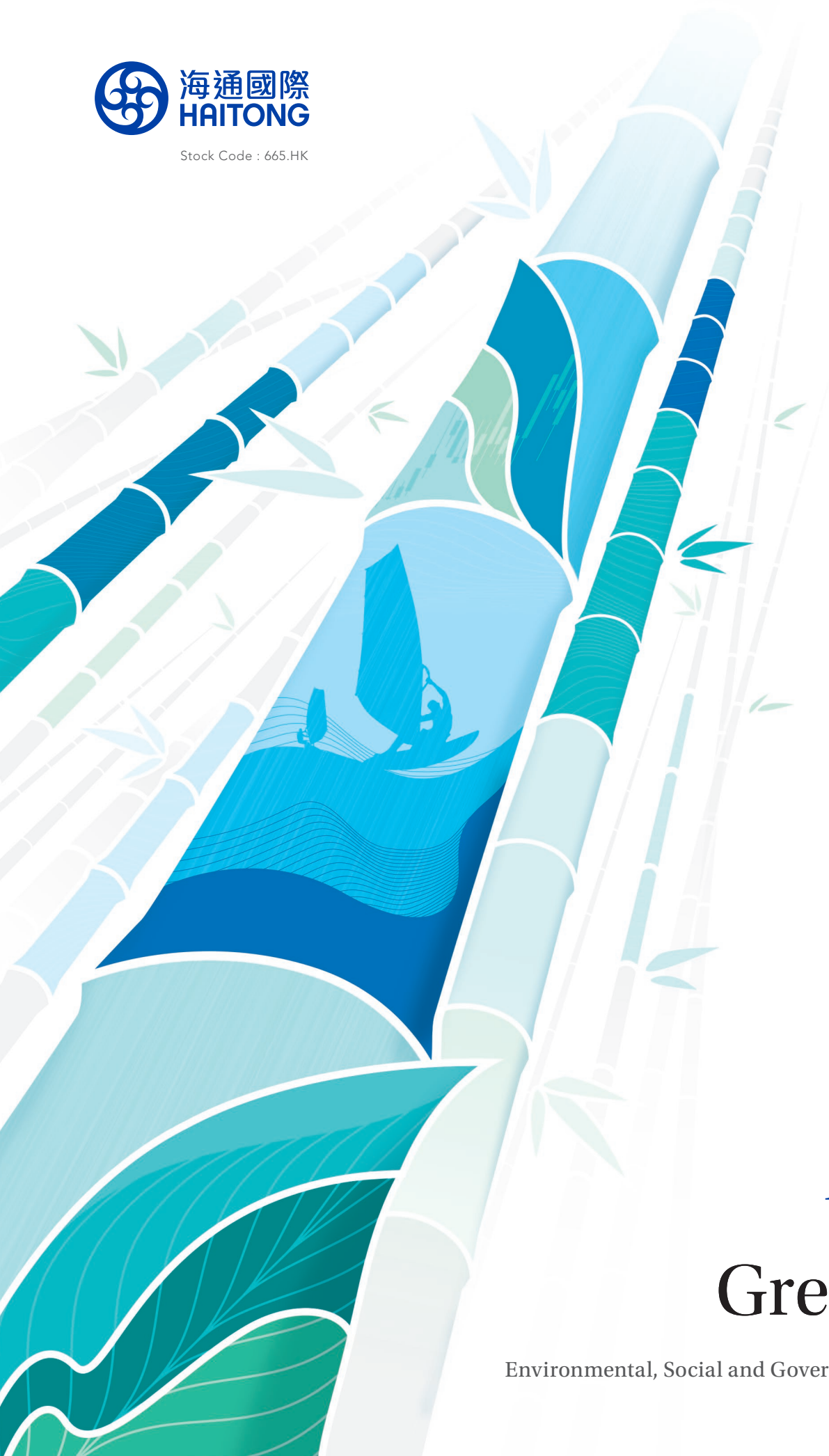




Stock Code : 665.HK



# Aspire for Greatness

Environmental, Social and Governance Report 2020

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## About This Report

This report is the fifth environmental, social and governance (“ESG”) report (the “Report”) published by Haitong International Securities Group Limited (the “Company” or “Haitong International”). The purpose of this Report is to disclose the initiatives and performance of the Company and its subsidiaries (the “Group”), in an open and transparent manner, over the subjects of sustainable development in 2020, which plays the role as a communication channel between the Group and the stakeholders. Meanwhile, this Report also gives detailed picture of the corporate governance of the Group in terms of sustainable development and how this philosophy is incorporated into its operations to identify and manage various risks and opportunities.

### Reporting Period

This report covers the period from 1 January 2020 to 31 December 2020 (certain parts disclosed herein may be beyond this time frame).

This Report is compiled following the previous one for the period from 1 January 2019 to 31 December 2019 which was published on 24 April 2020. No material restatement is made regarding the information, scope, boundary setting process and calculation methodologies as ascribed in the previous report.

### Scope of Report

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

### Guarantee of Obligations

Before publishing this report, the approval and consent of Board of Directors of the Group have been sought for the disclosure of the information hereof, 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. For the convenience of analysts and researchers, an index of Global Reporting Initiative (“GRI”) and ESG Reporting Guide issued by the Stock Exchange of Hong Kong are set out in this report for reference.

### Reporting Guidelines

The Report is compiled on the “Comply-or-Explain” basis as required in the Appendix 27, Environmental, Social and Governance Reporting Guide of the rules governing the listing of securities (the “Listing Rules”) issued by The Stock Exchange of Hong Kong Limited (“Stock Exchange”). Materiality, Quantitative, Balance and Consistency are four ESG core principles advocated by the Stock Exchange on which this Report is based. Meanwhile, this report is also complied with reference to the GRI Standards issued by the Global Reporting Initiative (“GRI”) as a core option.

### Reporting Languages and Access to the Report

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



## Management's Statement

Haitong International has been keeping environmental, social and governance (“ESG”) responsibilities and commitments to clients, shareholders, employees, community and the natural environment. In 2020, Haitong International witnessed rapid growth in many of its business segments and maintained its leadership in the industry.

During the year, the Chinese government declared to achieve carbon neutrality by 2060, demonstrating its commitment and contribution to building a community with shared future. In face of the ever-changing global setting, Haitong International stably navigated through undulating markets and seized the opportunities as it always makes the hay while the sun shines, and eventually reached new highs in different business spheres. In 2020, Haitong International set up an ESG committee and adopted its ESG philosophy into each part of the Group's operations. In this regard, Haitong International issued the Haitong International ESG Statement and pledged to bring carbon emission to net zero by the end of the 2025, becoming the first Chinese financial institution to vow for carbon neutrality with definite schedule.

Meanwhile, the Group will provide a total of US\$20 billion to support ESG as well as sustainable financing and investment funds by 2025 to practice “impact investment” and “responsible investment”. Recently, Haitong International has been granted an A rating in MSCI ESG rating, setting a good example for Chinese financial institutions. In the red-hot competition in the market, Haitong International always strikes a balance between profitability and integrity and pays high attention to its social responsibility. In 2020, Haitong International completed a total of 12 green bond deals amounting to over US\$3 billion, becoming a green bond financing leader. Moreover, it launched Haitong MSCI China A ESG ETF, the first-ever ESG-themed A Share ETF project in the Hong Kong market. In addition, the Group actively joined the China-UK (financial institution) Climate and Environmental Information Disclosure Pilot, becoming the only Chinese financial institution participant in the project.

Haitong International has always been treasuring its employees as its core resource. In 2020, the Group shoved more resources to human capital to train, incentivise and recruit professional talents. During the year, the Group kicked off the “SAIL Programme” to groom future management to prepare ahead for the Group's development engine. In support of the HKSAR government's employment support calling, the Group also launched a “graduate intern” scheme and recruited over 50 interns to overcome the difficult time with Hong Kong people. In 2020, Haitong International was named one of the “Best Employers to work for in Asia” and “WeCare™: HR Asia Most Caring Companies Award”.

Looking forward, Haitong International will continue to keep risks under strict control, seize opportunities, head forward stably, train quality talents, expand its businesses, innovate financial products, perfect the business models, strengthen internal control, optimize international networks, practice ESG investment and sustainable finance and step up our core competitiveness in 2021 with an aim to become an investment bank with international competitiveness, systemic importance and brand influence.



# 1 Businesses of Haitong International

## 1.1 Overview of the Organization

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).

The Group, based in Hong Kong, is listed on the Stock Exchange of Hong Kong and is an important part of its parent company. The core business of Haitong International comprises: wealth management, corporate finance, asset management, institutional clients and investment.

**Wealth Management:** provides financial advisory services and customized investment solutions to satisfy the specific financial needs of high net worth clients. This segment offers a broad range of products and services including securities, futures and options contracts, over-the-counter products, funds, securities custodian services, and securities margin financing.

**Corporate Finance:** engages in provision of sponsoring and underwriting services to corporate clients for their fund raising activities in equity and debt capital markets, and also engages in provision of financial advisory service for corporate actions such as mergers and acquisitions. In addition, this segment also provides financing solutions to the corporate clients and distributes these financing assets in secondary market.

**Asset Management:** engages in provision of investment management services on diversified and comprehensive investment products including public funds, private funds, mandatory provident funds to individual, corporate and institutional clients.

**Institutional clients:** serves institutional clients globally through sales and trading of both equity and fixed income products, financing, structuring products, offering risk management solutions and providing research advisory. It is also an active player in equity derivative products creation and trading. This segment is supported by the award winning equity research team that specializes in listed equities in Asian financial markets.

**Investment:** invests in various financial instruments, primarily on listed equities, investment funds and private equity investments, to explore investment opportunities with reasonable returns.

For details of the Group's structure and financial performance, please refer to the Group's annual report for 2020.

## 1 Businesses of Haitong International

### 1.2 Values, Principles, Standards and Norms of Behavior

Haitong International has been treating ESG as one of its basic requirements for its operations and basic responsibility and commitment to the natural environment where its customers, shareholders, employees, community and the Group are dwelling in. In 2020, the Group will continue to apply ESG risk management across every facet of the Group and strive to be a leading player in the financial sphere.

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



This year, Haitong International became a company participant of HKQAA CSR Index Plus. In this virtue, the Group's social responsibilities and sustainable development performance can be evaluated from objective and multiple perspectives. It is also allowed to use the HKQAA CSR Plus Mark, showcasing our recognized achievements in sustainability.

In September 2020, Haitong International joined the China-UK (financial institution) Climate and Environmental Information Disclosure Pilot, becoming the first Chinese financial institution participant of the project. The Group keeps exchanging opinions with other institution participants on the progress of climate and environmental information disclosure topics. This project is jointly run by Green Finance Committee, China Society for Finance and Banking (GFC) and City of London's Green Finance Initiative aiming to reinforce green finance cooperation between the 2 countries, encourage climate and environmental information disclosure and facilitate the achievement of Paris Agreement and global sustainable development goals.

In March 2021, Haitong International's ESG rating was raised from a "BBB" in 2018 to an "A" by MSCI, the largest index accrediting agency, in recognition of its ESG achievements in the world area. This rating displays its leading position among the investment banks and securities firms worldwide.



In 2021, Haitong International received a rating of A (on a scale of AAA-CCC) in the MSCI ESG Ratings assessment<sup>1</sup>.

Haitong International will continue to stick to its core values – "Courageous, Sincere and Innovative". Based in Hong Kong with presence all over the world, it will capitalize on the information technology, stand firm on its risk management bottom line to astutely capture market opportunities and implement sustainable finance proactively.

<sup>1</sup> DISCLAIMER STATEMENT

THE USE BY HAITONG INTERNATIONAL OF ANY MSCI ESG RESEARCH LLC OR ITS AFFILIATES ("MSCI") DATA, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT, RECOMMENDATION, OR PROMOTION OF HAITONG INTERNATIONAL BY MSCI. MSCI SERVICES AND DATA ARE THE PROPERTY OF MSCI OR ITS INFORMATION PROVIDERS, AND ARE PROVIDED 'AS-IS' AND WITHOUT WARRANTY. MSCI NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI.

## 1 Businesses of Haitong International

### 1.3 Entities Included in the Consolidated Financial Statements

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

Name	Place of incorporation/ registration	Principal businesses
Haitong International (UK) Limited	England and Wales	Brokerage, equity research, research sales
Haitong International Asset Management (HK) Limited	Hong Kong	Provision of assets management services
Haitong International Asset Management Limited	Hong Kong	Provision of assets management services
Haitong International Capital (HK) Limited	Hong Kong	Corporate finance
Haitong International Capital Limited	Hong Kong	Provision of corporate financial advisory services
Haitong International Futures Limited	Hong Kong	Futures and options brokerage and trading
Haitong International Financial Products Limited	Hong Kong	Market-making in financial instruments
Haitong International Financial Solutions Limited	Hong Kong	Provision of financial solutions
Haitong International Investment Managers Limited	Hong Kong	Provision of assets management services
Haitong International (Japan) K.K. (Note a)	Japan	Asian equity research
Haitong International Research Limited	Hong Kong	Provision of research services
Haitong International Securities (Australia) Pty Ltd	Australia	Brokerage services
Haitong International Securities (USA) Inc	United States	Equity research, sales & trading and fixed income sales & trading, equity market making and investment banking
Haitong International Securities Company Limited	Hong Kong	Securities brokerage and margin financing
Haitong International Securities Group (Singapore) Pte. Ltd.	Singapore	Investment holding
Haitong International Securities Nominees Limited	Hong Kong	Provision of nominee and custodian services
Haitong Securities India Private Limited	India	Institutional securities broking and investment banking

Note:

- (a) The company was renamed from Haitong International Japaninvest K.K. to Haitong International (Japan) K.K. with effect from 22 May 2020.

For more details of entities included in the consolidated financial statements, please refer to the annual report for 2020.

## 1 Businesses of Haitong International

### 1.4 Organization Coverage

Currently, the Group 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. The Group has 1,371 staff members as at 31 December 2020, and has global footprints and provides services for institutional clients worldwide. Its private Wealth Management team mainly provides premium wealth management solutions for high net worth individuals residing in Hong Kong and Singapore including individuals, corporates and financial intermediary institutions.

The Group is a licensee and registered institution with licenses granted by HKSFCA and has been granted a Capital Market Services Licence from the Monetary Authority of Singapore. At the same time, it gained the qualification to become a cross-border conversion institution for GDR under the Shanghai-London Stock Connect. On 11 February 2020, the Group was granted the Australian Financial Services Licence by ASIC, becoming the first Chinese financial institution with this licence. These help the Group move a step closer to become a leading global Chinese financial institution with international competitiveness, systematic importance and brand influence.

The Group's network covers:

**China – Hong Kong:** Provision of comprehensive financial services including wealth management, corporate finance, asset management, institutional clients and investment services

**UK – London:** Mainly engaged financial services including in equity sales, fixed income sales and trading, equity research and sales, and corporate finance

**U.S. – New York:** Mainly engaged in equity research, corporate finance, institutional equity sales, secondary market equity trading, Nasdaq stock market making and bond trading

**India – Mumbai:** Mainly engaged in institutional cash equities brokerage service and diverse investment banking businesses

**Singapore:** Mainly engaged in corporate finance, asset management, fixed income, FX and commodities sales and trading, private wealth management and equity sales and trading

**Japan – Tokyo:** Engaged in investment advisory business

**Australia – Sydney:** Mainly engaged in equity trading by using algorithmic trading

### 1.5 Business Overview

Boasting leading competitiveness and its sound risk management system, Haitong International achieved a train of business breakthroughs in 2020. On the investment banking front, Haitong International completed a total of 51 Hong Kong IPO and 56 equity financing projects in 2020, topping the list in terms of no. of projects. Its IPO sponsorship business registered a strong growth with 13 sponsored IPOs completed during the year, ranking no. 3 among Hong Kong IPO sponsors in terms of no. of projects. For DCM, the Group completed over 210 projects during the year, ranking no. 1 in Asia (ex-Japan) G3 corporate high-yield bond league in terms of no. of projects with over 55% market share in the Chinese real estate USD bond market (in terms of no. of projects).

Net turnover/Total income	HK\$8,329,747,000
Tax paid	HK\$646,785,000
Profit before tax	HK\$2,300,592,000
Total number of staff	1,371

## 2 Governance Structure

### 2.1 Corporate Governance Practices

The board of directors of the Group (the "Board") is committed to maintaining a high standard of corporate governance practices within the Group. Throughout the year ended 31 December 2020, the Group has fully complied with the code provisions set out in the Corporate Governance Code (the "CG Code") as contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

### 2.2 Corporate Governance and Committee Structure

The Board believes that a well-balanced corporate governance structure will enable the Group to better manage its business risks and thereby ensure the Group is run in the best interests of its shareholders and other stakeholders. The following chart depicts the overall corporate governance structure of the Group. The highest governing body of all committees is the Board of Directors which is responsible for setting directions, formulating strategies, monitoring performance and managing risks of the Group. At the same time, it is also charged with the duty to enhance the effectiveness of the corporate governance practices of the Group. The Board holds at least 4 meetings on quarterly basis each year. There are currently 6 committees set up under the Board, namely Audit Committee, Executive Committee, Nomination Committee, Remuneration Committee, Risk Committee and Strategic Development Committee (each a "Board Committee"). All these committees perform their distinct roles in accordance with their respective terms of reference and assist the Board in supervising certain functions of the senior management. The Chairman of the Board is a non-executive director.



