75
Density of Petrol / Gasoline Consumption	MWh /m <sup>2</sup>	0.01	0.02	0.02
<b>Indirect power consumption</b>				
Power	MWh	1,538	1,387	1,170
Density of Power Consumption	MWh /m <sup>2</sup>	0.14	0.15	0.16

## Employment

Indicator	Unit	2019	2018	2017
Total number of employees	person	1,238	1,129	1,015

### Number and proportion of employees grouped by gender

Number of male employees	person	705	675	610
Number of female employees	person	533	454	405
Proportion of male employees	%	56.94	59.78	60.09
Proportion of female employees	%	43.05	40.21	39.90
Proportion of female employees of senior management	%	7.91	8.76	8.17

### Number and proportion of employees grouped by employment type

Number of part-timers	person	10	3	2
Number of full-timers	person	1,228	1,126	1,013
Proportion of part-timers	%	0.80	0.26	0.19
Proportion of full-timers	%	99.19	99.73	99.80

### Number and proportion of employees grouped by age

≤ 30	person	295	247	240
30 to 50	person	814	774	663
≥ 50	person	129	108	112
Proportion of employees aged ≤ 30	%	23.82	21.87	23.64
Proportion of employees aged between 30 to 50	%	65.75	68.55	65.32
Proportion of employees aged ≥ 50	%	10.42	9.56	11.03

### Number and proportion of employees grouped by region

Hong Kong	person	909	833	793
Macau	person	9	9	9
Tokyo	person	14	18	18

Singapore	person	75	67	58
New York	person	38	38	9
London	person	30	27	10
India	person	44	41	39

#### Number and proportion of new employees grouped by age and region

Number of new male recruits	person	210	207	150
Number of new female recruits	person	189	154	138
Proportion of new male recruits	%	16.96	18.33	14.77
Proportion of new female recruits	%	15.26	13.64	13.59
Number of new recruits in Hong Kong	person	298	281	229
Number of new recruits in other regions	person	101	80	59
Proportion of new recruits in Hong Kong	%	24.07	24.88	22.56
Proportion of new recruits in other areas	%	8.15	7.08	5.81

#### Attrition rate of employees leaving of their own accord

Number of full-timers leaving of their own accord	Person	234	236	139
Attrition rate of full-timers leaving of their own accord	%	18.90	20.90	13.69
Percentage of no. of full-timers leaving of their own accord to total no. of departures	%	80.41	81.37	85.27

#### Number of attritions and attrition rate of employees grouped by gender

Number of attritions of male employees compared with previous year	person	141	134	75
Number of attritions of female employees compared with previous year	person	93	102	64

Attrition rate of male employees	%	11.38	11.86	7.38
Attrition rate of female employees	%	7.51	9.03	6.30

#### Number of attritions and attrition rate of employees grouped by age

Number of attritions of employees aged $\leq 30$ compared with previous year	person	62	58	32
Number of attritions of employees aged between 30 to 50 compared with previous year	person	159	158	91
Number of attritions of employees aged $\geq 50$ compared with previous year	person	13	20	16
Attrition rate of employees aged $\leq 30$	%	5.00	5.13	3.15
Attrition rate of employees aged between 30 to 50	%	12.84	13.99	8.96
Attrition rate of employees aged $\geq 50$	%	1.05	1.77	1.57

#### Number of attritions and attrition rate of employees grouped by region

Number of attritions of employees in Hong Kong compared with previous year	person	180	196	107
Number of attritions of employees in other regions compared with previous year	person	54	40	32
Attrition rate of employees in Hong Kong	%	14.53	17.36	10.54
Attrition rate of employees in other regions	%	4.36	3.54	3.15

#### Health and safety

Indicator	Unit	2019	2018	2017
Number of deaths due to work	person	0	0	0
Proportion of deaths due to work	%	0	0	0

### Work injuries

Proportion of disabled	%	0	0	0
Number of male employees injured	case	1	0	1
Number of female employees injured	case	0	1	2
Rate of injured (calculated in per 1,000 employees)	%	0.80	0.88	3.75
Number of working days lost due to work injury for male employees	day	2	0	4
Number of working days lost due to work injury for female employees	day	0	17	14
Number of working days for male employees	day	183,300	126,880	123,240
Number of working days for female employees	day	138,580	91,250	85,020
Percentage of working days lost due to work injury	%	< 0.01	< 0.01	< 0.01

