



2016

ENVIRONMENTAL, SOCIAL  
AND GOVERNANCE REPORT

Haitong International Securities Group Limited  
Stock Code : 665.HK

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## Information About Haitong International

Haitong International Securities Group Limited (“Haitong International” or the “Group”, Stock Code: 665.HK) is a Hong Kong-based institution with global perspective which endeavors to play the role to bridge the Chinese and foreign capital markets. Its parent is Haitong Securities Company Limited (Stock Code: 600837.SH, 6837.HK).

Haitong International strives to provide comprehensive financial products and services such as corporate finance, brokerage, asset management, fixed income, currency and commodities and institutional equities businesses for nearly 200,000 enterprises, institutions and retail clients at home and abroad. Boasting a sound risk management system in line with international standards, Haitong International has been selected as one of the Constituents of Hang Seng Composite LargeCap & MidCap Index, becoming the first Chinese financial service provider in Hong Kong who is granted a BBB long-term credit rating by Standard and Poor’s. In December 2016, Haitong International completed the acquisition of an Indian subsidiary (“Haitong India”) from Haitong Bank to form a financial network covering major international financial markets in Hong Kong, Singapore, New York, London, Tokyo and Bombay with an aim to become a top boutique financial service provider in the Asia-Pacific region.



\*4 January 2017

### Five major businesses



## About This Report

This report is the first environment, social and governance (“ESG”) report (“ESG Report”) published by Haitong International in its openness and transparency initiative. This report discloses the initiatives and performance of the Group over the subjects of sustainable development in 2016 and demonstrates its strategies for and commitment to its sustainable trajectory in order to improve the confidence in and understanding of the Group among its stakeholders.

For Haitong International, this report does not only review its corporate performance, but it also drives necessary reforms. To this end, the Group has engaged Carbon Care Asia Limited (“Carbon Care Asia”), an independent professional consultant, to compile this report. During the preparation of this report, Carbon Care Asia assisted the Group in evaluating the Group’s performance of environment management and social responsibility and identifying key subjects to which the Group should pay utmost attention so as to facilitate the Group to improve and enhance performance in a more continuous manner.

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

## Reporting Year

All information contained herein reflects the performance of Haitong International on environmental management and social responsibility from January 2016 to December 2016. Subsequently, the Group will publish an ESG Report on a regular basis each year, which can be accessed by various sectors at any time, to continuously enhance the transparency of information disclosure.

## Scope of Report

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

## Reporting Guideline

The Report is published in accordance with the Environmental, Social and Governance Reporting Guide (the “ESG Guide”) issued by the Hong Kong Stock Exchange Limited (the “Stock Exchange”). The Report mainly outlines the ESG performance of Haitong International in a concise manner. Information contained herein is sourced from the official documents and statistical data of the Group, and is aggregated from the monitoring, management and operational information provided by Haitong International’s subsidiaries in accordance with the relevant rules of the Group. A complete index is inserted in the last chapter of the Report for reference. The Report is written in the Chinese and English languages and both are uploaded onto Haitong International’s website at [www.htisec.com](http://www.htisec.com). In case of any conflict or inconsistency between the Chinese version and the English version, the Chinese version shall prevail.

In future and within its feasible scope, Haitong International will consider preparing the report with reference to the GRI standards formulated by Global Reporting Initiative (the “GRI”). The GRI standards are currently the most widely used guide for sustainable development report framework throughout the world. With this move, the Group hopes that it will be able to cover substantive issues in a more comprehensive manner, demonstrating the Group’s determination in following the best international practices.

### We Value Your Feedback

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

## Reporting Principles and Communication with Stakeholders

### Reporting Principles

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

Reporting principle	Meanings	Response from Haitong International
Materiality	The report contains environmental and social topics which are material to stakeholders.	The report has paid special emphasis to the most concerned topics relating to core businesses and the stakeholders.
Quantitative	The report should disclose KPIs in ways that can be measured.	The Group strived to present quantitative information and enclosed with explanation only if permitted under the circumstances.
Balance	The report should be unbiased in presenting the performance of the Group.	The report identified and described the achievements made and challenges faced by the Group.
Consistency	The report should use consistent statistical and disclosure methods so that meaningful comparison can be performed in future.	No comparison can be made to its data as this is the first report presented by the Group, while the Group will continue to use the existing statistical and disclosure methods in future so that stakeholders can perform comparison on the performances of the Group year on year.