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

## 2 Governance Structure

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

**Audit Committee:** It reviews all matters handled by executive directors, particularly for connected transactions and continuous connected transactions (if any); reviews the Group's interim and annual financial statements before submission to the Board for approval; reviews the performance of the Group's internal monitoring and risk management system. The terms of reference of the Audit Committee is in compliance with the requirements of the Listing Rules and is formulated according to the recommendation of A Guide for Effective Audit Committees and any of its updated versions issued by Hong Kong Institute of Certified Public Accountants.

**Nomination Committee:** It is responsible for reviewing the Board's structure, size and its composition including directors' expertise, knowledge, experience and time devoted to their responsibilities; making recommendation as to the change of the Board of Directors for the sake of implementing the Group's strategy; making recommendation to the Board as to appointment or reappointment of directors (including but not limited to Chairman and CEO) and succession plan before confirmation of the Board of Directors; assessing independence of independent non-executive directors according to the Rule 3.13 of the Listing Rules.

**Remuneration Committee:** It is responsible for formulating the Group's remuneration policies and fixing remuneration packages according to the Listing Rules and new Bye-laws of the Group. No directors are allowed to fix their own remuneration package. The remuneration committee has obtained sufficient resources to fulfill its duties. The chairman of the remuneration committee will report its findings and recommendation to the Board of Directors for their consideration and approval.

**Risk Committee:** It is responsible for making recommendation to the Board of Directors as to the Group's risk appetite statement, risk principles and other risk-related matters (including corporate actions and proposed strategic deals such as mergers and acquisitions or disposals); reviewing the material findings of risk management matters and responses addressed to such findings by the management as per the Board's instruction or at its own discretion; reviewing and approving the Group's risk policy and risk tolerance; reviewing new risks to which the Group's business and strategy are exposed, and guaranteeing effective control put in place with mitigation of risks; reviewing risk report and non-conformities of risk tolerance and risk policies; review and assess the Group's effectiveness and adequacy of risk management framework, internal control systems and risk management policy procedures as well as monitoring effective operations, implementation and maintenance of said framework, systems and policy procedures; reviewing and assessing effectiveness of the tools employed by the Group for controlling or mitigating risks including corporate risk management plan, risk management system and risk-management-related internal audit functions as well as the Group's contingency plan; and reviewing the Group's capital adequacy ratio and solvency.

**Strategic Development Committee:** It is responsible for formulating medium to long term business development strategies and directions for the Group.

**Executive Committee:** It is authorized by the Board to manage the daily operations of the Group.

### 2.3 Nomination and Election of the Highest Governing Body

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

## 2 Governance Structure

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

For the full picture of the Group’s corporate governance, please refer to the Annual Report 2020 of Group.

### 2.4 Internal Audit

The Group’s Internal Audit constitutes the third line of defense in its internal control framework, which plays a critical role in evaluating and improving the adequacy and effectiveness of the Group’s internal control systems, risk management and governance processes. Through conducting analysis and independent appraisal, the Group Internal Audit provides independent assurance as to the adequacy and effectiveness of the Group’s internal controls. The Group Internal Audit directly reports to the Audit Committee.

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

In addition to the internal audit activities, a group-wide internal control self-assessment exercise is conducted annually across all business, functions and locations of the Group to establish a long-term mechanism for evaluation, feedback, and continuous improvement of its internal control system. Moreover, ad hoc reviews are conducted on specific areas of concern identified by the Audit Committee and senior management.

### 2.5 Conflict of Interest and Remuneration Policy

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

On the remuneration front, the Group’s remuneration policy covers the Group’s every member of its the highest governing body and senior management and all staff of the Group. The Group’s remuneration falls into two buckets – fixed salary and variable emolument. The remuneration committee reviews relevant policies and the Group’s remuneration packages on a regular basis to ensure they are up to the prevailing financial institution standard. The variable remuneration is performance-linked which is based on business performance, KPI of department and personal performance assessment. Variable emolument is paid in the form of bonus in cash or awarded shares according to the Group’s bonus arrangement.

### 3 ESG Governance Structure

These years, the ESG philosophy has been capturing attention from investors worldwide and all states and regulatory authorities. Today, there has been over 10,000 corporates and institutions practicing ESG and thousands of financial individuals engaging in ESG analysis as their profession with over US\$30 trillion funneled to ESG-related assets. That said, ESG investment has gained a significant momentum.

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

In September 2020, the Group set up an ESG committee and an ESG executive office under the Executive Committee to promote group-wide ESG tasks. The ESG committee is comprised of the Group's executive directors, chief economist, chief risk officer, head of Global Capital Markets, head of Asset Management, group head of Board of Directors Office and Investor Relations, group head of Human Resources and Administration and group head of Internal Audit and Special Projects. The ESG committee meets quarterly to review related targets and progress and reports to the Group's Executive Committee. Since the establishment of the ESG Committee, the Group has successfully implemented the purchase of Renewable Energy Certificates from a local power supplier and issued its ESG Statement locally and globally in December, setting its ESG scheduled milestone to be completed by 2025.

#### 3.1 ESG Committee and ESG Executive Office Management Structure

This year, Haitong International continued to improve its ESG governance structure and outlined the governance and supervisory duties of the Board of directors and senior management in terms of ESG, and set up an ESG committee and ESG executive office under the Group's executive committee to be in charge of the overall ESG matters of the Group and promote the implementation of its ESG strategic goals.

The major functions of the ESG committee and the ESG executive office are as follows:

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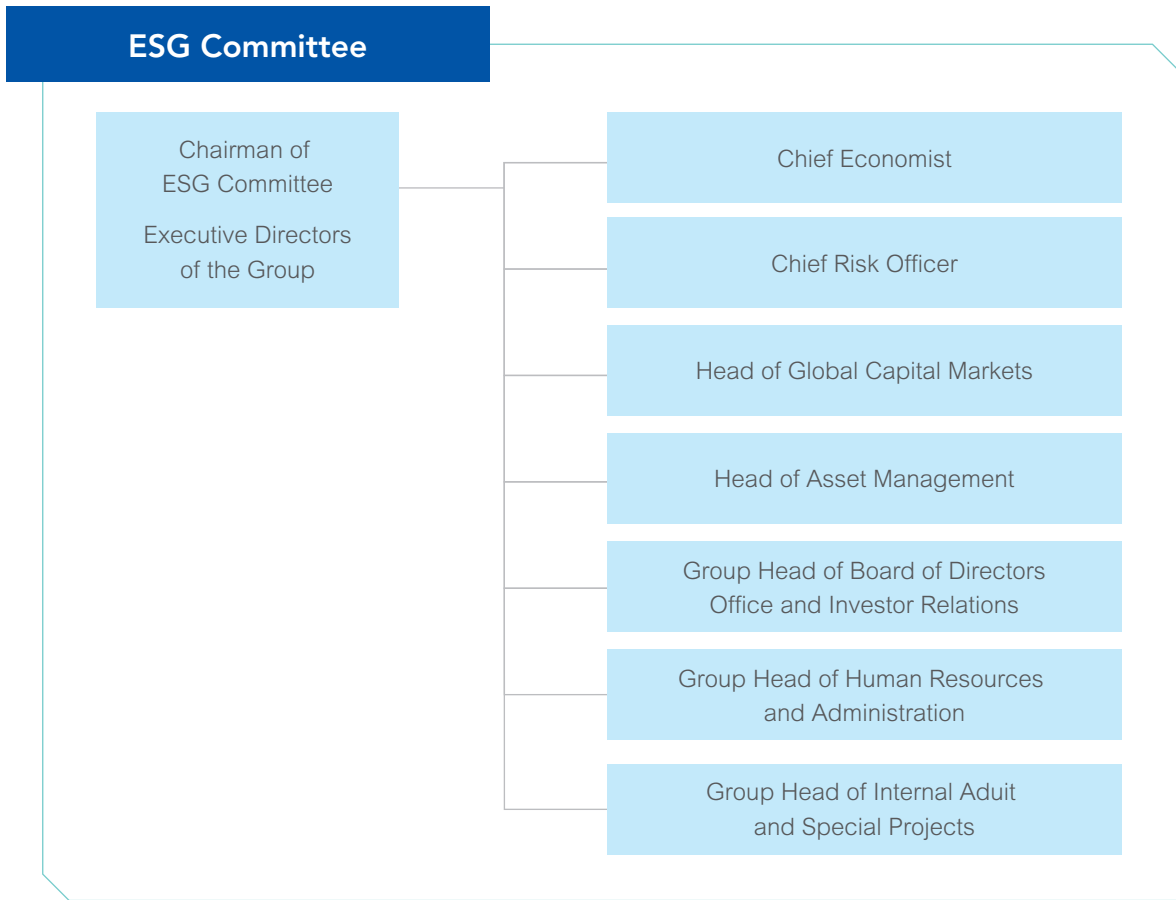
<b>ESG executive office</b>	<ul style="list-style-type: none"> <li>● Carry out tasks and daily management works in relation to ESG strategies under the guidance of the ESG committee;</li> <li>● Liaise with business units of the Group, organize and sort out the progress of implementing the Group's ESG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

Currently, the committee comprises members from the following departments:

- Chief Economist Office
- Global Markets
- Board of Directors and Investor Relations
- Risk Management
- Human Resources and Administration
- Internal Audit and Special Projects

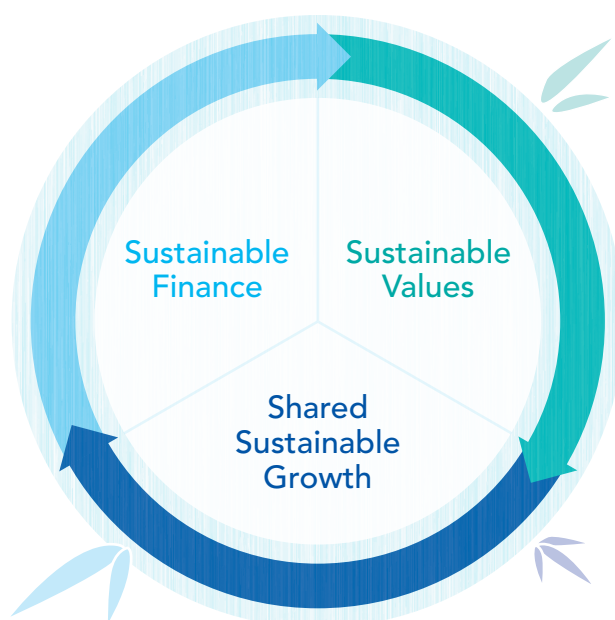
### 3 ESG Governance Structure



## 3 ESG Governance Structure

### 3.2 ESG Strategy

The Group endeavors to become a world-class Chinese investment bank to carry out ESG business in full swing and in all areas with a focus on “Sustainable Finance”. Haitong International has set mid-to-long-term goals to maximize values for its shareholders, customers, employees and the community as a whole.



#### Sustainable Finance

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

#### Sustainable Values

The Group upholds its ESG and sustainable development philosophies throughout its operations in each business segment and encourages its employees to actively participate into sustainable services in the community, insists on green operations, maintains environmental and ecological equilibrium and creates sustainable comprehensive service values.

#### Shared Sustainable Growth

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

### 3 ESG Governance Structure

Haitong International strives to pursue innovative and sustainable ways of development and calls on its employees to ensure the following goals to be achieved:

**Energy Saving and Carbon Reduction:** Haitong International has planned to achieve carbon neutrality by the end of 2025. Specifically, it will:

- gradually cut down on its carbon emissions through reducing energy consumption and utilizing renewable energy, and purchase carbon credits to offset any remaining carbon emissions to achieve net zero carbon emissions, i.e. carbon neutrality by the end of 2025;
- advocate the “Reduce, Reuse, Recycle” concept throughout the Group with an aim to power its operations with 100% renewable energy and reduce its annual paper consumption and waste generation per capita by at least 30% by the end of 2025 (compared to the end of 2020); and encourage replacing high carbon-emitting business activities such as business air travels and bulk printing with alternatives;
- keep track of its greenhouse gas emission metrics (including power, paper waste & other waste and business air travels) in line with the ISO-14064 standard and disclose the data in its annual ESG report.

Haitong International endeavors to promote green and sustainable finance with following objectives in place:

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

- will establish a firm-wide incentive system to encourage its staff to devote efforts towards green financing and sustainable businesses such as green bond underwriting and ESG-themed product development;
- will integrate ESG risk assessment in its investment decision-making process, and gradually turn away from heavily polluting and energy-consuming corporate financing and investment activities. It will proactively support the new energy and green industries to promote development of clean and green industries;

Haitong International has set up the ESG Committee and ESG Executive Office under the Group’s Executive Committee, which is responsible for managing the Group’s overall ESG initiatives and directing the implementation of the above ESG strategies throughout the Group’s global operations.

In future, Haitong International will deliver positive environmental and social values through each of its business and decision-making. Playing its unique intermediary and brokerage role of investment, financing, advisory and research, it will strive to bring “impact investment” into play and strive to become a leading player of sustainable finance in the international investment banking sphere.

## 4 Grow with Stakeholders

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

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

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

### 4.1 Communication with Stakeholders

Starting from 2020, the Group expects to have regular contact with stakeholders at least once a year. With communication with stakeholders each year, Haitong International gained full understanding of their requests, opinions and expectations and has taken their concerned topics into the Group’s operations and decision making process with timely response to address their feedbacks. The importance analysis of sustainable development is the first and foremost goal. The headline topics and expectations will be picked by taking into account of the stakeholders’ professional knowledge, their influence and their intention to cooperate with the Group. The table below depicts the major communication channels and frequency to communicate with invited stakeholders in 2020.

Stakeholder	Participation or communication channel	Frequency or time
Customers	Phone call or email	Daily
	Customer Satisfaction survey	Quarterly or as needed
	Online forum and house-made videos	Ad hoc
Employees	Work meeting	Regular
	Performance management meeting	Mid-year, year end
	HR memo	As needed
	Face-to-face interview/phone call or email	As needed
	Questionnaire	As needed
Investors and shareholders	Annual/special general meeting	Annually/as needed
	Press release/announcement/circular	Regular/as needed
	Interim report/Annual report	Semiannually/annually
Government and regulators	Daily communication and reporting	Daily/regular/as needed
	Timely addressing to their feedbacks	As needed
Suppliers	Maintenance services	Ad hoc
	Procurement and tender conference	Ad hoc
	Tender activities	As needed
	e-platforms/virtual meetings and phone call	As needed

## 4 Grow with Stakeholders

Stakeholder	Participation or communication channel	Frequency or time
Public and media	Press release/announcement	Regular/as needed
	Management/spokesperson interview	As needed/as requested
	Social media	Ad hoc
	Results announcement	Semiannually/annually

### 4.2 Materiality Analysis

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

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

#### 4.2.1 Assessing Materiality

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

The materiality assessment procedure conducted in 2020 broke down into 4 stages as follows:

##### 1. *Identify sustainable development topics:*

Haitong International assigned an independent sustainable development consultant to identify and review 25 sustainable development topics that are closely related with the Group's operations covering the following 5 areas:

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

For identification of sustainable development topics, the Group made reference to the following materials:

- ESG Report Guide issued by the Stock Exchange of Hong Kong
- Global Reporting Initiative by the GRI Standards

##### 2. *Collect feedback from stakeholders:*

The Group's sustainable development consultant conducted a questionnaire survey to stakeholders to assess the material topics and their priority orders.