### Working environment

Number of employees who completed the working environment healthy evaluation	person	200	270	350
Health and safety non-conformities	case	0	0	0

### Attendance

Total hours of absence for male employees	Hour	2,648	2,824	5,636
Total hours of absence for female employees	Hour	2,884	3,724	6,272
Total working hours for male employees	Hour	1,466,400	1,404,000	1,268,800
Total working hours for female employees	hour	1,108,640	944,320	842,400
Absence rate	%	0.21	0.27	0.56

## Development and Training

Indicator	Unit	2019	2018	2017
Number of e-training	Times	8	Over 90 internal training sessions	Over 70 internal training sessions
Number of offline training	Times	98		

### Number and proportion of trained employees grouped by type of employees

Number of management	person	334	329	291
Number of managers	person	490	427	375
Number of common employees	person	414	373	349
Trained management	person	334	316	226
Trained managers	person	490	396	303
Trained common employees	person	381	315	264
Total number of trained employees	person	1,205	1,027	793
Proportion of trained management	%	100	96.04	77.66
Proportion of trained managers	%	100	92.74	80.80
Proportion of trained common employees	%	92.02	84.45	75.64
Proportion of total trained employees	%	97.33	90.97	78.13

### Number of average training hours for employees by type of employees

Number of training hours for management	hour	3,028	2,948	3,052
Number of training hours for managers	hour	4,173	3,911	3,406
Number of training hours for common employees	hour	17,830	12,991	14,110

Total Number of training hours for all employees	hour	25,031	19,850	20,568
Average number of training hours for the management	hour	9	9	10
Average number of training hours for the managers	hour	9	9	9
Average number of training hours for the common employees	hour	44	35	40
Average number of training hours for all employees	hour	20	18	20

#### Number and proportion of trained employees grouped by gender

Number of trained male employees	person	691	618	471
Number of trained female employees	person	514	410	324
Proportion of trained male employees	%	98.01	91.55	77.21
Proportion of trained female employees	%	96.43	90.30	80.00

#### Number of average training hours for employees by gender

Number of training hours for male employees	hour	13,578	9,661	11,295
Number of training hours for female employees	hour	11,453	10,189	9,274
Average number of training hours for male employees	hour	19	14	19
Average number of training hours for female employees	hour	22	22	23

## Labour Standard

Indicator	Unit	2019	2018	2017
Confirmed discrimination	Case	0	0	0
Confirmed forced labour	Case	0	0	0
Confirmed child labour	Case	0	0	0

## Suppliers

Indicator	Unit	2019	2018	2017
Number of suppliers	Number	317	454	408

## Product Liability

For relevant indicators and statistics, please read the “Grow with stakeholders-Clients” section.

## Anti-corruption

Indicator	Unit	2019	2018	2017
Confirmed bribery	Case	0	0	0
Anti-bribery training ( for the board of directors and senior management )	Times	1	2	2
Enrollments for anti-bribery training ( for the board of directors and senior management )	Enrollments	275	90	155
Anti-bribery training ( for common employees )	Enrollments	1	2	2
Enrollments for anti-bribery training ( for common employees )	Enrollments	716	635	333

## Community investment

Indicator	Unit	2019	Description
Education expense	HKD10,000	34.86	<ul style="list-style-type: none"> <li>Established Haitong International AI awards. Awards and prize money were given to winners to encourage and support secondary students in Hong Kong to participate in technology innovation and learning: HKD 250,000</li> <li>2018/19 management trainee mentorship programme – campus visit programme: HKD 43,600</li> <li>Worked with British Council Hong Kong to provide Micro: bit training: HKD 35,000</li> <li>Worked with Youth Outreach to organize YO Dancial to raise fund: HKD 20,000</li> </ul>
Environmental protection expense	HKD10,000	2.4	<ul style="list-style-type: none"> <li>Participated in and sponsored Foodstep Journey run by the Food Angel: HKD 8,000</li> <li>Participated in and sponsored WWF Run for Wild: HKD 16,000</li> </ul>
Health care expense	HKD10,000	12.75	<ul style="list-style-type: none"> <li>Haitong International’s “Care for the Elderly, Care for the Brain” Project 2019/2020: HKD 72,500</li> <li>Participated in and sponsor Crossroad Foundation’s “Global X-perience”: HKD 5,000</li> <li>Sponsored: Helping Hand Healthbank Cookie: HKD 50,000</li> </ul>
Cultural expense	HKD10,000	35.5	<ul style="list-style-type: none"> <li>Participated in and sponsored The Better Hong Kong Foundation’s events: HKD 250,000</li> <li>Sponsored Asia Society’s events: HKD 100,000</li> <li>Sponsored the Association of Chinese Culture of Hong Kong – Music and Speech Carnival : HKD 5,000</li> </ul>
Sports expense	HKD10,000	51.2	<ul style="list-style-type: none"> <li>Sponsored training and public events for Windsurfing Association of Hong Kong: HKD 500,000</li> <li>Participated in and sponsored the Square Mile</li> </ul>