## Communication with Stakeholders

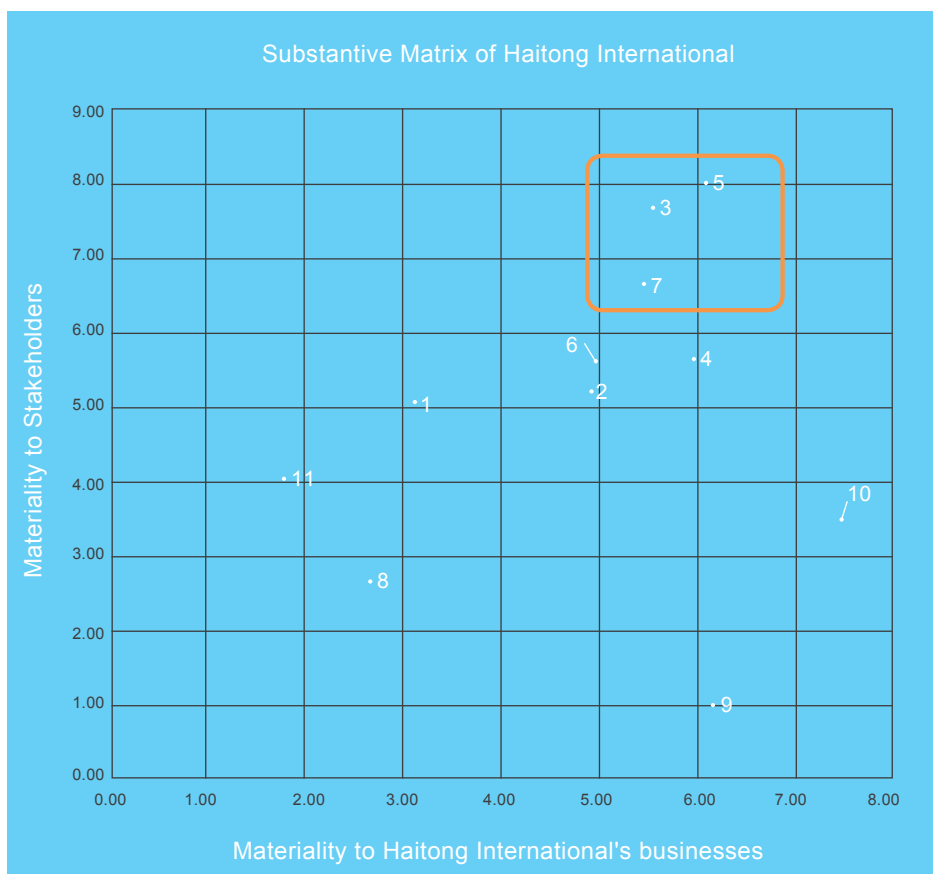
Stakeholder engagement is the most efficient method for assessing materiality. In this virtue, Haitong International communicated with important stakeholders through different channels, so as to understand their expectations more deeply, identify opportunities for business development and deal with the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

### Communication methods with stakeholders during the reporting period

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

During the preparation of this report, Haitong International especially engaged Carbon Care Asia, an independent consultant, to collect feedbacks from stakeholders, so as to help the Group identify substantive topics in an equitable and fair manner. Carbon Care Asia conducted in-depth interviews with the senior management of the Group to understand its sustainable development visions and policy direction. Then it discussed with a focus group consisting of internal stakeholders and conducted a substantive analysis after taking the results and experts' advice into account. Through these, Carbon Care Asia identified key topics for Haitong International and a substantive matrix has been established as a basis for the Group's sustainable development.