## 4 Grow with Stakeholders

### 3. Determine the priorities of topics and plot a materiality matrix:

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

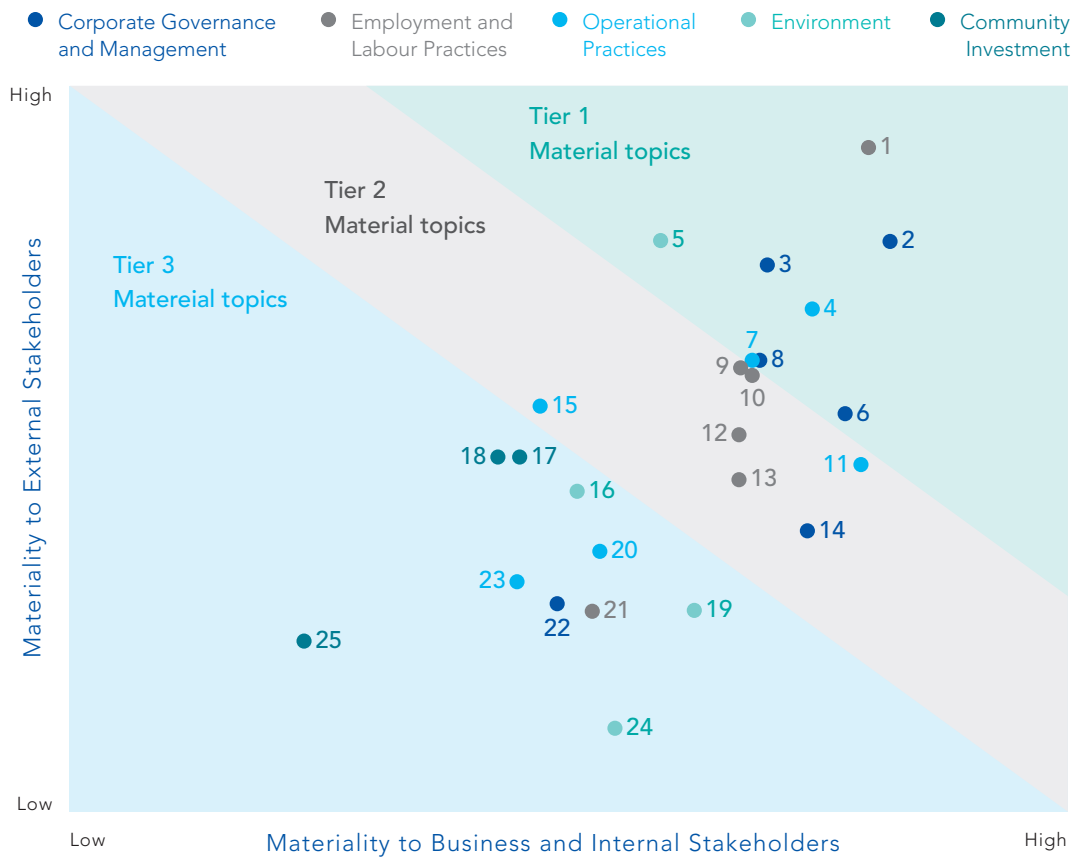
### 4. Analysis

During analysis, members of the ESG committee and ESG executive office reviewed and acknowledged the selected material topics as an important basis of compilation of this report. The result is shown in the materiality matrix set out in the following section.

#### 4.2.2 Materiality Matrix

In early 2020, the Group conducted a ESG survey regarding a communication software and 243 valid responded questionnaires were collected. To address the needs of stakeholders, the report focuses on the selected Tier-1 material topics with coverage of 8 prioritized topics.

### Haitong International Materiality Matrix





## 5 Economic and Operating Practices

### 5.1 Anti-Corruption

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

#### 5.1.1 Anti-Corruption Policies

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

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

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

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

#### 5.1.2 Anti-Money Laundering Policies

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

## 5 Economic and Operating Practices

Pre-trading risk evaluation	Post-trading monitoring
<ul style="list-style-type: none"> <li>● Risk evaluation is conducted on money laundering and terrorist financing over 240 countries and regions in the world</li> <li>● Reinforce pre-trading management on businesses of high risk in relation to money laundering</li> <li>● Close attention is paid to clients' third party transactions (including funds, shares and bonds)</li> </ul>	<ul style="list-style-type: none"> <li>● <i>Post-Transaction Monitoring &amp; Reporting Guideline</i> sets out the type of suspicious transactions, the ways and procedures to report on suspicious transactions and instructions for the employees to identify suspicious transactions</li> <li>● Automatic AML monitoring system</li> <li>● AML Trading monitoring reports</li> </ul>

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

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

### 5.1.3 Anti-Corruption Training

Haitong International strives to heighten its staff's awareness of anti-corruption by providing its staff with anti-corruption training including educational materials on e-platform, seminars provided by external speakers and the Group's internal training courses. This year, the Group arranged 2 relevant e-training courses for all its staff. Besides, the Group invited the Independent Commission Against Corruption (ICAC) to give 3 seminars for financial practitioners.

For board members, management and employees in front offices and mid and back offices, the Group arranged anti-corruption training sessions with themes on latest anti-money laundering guidelines, KYC, trading monitoring procedure and third party trading due diligence for clients. This year, a total of 409 board members and senior management in training sessions was recorded.

## 5.2 Supply Chain

Haitong International incorporates the sustainable development philosophy into its daily management of suppliers. Considering that its purchase pattern will have 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. Most suppliers engaged by the Group are local suppliers.

This year, there is no material change of the Group's structure, capital composition, possession and operations in terms of supply chain and relationship with suppliers.

## 5 Economic and Operating Practices

### 5.2.1 Green Procurement

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

### 5.2.2 Supplier Assessments and Negative News Screening

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

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

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

### 5.2.3 Anti-Corruption of Suppliers

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

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

### 5.2.4 Anti-Commercial Bribery of Supply Chain

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

## 5 Economic and Operating Practices

### 5.3 Sustainable and Green Finance

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

#### ESG Investment Roadmap

Objectives	Progress
<ul style="list-style-type: none"> <li>● deploy or provide US\$20 billion in ESG and sustainable financing and investment by the end of 2025.</li> </ul>	<ul style="list-style-type: none"> <li>● It has stepped up its underwriting efforts for green bonds with historic breakthrough in terms of bond issuance. The DCM team completed a total of 12 underwriting deals for green bonds, including 1 blue bond (themed with ocean protection/marine economic development) amounting to US\$3.16 billion. In the 1Q 2021, it issued a total of 9 green bonds amounting to US\$ 2.37billion.</li> </ul>
<ul style="list-style-type: none"> <li>● integrate ESG risk assessment in its investment decision-making process; gradually turn away from heavily polluting and energy-wasting corporate financing and investment activities; proactively support the development of green industries.</li> </ul>	<ul style="list-style-type: none"> <li>● Haitong International completed a number of ESG-related IPOs in Hong Kong covering new energy automobile, waste management and green services.</li> </ul>
<ul style="list-style-type: none"> <li>● Haitong International Asset Management (HK) Limited launches a series of ESG-themed products covering different types of assets or segments with an aim to position Haitong International Asset Management (HK) Limited segment as a leading ESG fund manager at home and abroad.</li> </ul>	<ul style="list-style-type: none"> <li>● On 15 October 2020, Haitong International's Asset Management launched the first-ever board-based ESG ETF — Haitong MSCI China A ESG ETF(03031) on the Stock Exchange of Hong Kong, being the only Chinese A share ESG fund offering broad investment exposure to ETF products as of the end of 2020.</li> </ul>
<ul style="list-style-type: none"> <li>● Haitong International's research team gives a rating to each subject in terms of ESG performance in the research report and such ratings will be a factor to consider for our decision-making in future; conduct a thorough and deep dive analysis on the ESG scope covered by the Group, for which a score ranging from 1 to 5 (5 is the highest) is given to each area, which will be disclosed in the research report.</li> </ul>	<ul style="list-style-type: none"> <li>● ESG factors are integrated in the private equity investment.</li> </ul>

## 5 Economic and Operating Practices

### 5.3.1 Green Finance for the Development of a 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 linked bonds or equities, ESG factors are the fundamental indicators to be taken into account for evaluating whether the bond or equity issuers pay attention to ESG on top of economic benefits. It is found that a ESG-conscious group, compared with its peer, can better allocate its resources and operate in an innovative management with more competitiveness. Therefore, the Group prioritizes outstanding entities in ESG as its project partners, or their shares as underlying securities for our products.

- Haitong International, acting as a sole green structure designer for a renewable energy company, helped design green bond structure to obtain the certificate from Sustainalytics and HKQAA, and successfully obtained a full granting from HKSAR's Green Bond Grant Scheme for the client;
- it also acted as a green bond consultant to obtain an E1 rating, the highest green rating for S&P green bonds, for a real estate company;
- Haitong International acted as the sole sponsor, sole global coordinator for the listing of First Service Holding Limited (2107.HK) on the main board of Stock Exchange of Hong Kong with US\$77 million raised. This project is the first-ever ESG-themed green-tech real estate stock in Hong Kong.
- Haitong International's Asset Management launched Haitong China A ESG ETF on 15 October 2020. As of 31 December 2020, the fund size amounted to RMB367 million. The fund completely replicates the performance of MSCI China A ESG Universal Index and invests into A shares selected and highlighted as premium and outstanding in ESG in line with the strict criteria set out by MSCI index companies. This fund is the only one Chinese A share ESG fund offering board investment exposure to ETF products as of the end of 2020. The Group was also granted the Asset Management Awards – New Product for the Year in Chinese Offshore Fund Award 2020 co-organized by Chinese Asset Management Association of Hong Kong and Bloomberg.

## 5 Economic and Operating Practices

The green finance-related projects carried out by Haitong International's Leverage and Acquisition Finance are listed out as follows.

Green Economy	Description of customers	HTI's services	ESG efficiency
Waste recycling	A listed company in Hong Kong (Listed Company A), primarily engaged in recycling of mixed non-metal and collection, recycling, dismantling, sorting and processing of other resources. In 2016, the Listed Company A completed its acquisition of the target asset. The target asset is based in Europe with business presence in Europe, North America and Central America and is one of the largest mixed metal manufacturers with advanced processing capability of unwanted vehicles.	In 2016, Haitong International had arranged bridge syndicate for merger and acquisition for Listed Company A. In 2020, Haitong International continued to provide financing advice for Listed Company A and arranged refinancing with its bank syndicate.	<ul style="list-style-type: none"> <li>Engaged in ferrous metal and non-ferrous metal, unwanted cars and electronic appliances recycling business and production of secondary aluminium from scrap aluminium. 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>
Clean energy – photovoltaic	A listed company in Hong Kong ("Listed Company B"), primarily engaged in six new energy and clean energy businesses covering electricity, photovoltaic, natural gas, industrial park, new energy vehicles and semiconductors.	Haitong International partnered with the Listed Company B since 2015. In 2020, the Company supported the Listed Company B's strategy of solar cell production and expansion of its solar energy power house	<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: distributive PV stations do not produce noise, carbon emission and electromagnetic radiations, but power generation can be for use for the building itself and for sale to state-owned grid; concentrative station can be for use of agriculture and to assist fishery</li> <li>Conservative energy and smart energy: technological innovation</li> <li>Explore more on traditional ways of power generation and smart energy to increase utilization and to reduce consumption of natural resources</li> </ul>

## 5 Economic and Operating Practices

### 5.3.2 ESG Capital Financing and Integration of ESG into Asset Management

Through provision of consultancy services, the Group expedites cash flows and actively provides financing services, and assists outstanding clients in terms of ESG entering into the capital markets so as to promote sustainable development of their businesses. In 2020, Haitong International's Asset Management actively practiced its ESG investment philosophy by launching the first board-based ESG ETF and integrating ESG factors into its decision-making during its active management process. Stocks not up to the ESG standards were removed to enhance and raise the awareness of environmental and social responsibilities among domestic companies in Mainland China and Hong Kong. From 2017 to 2020, Haitong International completed a total of 42 ESG-related IPOs in Hong Kong.

#### Project Highlights:



- **Assisting the launch of IPO and consulting on ESG practices and disclosures of Hangzhou Tigermed Consulting Co., Ltd:** the company is a contract research organization (CRO) engaged in conducting clinical research for drug development. It provides comprehensive clinical research services and solutions to international enterprises in the medical and medical devices sector.
- **Assisting the launch of JD Health IPO:** the company strives to build a complete and holistic "Internet + Healthcare" industry ecosystem and become a health management leader in the country.



- **Assisting the launch of Shanghai Gench Education IPO:** the company operates the largest in Shanghai and the best in the first-tier cities and is a leading private university in the entire Yangtze River Delta, providing students with outstanding education with applied technology.
- **Assisting the launch of Neusoft Education IPO:** the company is a leading private IT higher education service provider in China, focusing on nurturing talents in IT industry to cater for the fast-growing demand for the talent arising from the development of China's software and information service industry.



- **CDS Investment Fund III:** the Group invested in I-Mab Biopharma and HitGen Inc., a leading biopharmaceutical enterprise, through CDS Investment Fund III.



- **Investing a fund with environmental-friendly awareness and maintain social equality:** Haitong International invested in the VGC II of CDH. The fund possesses a complete environmental and social evaluation framework.

## 5 Economic and Operating Practices

### 11 SUSTAINABLE CITIES AND COMMUNITIES



- **Acted as the sole sponsor for the IPO of First Service:** the company caters to all stages of the property life cycle and strives to provide customers with digitally connected, green and healthy living experiences in residential and non-residential properties.
- **Acted as the sole sponsor for the IPO of Beijing Enterprises Urban Resources Group Limited:** the company is an integrated waste management solution services provider in China focusing on offering environmental and hygiene services and hazardous waste management services.
- **Participated in the IPO of Weigang Environmental Technology Holding Limited:** The company is a leading comprehensive hazardous waste incineration turnkey solution provider in China focused on the research, design, integration and commissioning of solid waste treatment systems, particularly for hazardous waste incineration.

### 12 RESPONSIBLE CONSUMPTION AND PRODUCTION



- **Acted as the sole sponsor for the IPO (H-share) of CIMC Vehicles:** the company is China and the world's largest semi-trailer manufacturer as well as the only one semi-trailer manufacturer with the national standard GB7258-2017 Technical Specifications.

### 13 CLIMATE ACTION



- **Participated in the IPO of XPeng Motors:** the company is a leading smart automobile manufacturer in China with business lines across the whole supply chain including assemble and design, research, manufacturing and sale.
- **Participated in the IPO of China Boqi Environmental:** the company provides coal-fired power plants with energy-saving techniques and services to reduce emission yet boost production efficiency, and control atmospheric pollution.

## 6 Products and Services

### 6.1 Product Responsibility

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

#### 6.1.1 Strict Guarantee on Product Safety

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

- Formulates the *Business Evaluation and Control Management* and outlines the requirements of product due diligence and risk monitoring; strengthens communication and liaison among front, mid and back offices; lays out related regime for product planning, management and review.
- Has set up a Product Management Committee under the Risk Management Committee comprising the Group’s chief risk officer, head of Risk Management, head of Compliance, head of Legal, head of Global Operations and head of Finance which is responsible for reviewing sales practices, standards and findings of product due diligence to guarantee product quality, implement supervisory guideline and comply with the regulations.
- Abides by the guidelines and regulations regarding funds laid down by regulatory authorities like SFC, MPFA and HKEX with good compliance.
- The products launched by the Equity Market Making and Derivatives Team are in compliance with the Listing Rules of Stock Exchange of Hong Kong and under monitoring of risk management procedure. In case there is any incompliance, explanatory letter is required to given to the Stock Exchange.
- As a part of development of Private Wealth Management Team, the Group provides premium wealth management solutions to high net worth individuals. Investment consultants will make investment recommendations of different products as to demands of clients, including the low-risk stocks and fixed income tools and high-risk structured products. For protection of shared interest of clients and the Group, account executives or investment advisors shall ensure clients have basic knowledge of the characteristics, merits and investment risks of products when recommending products.

#### 6.1.2 Quality Assurance Process

With strict quality assurance process in place, Haitong International strives to provide clients with financial services that are of the highest quality and most reliable.

The Private Wealth Management team revisited the entire sales procedure during this year and set up a Product Validation Committee. The Product and Solution team will perform due diligence on different types of investment products and give a rating to each of them. All over-the-counter products are subject to scrutiny and approval by Product Validation Committee before issuance. Account executives are liable to ensure clients’ investment appetite is matched with their product risk rating. The Private Wealth Management team will perform due diligence on issuers’ background and money-laundering status before preparing the due diligence report. The due diligence report will be subject to approval by the Risk Management department and Compliance department before it is issued. In 2020, the Product and Solution team compiled a total of over 700 product due diligence reports.

## 6 Products and Services

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

### 6.1.3 Data Protection and Customer Privacy

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

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

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

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

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

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

#### *Information Technology and Security Management Handbook*

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

## 6 Products and Services

### General Data Protection Regulation

- For the data of data subjects or European clients governed by General Data Protection Regulation (“GDPR”) issued by European Union, the Group transfers such data regulated under GDPR to regions outside European Economic Area (“EEA”) according to circumstances. However, the Group will ensure the data transfer is in compliance with proper data protection laws and regulations. Moreover, the Group will also ensure data subjects have knowledge of where their data is stored including but not limited to the Group’s affiliates located outside EEA. The Group will also ensure that data is protected in the same way as that protected under EEA.

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

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

## 6.2 Diversity of Products and Services

Haitong International spares no efforts in exploring application of fintech and provide innovative but trustworthy financial service experience. Besides, the Group takes active part in identifying industry and market opportunities.

### 6.2.1 Innovation of Financial Services and Technologies

- The Private Wealth Management Team has adopted rectification proposed by staff as to the guideline given by the SFC regarding non-complex and complex products into consideration since 2020, the middle offices and the business unit compliance team rectified the sales procedure according to the proposal.
- In 2020, the DCM team actively practiced the Group’s ESG philosophy and stepped up its green bond underwriting effort. The issuance of green bond saw a historic breakthrough with 12 green bonds issued including a blue bond (for marine protection/marine economic development) amounting to US\$3.16 billion.
- The Equity Market Making and Derivatives Team launched Hang Seng Tech Index warrants and CBBCs and issued a number of exclusive underlying asset warrants such as Biotech B share warrant to meet market demands. Besides, it held about 20 online forum via video conference to communicate directly with investors.
- With natural language processing (NLP), the Group is able to sort out and analyze public information of listed companies (including announcements on the Stock Exchange, 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 securities.