			Relay run by Bloomberg (delay): HKD 11,995
Disaster relief expense	HKD10,000	10	<ul style="list-style-type: none"> <li>• Donated money to the families involved in the bus accident occurred in Fanling on 18 December 2019: HKD 100,000</li> </ul>
Accumulated service hours for voluntary works in the community	Hour	392.5	<ul style="list-style-type: none"> <li>• WFF Run for Wild: 2.5 hours x 19 persons= 47.5 hours</li> <li>• Crossroad Foundation's Global X-perience: 3 hours x 19 persons = 57 hours</li> <li>• Food Angel's Foodstep Journey: 3 hours x 21 persons= 63 hours</li> <li>• British Council Hong Kong's "Micro:bit workshop": 4 hours x 31persons = 124 hours</li> <li>• Helping Hand's Zentangle Art for elderly homes: 1 hour x 3 persons= 3 hours</li> <li>• 2018/19 management trainee programme – campus visit activities: 3.5 hours x 28 persons= 98 hours</li> </ul>
Number of enrollments for voluntary works for the community	Enrollment s	121	<ul style="list-style-type: none"> <li>• WWF Run for Wild: 19 persons</li> <li>• Crossroad Foundation's Global X-perience: 19 persons</li> <li>• Food Angel's Foodstep Journey: 21 persons</li> <li>• British Council Hong Kong's "Micro:bit Workshop": 31 persons</li> <li>• Helping Hand's Zentangle Art for elderly homes: 3 persons</li> <li>• 2018/19 management trainee programme – campus visit activities: 28 persons</li> </ul>

## Appendix 2:

### Environmental, Social and Governance 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

#### Key Aspects, general

#### disclosure and KPIs

#### Description

#### Section

#### A1: Emissions

disclosure and KPIs	Description	Section
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.	Participating in environmental protection with commitment
A1.1	The types of emissions and respective emissions data.	Appendix 1 : KPI table
A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Appendix 1 : KPI table
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Appendix 1 : KPI table
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 table
A1.5	Description of measures to mitigate emissions and results achieved.	Appendix 1 : KPI table
A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Appendix 1 : KPI table

## A2: Use of resources

General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Participating in environmental protection with commitment
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 table
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Appendix 1 : KPI table
A2.3	Description of energy use efficiency initiatives and results achieved.	Participating in environmental protection with commitment
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Participating in environmental protection with commitment
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Not applicable

## A3: The environment and natural resources

General disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources.	Push forward the sustainable development by capitalizing on the power of finance
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Push forward the sustainable development by capitalizing on the power of finance

## 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, anti-discrimination, and other benefits and welfare.	Grow with stakeholders
B1.1	Total workforce by gender, employment type, age group and geographical region.	Appendix 1 : KPI table
B1.2	Employee turnover rate by gender, age group and geographical region.	Appendix 1 : KPI table

## **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.	Grow with stakeholders
B2.1	Number and rate of work-related fatalities.	Appendix 1 : KPI table
B2.2	Lost days due to work injury.	Appendix 1 : KPI table
B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Grow with stakeholders

## **B3: Development and training**

General disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Grow with stakeholders
B3.1	The percentage of employees trained by gender and employee category.	Appendix 1 : KPI table

B3.2	The average training hours completed per employee by gender and employee category.	Appendix 1 : KPI table
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#### **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 labour.	Grow with stakeholders
B4.1	Description of measures to review employment practices to avoid child and forced labour.	Grow with stakeholders
B4.2	Description of steps taken to eliminate such practices when discovered.	Grow with stakeholders