## Substantive Matrix of Haitong International in 2016



## Substantive topics of Haitong International in 2016 (in the order of materiality from high to low)

Code	Topic
5	Occupational health and safety
3	Impact of business management activities on environment and natural resources
7	Prevent child labor or forced labor
4	Appropriate employment environment
10	Anti-corruption
6	Employee development and training
2	Effective use of resources
1	Manage and monitor emissions
9	Responsibilities on products or services
11	Understand the needs of the communities where our operations are located to ensure that community interests are taken into account in business activities
8	Supply chain management

Different stakeholders are being affected by the businesses of Haitong International and they have different expectations on the Group. In future, the Group hopes to improve the communication in breadth and depth with stakeholders. The Group will not only invite more internal stakeholders to join the discussions but also extend the scope of communications with stakeholders to external stakeholders, so that different types of stakeholders (including customers, management, investors and regulatory bodies) are provided with the opportunities to participate in these activities. The Group will also consider conducting in-depth communication with stakeholders by adopting different communication methods (such as staff activities, surveys and so on) so as to make substantive analysis more comprehensive.

## Message from The Chairman

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*“Haitong International pays heeds to the feedbacks of its stakeholders in a sincere, open and innovative manner as always, and makes positive changes for society and environment with passion”*

Last year, the bumpy ride of the global economy posed tremendous challenges to the financial operations. Therefore, it is every enterprise’s duty to sharpen its competitive edge for the best interest of its stakeholders in long term. Having fulfilled its social responsibilities for years, Haitong International has gained profound understanding on the sustainable development of a company. Sustainable development represents that the Group grows in compliance with laws and regulations and at the same time safeguards society, environment and the well-being of its stakeholders. From the traditional Corporate Social Responsibility Report to the ESG Report, Haitong International hopes for more than the change of reporting form – higher standard and transparency so as to fully expound the way that the Group takes the concerns of environment and society into account in its investment decisions.

On corporate governance level, Haitong International has set up a balanced governance regime and a sound internal control system with which the business risks are put under control with more effective and efficient operations. As a result, the Group can operate in the best interests of its stakeholders. As cautious and down-to-earth as ever, the Group primarily relies on its Compliance and Risk Management Divisions for independent monitoring and control of risks. With compliance training in place for its employees, the Group ensures that relevant compliance policies are put into practice during its operations.

We understand incorporating sustainable development into daily operations is prerequisite. Taking this to heart, Haitong International has been insisting on using eco-friendly papers for printing reports for consecutive three years. In addition, as a recognition for its efforts on environmental protection, the government granted awards to the Group over years. This is the first year for the Group to conduct carbon evaluation for its operations and disclose environment performance data in this report. In future, we will formulate comprehensive environmental protection policies to reduce resource consumption with more use of green materials.

Overall, Haitong International always develops in a way that goes more than its stakeholders’ expectation, which is one of its priorities. Internally, not only do we provide a healthy, congenial and comfortable working environment for its staff, but it also holds interests classes and professional training to them in order to attract and retain outstanding talents. Externally, we reach out to the social platforms in a more transparent, open and convenient way to understand our customers and tailor-make our offerings for them. As a leading Chinese financial provider in the world, Haitong International pay heeds to the feedbacks of its stakeholders in a sincere, open and innovative manner as always, and makes positive changes for society and environment with passion.

**Ji Yuguang**

Chairman  
Haitong International Securities Group Limited

## Our Employees

### Health and Safety

Haitong International believes that the operational efficiency of an enterprise and the maintenance of a healthy and safe working environment for all employees are closely related. Being committed to maintaining a healthy and safe working environment for its employees, Haitong International has established “Code of Practice for Working with Display Screen Equipment” and “Haitong International Employee Workplace and Display Screen Checklist” to check if the working environment and computer equipment are suitable and comfortable. The items in the checklist include size of desk, brightness and location of display screen, location of keyboard and mouse, specification of chairs, size of working space, lighting, noise and so on. Upon evaluation, non-conformities of working environment or equipment will be rectified and further reviewed by the Administration within a week. During the reporting year, the Group completed evaluations for about 350 staff members and it is expected that all evaluations will be completed by July 2017. Moreover, 4 seminars regarding health have been hosted by the Group to raise the staff members’ awareness of workplace safety.