## 6 Products and Services

### 6.2.2 Exploration of Industry Opportunities



In December 2020, the Group published the *Haitong International AI Industry Development Report 2020* which gave an industry overview of A.I. in Mainland China and Hong Kong about development trend, application areas, policies and investment & financing of A.I.. The outlook of the industry and challenges and opportunities were also outlined in the report. Given that the financial sector is one of the industries that A.I. is widely applied to, all kinds of commercial models and technological paradigm of “AI+Finance” were talked about. The report also attempted to analyze how A.I. benefits humankind based on the ESG framework and buoys global economic and social development in a sustainable way.

The full text of *Haitong International AI industry development report 2020* can be downloaded in the following link:

[http://htisec.com/sites/all/themes/hitong/files/2020\\_AI\\_report.pdf](http://htisec.com/sites/all/themes/hitong/files/2020_AI_report.pdf)

## 6.3 Shareholder and Investor Relations

The Group strives to offer stable and healthy returns to shareholders and investors. In 2020, though the globe experienced fluctuations and adversity, Haitong International still achieved healthy growth in each of its business. It maintains positive communication and close association with its shareholders and investors. With diverse yet effective announcement and press release, the Group is able to give a clear picture of its operations, financial performance and business development. Moreover, it also analyses and follows up with the feedback and questions given by investors so as to foster effective communication with investors.

Haitong International has been delivering accurate corporate information and positive brand value to stakeholders such as customers, investors, mass medias and public with professionalism. In 2020, the team successfully held the 2nd Haitong International A.I. Conference. 9 stellar guest speakers were invited to give their views on new trends and investment opportunities worldwide of A.I. with good reception and appreciation from peers and customers.

Besides, as a part of the Group’s goal to attract talents, the Group issued an advertisement in an innovative way to demonstrate its energetic working culture. The advertisement was broadcasted in a mainstream TV channel in Hong Kong with over 4.5 million views.

## 6 Products and Services

### Awards



The Group was recently granted The Best Investment Banking Performance, the Best ESG Award and the Best PR Team Award in the Golden HK Stock and Golden Central Poll 2020 co-organized by Zhitong Caijing (智通財經) and Tonghuashun Finance (同花順財經).



In 2020, Haitong International was granted the Best Research Award – Commercial (商類最佳研究實力獎) again in the Phoenix Network Hong Kong Stock Financial Institution's Value List "Jinwu Award" (金融機構價值榜•金吾獎) by Phoenix Network Finance (鳳凰網財經) and Phoenix Network Hong Kong Stocks (鳳凰網港股).



Haitong International's Asset Management launched the first board-based ESG ETF: Haitong MSCI China A ESG ETF (03031). Soon after its launched, Haitong International was granted the CAMAHK – Bloomberg Offshore China Fund Awards 2020 with wide recognition in the industry.

A number of awards were granted to Haitong International's Equity Market Making and Derivatives Team by a number of financial institutions from 2018 to 2020 in recognition of its product quality, safety and innovation:

- The HKEX ETF Awards 2020: Top Market Maker – ETP Turnover
- The HKEX ETF Awards 2020: Top Participating Dealer – ETF Creation & Redemption
- SPR Singapore Award 2020 – Single Trading Platform
- Derivatives Provider of the Year 2020 by Bloomberg Businessweek
- Top ETF Market Maker for 2019 by Stock Exchange of Hong Kong
- Derivatives Provider of the Year 2019 by Bloomberg Businessweek
- Derivatives Provider of the Year 2018 by Bloomberg Businessweek
- Excellent Structured Products in Hong Kong for 2018 by Asia Risk
- Best Hong Kong Structured Product Provider of the Year 2018 by SRP
- Best Hong Kong Derivatives Provider of the Year 2018 by The Asset
- Best Market Maker (ETF) in Hong Kong of the Year 2018 by the The Asset
- First batch of issuers providing 5000:1 & 8000:1 HSI CBBs and call warrants and put warrants tracking listed shares of Alibaba in the U.S



## 6 Products and Services

### 6.4 Customer Relations

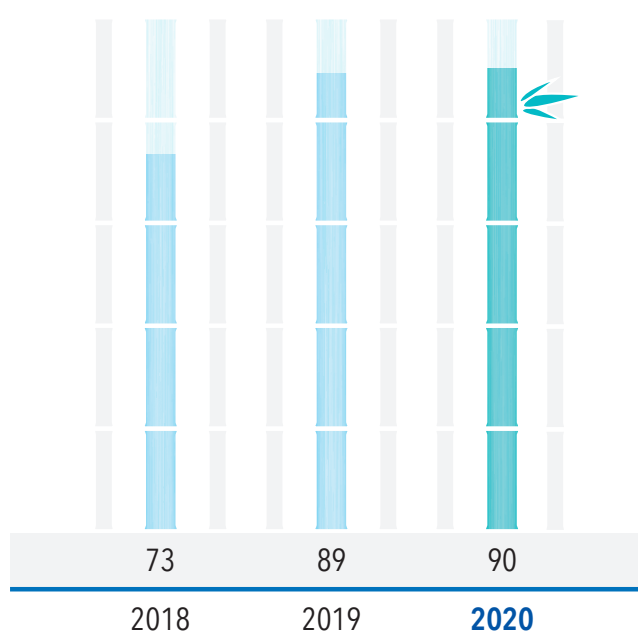
Quality products and professional services are the heartbeats of ongoing operations of an enterprise. As such, Haitong International spares no effort to provide customers with the most quality and reliable financial services.

#### 6.4.1 Relationship with Investment Clients

##### 6.4.1.1 Investor Communication of Wealth Management

- Investor education includes but not limited to:
  - Investment research report (covering H shares, A shares, US daily, weekly and quarterly reports)
  - themed events (covering customer events run by HTI's Wealth Management)
  - shareholders education (covering public events co-organized by 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 and options businesses. All cases of complaints were followed by the Customer Services and responses were given to customers in time. As such, 96.2% of cases were handled effectively.
- Customer satisfaction surveys were conducted quarterly by the Customer Services team to collect feedbacks from customers for calculation of customer satisfaction. In 2020, the score of customer satisfaction rose from 89% to 90%.

#### Customer Satisfaction (%)



## 6 Products and Services

### 6.4.2 Investor Education

Haitong International has been emphasizing on investor education and helping its customers improve their wealth management skills with a proper financial management mindset to avoid financial risks. In this way, customer experience is enhanced while customer complaints and disputes are effectively reduced. In 2020, the Equity Market Making and Derivatives Team held 20 investor education activities including online investor forums and workshops and product promotion conference. The Wealth Management held an online seminar in September 2020 to discuss the development of HK stock market for the 4th quarter of 2020. During the year, Global Markets held 292 professional meetings, 6 research meetings, 298 road shows and 7 investment seminars, and 5,894 reports were released.

#### Major Initiatives

**Online Seminar:** ESG product education for investors was provided when the fund was set up, which included introduction of ESG-themed investment (e.g. ESG investment trend in Asian region) and product training activities.

**Making investor education video clips:** covering a wide range of products including futures and options, equity derivatives, ETFs on the Stock Exchange/leveraged and inversed products, structured products, bonds, funds, etc.

**Holding investment seminars:** surrounding the topics that investors are interested in with deep insights expressed.

**Market news and professional analysis:** including market news reporting, commentary of Chinese markets and A shares, announcement of trading in futures and options and announcement of trading in securities and options

**Investment scenario analysis:** ensuring clients have knowledge of the maximum returns or losses arising from the investment products.

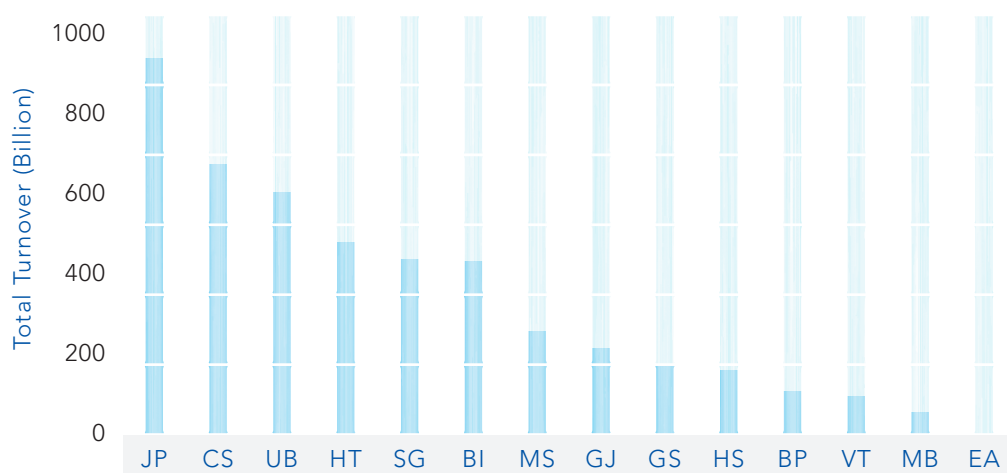
#### 6.4.2.1 Equity Market Making and Derivatives Team Investor Education

Haitong International's equity market making and derivatives teams attaches emphasis on investor education and hosts physical or online forums and workshops on a regular basis and provides articles on investor education columns in media or websites. Moreover, it works closely with the Stock Exchange to actively promote new products on the market. Due to the pandemic in 2020, online forums and workshops were therefore held. Regarding the newly-launched inline warrants on the Stock Exchange in 2020, it arranged a number of forums and CPTs for investors and securities practitioners. It also sent its employees to promote related products to financial services institutions in Taipei.

The Group held a number of online forums and made promotional videos for newly listed derivatives such as Hang Seng Tech warrants and the warrants newly included in the Stock Connect. Taking market conditions into consideration, the department talked about investment strategies on warrants with other brokerage firms or through media platforms.

## 6 Products and Services

### Total Turnover for Warrants and CBBCs in 2020



The turnover and number of transactions of Haitong International's warrants and CBBCs are on the rise. In 2020, Haitong International completed 8.65 million transactions, ranking no. 4 among 15 warrant providers with a turnover of HK\$462.2 billion, displaying its popularity among warrant and CBBC investors.

#### 6.4.2.2 Investor Education of Asset Management

Haitong International's Asset Management cohosted an online seminar with WIND, Refintiv, ETFCOOL and iFAST with a theme centered around ESG investment opportunities in China. Through this event, the Group introduced China's ESG market and investment prospects to over 300 institutional investors.

#### 6.4.2.3 Investor Education of Private Wealth Management Team

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 equities or fixed-income instruments and the high-risk structured products. To protect the shared interests of the Group and clients, when recommending products, account executives and investment advisors must ensure clients have fundamental knowledge, their characteristics, merits and risks of such products before investment.

The Private Wealth Management's Product and Investment Solution team has prepared a series of product publications covering securities, funds, bonds, alternative investment and structured products. Other than product features, scenario analysis is also included to let clients understand the maximum return and loss for investment in such products. Investors can devise ideal investment solution only if they are clear about the product's return mechanism.

## 6 Products and Services

### 6.4.3 Good Customer Communication

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

#### 6.4.3.1 Customer Satisfaction Survey

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

In 2020, the Customer Services team invited 189 clients to take the survey and there were 177 respondents. An average score of 4.95 was given by 19 VIP customers. An average score of 4.44 was given by 158 common customers. The total average score was 4.5 out of 5. The customer satisfaction percentage registered at 90%.

According to feedback from clients, the area needed to be improved were the interface of trading system, services provided by account executives at the branch and commission fees. Our Customer Services team responded clients promptly with solutions. Therefore, the issues were understood and solutions were accepted by clients.

#### 6.4.3.2 Handling Customer Complaints

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

### Client's Feedback and Complaints Guideline

#### Optimized Customer Services

- Based on the subject of 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 on a honest and fair principle in the best interest of the customers.

#### Enhanced Customer Experience

- Customers' feedback is taken into analysis after the complaints are solved for the betterment of service procedure to safeguard clients' rights and customer experience for higher customer satisfaction;
- Customer surveys are conducted quarterly to keep improving operating procedures to further sharpen up product and service quality.

#### Handling complaints by Equity Market Making and Derivatives Team

- The Group has set up a dedicated warrant/CBBC hotline and email to receive customers' enquires and complaints, and gives responses to clients regarding questions of derivative warrants according to the Rules Governing the Listing Securities on the Stock Exchange of Hong Kong Limited and in full compliance of regulatory requirements with an aim to solve the complaints in time. In 2020, there was 1 complaint lodged to the Stock Exchange about product pricing. Regarding this, the Group sent an explanatory letter to the authority and a report to the authority according to the Listing Rules. In addition, the team keeps improving the quality of products and services and refining procedure according to customer feedback to boost customer satisfaction. In this way, the Group hopes to manage complaints in a standardized, detailed and systematic way. With continuous improvement, Haitong International has experienced a rise on turnover of warrants and CBBCs and number of transactions with top ranking in Hong Kong market.

## 7 Employee Care

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

### 7.1 Employment

To protect basic rights of employees, the Group has compiled a Staff Handbook in which an array of policies and procedures are detailed in, including but not limited to Employment Ordinance, Employees' Compensation Ordinance, Occupation Safety and Healthcare Ordinance, Minimum Wage Ordinance, salary, dismissal, recruitment, promotion, working hours, leaves, equal opportunities, diversity, anti-discrimination and other welfares and remunerations. The Group updates the Staff Handbook according to relevant labour regulations each year to ensure its compliance with laws and regulations. There was no material change of number of employees of the Group when compared with the previous year and all activities of the Group were executed by its staff, among which 99% are full-time staff. The Group strictly complied with the relevant laws and regulations of the place of operation. In 2020, there was neither violation of labour rules which may lead to material negative effects to the Group nor any violation of policies in relation to discrimination, forced and child labour. Staff can report or complain to the Group according to the Staff Handbook if they notice any wrongdoings.

The Group adheres to the principle of equality of work and protects employees' rights to take leaves and take rest. 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 (such as bullying and harassment), they can inform their immediate supervisor or make written complaints to Human Resources. In addition, staff are welcome to send email to the CEO and/or the Chairman of the Audit Committee to express their views privately and comfortably. The Group has established a grievance mechanism covering a wide range of areas such as labour relations, employment rights, workplace harassment and discrimination for employees to raise grievances, express their views, and raise concerns about the Group's governance. 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.

#### Award and Job Creation Scheme

- The Group was granted the Best Companies to Work for in Asia by for the 3rd consecutive year. (2018-2020)
- The Group received WeCare™: HR Asia Most Caring Companies Award 2020 for the first time
- During the pandemic, the Group, as a responsible employer, actively participated in the Financial Industry Recruitment Scheme for Tomorrow launched by the Financial Services Development Council and the New Graduates-New Opportunities Scheme rolled out by The Hong Kong Chinese Enterprises Association to provide employment for the current graduates (including graduates in 2019 and 2020).



## 7 Employee Care

### 7.1.1 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 linkage between employees and senior management, strives to protect the rights and benefits of staff, and seek more welfare for staff.
- **Fitness First Membership privileges**  
The Group works with the Fitness First to give membership privileges to its staff and encourages its staff to have physical workouts after work.

### 7.1.2 Equality and Harmony

The Group actively safeguards employees’ human rights and incorporates the requirements of labour laws into the Staff Handbook. This policy protects human rights and gives specific guidelines in terms of diversity and inclusiveness, equality, reasonable working time and workplace health and safety. The Group has zero tolerance towards child labour and forced labour and strictly adheres to labour laws as its employment principle. During the reporting period, there was no violation of human rights or existence of child labor or forced labor noticed by the Group.

## 7.2 Health and Safety

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

The Group adopts occupational and safety measures including risk assessment of workstation for each new recruits. For office renovation/setup, the Group ensures the setup standards are in line with fire safety requirements (e.g. size of corridors, fire equipment and other office facilities. Meanwhile, the Group has provided a *Display Screen Checklist* to evaluate the health and safety of working environment for each new staff member. The items in the checklist include sufficiency of space to put computer monitors, inputting devices and documents on working desks, sufficiency of space to put feet under the desks, brightness and location of display screen, location of keyboard and mouse, specification of chairs, size of working space, lighting, noise and so on. Upon evaluation, non-conformities of working environment or equipment will be rectified within a week.

In 2020, the Group completed working environment and health evaluations for about 300 staff members. The injury or death toll over the past 3 years was 0.

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

## 7 Employee Care

- **Covid-19 Measures**
  - To find out asymptomatic patients in the community and break the chain of infection as soon as possible, in August 2020, the Group encourages its employees and their family to participate in the free testing service provided by the Universal Community Testing Programme.
  - To actively reinforce epidemic prevention work, the Group has installed 2 “Aqua Pro+Tech” smart disinfection stations in its offices by which disinfection can be done in 7 seconds. The device has passed EU’s EN14476 test and can effectively kill various kinds of bacteria and viruses including Covid-19 virus. In addition, spray disinfection was applied to all offices on a regular basis.
  - The Group took the following arrangements and preventive measures during the peaks of pandemic:
    - Each department implemented A/B rotation system according to actual situation and arranged staff to work in different locations (in office/work from home) to ensure the company remains in normal operations
    - Unless there was necessity (cleaning or courier services), only staff was allowed to enter the company’s premises
    - All staff wore masks and paid attention to personal hygiene in the company’s premises
    - Face-to-face meeting was avoided and social distancing was applied. Tele-meeting was therefore advocated
    - Close contact with inbound travelers from overseas was avoided
    - All business trips were cancelled
    - Staff working in key business units were arranged to work in different offices by team heads when necessary to minimize the impact on all employees in the same office in case an employee was infected.
    - All offices were cleaned and disinfected on a regular basis. Sufficient masks and hand sanitizers were provided to keep good hygiene in the workplace

In 2020, 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.