#### **B5: Supply chain management**

General disclosure	Policies on managing environmental and social risks of the supply chain.	Grow with stakeholders
B5.1	Number of supplier by geographical region.	To be disclosed in future
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Grow with stakeholders

## 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.	Grow with stakeholders
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not applicable
B6.2	Number of products and service related complaints received and how they are dealt with.	Grow with stakeholders
B6.3	Description of practices relating to observing and protecting intellectual property rights.	Grow with stakeholders
B6.4	Description of quality assurance process and recall procedures.	Not applicable
B6.5	Description of customer data protection and privacy policies, how they are implemented and monitored.	Grow with stakeholders

## 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.	Grow with stakeholders
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 table

B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Grow with stakeholders
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**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.	Grow with stakeholders / Appendix 1 : KPI table
B8.1	Focus areas of contribution.	Grow with stakeholders / Appendix 1 : KPI table
B8.2	Resources contributed to the focus area.	Grow with stakeholders / Appendix 1 : KPI table

## Appendix 3: Global Reporting Initiative Standards Index

GRI Indicator	Detail	Section
<b>General Standard Disclosure</b>		
G102-1	Name of organization	About this report
G102-2	Brands, products and services	Information about Haitong International
G102-3	Location of headquarters	Feedback
G102-4	Location of operations	Information about Haitong International
G102-5	Nature of ownership and legal form	Information about Haitong International
G102-6	Markets served	Information about Haitong International
G102-7	Scale of the organization	Information about Haitong International
G102-8	Information on employees and other workers	Appendix 1: KPI table
G102-9	Supply chain	Grow with stakeholders – Suppliers/ Appendix 1: KPI table
G102-10	Significant changes to the organization and its supply chain	/
G102-11	Report how the precautionary approach is addressed	ESG management improvement – ESG strategy
G102-12	External initiatives	/
G102-13	Membership of associations	Grow with stakeholders – Community
<b>Strategies</b>		
G102-14	Statement from senior decision maker	Management's statement
G102-15	Critical impacts, risks and opportunities	Management's statement
<b>Ethics and Integrity</b>		
G102-16	Values, principles, standards and norms of behaviour	Annual Report 2019 of Haitong International Securities Group Limited
G102-17	Recommendation on ethics and	/

mechanism to address issues  
concerned

## Governance

G102-18	Governance structure of the organization	Information about Haitong International
G102-19	Authorization	Annual Report 2019 of Haitong International Securities Group Limited
G102-20	Responsibilities of executive management on economic, environmental and social issues	ESG management improvement – ESG strategy
G102-21	Negotiation carried out for economic, environmental and social issues with stakeholders	ESG management improvement – Management of stakeholders
G102-22	Composition of the highest governance body and its committees	Information about Haitong International
G102-23	Chairman of the highest governance body	Management's statement
G102-24	Nomination and selection of the highest governance body	Annual Report 2019 of Haitong International Securities Group Limited
G102-25	Conflicts of interests	Annual Report 2019 of Haitong International Securities Group Limited
G102-26	Functions of the highest governance body in formulating the principle, values and strategy	ESG management improvement – ESG management structure
G102-27	Collective knowledge of highest governance body	ESG management improvement – ESG management structure
G102-28	Evaluating the highest governance body's performance	/
G102-29	Identification and management of impacts on economy, environment and society	ESG management improvement – ESG strategy
G102-30	Effects of risk management procedures	Annual Report 2019 of Haitong International Securities Group Limited
G102-31	Review and consideration of economic, environmental and social issues	ESG management improvement – Management of stakeholders
G102-32	Functions of the highest governance body in the sustainability report	Management's statement

G102-33	Communication on significant concerned matters P22 102-34 Nature and total number of significant concerned	ESG management improvement – Management of stakeholders
G102-34	Nature and total number of significant concerned matters	ESG management improvement – Management of stakeholders
G102-35	Remuneration policies	Grow with stakeholders – Employees
G102-36	Procedure for fixing remuneration	Annual Report 2019 of Haitong International Securities Group Limited
G102-37	Stakeholders' involvement in decision of fixing remuneration	Annual Report 2019 of Haitong International Securities Group Limited
G102-38	Annual total compensation ratio	Annual Report 2019 of Haitong International Securities Group Limited
G102-39	Percentage increase in annual total compensation ratio	Annual Report 2019 of Haitong International Securities Group Limited