Occupational health aside, Haitong International also pays attention to the anxieties of its staff members in their daily life. Starting from 2015, the Group launched the Employee Assistance Programme and engaged a professional counseling company to provide its staff with free counseling services including psychological counseling and treatment regarding family and marriage matters so that they can gain appropriate information and support for both workplace and daily life. To date, the Group has helped a total of 108 employees through the programme.

During the reporting period, no non-conformity regarding health and safety has been identified.

### Summary of Safety and Health Performance Indicators

	Number of work injury / fatality cases	Rate of work injury (per thousand employee)	Number of working day lost due to work injury	Number of working day	Percentage of working day lost due to work injury(%)	Total hours of absence (hours)	Total working hours (hours)	Total absence rate(%)
Male	0	2.75	0	112,840	0.002	5,560	902,720	0.81
Female	2		4	73,060		6,436	584,480	

## Labor Standards

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

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

During its day-to-day operation, Haitong International is aware of work-life balance of its employees and never coerces them working overtime. The Group also encourages its staff members to participate more in recreational activities to alleviate working pressure. The Haitong International Staff Club, formed by colleagues from different departments, has been holding a wide range of recreational activities regularly for employees and their families for years. In 2016, the Group held cocktail events for employees, photography class, bowling competition, bakery and cake workshop, basketball matches and sports events for its staff.

During the reporting period, no child labor or forced labor has been identified in the Group.

## Employment

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

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

The remunerations and benefits provided by Haitong International are in compliance with Employment Ordinance. The Group reviews its employees' remunerations and benefits on a regular basis in line with the market. For recruitment and promotion, the Group focuses on the competence of its employees. The Group has established a comprehensive performance management system to assess the performance of its staff each year in order to improve staff performance and development. Salary adjustment or prospective promotion will be considered by taking into account of staff's performance. The Group also helps its staff enrich their career by offering internal transfer opportunities subject to business need. Moreover, outstanding staff award and long service award are granted to preeminent staff members as an appreciation of their contribution and loyalty.

During the reporting period, no non-conformity regarding employment practice, discrimination and sexual harassment has been identified.

### Number and proportion of employees by gender

Female employee	Male employee	Total number of employees
39%	61%	727

### Number and proportion of employees grouped by age

Under 30	30-50	Above 50
25%	64%	12%

### Attrition rate of employees grouped by gender

Female employee	Male employee
16%	10%

### Attrition rate of employees grouped by age

Under 30	30-50	Above 50
17%	11%	7%

## Development and Training

Haitong International believes that nurturing and retaining excellent talents is the core to ensure the Company's development and strengthen the competitiveness of the Company. The Group has formulated working guidelines such as Training, Awareness and Competence and Staff Training Organized and Implemented by the Human Resources to plan for training and development for employees in a systematic manner. The guidelines outline the requirements, design, organization, implementation and evaluation of staff training in detail so as to give relevant departments such as the Human Resources department a clear picture about the requirements of employee training. Subject to actual need of different departments and functions, the Group provides specific yet diversified training for employees to improve their skills and expertise continuously. The Group encourages its staff to attend at least 20 hours of job-related training each year. In 2016, the Group held over 70 internal training sessions covering topics such as global investment market, A share market, new financial products and regulations and laws.

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

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

Employee level	Number of trained employees	Number of employees	Percentage (%)
Senior Management	202	208	97%
Manager	245	253	97%
General staff	250	266	94%
Total number	697	727	*96%

\* approximately 4% of employees, primarily the non-clerical employees or those who joined the Company at the end of year, were untrained