### 7.3 Development and Training

Self-achievement of staff serves as a developmental driver for an enterprise. Therefore, Haitong International keeps a watchful eye on development for its staff and continues to reinforce its training system, set up talent pool, improve the career path for staff, encourage diverse individuals to bring their talents into play and give staunch support to staff development. In addition, the Group has a performance management system and for conducting annual performance evaluation for employees to assess their performance and vocational training needs every year.

The Group has formulated and implemented *Training Sponsorship Policy*. The Group sponsors its staff to acquire professional qualification and professional membership or to attend external job-related training to make sure that its staff can meet the continuous professional training requirements of licensed persons as stipulated by the Securities and Futures Commission, and the continuous professional development requirements for MPF intermediaries and for registration with the Chinese Gold and Silver Exchange Society.

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

## 7 Employee Care

In 2020, the Group:

- Held over 150 internal training sessions covering topics such as global capital markets, ESG investment, China-HK Connect, risk management and compliance & regulatory issues and professional training for senior management with more than 14,000 enrolments.
- Haitong International held a series of mandatory online training sessions on the regulations each year. This year, 7 training sessions were held with themes of Sanctions, Conflicts of Interest, Information Security and Cyber Risk Awareness, Data Privacy, Anti-Bribery and Anti-Corruption, Anti-Money Laundering and Counter-Terrorist Financing, and Data Classification and Information Protection, covering 98% of its staff (including those in overseas offices, contract and part-time staff) with 100% completion of training.
- Haitong International emphasizes nurturing of leaders-to-be and holds “Management Trainee Development Programme” each year. The programme covers professional development, innovative & cooperative projects, personal development and team work. A Management Trainee Club has also been set up for the management trainees to have dialogue with the management, participate in industry seminar and team building activities, and build up team spirit and talent pipeline.
- In 2020, the Group recruited management trainees for general stream and analyst & trader stream. For the first time, the Group adopted the 3-round rotation mechanism for management trainees (for 16 weeks per round of rotation). The new measure can let management trainees to gain full understanding of business units. Positive feedbacks were reported from both management trainees and departments.
- To put forward the Group’s talent grooming strategy, Haitong International launched the first Setsail Programme with an aim to create a learning, innovative, growing and duty-bound entrepreneurial culture by nurturing a cohort of leader-to-be with knowledge, capability and responsibility in hopes of strengthening staff’s self-confidence and sense of belonging.

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

## 8 Community Investment

Haitong International has always been emphasizing on community investment in order to live up to its good corporate citizenship. By promoting sustainable community development in different ways and encouraging its employees to participate in voluntary works, Haitong International shares its fruits of corporate development with society and promotes harmonious social development. The Group has been recognized as a “Caring Company” by The Hong Kong Council of Social Service for over 16 years since 2004, and the “Haitong International Charitable Foundation” has also received the “Caring Organization” logo for 6 consecutive years since 2015.



### 8.1 Haitong International Charitable Foundation

In 2014, Haitong International Charitable Foundation was founded to pool resources together and to implement sustainable social responsibility projects more strategically by developing charitable projects with similar brand value and philosophy and sustainable social projects and charity events. Over the past 7 years, Haitong International Charitable Foundation contributed to build a better community by actively participating in local charity events ranging from poverty alleviation, youth education, sports and arts, environmental protection and carbon emission reduction and so on, through cooperating with non-profitmaking organizations, donating money and providing sponsorship. In response to the Covid-19, the Group actively provided society with assistance including purchase of surgical masks for donating to the needy bodies.

- Haitong International “Care for the Elderly, Care 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” for helping elderly in need to improve their emotion and cognitive impairment through therapies and education in the forms of horticulture, music and arts. Due to the pandemic, the 2020/21 program was expected to be resumed in November and 10.5 activity hours had been provided for the elderly services units under the Helping Hand as of December 2020, with 127 elderlies being benefited. So far, the programme has provided nearly 500 activity hours for the elderly service units of the Helping Hand with over 6,500 elderlies being benefited.

Other than this, Haitong International has been a long-term sponsor for charity cookie sales campaign of Helping Hand. In 2020, the Group was a sponsor for the charity cookie sales campaign.

## 8 Community Investment

- Sponsoring Haitong International Hong Kong Windsurfing Open Championships**  
 Since 2017, Haitong International has been sponsoring the windsurfing events organized by Windsurfing Association of Hong Kong and nurturing windsurfers as the representative players for Hong Kong with an aim to raise the social awareness of the sport. In 2020, despite cancellation of the international windsurfing competitions due to the pandemic, Haitong International continued to carry out promotional work for windsurfing through different channels. For example, it continued to manage the "Haitong International Windsurfing" facebook fanpage and issued posts for the news of local competitions, windsurfing knowledge and latest information. In July 2020, Haitong International aided Windsurfing Association of Hong Kong to run a promotional event in THE FOREST in Mongkok to showcase the windsurfing boards and deliver windsurfing steering experience to the public in order to deepen Hong Kong citizens' understanding and interest to the sport.



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

### 8.2 Charity and Volunteer Work Participated by Haitong International's Staff

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

## 8 Community Investment

### Volunteering Work at World Wide Fund for Nature (WWF) Mai Po Nature Reserve

In June 2020, Haitong International sent a group of 23 volunteers to Mai Po Nature Reserve to uproot the invasive and climbing plants for maintaining a good ecosystem and fostering biodiversity. Before removing the plant killers, Haitong International volunteers took a look at gei wei, fishponds and bird watching house to understand Mai Po Nature Reserve's wetland ecosystem and daily protection work. Mai Po Nature Reserve is an important wetland in Hong Kong which serves as a halfway point and overwintering habitat for over half a million water birds for their migration journey each year. In 1983, WWF started to operate Mai Po Nature Reserve which provides habitat for migratory birds. The mangrove forests, mud flats, reed beds, fishponds and geiwei are of important value for the ecosystem.



### Haitong International X Inspiring Hong Kong Sports Foundation Basketball Event

In November 2020, Haitong International joined hands with local non-profitmaking group InspiringHK Sports Foundations to hold WELL DUNK! Basketball league and training programme. A group of 10 basketball players from Haitong International played a friendly match with 11 Lek Yuen youngster team members. For the second year running, WELL DUNK! is the first ever large scale youngster sports training program that integrates professional basketball training with a formal league system. Through the basketball game, Haitong International volunteers got a chance to have deep sharing with the grass root youngsters and encouraged them to develop self-confidence and form good character through sports. After the game, the team broke up in groups to exchange with youngsters, sharing their experience in job and learning as well as encouraging them to prepare ahead for the next competition.

InspiringHK Sports Foundation is a local charity organization with a "Better Youth, Through Sports" vision. Its mission is to foster equality in sports learning for grass roots youngsters and unleash their sportsmanship, increase their upward mobility in society, facilitate gender equality, social inclusion and healthy life.



## 9 Environment

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

### 9.1 Climate Change

Haitong International attaches high emphasis to the climate change topics by taking into consideration the impact brought by its own operations, investment and financing activities and opportunities and risks presented by climate change. The Group has established a comprehensive governance structure to address climate change with related strategies and goals. Factors in relation to climate change are incorporated in the Group's decision making, risk management and daily operations.

#### 9.1.1 Governance Structure

This year, Haitong International established an ESG governance structure at the Board level with supervisory and management duties assigned to by the Board and senior management in terms of environmental (including climate change topics), social and governance matters. Meanwhile, the Group also set up an ESG committee and ESG executive office under the executive committee to promote implementation of global ESG strategic goals such as climate change across the board.

The ESG Committee is responsible for formulating the ESG strategic goals and overall planning at group level and giving ESG advice and guidance on the Group's material deals or projects in the areas of financial advisory, financing or direct investment. Moreover, it also gives directions to the business units on how to perform specific ESG risks & opportunity analysis, and reviews, approves and organizes ESG strategies for different business segments of the company. The climate change issues are covered including formulation of the goals and business strategies for climate investment and financing. Under the guidance of ESG committee, the ESG executive office is responsible for executing ESG-related strategic tasks. For details, please refer to section 3.1.

On the policy front, the ESG-related risks such as climate risk are included in the risk management framework of the Group. The Group Risk Management Policy clearly sets out the definition and management of climate risks. The Group also monitors and takes preventive or control measures to avoid climate risks of the Group, clients, counterparties and invested projects/targets.

Besides, the Group incorporated Consultation on the Management and Disclosure of Climate-Related Risks by Fund Managers issued by the SFC in October 2020 and White Paper on Green and Sustainable Banking issued by HKMA in June 2020 as an important basis of its management's decision. In future, the Company plans to improve its ESG management system in business management, investment decision, performance evaluation and staff training in hopes of building an all-round management system.

#### 9.1.2 Strategies and Goals

In 2020, Haitong International issued its ESG Statement to pledge for its energy-saving and carbon reduction along with sustainable finance practices to address the climate change strategically at the group level.

Other than its self-commitment of carbon neutrality at the operating level, the Group also takes an active part in assisting clients, counterparties and invested projects/targets to move toward low-carbon consuming businesses by taking advantage of the carbon neutrality context and climate change investment and financing opportunities and being a financial intermediary, in support of green development for the economy as a whole. As a prioritized strategic goal of the Group, specific tasks of green finance include but not limited to providing finance for green and carbon reduction-related businesses, practicing responsible investment, issuing investment products themed with low carbon emission and adopting stricter financing requirements towards high carbon emitting enterprises.

## 9 Environment

To address climate change, the Group has made the following pledges:

- **Minimize its operations' impact on climate change** – the Group pledged for carbon neutrality by the end of 2025 at its business level in a firm attitude. It has also announced its relevant energy-related targets, including, to source 100% of its power from renewable energy by the end of 2025, and to achieve a 30% reduction in paper consumption and waste production per staff by the end of 2020.
- **Step up efforts in green finance** – In its ESG Statement, Haitong International pledged to provide or deploy a total of US\$20 billion to support ESG as well as sustainable financing and investment funds by 2025. The green and low-carbon industries including clean energy, low-carbon technology, green building, green traffic and transformation of high-carbon industry to a low one will be our focus.
- **Establish incentive mechanism for staff** – Green, low-carbon and sustainable industries are strongly encouraged. More efforts will be put into ESG and sustainable industries such as underwriting green bonds and development of ESG-related financial products.
- **Incorporated ESG-related risk into investment decision making** – The Group will gradually turn away from heavily-polluting and high energy-consuming industries as investment and financing targets. Instead, it will actively support new energy and green industries to promote development of clean and green industries.
- **Provide more ESG training to staff** – The Group sets up an ESG training programme for all staff by organizing thematic seminars to raise their awareness of ESG topics such as climate change.

### 9.1.3 Actions Taken to Address Climate Change

This year, the Group kept implementing its strategies and objectives regarding climate change primarily including:

- **Climate and Environmental Information Disclosure:** This year, Haitong International joined the China-UK (financial institution) Climate and Environmental Information Disclosure Pilot project. For details, please refer to Section 1.2. The Pilot project takes inspiration from TCFD's disclosure framework complemented with China's actual situations and determines a goal structure for China. Based on this framework, the Group keeps improving its climate and environmental information disclosure as well as transparency.
- **Green Finance:** In 2020, the Group ranked top in terms of number of green bond issuance in the Hong Kong market. It underwrote a total of 12 green bonds amounting to US\$3.16billion. Moreover, it acted as the sole sponsor for the IPO of First Service, the first green technology real estate IPO in Hong Kong. It also participated in the US IPO of XPeng Motors and the IPO of China Boqi Environmental (Holding) Co. Ltd. For details, please refer to Section 5.3.
- **ESG Training:** This year, the Group organized training themed with ESG Practices in Investment Banking to highlight how to conduct green financing and investment. The Group also organized ESG training for newly recruited management trainees, in which the concept and global backgrounds of carbon neutrality were detailed. This gave a clear picture of climate crisis and solutions to support transformation into a low-carbon market.
- **Polices:** For private equity investment, the Group incorporated ESG factors including climate change as selection criteria for choosing investees.

During the year, the Group purchased the Renewable Energy Certificates from a local power supplier. The Company also promoted and provided training regarding climate changes to all its staff to build a green working corporate culture.



## 9 Environment

### 9.1.4 Risk Management

The climate change risks that Haitong International is exposed to are:

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

Against the context of transformation towards a low-carbon economy, Haitong International strives to help its clients address related climate risks. The Group will reinforce its analysis on climate change risks as one of the prioritized objectives in its risk management agenda. Moreover, it will endeavor to research and develop related tools to monitor and evaluate the impact to the financial position of the Group brought along by the climate change. This year, the Group has started its climate change risk stress test and scenario modelling.

## 9.2 Environmental Protection Policies and Systems

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 2020, 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. For details of emissions and discharges, please refer to the Appendix 1: KPI Tables.

### 9.2.1 Greenhouse Gas Emissions

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

## 9 Environment

### 9.2.2 Proper Disposal of Waste

The Group applies the idea of “high efficient, 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 scheme and has been granted the Wastewi\$e certificate Excellence Level for 6 consecutive years.

#### Case study:

Haitong International has been granted Hong Kong Green Organisation Certifications and Wastewi\$e Certificate – Excellence Level for 6 consecutive years



Wastewi\$e Certificate 2016-2021

### 9.2.3 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 4 consecutive years since 2017. During the year, the Group did not generate other hazardous waste.

## 9 Environment

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



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

### 9.3 Participation and Promotion of 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 who support sustainable growth at home and abroad to contribute to the development of environmental-friendly society.

## 9 Environment

### 9.4 Energy Use Efficiency

#### 9.4.1 Energy Saving

For energy consumption, the Group reviews the electricity intensity in different locations and has installed automatic lighting control system in the pioneer areas so as to evaluate 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:

- The Group 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 IFC and Wong Chuk Hang office;
- All copying machines at the new office have the “tap to print” function, which stay at the energy-saving mode until being used;
- The Group complies with the Building Energy Efficiency Ordinance (BEEO) standard laid down by the Electrical and Mechanical Services Department, which is applied to the new office settings and renovated offices.

The Group has installed automatic lighting control system and lighting sensors in the new offices in IFC and Wong Chuk Hang.



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

For water saving, the Group has installed water filter system in office premises. The Group encourages all of its employees to play their part to save water. For water consumption, there was no water consumption data available to the Group as the consumption was managed by the property management of the office premise in 2020.

#### 9.4.2 Environmental-friendly Fuel

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

## Appendix 1: KPI Tables

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

Indicator	Unit	2020	2019	2018	2017
Total GHG emissions	tCO <sub>2</sub> e	2521.06	2,279.69	1,335.63	1,420.12
Density of GHG emissions	tCO <sub>2</sub> e/m <sup>2</sup>	0.23	0.21	0.15	0.20
Scope of GHG Emissions 1	tCO <sub>2</sub> e	26.50	37.12	45.33	49.89
Petrol/gasoline	tCO <sub>2</sub> e	26.50	37.12	45.33	49.89
Scope of GHG Emissions 2	tCO <sub>2</sub> e	1,473.83	1,230.14	1,096.10	923.95
Purchased power	tCO <sub>2</sub> e	1,473.83	1,230.14	1,096.10	923.95
Scope of GHG Emissions 3	tCO <sub>2</sub> e	1,020.73	1,012.43	1,171.35	2,164.29
Paper waste	tCO <sub>2</sub> e	929.65	895.91	1,056.48	1,805.58
Recycled paper	tCO <sub>2</sub> e	-59.82	-86.31	-79.33	-80.13
Business flight travel	tCO <sub>2</sub> e	150.90	202.83	194.20	438.84

### Emissions: Air Pollutants

Indicator	Unit	2020	2019	2018	2017
NOx	kg	4.93	6.91	7.38	12.86
Yoy change	%	-28.65	-6.37	-42.61	/
SOx	kg	0.17	0.23	0.25	0.27
Yoy change	%	-26.09	-8.00	-7.40	/
RSP	kg	0.36	0.51	0.54	0.95
Yoy change	%	-29.41	-5.56	-43.16	/

### Waste

Indicator	Unit	2020	2019	2018	2017
<b>Non-hazardous waste</b>					
Paper consumption	ton	193.68	186.65	220.1	376.16
Recycled paper	ton	12.46	17.98	16.53	16.69
Waste light tube	Piece	271	262	273	/
Waste plastic bottles produced	piece	321	1,252	1,308	/
Used Paper cups <sup>1</sup>	piece	60,000	90,000	90,000	90,000
<b>Hazardous waste</b>					
Electronic information product waste	set	0	0	0	0
Recycled electronic information products	set	108	/	431	410

Note 1: Due to an adjustment made to pieces of used paper cups, the figures for the years 2019 and 2018 have been restated accordingly.