#### **Involvement of stakeholders**

G102-40	List of stakeholder groups	ESG management improvement – Management of stakeholders
G102-41	Identification and selection of stakeholders	ESG management improvement – Management of stakeholders
G102-42	Identification and selection of stakeholders	ESG management improvement – Management of stakeholders
G102-43	Matrix of stakeholders' involvement	ESG management improvement – Management of stakeholders
G102-44	Report any key topics and concerns raised by stakeholders	ESG management improvement – Management of stakeholders

#### **Practice on reporting**

G102-45	Entities included in the consolidated financial statements	Annual Report 2019 of Haitong International Securities Group Limited
G102-46	Defining report content and topic boundaries	About this report
G102-47	List of material topics	ESG management improvement – Management of stakeholders

G102-48	Restatements of information	About this report
G102-49	Changes in reporting	About this report
G102-50	Reporting period	About this report
G102-51	Date of most recent report	About this report
G102-52	Reporting cycle	About this report
G102-53	Contact point for questions regarding the report	About this report
G102-54	Claims of reporting in accordance with the GRI Standards	About this report
G102-55	GRI Content Index	Appendix 3: Global Reporting Initiative Standards Index
G102-56	External Assurance	/

### Management Methods

G103-1	Explanation of the material topic and its boundary	ESG management improvement – Management of stakeholders
G103-2	The management approach and its components	ESG management improvement – Management of stakeholders
G103-3	Evaluation of the management approach	ESG management improvement – Management of stakeholders

### GRI 201 Economic benefits

G201-1	Direct Economic Value generated and distributed	Management's statement
G201-2	Financial implications and other risks and opportunities due to climate change	Push forward the sustainable development by capitalizing on the power of finance – Incorporating ESG into asset management
G201-3	Defined benefit plan obligations and other retirement plans	Grow with stakeholders – Employees
G201-4	Financial assistance received from government	/

### Market performance

G202-1	Ratios of standard entry level wage by gender compared to local minimum wage	/
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G202-2	Proportion of senior management hired from the local community	/
<b>Indirect economic impacts</b>		
G203-1	Infrastructure investments and services supported	Push forward the sustainable development by capitalizing on the power of finance
G203-2	Significant indirect economic impacts	Push forward the sustainable development by capitalizing on the power of finance
<b>Purchase practice</b>		
G204-1	Proportion of spending on local suppliers	Grow with stakeholders – Suppliers
<b>Anti-corruption</b>		
G205-1	Operations assessed for risks related to corruption	Grow with stakeholders – Employees/Suppliers
G205-2	Communication and training about anticorruption policies and procedures	Grow with stakeholders – Employees/Suppliers
G205-3	Confirmed incidents of corruption and actions taken	Appendix 1:KPI table
<b>Anti-competitive behavior</b>		
G206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	/
<b>GRI 301 Materials</b>		
G301-1	Materials used by weight or volume	Not applicable
G301-2	Recycled input materials used	Not applicable
G301-3	Reclaimed products and their packaging materials	Not applicable
<b>Energy</b>		
G302-1	Energy consumption within the organization	Appendix 1:KPI table
G302-2	Energy consumption outside the organization	Appendix 1:KPI table
G302-3	Energy intensity	Appendix 1:KPI table

G302-4	Reduction of energy consumption	Appendix 1:KPI table
G302-5	Reduction in energy requirements of products and services	Participating in environmental protection with commitment

### Water

G303-1	Water withdrawal by source	Not applicable
G303-2	Water sources significantly affected by withdrawal of water	Not applicable
G303-3	Water recycled and reused	Participating in environmental protection with commitment – Improvement of energy utilization efficiency

### Emissions

G305-1	Direct (Scope 1) GHG emissions	Appendix 1: KPI table
G305-2	Energy indirect (Scope 2) GHG emissions	Appendix 1: KPI table
G305-3	Other indirect (Scope 3) GHG emissions	Appendix 1: KPI table
G305-4	Intensity of GHG emissions	Appendix 1: KPI table
G305-5	Reduction of GHG emissions	Appendix 1: KPI table
G305-6	Emissions of ozone-depleting substances (ODS)	Appendix 1: KPI table
G305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	Appendix 1: KPI table