### Average training hours of employees grouped by level

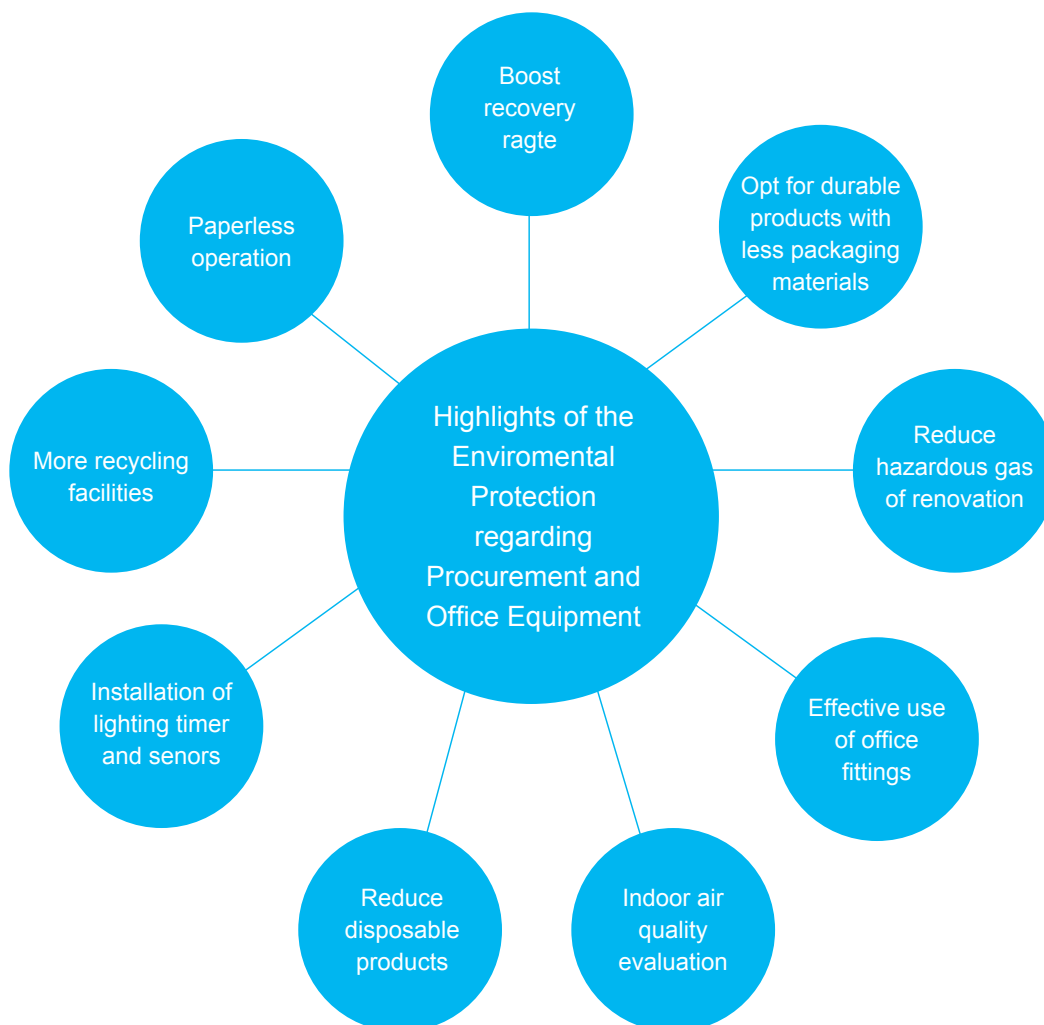
Employee level	Training hour	Number of trained employees	Average training hour
Senior Management	2,475.2	202	12
Manager	3,396.3	245	14
General staff	11,928.3	250	48
Total number	17,799.8	697	26

## Our Environment

### Environment and Natural Resources

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

With procurement policy, Haitong international encourages its staff and suppliers to support eco-friendly initiatives. Other than advocating a paper-free workplace, the Group also chooses to use recycled paper in office and for staff business cards to reduce paper production and in turn the logging. Recycling facilities are provided on all floors of the Group's offices to encourage its staff to reduce paper waste and at the same time to encourage recycling of its suppliers. The Group makes use of its office fittings as far as possible and avoids producing bulky wastes so as to alleviate burden of landfill. The Group also makes an effort to reduce producing pollutants during renovation. Moreover, it plans to cooperate with the property management of the premises to conduct an indoor air quality evaluation for offices.



## Use of Resources

Given the nature of its business, the Group's resource consumption are primarily attributable to the gasoline used for transport, power consumption of premises where it operates and paper consumption. At present, the Group monitors the power consumption of each floor of its office premises. Existing lightings are to be replaced by energy-saving equipment such as LED lights step by step. The Group plans to review the energy consumption intensity in different locations and considers installing automatic lighting control in the pioneer areas so as to compare the energy-saving performance and promote the best practice throughout the Group. The practice of using recycled paper for printing of its financial reports was adopted in 2013. However, the Group wishes to go a step forward to reduce use of resources further. In view of this, the Group has conducted a survey among its shareholders to investigate the feasibility of reducing the number of print copies of financial reports. The Group will enhance its operational efficiency on an on-going basis while reducing its use of resources.