## Appendix 1: KPI Tables

## Use of Resources

Indicator	Unit	2020	2019	2018	2017
Total power consumption	MWh	1,974.28	1,690.48	1,545.18	1,329.75
Density of power consumption	MWh/m <sup>2</sup>	0.18	0.16	0.18	0.17
<b>Direct power consumption</b>					
Petrol/Gasoline	MWh	108.84	152.48	158.18	159.75
Density of Petrol/Gasoline Consumption	MWh/m <sup>2</sup>	0.01	0.01	0.02	0.02
<b>Indirect power consumption</b>					
Power	MWh	1,865	1,538	1,387	1,170
Density of Power Consumption	MWh/m <sup>2</sup>	0.17	0.14	0.15	0.16

## Employment

Indicator	Unit	2020	2019	2018	2017
Total number of employees	person	1,371	1,238	1,129	1,015
<b>Number and proportion of employees grouped by gender</b>					
Number of male employees	person	787	705	675	610
Number of female employees	person	584	533	454	405
Number of full time male employees	person	781	699	673	608
Number of full time female employees	person	574	529	453	405
Number of part time male employees	person	6	6	2	2
Number of part time female employees	person	10	4	1	0
Proportion of male employees	%	57	57	60	60
Proportion of female employees	%	43	43	40	40
Proportion of female employees of senior management	%	8.4	7.9	8.8	8.2
Proportion of female employees above department head level	%	26	28	36	24
<b>Number and proportion of employees grouped by employment type</b>					
Number of part-timers	person	16	10	3	2
Number of full-timers	person	1,355	1,228	1,126	1,013
Number of permanent staff	person	1,371	1,238	1,129	1,015
Number of temporary staff	person	0	0	0	0
Proportion of part-timers	%	1.2	0.8	0.3	0.2
Proportion of full-timers	%	98.8	99.2	99.7	99.8
Proportion of permanent staff	%	100	100	100	100
Proportion of temporary staff	%	0	0	0	0
<b>Number and proportion of employees grouped by age</b>					
Number of employees aged under 30	person	353	295	247	240
Number of employees aged from 30 to 50	person	873	814	774	663
Number of employees aged over 50	person	145	129	108	112
Proportion of employees aged under 30	%	26	24	22	24
Proportion of employees aged from 30 to 50	%	64	66	69	65
Proportion of employees aged over 50	%	10	10	10	11

## Appendix 1: KPI Tables

Indicator	Unit	2020	2019	2018	2017
<b>Number and proportion of employees grouped by region</b>					
Hong Kong	person	1,011	909	833	793
Number of full-timers	person	1,004	900	831	792
Number of part-timers	person	7	9	2	1
Macau	person	8	9	9	9
Number of full-timers	person	8	9	9	9
Number of part-timers	person	0	0	0	0
Tokyo	person	12	14	18	19
Number of full-timers	person	11	14	18	18
Number of part-timers	person	1	0	0	1
Singapore	person	82	75	67	58
Number of full-timers	person	82	75	67	58
Number of part-timers	person	0	0	0	0
New York	person	33	38	38	9
Number of full-timers	person	33	37	37	8
Number of part-timers	person	0	1	1	1
London	person	22	30	27	10
Number of full-timers	person	21	30	27	10
Number of part-timers	person	1	0	0	0
Mumbai	person	46	44	41	39
Number of full-timers	person	46	44	41	39
Number of part-timers	person	0	0	0	0
Shanghai	person	88	57	39	32
Number of full-timers	person	84	57	39	32
Number of part-timers	person	4	0	0	0
Shenzhen	person	28	32	33	28
Number of full-timers	person	28	32	33	28
Number of part-timers	person	0	0	0	0
Beijing	person	35	23	18	12
Number of full-timers	person	32	23	18	12
Number of part-timers	person	3	0	0	0
Sydney	person	6	7	6	6
Number of full-timers	person	6	7	6	6
Number of part-timers	person	0	0	0	0
<b>Number and proportion of new employees grouped by age and region</b>					
Number of new male recruits	person	277	210	207	150
Number of new female recruits	person	192	189	154	138
Proportion of new male recruits	%	20.2	17	18.3	14.8
Proportion of new female recruits	%	14	15.3	13.6	13.6
Number of new recruits in Hong Kong	person	357	298	281	229
Number of new recruits in other regions	person	112	101	80	59
Proportion of new recruits in Hong Kong	%	26	24.1	24.9	22.6
Proportion of new recruits in other regions	%	8.2	8.2	7.1	5.8
<b>Number and Attrition rate of employees leaving grouped by gender</b>					
Number of male employees leaving	person	125	141	134	75
Number of female employees leaving	person	107	93	102	64
Attrition rate of male employees	%	9.1	11.4	12	7.4
Attrition rate of female employees	%	7.8	7.5	9	6.3

## Appendix 1: KPI Tables

Indicator	Unit	2020	2019	2018	2017
<b>Number and Attrition rate of employees leaving grouped by age</b>					
Number of employees aged under 30	person	71	62	58	32
Number of employees aged from 30 to 50	person	148	159	158	91
Number of employees aged over 50	person	13	13	20	16
Attrition rate of employees aged under 30	%	5.2	5	5	3.2
Attrition rate of employees aged from 30 to 50	%	10.8	12.8	14	9
Attrition rate of employees aged over 50	%	0.9	1.1	1.7	1.6
<b>Number and Attrition rate of employees leaving grouped by regions</b>					
Number of attritions of employees in Hong Kong	person	185	180	196	107
Number of attritions of employees in other regions	person	47	54	40	32
Attrition rate of employees in Hong Kong	%	13.5	14.5	17	10.5
Attrition rate of employees in other regions	%	3.4	4.4	3.5	3.2

## Health and Safety

Indicator	Unit	2020	2019	2018	2017
Number of deaths due to work	person	0	0	0	0
Proportion of deaths due to work	%	0	0	0	0
<b>Work injuries</b>					
Proportion of disabled employees	person	0	0	0	0
Number of male employees injured	case	0	1	0	1
Number of female employees injured	case	0	0	1	2
Rate of injured (calculated in per 1,000 employees)	%	0	0.8	0.9	3.75
Number of working days lost due to work injury for male employees	day	0	2	0	4
Number of working days lost due to work injury for female employees	day	0	0	17	14
Number of working days for male employees	day	204,620	183,300	126,880	123,240
Number of working days for female employees	day	151,840	138,580	91,250	85,020
Percentage of working days lost due to work injury	%	0	0.0006	0.0078	0.0086
<b>Health and safety for working environment</b>					
Number of employees who completed the working environment healthy evaluation	person	300	200	270	350
Health and safety non-conformities	case	0	0	0	0
<b>Attendance</b>					
Total hours of absence for male employees	Hour	4,804	2,648	2,824	5,636
Total hours of absence for female employees	Hour	8,552	2,884	3,724	6,272
Total working hours for male employees	Hour	1,636,960	1,466,400	1,404,000	1,268,800
Total working hours for female employees	hour	1,214,720	1,108,640	944,320	842,400
Absence rate	%	0.5	0.21	0.28	0.56

## Appendix 1: KPI Tables

## Development and Training

Indicator	Unit	2020	2019	2018	2017
Number of e-training sessions	Times	179	8	Over 90	Over 70
Number of offline training sessions	Times	31	98	internal training sessions	internal training sessions
<b>Number and proportion of trained employees grouped by type of employees</b>					
Number of senior management	person	354	334	329	291
Number of managers	person	592	490	427	375
Number of common employees	person	425	414	373	349
Trained senior Management	person	354	334	316	226
Trained common employees	person	592	490	396	303
Trained common employees	person	396	381	315	264
Total number of trained employees	person	1,342	1,205	1,027	793
Proportion of trained senior management	%	100	100	96	78
Proportion of trained managers	%	100	100	93	81
Proportion of trained common employees	%	93	88	84	76
Proportion of total trained employees	%	98	97	91	78
<b>Number of average training hours for employees by type of employees</b>					
Number of training hours for senior management	hour	4,642	3,028	2,948	3,052
Number of training hours for managers	hour	7,228	4,173	3,911	3,406
Number of training hours for common employees <sup>2</sup>	hour	4,887	17,830	12,991	14,110
Total Number of training hours for all employees	hour	16,756	25,031	19,850	20,568
Average number of training hours for the senior management	hour	20	9	9	10
Average number of training hours for the managers	hour	12	9	9	9
Average number of training hours for the common employees	hour	11	44	35	40
Average number of training hours for all employees	hour	12	20	18	20
<b>Number and proportion of trained employees grouped by gender</b>					
Number of trained male employees	person	774	691	618	471
Number of trained female employees	person	568	514	410	324
Proportion of trained male employees	%	98	99	91.56	77.21
Proportion of trained female employees	%	97	97	90.31	80
<b>Number of average training hours for employees by gender</b>					
Number of training hours for male employees	hour	9,454	13,578	9,661	11,295
Number of training hours for female employees	hour	7,302	11,453	10,189	9,274
Average number of training hours for male employees	hour	12.21	19	14	19
Average number of training hours for female employees	hour	12.86	22	22	23

Note 2: The on-the-job training hours of management trainees are excluded starting from this year.

## Appendix 1: KPI Tables

## Labour Standard

Indicator	Unit	2020	2019	2018	2017
Confirmed discrimination	Case	0	0	0	0
Confirmed forced labour	Case	0	0	0	0
Confirmed child labour	Case	0	0	0	0

## Suppliers

Indicator	Unit	2020	2019	2018	2017
Total number of suppliers	number	380	317	454	408
<b>Number of suppliers grouped by location</b>					
Hong Kong	number	224	317	454	n.a.
Other regions	number	156	/	/	n.a.
<b>Suppliers engaged</b>					
Contract fulfillment rate	%	21	18	15	n.a.
Suppliers engaged according to engagement practice	number	224	317	454	n.a.

## Products and Services

Indicator	Unit	2020	2019	2018	2017
Customer Satisfaction	%	90	89	73	82
Number of customer complaints	case	133	47	88	75
Rate of customer complaints effectively solved	%	96.2	100	100	100
Technological expenditure	HKD10,000	1,130	1,000	/	/

## Appendix 1: KPI Tables

## Anti-corruption

Indicator	Unit	2020	2019	2018	2017
Confirmed bribery	Case	0	0	0	0
No. of dismissals or disciplinary punishments against employee due to bribery	Case	0	0	0	0
No. of contracts terminated or non-renewal of with business partner due to bribery	Case	0	0	0	0
No. of public legal proceedings against organization and its employees due to bribery	Case	0	0	0	0
No. of anti-bribery training (for senior management or above)	Time	4	1	2	2
Enrollments for anti-bribery training sessions (for senior management or above)	Enrollments	559	275	90	155
Anti-bribery training sessions (for common employees)	Time	4	1	2	2
Enrollments for anti-bribery training (for common employees)	Enrollments	1,512	716	635	333

## Appendix 1: KPI Tables

## Community Investment

Indicator	Unit	2020	2019	Description
Education expense	HKD10,000	70.4	34.86	<ul style="list-style-type: none"> <li>Sponsorship for Penn Wharton China Summit: HKD547,500</li> <li>Sponsorship for Harvard Forum 2020: HKD156,400</li> </ul>
Environmental protection expense	HKD10,000	21	2.4	<ul style="list-style-type: none"> <li>WWF Reserve Ranger Volunteering Experience at Mai Po: HKD7,500</li> <li>Expenditure for paper recycling: HKD22,800</li> <li>Purchase of Renewable Energy Certificates from a local power supplier: HKD181,000</li> </ul>
Health care expense	HKD10,000	12.7	12.75	<ul style="list-style-type: none"> <li>Sponsorship for Helping Hand – Care for the Elderly, Care for the Brain Project 2020-2021: HKD50,000</li> </ul>
Cultural expense	HKD10,000	3	35.5	<ul style="list-style-type: none"> <li>Mask donations: HKD76,500</li> <li>Sponsorship for Youth Outreach – We@One YO Street Dance Competition in Hong Kong: HKD30,000</li> </ul>
Sports expense	HKD10,000	3.5	51.2	<ul style="list-style-type: none"> <li>Donation to Windsurfing Association HK: HKD24,500</li> <li>Donation to InspiringHK Sports Foundation for volunteering event: HKD10,900</li> </ul>
Other expense	HKD10,000	30	10	<ul style="list-style-type: none"> <li>Sponsorship for Better Hong Kong Foundation and Helping Hand cookie sales campaign: HKD300,000</li> </ul>
Accumulated service hours for voluntary works in the community	Hour	71	392.5	
Number of enrollments for voluntary works for the community	Enrollment	27	121	

## Appendix 2: Environmental, Social and Governance Reporting Guide of the Stock Exchange of Hong Kong 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	Remark
<b>Aspect A1: Emissions</b>			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	9.2 Environmental Protection Policies and Systems	
KPI A1.1	The types of emissions and respective emissions data	Appendix 1: KPI Tables	
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Appendix 1: KPI Tables	
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Appendix 1: KPI Tables	
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Appendix 1: KPI Tables	
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	3.2 ESG Strategy 9.2 Environmental Protection Policies and Systems	
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	9.2 Environmental Protection Policies and Systems	

## Appendix 2: Environmental, Social and Governance Reporting Guide of the Stock Exchange of Hong Kong Content Index

Key Aspects, general disclosure and KPIs	Description	Section	Remark
<b>Aspect A2: Use of Resources</b>			
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	9.4 Energy Use Efficiency	
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Appendix 1: KPI Tables	
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Appendix 1: KPI Tables	
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	3.2 ESG Strategy 9 Environment	
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	9.4 Energy Use Efficiency	
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	/	Due to the nature of business, the Group does not have any packaging material used for finished product as described
<b>Aspect A3: The Environment and Natural Resources</b>			
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	9.2 Environmental Protection Policies and Systems 9.3 Participation and Promotion of Environmental Protection Initiatives	
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	9.4 Energy Use Efficiency	
<b>Aspect A4: Climate Change</b>			
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	3.2 ESG Strategy 5.3 Sustainable and Green Finance 9.1 Climate Change	
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	3.2 ESG Strategy 5.3 Sustainable and Green Finance 9.1 Climate Change	

## Appendix 2: Environmental, Social and Governance Reporting Guide of the Stock Exchange of Hong Kong Content Index

Key Aspects, general disclosure and KPIs	Description	Section	Remark
<b>Aspect B1: Employment</b>			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	2.5 Conflict of Interest and Remuneration Policy 7.1 Employment	
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Appendix 1: KPI Tables	
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Appendix 1: KPI Tables	
<b>Aspect B2: Health and Safety</b>			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	7.2 Health and Safety	
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Appendix 1: KPI Tables	
KPI B2.2	Lost days due to work injury.	Appendix 1: KPI Tables	
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	7.2 Health and Safety	

## Appendix 2: Environmental, Social and Governance Reporting Guide of the Stock Exchange of Hong Kong Content Index

Key Aspects, general disclosure and KPIs	Description	Section	Remark
<b>Aspect B3: Development and Training</b>			
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	7.3 Development and Training	
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Appendix 1: KPI Tables	
KPI B3.2	The average training hours completed per employee by gender and employee category.	Appendix 1: KPI Tables	
<b>Aspect B4: Labour Standards</b>			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	7.1 Employment	
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	7.1 Employment	
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	7.1 Employment	
<b>Aspect B5: Supply Chain Management</b>			
General Disclosure	Policies on managing environmental and social risks of the supply chain.	5.2. Supply Chain	
KPI B5.1	Number of suppliers by geographical region.	Appendix 1: KPI Tables	
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	5.2.1 Green Procurement 5.2.2 Supplier Assessment and Negative News Screening	
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	5.2.2 Supplier Assessment and Negative News Screening	
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	5.2.1 Green Procurement 5.2.2 Supplier Assessment and Negative News Screening	

## Appendix 2: Environmental, Social and Governance Reporting Guide of the Stock Exchange of Hong Kong Content Index

Key Aspects, general disclosure and KPIs	Description	Section	Remark
<b>Aspect B6: Product Responsibility</b>			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	6 Products and Services 6.1 Product Responsibility	
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	/	No recalls for safety and health reasons in 2020
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	6.4.1 Relationship with Investors 6.4.3 Good Customer Communication	
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	6.1 Product Responsibility	
KPI B6.4	Description of quality assurance process and recall procedures.	6.1 Product Responsibility 6.4.3 Good Customer Communication	Due to business nature, the Group does not have any product and service recall procedures as required
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	6.1 Product Responsibility 6.4.2 Investor Education	
<b>Aspect B7: Anti-corruption</b>			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	5.1 Anti-Corruption	
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Appendix 1 KPI Tables	
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	5.1 Anti-Corruption 5.1.1 Anti-Corruption Policies 5.2.4 Anti-Commercial Bribery	
KPI B7.3	Description of anti-corruption training provided to directors and staff.	5.1.3 Anti-Corruption Training	

## Appendix 2: Environmental, Social and Governance Reporting Guide of the Stock Exchange of Hong Kong Content Index

Key Aspects, general disclosure and KPIs	Description	Section	Remark
<b>Aspect B8: Community Investment</b>			
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	8 Community Investment 8.1 Haitong International Charitable Foundation	
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	8.1 Haitong International Charitable Foundation 8.2 Charity and Volunteer Work Participated by Haitong International's Staff	
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Appendix 1: KPI Tables	No political contributions was made in 2020