### Effluents and Waste

G306-1	Water discharge by quality and destination	Not applicable
G306-2	Waste by type and disposal method	Appendix 1: KPI table
G306-3	Significant spills	Not applicable
G306-4	Transport of hazardous waste	Not applicable
G306-5	Water bodies affected by water discharges and/or runoff	Not applicable

### Environmental Compliance

G307-1	Non-compliance with environmental	Participating in environmental
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laws and regulations	protection with commitment
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### Supplier Environmental Assessment

G308-1	New suppliers that were screened using environmental criteria	Grow with stakeholders – Suppliers
G308-2	Negative environmental impacts in the supply chain and actions taken	Grow with stakeholders – Suppliers

### GRI 401 Employment

G401-1	New employee hires and employee turnover	Appendix 1: KPI table
G401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Grow with stakeholders – Employees
G401-3	Parental leave	Grow with stakeholders – Employees

### Employer-employee relationship

G402-1	Minimum notice periods regarding operational changes	Not applicable
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### Occupational Health and Safety

G403-1	Workers representation in formal joint management–worker health and safety committees	Grow with stakeholders – Employees
G403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Appendix 1: KPI table
G403-3	Workers with high incidence or high risk of diseases related to their occupation	Not applicable
G403-4	Health and safety topics covered in formal agreements with trade unions	/

### Training and Education

G404-1	Average hours of training per year per employee	Appendix 1: KPI table
G404-2	Programs for upgrading employee skills and transition assistance	Grow with stakeholders – Employees

	programs	
G404-3	Percentage of employees receiving regular performance and career development reviews	Grow with stakeholders – Employees

#### Diversity and Equal Opportunity

G405-1	Diversity of governance bodies and employees	Annual Report 2019 of Haitong International Securities Group Limited
G405-2	Ratio of basic salary and remuneration of women to men	/

#### Anti-discrimination

G406-1	Incidents of discrimination and corrective actions taken	Grow with stakeholders – Employees
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#### Freedom of association and collective bargaining

G407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	/
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#### Child Labor

G408-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Appendix 1: KPI table
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#### Forced or Compulsory Labor

G409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Appendix 1: KPI table
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#### Practice on security

G410-1	Security personnel trained in human rights policies or procedures	Not applicable
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#### Rights of indigenous peoples

G411-1	Incidents of violations involving rights of indigenous peoples	Not applicable
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#### Human Rights Assessment

G412-1	Incidents of violations involving rights of indigenous peoples	/
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G412-2	Employee training on human rights policies or procedures	/
G412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	/

### Local Communities

G413-1	Operations with local community engagement, impact assessments, and development programs	Grow with stakeholders – Community
G413-2	Operations with significant actual and potential negative impacts on local communities	Grow with stakeholders – Community

### Supplier Social Assessment

G414-1	New suppliers that were screened using social criteria	/
G414-2	Negative social impacts in the supply chain and actions taken	Grow with stakeholders – Suppliers

### Public Policies

G415-1	Political contributions	/
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### Client Health and Safety

G416-1	Assessment of the health and safety impacts of product and service categories	/
G416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	/

### Marketing and Labeling

G417-1	Requirements for product and service information and labeling	Grow with stakeholders – Clients
G417-2	Incidents of non-compliance concerning product and service information and labeling	/
G417-3	Incidents of non-compliance concerning marketing communications	/

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**Client Privacy**

G418-1	Substantiated complaints concerning breaches of client privacy and losses of client data	Grow with stakeholders – Clients
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**Socioeconomic Compliance**

G419-1	Non-compliance with laws and regulations in the social and economic area	/
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## Appendix 4: Feedback

Dear readers,

Greetings! Thank you for your interest in the Environmental, Social and Government Report 2019 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:

Email: [ir@htisec.com](mailto:ir@htisec.com)

Fax: 852-22349863

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 "Enhanced ESG management":

Excellent  Good  Fair

3 · Your comments on Haitong International's "Grow with stakeholders":

Excellent  Good  Fair

4 · Your comments on Haitong International's "Participating in environmental protection with commitment":

Excellent  Good  Fair

5 · Your opinion and suggestions in respect of Haitong International's ESG Management and ESG report:

Thanks for your support to the Company.



**Haitong International Securities Group Limited** (Incorporated in Bermuda with limited liability)  
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