Resource use indicator	2016
Gasoline consumption (litre)	17,734
Power consumption (MWh)	1,232
Paper consumption (tonne)	40
- for use in office	39.2
- for printing and publishing	0.8

## Emissions

In line with the commitment to global cooperation to tackle climate change, Hong Kong government advocates a low-energy consumption, low-pollution and low-carbon Hong Kong to be developed in the future. With reference to China's carbon reduction target, Hong Kong government has set its own carbon reduction target in a bid to reduce its carbon intensity by 50% to 60% by 2020 as compared with 2005 level. As stated in the policy address 2017, the carbon intensity is targeted to be reduced by 65% to 70% by 2030 as compared with 2005 level.

Haitong International pays high attention to the Group's carbon footprint and has been striving for reducing the impact on the environment due to its operation. This year, the Group engaged Carbon Care Asia, a professional consultant, to evaluate the emission of greenhouse gases by the Group for the first time. The quantitative measurement of greenhouse gases was conducted based on the guideline prepared by the Environment Protection Department and the Electrical and Mechanical Services Department<sup>1</sup> with reference to international standards such as ISO 14064-1. The total carbon emission for the Group in 2016 was approximately 1,500 tCO<sub>2</sub>e, and the emission intensity was approximately 22,000 kgCO<sub>2</sub>e per square foot of floor area. The major source of greenhouse gas emission came from our use of electricity, representing 65% of the total emission; and the second largest source of emission came from business flight travel of our staff, representing 23% of the total emission. The quantitative measurement gives the Group a clear picture of how resources are used and help it devise specific action plans to enhance efficiency and set its target of carbon reduction.

Scope	Emission in 2016 (tCO <sub>2</sub> e)
Scope 1 - direct greenhouse gas emission	49
- company vehicles	48
- fire extinguishing systems	1
Scope 2 - indirect greenhouse gas emission due to use of energy	961
- purchased electricity	961
Scope 3 - other indirect greenhouse gas emission	468
- paper waste disposal	134
- business travel flight	334

Wastes produced during the operation of Haitong International primarily include general waste and recyclable paper. General waste is collected and disposed of by a professional cleaning company while the recyclable paper, especially those containing confidential information, is collected and disposed of by a qualified agent appointed by the Group for recycling, and relevant process are under control. During 2016, recycled paper of the Group weighed 12 tonnes.

During the reporting period, no non-conformity regarding emission has been identified for the Group.

<sup>1</sup> Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for buildings (Commercial, Residential or Institutional Purpose) in Hong Kong

## Our Operations

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### Anti-corruption

Haitong International is committed to preventing corruption, bribery, extortion, fraud and money laundering. In addition to the relevant laws such as the Prevention of Bribery Ordinance, United Nations (Anti-Terrorism Measures) Ordinance and Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) Ordinance, internally, the Group has formulated policies such as Guidelines on Anti-Money Laundering Country Risk Evaluation, Guidelines on Anti-Money Laundering Monitoring and Prevention and Policies and Guidelines on Anti-Money Laundering and Counter-Terrorist Financing, with which its staff is directed to carry out reviews in a systematic manner, including evaluation on the risk of money laundering and terrorist financing in over 240 countries around the world.

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

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

During the reporting period, no litigation regarding bribery has been instituted against the Group and its staff.

### Product Responsibility

Under the highly competitive market environment, customers have raised their expectation on products and services. Haitong International understands that it has to optimize value for customers in order to gain their trust and support. Up-to-date products and services, timely investment information and research report are provided to customers through a wide range of conduits by the Group's business units.