## Appendix 3: Global Reporting Initiative Standards Index

GRI Indicator	Detail	Section	Remark
<b>GRI 102: General Disclosure</b>			
<i>1. Organizational profile</i>			
GRI 102-1 Name of the organization	a. Name of the organization.	About This Report	
GRI 102-2 Activities, brands, products, and services	a. A description of the organization's activities. b. Primary brands, products, and services, including an explanation of any products or services that are banned in certain markets.	1.1 Overview of the Organization	
GRI 102-3 Location of headquarters	a. Location of the organization's headquarters.	1.1 Overview of the Organization	
GRI 102-4 Location of operations	a. Number of countries where the organization operates, and the names of countries where it has significant operations and/or that are relevant to the topics covered in the report.	1.1 Overview of the Organization 1.3 Entities Included in the Consolidated Financial Statements 1.4 Organization Coverage	
GRI 102-5 Ownership and legal form	a. Nature of ownership and legal form.	1.1 Overview of the Organization	
GRI 102-6 Markets served	a. Markets served, including: i. geographic locations where products and services are offered; ii. sectors served; iii. types of customers and beneficiaries.	1.3 Entities Included in the Consolidated Financial Statements 1.4 Organization Coverage	

## Appendix 3: Global Reporting Initiative Standards Index

GRI Indicator	Detail	Section	Remark
GRI 102-7 Scale of the organization	<p>a. Scale of the organization, including:</p> <ul style="list-style-type: none"> <li>i. total number of employees;</li> <li>ii. total number of operations;</li> <li>iii. net sales (for private sector organizations) or net revenues (for public sector organizations);</li> <li>iv. total capitalization (for private sector organizations) broken down in terms of debt and equity;</li> <li>v. quantity of products or services provided.</li> </ul>	1.4 Organization Coverage Appendix 1: KPI Tables	
GRI 102-8 Information on employees and other workers	<p>a. Total number of employees by employment contract (permanent and temporary), by gender.</p> <p>b. Total number of employees by employment contract (permanent and temporary), by region.</p> <p>c. Total number of employees by employment type (full-time and part-time), by gender.</p> <p>d. Whether a significant portion of the organization's activities are performed by workers who are not employees. If applicable, a description of the nature and scale of work performed by workers who are not employees.</p> <p>e. Any significant variations in the numbers reported in Disclosures 102-8-a, 102-8-b, and 102-8-c (such as seasonal variations in the tourism or agricultural industries).</p> <p>f. An explanation of how the data have been compiled, including any assumptions made.</p>	7.1 Employment Appendix 1 KPI Tables	
GRI 102-9 Supply chain	<p>a. A description of the organization's supply chain, including its main elements as they relate to the organization's activities, primary brands, products, and services.</p>	5.2 Supply Chain	
GRI 102-10 Significant changes to the organization and its supply chain	<p>a. Significant changes to the organization's size, structure, ownership, or supply chain, including:</p> <ul style="list-style-type: none"> <li>i. Changes in the location of, or changes in, operations, including facility openings, closings, and expansions;</li> <li>ii. Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organizations);</li> <li>iii. Changes in the location of suppliers, the structure of the supply chain, or relationships with suppliers, including selection and termination.</li> </ul>	5.2 Supply Chain	During the year, there was no material changes in the Group's share capital structure and other capital formation, maintenance and operations, the structure of the supply chain and relationships with suppliers

## Appendix 3: Global Reporting Initiative Standards Index

GRI Indicator	Detail	Section	Remark
GRI 102-11 Precautionary Principle or approach	a. Whether and how the organization applies the Precautionary Principle or approach.	2.4 Internal Audit	Please refer to Annual Report for 2020
GRI 102-12 External initiatives	a. A list of externally-developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes, or which it endorses.	/	
GRI 102-13 Membership of associations	a. A list of the main memberships of industry or other associations, and national or international advocacy organizations.	1.4 Organization Coverage	In September 2020, the Group joined the China-UK Financial Institution Climate and Environmental Information Disclosure Pilot project, being the first Chinese financial institution participant of the project
<b>2. Strategy</b>			
GRI 102-14 Statement from senior decision-maker	a. A statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy for addressing sustainability.	Management's Statement	
GRI 102-15 Key impacts, risks, and opportunities	a. A description of key impacts, risks, and opportunities.	2.2 Corporate Governance and Committee Structure	
<b>3. Ethics and integrity</b>			
GRI 102-16 Values, principles, standards, and norms of behavior	a. A description of the organization's values, principles, standards, and norms of behavior.	1.2 Values, Principles, Standards and Norms of Behavior	
GRI 102-17 Mechanisms for advice and concerns about ethics	a. A description of internal and external mechanisms for: <ul style="list-style-type: none"> <li>i. seeking advice about ethical and lawful behavior, and organizational integrity;</li> <li>ii. reporting concerns about unethical or unlawful behavior, and organizational integrity.</li> </ul>	2.4 Internal Audit 5 Economic and Operating Practices	

## Appendix 3: Global Reporting Initiative Standards Index

GRI Indicator	Detail	Section	Remark
<b>4. Governance</b>			
GRI 102-18 Governance structure	a. Governance structure of the organization, including committees of the highest governance body.	2.1	Corporate Governance Practices
	b. Committees responsible for decision-making on economic, environmental, and social topics.	2.2	Corporate Governance and Committee Structure
GRI 102-19 Delegating authority	a. Process for delegating authority for economic, environmental, and social topics from the highest governance body to senior executives and other employees.	2.2	Corporate Governance and Committee Structure
GRI 102-20 Executive-level responsibility for economic, environmental, and social topics	a. Whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental, and social topics.	2.2	Corporate Governance and Committee Structure
	b. Whether post holders report directly to the highest governance body.	3 3.1	ESG Governance Structure ESG Committee and ESG Executive Office Management Structure
GRI 102-21 Consulting stakeholders on economic, environmental, and social topics	a. Processes for consultation between stakeholders and the highest governance body on economic, environmental, and social topics. b. If consultation is delegated, describe to whom it is delegated and how the resulting feedback is provided to the highest governance body.	4.1	Communication with Stakeholders
GRI 102-22 Composition of the highest governance body and its committees	a. Composition of the highest governance body and its committees by: i. executive or non-executive; ii. independence; iii. tenure on the governance body; iv. number of each individual's other significant positions and commitments, and the nature of the commitments; v. gender; vi. membership of under-represented social groups; vii. competencies relating to economic, environmental, and social topics; viii. stakeholder representation.	2.2	Corporate Governance and Committee Structure Please refer to Annual Report for 2020
GRI 102-23 Chair of the highest governance body	a. Whether the chair of the highest governance body is also an executive officer in the organization. b. If the chair is also an executive officer, describe his or her function within the organization's management and the reasons for this arrangement.	2.2	Corporate Governance and Committee Structure

## Appendix 3: Global Reporting Initiative Standards Index

GRI Indicator	Detail	Section	Remark
GRI 102-24 Nominating and selecting the highest governance body	<ul style="list-style-type: none"> <li>a. Nomination and selection processes for the highest governance body and its committees.</li> <li>b. Criteria used for nominating and selecting highest governance body members, including whether and how: <ul style="list-style-type: none"> <li>i. stakeholders (including shareholders) are involved;</li> <li>ii. diversity is considered;</li> <li>iii. independence is considered;</li> <li>iv. expertise and experience relating to economic, environmental, and social topics are considered.</li> </ul> </li> </ul>	2.3	Nomination and Election of the Highest Governance Body
GRI 102-25 Conflicts of interest	<ul style="list-style-type: none"> <li>a. Processes for the highest governance body to ensure conflicts of interest are avoided and managed.</li> <li>b. Whether conflicts of interest are disclosed to stakeholders, including, as a minimum: <ul style="list-style-type: none"> <li>i. Cross-board membership;</li> <li>ii. Cross-shareholding with suppliers and other stakeholders;</li> <li>iii. Existence of controlling shareholder;</li> <li>iv. Related party disclosures.</li> </ul> </li> </ul>	2.5	Conflict of Interest and Remuneration Policy
GRI 102-26 Role of highest governance body in setting purpose, values, and strategy	<ul style="list-style-type: none"> <li>a. Highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental, and social topics.</li> </ul>	2.2 3.1	Corporate Governance and Committee Structure ESG Committee and ESG Executive Office Management Structure
GRI 102-27 Collective knowledge of highest governance body	<ul style="list-style-type: none"> <li>a. Measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental, and social topics.</li> </ul>	2.2 3	Corporate Governance and Committee Structure ESG Governance Structure
GRI 102-28 Evaluating the highest governance body's performance	<ul style="list-style-type: none"> <li>a. Processes for evaluating the highest governance body's performance with respect to governance of economic, environmental, and social topics.</li> <li>b. Whether such evaluation is independent or not, and its frequency.</li> <li>c. Whether such evaluation is a self-assessment.</li> <li>d. Actions taken in response to evaluation of the highest governance body's performance with respect to governance of economic, environmental, and social topics, including, as a minimum, changes in membership and organizational practice.</li> </ul>	/	

## Appendix 3: Global Reporting Initiative Standards Index

GRI Indicator	Detail	Section	Remark
GRI 102-29 Identifying and managing economic, environmental, and social impacts	<p>a. Highest governance body's role in identifying and managing economic, environmental, and social topics and their impacts, risks, and opportunities – including its role in the implementation of due diligence processes.</p> <p>b. Whether stakeholder consultation is used to support the highest governance body's identification and management of economic, environmental, and social topics and their impacts, risks, and opportunities.</p>	<p>3.1 ESG Committee and ESG Executive Office Management Structure</p> <p>4.2 Materiality Analysis</p>	
GRI 102-30 Effectiveness of risk management processes	<p>a. Highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental, and social topics.</p>	3 ESG Governance Structure	
GRI 102-31 Review of economic, environmental, and social topics	<p>a. Frequency of the highest governance body's review of economic, environmental, and social topics and their impacts, risks, and opportunities.</p>	<p>3 ESG Governance Structure</p> <p>3.1 ESG Committee and ESG Executive Office Management Structure</p>	
GRI 102-32 Highest governance body's role in sustainability reporting	<p>a. The highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material topics are covered.</p>	3.1 ESG Committee and ESG Executive Office Management Structure	
GRI 102-33 Communicating critical concerns	<p>a. Process for communicating critical concerns to the highest governance body.</p>	2.2 Corporate Governance and Committee Structure	
GRI 102-34 Nature and total number of critical concerns	<p>a. Total number and nature of critical concerns that were communicated to the highest governance body.</p> <p>b. Mechanism(s) used to address and resolve critical concerns.</p>	/	

## Appendix 3: Global Reporting Initiative Standards Index

GRI Indicator	Detail	Section	Remark
GRI 102-35 Remuneration policies	<ul style="list-style-type: none"> <li>a. Remuneration policies for the highest governance body and senior executives for the following types of remuneration:               <ul style="list-style-type: none"> <li>i. Fixed pay and variable pay, including performance-based pay, equity-based pay, bonuses, and deferred or vested shares;</li> <li>ii. Sign-on bonuses or recruitment incentive payments;</li> <li>iii. Termination payments;</li> <li>iv. Clawbacks;</li> <li>v. Retirement benefits, including the difference between benefit schemes and contribution rates for the highest governance body, senior executives, and all other employees.</li> </ul> </li> <li>b. How performance criteria in the remuneration policies relate to the highest governance body's and senior executives' objectives for economic, environmental, and social topics.</li> </ul>	2.5 Conflict of Interest and Remuneration Policy	
GRI 102-36 Process for determining remuneration	<ul style="list-style-type: none"> <li>a. Process for determining remuneration.</li> <li>b. Whether remuneration consultants are involved in determining remuneration and whether they are independent of management.</li> <li>c. Any other relationships that the remuneration consultants have with the organization.</li> </ul>	2.5 Conflict of Interest and Remuneration Policy	
GRI 102-37 Stakeholders' involvement in remuneration	<ul style="list-style-type: none"> <li>a. How stakeholders' views are sought and taken into account regarding remuneration.</li> <li>b. If applicable, the results of votes on remuneration policies and proposals.</li> </ul>	/	
GRI 102-38 Annual total compensation ratio	<ul style="list-style-type: none"> <li>a. Ratio of the annual total compensation for the organization's highest-paid individual in each country of significant operations to the median annual total compensation for all employees (excluding the highest-paid individual) in the same country.</li> </ul>	Appendix 3: Global Reporting Initiative Standards Index	27.93 times
GRI 102-39 Percentage increase in annual total compensation ratio	<ul style="list-style-type: none"> <li>a. Ratio of the percentage increase in annual total compensation for the organization's highest-paid individual in each country of significant operations to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual) in the same country.</li> </ul>	Appendix 3: Global Reporting Initiative Standards Index	4.12 times

## Appendix 3: Global Reporting Initiative Standards Index

GRI Indicator	Detail	Section	Remark
<i>5. Stakeholder Engagement</i>			
GRI 102-40 List of stakeholder groups	a. A list of stakeholder groups engaged by the organization.	4.1	Communication with Stakeholders
GRI 102-41 Collective bargaining agreements	a. Percentage of total employees covered by collective bargaining agreements.	/	
GRI 102-42 Identifying and selecting stakeholders	a. The basis for identifying and selecting stakeholders with whom to engage.	4	Grow with Stakeholders
GRI 102-43 Approach to stakeholder engagement	a. The organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.	4.1	Communication with Stakeholders
GRI 102-44 Key topics and concerns raised	a. Key topics and concerns that have been raised through stakeholder engagement, including: <ul style="list-style-type: none"> <li>i. how the organization has responded to those key topics and concerns, including through its reporting;</li> <li>ii. the stakeholder groups that raised each of the key topics and concerns.</li> </ul>	4.2	Materiality Analysis
<i>6. Reporting Practice</i>			
GRI 102-45 Entities included in the consolidated financial statements	a. A list of all entities included in the organization's consolidated financial statements or equivalent documents. b. Whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report.	1.3	Entities Included in the Consolidated Financial Statements
GRI 102-46 Defining report content and topic Boundaries	a. An explanation of the process for defining the report content and the topic Boundaries. b. An explanation of how the organization has implemented the Reporting Principles for defining report content.	About this Report 4.2.1 Assessing Materiality	
GRI 102-47 List of material topics	a. A list of the material topics identified in the process for defining report content.	4.2 4.2.2	Materiality Analysis Materiality Matrix

## Appendix 3: Global Reporting Initiative Standards Index

GRI Indicator	Detail	Section	Remark
GRI 102-48 Restatements of information	a. The effect of any restatements of information given in previous reports, and the reasons for such restatements.	About this Report	No material restatements have been made to the information, scope, limit setting process and calculation as included in the report for 2019
GRI 102-49 Changes in reporting	a. Significant changes from previous reporting periods in the list of material topics and topic Boundaries.	About this Report	No material restatements have been made to the information, scope, limit setting process and calculation as included in the report for 2019
GRI 102-50 Reporting period	a. Reporting period for the information provided.	About this Report	The report period of this report is from 1 Jan 2020 to 31 Dec 2020
GRI 102-51 Date of most recent report	a. If applicable, the date of the most recent previous report.	About this Report	This report is compiled following the previous report dated 24 Apr 2020. The report for 2019 covers the period from 1 Jan 2019 to 31 Dec 2019
GRI 102-52 Reporting cycle	a. Reporting cycle.	About this Report	
GRI 102-53 Contact point for questions regarding the report	a. The contact point for questions regarding the report or its contents.	Appendix 4: Feedback	
GRI 102-54 Claims of reporting in accordance with the GRI Standards	a. The claim made by the organization, if it has prepared a report in accordance with the GRI Standards, either: <ul style="list-style-type: none"> <li>i. 'This report has been prepared in accordance with the GRI Standards: Core option';</li> <li>ii. 'This report has been prepared in accordance with the GRI Standards: Comprehensive option'.</li> </ul>	About this Report	

## Appendix 3: Global Reporting Initiative Standards Index

GRI Indicator	Detail	Section	Remark
GRI 102-55 GRI content index	<ul style="list-style-type: none"> <li>a. The GRI content index, which specifies each of the GRI Standards used and lists all disclosures included in the report.</li> <li>b. For each disclosure, the content index shall include:               <ul style="list-style-type: none"> <li>i. the number of the disclosure (for disclosures covered by the GRI Standards);</li> <li>ii. the page number(s) or URL(s) where the information can be found, either within the report or in other published materials;</li> <li>iii. if applicable, and where permitted, the reason(s) for omission when a required disclosure cannot be made.</li> </ul> </li> </ul>	Appendix 3: Global Reporting Initiative Standards Index	
GRI 102-56 External assurance	<ul style="list-style-type: none"> <li>a. A description of the organization's policy and current practice with regard to seeking external assurance for the report.</li> <li>b. If the report has been externally assured:               <ul style="list-style-type: none"> <li>i. A reference to the external assurance report, statements, or opinions. If not included in the assurance report accompanying the sustainability report, a description of what has and what has not been assured and on what basis, including the assurance standards used, the level of assurance obtained, and any limitations of the assurance process;</li> <li>ii. The relationship between the organization and the assurance provider;</li> <li>iii. Whether and how the highest governance body or senior executives are involved in seeking external assurance for the organization's sustainability report.</li> </ul> </li> </ul>	/	