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

Haitong International takes conduct of operation to heart. Therefore, it dedicates to maintaining good governance and avoiding non-compliance by setting up internal monitoring and risk management procedure. In compliance with regulations such as Trade Descriptions Ordinance, Securities and Futures Ordinance, Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission and Product Codes and the Advertising

Guidelines Applicable to Collective Investment Schemes Authorized under the Product Codes, the Group makes sure that all information given is correct without misleading, defamatory and fraudulent contents. In addition, the Group has established Policy on Market Conduct which outlines 10 standards and principles with an aim to inform all staff of the requirements by the Group and ensures all product details, terms of service and internal procedure are provided in compliance with laws and regulations.

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

During the reporting period, there was no disciplinary action taken against the Group by any regulatory authorities due to violation of laws regarding product responsibility.

## **Supply Chain Management**

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

## Community Investment

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Haitong International has been shouldering its corporate social responsibility to make contribution to the community. In 2014, the Haitong International Charitable Foundation was founded for the purpose of earmarking its resources for community projects and charitable activities. The Group has been seeking partnership with organizations sharing the same view to make contribution such as offering caring to senior citizens and the adolescences and promoting Hong Kong's economy, education and social welfare. The Haitong International Charitable Foundation gives support to a number of humanitarian organizations. For example, it cooperated with the Helping Hand to unveil "Care for the Elderly, Care for the Brain" Project to offer activities in form of horticulture, music and arts, as a part of therapy, to over 500 senior citizens en masse from 5 elderly homes of Helping Hand in hopes of improving their emotions and cognitive impairment. Its staff is also encouraged to serve as caring ambassadors to join the voluntary activities such as charity hikes.

By using the Haitong International Charitable Foundation as a vehicle, Haitong International supported a number of non-profit making organizations. In 2016, the Group served as a major sponsor for "MBA Challenge" of Operation Santa Claus and supported the "Helping Hand Health Bank Cookie Campaign 2017", "YO! Dance it up" held by Youth Outreach, the Community Chest's "Dress Casual Day" and "Oxfam Rice Event", giving a chance to the prospective business elites to participate in charity projects. During the reporting year, proceeds totaling HKD770,000 was raised by the Group.

### Tie-ups with Social Enterprises

As civic consciousness is amounting around the globe, many social issues cannot be solved by government policies alone. As social enterprises are springing up, they can tackle some tricky social problems by business modus operandi and make contribution to society and economy.

We are of conviction that large enterprises-social enterprises cooperation is inevitably the product of the times. Haitong International Charitable Foundation has strengthened cooperation with social enterprises. As a starter, we have purchased office supplies from social enterprises during the course of our day-to-day operation. In addition, we purchased coupons from the Hong Kong Council of Social Service and gave them to our staff as gifts in 2016. Those SE gift certificates are applicable to over 70 given social enterprises or Fair-trade Shops. Through this, the Company hopes its staff members can achieve a better understanding of social enterprises when they shop. What is more, it is meaningful to convert this spending power into contribution to society. In addition, social enterprises are included in our list of suppliers as our support to these charitable companies.

## Environmental, Social and Governance Reporting Guide Content Index

Key Aspects	Description	Page Index
<b>A1 Emissions</b>		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	15
A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	15
A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	15
<b>A2 Use of resources</b>		
General disclosure	Policies on efficient use of resources, including energy, water and other raw materials.	14
<b>A3 The environment and natural resources</b>		
General disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources.	13
<b>B1 Employment</b>		
General disclosure	Information on (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, antidiscrimination, and other benefits and welfare.	11
<b>B2 Health and safety</b>		
General disclosure	Information on (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	9
B2.2	Number and rate of work-related fatalities.	9
B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	9

Key Aspects	Description	Page Index
<b>B3 Development and training</b>		
General disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	12
<b>B4 Labor standards</b>		
General disclosure	Information on (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.	10
<b>B5 Supply chain management</b>		
General disclosure	Policies on managing environmental and social risks of the supply chain.	17
<b>B6 Product responsibility</b>		
General disclosure	Information on (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	16
B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	17
<b>B7 Anti-corruption</b>		
General disclosure	Information on (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing bribery, extortion, fraud and money laundering.	16
<b>B8 Community investment</b>		
General disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	18
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	18
B8.2	Resources contributed (e.g. money or time) to the focus area.	18