## Appendix 3: Global Reporting Initiative Standards Index

## Specific Topic (GRI 200: Economic GRI 300: Environmental GRI 400: Social)

GRI Indicator	Detail	Section	Remark
<b>GRI 200: Economic</b>			
<i>GRI 103: General Management Approach</i>			
GRI 103-1 Explanation of the material topic and its Boundary	For each material topic, the reporting organization shall report the following information: <ol style="list-style-type: none"> <li>a. An explanation of why the topic is material.</li> <li>b. The Boundary for the material topic, which includes a description of:               <ol style="list-style-type: none"> <li>i. where the impacts occur;</li> <li>ii. the organization's involvement with the impacts. For example, whether the organization has caused or contributed to the impacts, or is directly linked to the impacts through its business relationships.</li> </ol> </li> <li>c. Any specific limitation regarding the topic Boundary.</li> </ol>	About this Report 4.2 Materiality Analysis	
GRI 103-2 The management approach and its components	For each material topic, the reporting organization shall report the following information: <ol style="list-style-type: none"> <li>a. An explanation of how the organization manages the topic.</li> <li>b. A statement of the purpose of the management approach.</li> <li>c. A description of the following, if the management approach includes that component:               <ol style="list-style-type: none"> <li>i. Policies</li> <li>ii. Commitments</li> <li>iii. Goals and targets</li> <li>iv. Responsibilities</li> <li>v. Resources</li> <li>vi. Grievance mechanisms</li> <li>vii. Specific actions, such as processes, projects, programs and initiatives</li> </ol> </li> </ol>	3 ESG 5 Economic and Operating Practices	3 Governance Structure
GRI 103-3 Evaluation of the management approach	For each material topic, the reporting organization shall report the following information: <ol style="list-style-type: none"> <li>a. An explanation of how the organization evaluates the management approach, including:               <ol style="list-style-type: none"> <li>i. the mechanisms for evaluating the effectiveness of the management approach;</li> <li>ii. the results of the evaluation of the management approach;</li> <li>iii. any related adjustments to the management approach.</li> </ol> </li> </ol>	3.1 ESG	Committee and ESG Executive Office Management Structure

## Appendix 3: Global Reporting Initiative Standards Index

GRI Indicator	Detail	Section	Remark
<i>GRI 201: Economic Performance</i>			
GRI 201-1 Direct economic value generated and distributed	<p>a. Direct economic value generated and distributed (EVG&amp;D) on an accruals basis, including the basic components for the organization's global operations as listed below. If data are presented on a cash basis, report the justification for this decision in addition to reporting the following basic components:</p> <ol style="list-style-type: none"> <li>i. Direct economic value generated: revenues;</li> <li>ii. Economic value distributed: operating costs, employee wages and benefits, payments to providers of capital, payments to government by country, and community investments;</li> <li>iii. Economic value retained: 'direct economic value generated' less 'economic value distributed'.</li> </ol> <p>b. Where significant, report EVG&amp;D separately at country, regional, or market levels, and the criteria used for defining significance.</p>	/	Please refer to Annual Report for 2020
GRI 201-2 Financial implications and other risks and opportunities due to climate change	<p>a. Risks and opportunities posed by climate change that have the potential to generate substantive changes in operations, revenue, or expenditure, including:</p> <ol style="list-style-type: none"> <li>i. a description of the risk or opportunity and its classification as either physical, regulatory, or other;</li> <li>ii. a description of the impact associated with the risk or opportunity;</li> <li>iii. the financial implications of the risk or opportunity before action is taken;</li> <li>iv. the methods used to manage the risk or opportunity;</li> <li>v. the costs of actions taken to manage the risk or opportunity.</li> </ol>	<p>2.2 Corporate Governance and Committee Structure</p> <p>3.1 ESG Committee and ESG Executive Office Management Structure</p> <p>3.2 ESG Strategy</p> <p>9.1 Climate Change</p>	

## Appendix 3: Global Reporting Initiative Standards Index

GRI Indicator	Detail	Section	Remark
GRI 201-3 Defined benefit plan obligations and other retirement plans	<p>a. If the plan's liabilities are met by the organization's general resources, the estimated value of those liabilities.</p> <p>b. If a separate fund exists to pay the plan's pension liabilities:</p> <p>i. the extent to which the scheme's liabilities are estimated to be covered by the assets that have been set aside to meet them;</p> <p>ii. the basis on which that estimate has been arrived at;</p> <p>iii. when that estimate was made.</p> <p>c. If a fund set up to pay the plan's pension liabilities is not fully covered, explain the strategy, if any, adopted by the employer to work towards full coverage, and the timescale, if any, by which the employer hopes to achieve full coverage.</p> <p>d. Percentage of salary contributed by employee or employer.</p> <p>e. Level of participation in retirement plans, such as participation in mandatory or voluntary schemes, regional, or country-based schemes, or those with financial impact.</p>	/	Please refer to Annual Report for 2020
GRI 201-4 Financial assistance received from government	<p>a. Total monetary value of financial assistance received by the organization from any government during the reporting period, including:</p> <p>i. tax relief and tax credits;</p> <p>ii. subsidies;</p> <p>iii. investment grants, research and development grants, and other relevant types of grant;</p> <p>iv. awards;</p> <p>v. royalty holidays; vi. financial assistance from Export Credit Agencies (ECAs); vii. financial incentives;</p> <p>viii. other financial benefits received or receivable from any government for any operation.</p> <p>b. The information in 201-4-a by country.</p> <p>c. Whether, and the extent to which, any government is present in the shareholding structure.</p>	/	

## Appendix 3: Global Reporting Initiative Standards Index

GRI Indicator	Detail	Section	Remark
<i>GRI 204: Procurement Practices</i>			
GRI 204-1 Proportion of spending on local suppliers	<ul style="list-style-type: none"> <li>a. Percentage of the procurement budget used for significant locations of operation that is spent on suppliers local to that operation (such as percentage of products and services purchased locally).</li> <li>b. The organization's geographical definition of 'local'.</li> <li>c. The definition used for 'significant locations of operation'.</li> </ul>	About this Report 5.2 Supply Chain Appendix 1: KPI Tables	
<i>GRI 205: Anti-Corruption</i>			
GRI 205-1 Operations assessed for risks related to corruption	<ul style="list-style-type: none"> <li>a. Total number and percentage of operations assessed for risks related to corruption.</li> <li>b. Significant risks related to corruption identified through the risk assessment.</li> </ul>	5.1.2 Anti-Money Laundering Policies 5.2.2 Suppliers Assessments and Negative News Screening 5.2.3 Anti-Corruption of Suppliers 5.2.4 Anti-Commercial Bribery Appendix 1: KPI Tables	
GRI 205-2 Communication and training about anti-corruption policies and procedures	<ul style="list-style-type: none"> <li>a. Total number and percentage of governance body members that the organization's anti-corruption policies and procedures have been communicated to, broken down by region.</li> <li>b. Total number and percentage of employees that the organization's anti-corruption policies and procedures have been communicated to, broken down by employee category and region.</li> <li>c. Total number and percentage of business partners that the organization's anti-corruption policies and procedures have been communicated to, broken down by type of business partner and region. Describe if the organization's anti-corruption policies and procedures have been communicated to any other persons or organizations.</li> <li>d. Total number and percentage of governance body members that have received training on anti-corruption, broken down by region.</li> <li>e. Total number and percentage of employees that have received training on anti-corruption, broken down by employee category and region.</li> </ul>	5.1.3 Anti-Corruption Training Appendix 1: KPI Tables	

## Appendix 3: Global Reporting Initiative Standards Index

GRI Indicator	Detail	Section	Remark
GRI 205-3 Confirmed incidents of corruption and actions taken	<ul style="list-style-type: none"> <li>a. Total number and nature of confirmed incidents of corruption.</li> <li>b. Total number of confirmed incidents in which employees were dismissed or disciplined for corruption.</li> <li>c. Total number of confirmed incidents when contracts with business partners were terminated or not renewed due to violations related to corruption.</li> <li>d. Public legal cases regarding corruption brought against the organization or its employees during the reporting period and the outcomes of such cases.</li> </ul>	5.1 Anti-Corruption Appendix 1: KPI Tables	During the year, there was no confirmed incidents of corruption against the Group or its employees
<b>GRI 300: Environmental</b>			
<i>GRI 103: General Management Approach</i>			
GRI 103-1 Explanation of the material topic and its Boundary	<p>For each material topic, the reporting organization shall report the following information:</p> <ul style="list-style-type: none"> <li>a. An explanation of why the topic is material.</li> <li>b. The Boundary for the material topic, which includes a description of: <ul style="list-style-type: none"> <li>i. where the impacts occur;</li> <li>ii. the organization's involvement with the impacts. For example, whether the organization has caused or contributed to the impacts, or is directly linked to the impacts through its business relationships.</li> </ul> </li> <li>c. Any specific limitation regarding the topic Boundary.</li> </ul>	About this Report 4.2 Materiality Analysis	
GRI 103-2 The management approach and its components	<p>For each material topic, the reporting organization shall report the following information:</p> <ul style="list-style-type: none"> <li>a. An explanation of how the organization manages the topic.</li> <li>b. A statement of the purpose of the management approach.</li> <li>c. A description of the following, if the management approach includes that component: <ul style="list-style-type: none"> <li>i. Policies</li> <li>ii. Commitments</li> <li>iii. Goals and targets</li> <li>iv. Responsibilities</li> <li>v. Resources</li> <li>vi. Grievance mechanisms</li> <li>vii. Specific actions, such as processes, projects, programs and initiatives</li> </ul> </li> </ul>	3 ESG Governance Structure 5 Economic and Operating Practices	

## Appendix 3: Global Reporting Initiative Standards Index

GRI Indicator	Detail	Section	Remark
GRI 103-3 Evaluation of the management approach	For each material topic, the reporting organization shall report the following information: a. An explanation of how the organization evaluates the management approach, including: i. the mechanisms for evaluating the effectiveness of the management approach; ii. The results of the evaluation of the management approach; iii. any related adjustments to the management approach.	3.1 ESG Committee and ESG Executive Office Management Structure	
<i>GRI 307: Environmental Compliance</i>			
GRI 307-1 Non-compliance with environmental laws and regulations	a. Significant fines and non-monetary sanctions for non-compliance with environmental laws and/or regulations in terms of: i. total monetary value of significant fines; ii. total number of non-monetary sanctions; iii. cases brought through dispute resolution mechanisms. b. If the organization has not identified any non-compliance with environmental laws and/or regulations, a brief statement of this fact is sufficient.	5.2.1 Green Procurement 9.2 Environmental Protection Policies and Systems	
<i>GRI 308: Supplier Environmental Assessment</i>			
GRI 308-1 New suppliers that were screened using environmental criteria	a. Percentage of new suppliers that were screened using environmental criteria.	5.2.1 Green Procurement 5.2.2 Supplier Assessments and Negative News Screening Appendix 1: KPI Tables	
GRI 308-2 Negative environmental impacts in the supply chain and actions taken	a. Number of suppliers assessed for environmental impacts. b. Number of suppliers identified as having significant actual and potential negative environmental impacts. c. Significant actual and potential negative environmental impacts identified in the supply chain. d. Percentage of suppliers identified as having significant actual and potential negative environmental impacts with which improvements were agreed upon as a result of assessment. e. Percentage of suppliers identified as having significant actual and potential negative environmental impacts with which relationships were terminated as a result of assessment, and why.	5.2.1 Green Procurement 5.2.2 Supplier Assessments and Negative News Screening Appendix 1: KPI Tables	

## Appendix 3: Global Reporting Initiative Standards Index

GRI Indicator	Detail	Section	Remark
<b>GRI 400: Social</b>			
<i>GRI 103: General Management Approach</i>			
GRI 103-1 Explanation of the material topic and its Boundary	For each material topic, the reporting organization shall report the following information: a. An explanation of why the topic is material. b. The Boundary for the material topic, which includes a description of: i. where the impacts occur; ii. the organization's involvement with the impacts. For example, whether the organization has caused or contributed to the impacts, or is directly linked to the impacts through its business relationships. c. Any specific limitation regarding the topic Boundary.	About this Report 4.2 Materiality Analysis	
GRI 103-2 The management approach and its components	For each material topic, the reporting organization shall report the following information: a. An explanation of how the organization manages the topic. b. A statement of the purpose of the management approach. c. A description of the following, if the management approach includes that component: i. Policies ii. Commitments iii. Goals and targets iv. Responsibilities v. Resources vi. Grievance mechanisms vii. Specific actions, such as processes, projects, programs and initiatives	3 ESG Governance Structure 5 Economic and Operating Practices	
GRI 103-3 Evaluation of the management approach	For each material topic, the reporting organization shall report the following information: a. An explanation of how the organization evaluates the management approach, including: i. the mechanisms for evaluating the effectiveness of the management approach; ii. the results of the evaluation of the management approach; iii. any related adjustments to the management approach.	3.1 ESG Committee and ESG Executive Office Management Structure	

## Appendix 3: Global Reporting Initiative Standards Index

GRI Indicator	Detail	Section	Remark
<i>GRI 401: Employment</i>			
GRI 401-1 New employee hires and employee turnover	<p>a. Total number and rate of new employee hires during the reporting period, by age group, gender and region.</p> <p>b. Total number and rate of employee turnover during the reporting period, by age group, gender and region.</p>	Appendix 1: KPI Tables	
GRI 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	<p>a. The reporting organization shall report the following information: Benefits which are standard for full-time employees of the organization but are not provided to temporary or part-time employees, by significant locations of operation. These include, as a minimum:</p> <ol style="list-style-type: none"> <li>i. life insurance;</li> <li>ii. health care;</li> <li>iii. disability and invalidity coverage;</li> <li>iv. parental leave;</li> <li>v. retirement provision;</li> <li>vi. stock ownership;</li> <li>vii. others.</li> </ol> <p>b. The definition used for 'significant locations of operation'.</p> <p>2.3 When compiling the information specified in Disclosure 401-2, the reporting organization shall exclude in-kind benefits such as provision of sports or child day care facilities, free meals during working time, and similar general employee welfare programs.</p>	7	Employee Care

## Appendix 3: Global Reporting Initiative Standards Index

GRI Indicator	Detail	Section	Remark
<i>GRI 414: Supplier Social Assessment</i>			
GRI 414-1 New suppliers that were screened using social criteria	a. Percentage of new suppliers that were screened using social criteria.	5.2.2 Supplier Assessments and Negative News Screening Appendix 1: KPI Tables	
GRI 414-2 Negative social impacts in the supply chain and actions taken	a. Number of suppliers assessed for social impacts. b. Number of suppliers identified as having significant actual and potential negative social impacts. c. Significant actual and potential negative social impacts identified in the supply chain. d. Percentage of suppliers identified as having significant actual and potential negative social impacts with which improvements were agreed upon as a result of assessment. e. Percentage of suppliers identified as having significant actual and potential negative social impacts with which relationships were terminated as a result of assessment, and why.	5.2.2 Supplier Assessments and Negative News Screening Appendix 1: KPI Tables	
<i>GRI 418: Customer Privacy</i>			
GRI 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	The reporting organization shall report the following information: a. Total number of substantiated complaints received concerning breaches of customer privacy, categorized by: i. complaints received from outside parties and substantiated by the organization; ii. complaints from regulatory bodies. b. Total number of identified leaks, thefts, or losses of customer data. c. If the organization has not identified any substantiated complaints, a brief statement of this fact is sufficient.	6.1.1 Strict Guarantee on Product Safety 6.1.2 Quality Assurance Process 6.1.3 Data Protection and Customer Policy Appendix 1: KPI Tables	

## Appendix 3: Global Reporting Initiative Standards Index

GRI Indicator	Detail	Section	Remark
<i>GRI 419: Socioeconomic Compliance</i>			
GRI 419-1 Non-compliance with laws and regulations in the social and economic area	<ul style="list-style-type: none"> <li>a. Significant fines and non-monetary sanctions for non-compliance with laws and/or regulations in the social and economic area in terms of:               <ul style="list-style-type: none"> <li>i. total monetary value of significant fines;</li> <li>ii. total number of non-monetary sanctions;</li> <li>iii. Cases brought through dispute resolution mechanisms.</li> </ul> </li> <li>b. If the organization has not identified any non-compliance with laws and/or regulations, a brief statement of this fact is sufficient.</li> <li>c. The context against which significant fines and non-monetary sanctions were incurred.</li> </ul>	5. Economic and Operating Practices	The Group did not incur any significant fine or non-monetary sanctions for violations of laws and/or regulations in the social and economic area during the year

## Appendix 4: Feedback

Dear readers, Greetings! Thank you for your interest in the Environmental, Social and Government Report 2020 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:

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**Telephone:** 852-22138570

**Fax:** 852-22349863

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**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 its 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:

Thank you for your support to our Group.



**Haitong International Securities Group Limited**

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