

# 2017

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Haitong International Securities Group Limited  
Stock Code : 665.HK

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## Information About Haitong International

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

Haitong International has well positioned to serve about 200,000 corporate, institutional, as well as retail and high-net worth clients worldwide. Its well-established investment banking business platform provides corporate finance, wealth management, asset management, institutional clients (key businesses include fixed income, currency and commodities (FICC), derivatives, institutional equities) and investments business, and a full spectrum of financial products and services. Haitong International possesses a sound risk management system that is in line with international standards. The company has been assigned a “Baa2” long-term issuer rating by Moody’s and a “BBB” long-term credit rating by Standard and Poor’s. Haitong International has a global financial servicing network covering the world’s major capital markets including Hong Kong, Singapore, New York, London, Tokyo and Mumbai , thereby making us to be a leading global financial institution with international competitiveness, systemic importance and brand influence.



\* Shareholding as at 11 May 2018 filed by Haitong International Holdings Limited with the SEHK on 16 May 2018 pursuant to the governing rules and regulations.

## Five major businesses



## About This Report

This report is the second environmental, social and governance (“ESG”) report (“ESG Report”) published by Haitong International in its openness and transparency initiative. This report discloses the initiatives and performance of the Group over the subjects of sustainable development in 2017 and demonstrates its strategies for and commitment to its sustainable trajectory in order to improve the confidence in and understanding of the Group among its stakeholders.

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

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

## Reporting Year

All information contained herein reflects the performance of Haitong International on environmental management and social responsibility from 1 January 2017 to 31 December 2017. Subsequently, the Group will publish an ESG Report on a regular basis each year, which can be accessed by various sectors at any time, to continuously enhance the transparency of information disclosure.

## Scope of Report

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

## Reporting Guideline

The Report is published in accordance with Appendix 27, the Environmental, Social and Governance Reporting Guide (the “ESG Guide”) issued by the Hong Kong Stock Exchange Limited (the “Stock Exchange”). The Report mainly outlines the ESG performance of Haitong International in a concise manner. Information contained herein is sourced from the official documents and statistical data of the Group, and is aggregated from the monitoring, management and operational information provided by Haitong International’s subsidiaries in accordance with the relevant rules of the Group. A complete index is inserted in the last chapter of the Report for reference. The Report is written in the Chinese and English languages and both are uploaded onto Haitong International’s website at [www.htisec.com](http://www.htisec.com). In case of any conflict or inconsistency between the Chinese version and the English version, the Chinese version shall prevail.

### We Value Your Feedback

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

## Reporting Principles and Communication with Stakeholders

### Reporting Principles

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

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

## Communication with Stakeholders

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

### Communication methods with stakeholders during the reporting period

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

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

## Our Employees

### Health and Safety

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

Occupational health aside, Haitong International also pays attention to the anxieties of its staff members in their daily life. Starting from 2015, the Group launched the Employee Assistance Programme and engaged a professional counseling company to provide its staff with free counseling services including psychological counseling and treatment regarding family and marriage matters so that they can gain appropriate information and support for both workplace and daily life. To date, the Group has helped a total of 86 employees through the programme.

During the reporting period, no non-conformity regarding health and safety with reference to the Employees’ Compensation Ordinance has been identified.

### Summary of Safety and Health Performance Indicators

|        | Number of work injury cases | Rate of work injury (per thousand employee) | Number of working day lost due to work injury | Number of working day | Percentage of working day lost due to work injury(%) | Total hours of absence (hours) | Total working hours (hours) | Total absence rate(%) |
|--------|-----------------------------|---------------------------------------------|-----------------------------------------------|-----------------------|------------------------------------------------------|--------------------------------|-----------------------------|-----------------------|
| Male   | 1                           | 3.75                                        | 4                                             | 123,240               | 0.008                                                | 5,636                          | 985,920                     | 0.71                  |
| Female | 2                           |                                             | 14                                            | 85,020                |                                                      | 6,272                          | 680,160                     |                       |

## Labor Standards

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

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

During its day-to-day operation, Haitong International is aware of work-life balance of its employees and never coerces them working overtime. The Group also encourages its staff members to participate more in recreational activities to alleviate working pressure. The Haitong International Staff Club, formed by colleagues from different departments, has been holding a wide range of recreational activities regularly for employees and their families for years. In 2017, the Group held annual dinner for employees, singing contest, BBQ event, latte art workshop, and basketball matches for its staff.

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

## Employment

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

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

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

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

### Number and proportion of employees grouped by gender

| Female employee | Male employee | Total number of employees |
|-----------------|---------------|---------------------------|
| 41%             | 59%           | 801                       |

### Proportion of employees grouped by age

| Under 30 | 30-50 | Above 50 |
|----------|-------|----------|
| 25%      | 65%   | 10%      |

### Attrition rate of employees grouped by gender

| Female employee | Male employee |
|-----------------|---------------|
| 14%             | 15%           |

### Attrition rate of employees grouped by age

| Under 30 | 30-50 | Above 50 |
|----------|-------|----------|
| 12%      | 16%   | 12%      |

## Development and Training

Haitong International believes that nurturing and retaining excellent talents is the core to ensure the Company's development and strengthen the competitiveness of the Company. The Group has formulated working guidelines such as Training, Awareness and Competence and Staff Training Organized and Implemented by the Human Resources to plan for training and development for employees in a systematic manner. The guidelines outline the requirements, design, organization, implementation and evaluation of staff training in detail so as to give relevant departments such as the Human Resources department a clear picture about the requirements of employee training. Subject to actual need of different departments and functions, the Group provides specific yet diversified training for employees to improve their skills and expertise continuously. The Group encourages its staff to attend at least 20 hours of job-related training each year. In 2017, the Group held over 70 internal training sessions covering topics such as global investment market, A share market, new financial products and regulations and laws.

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

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

| Employee level    | Number of trained employees | Number of employees | Percentage (%) |
|-------------------|-----------------------------|---------------------|----------------|
| Senior Management | 222                         | 224                 | 99%            |
| Manager           | 297                         | 302                 | 98%            |
| General staff     | 259                         | 275                 | 94%            |
| Total number      | 778                         | 801                 | *97%           |

\* approximately 3% of employees, primarily the non-clerical employees or those who joined the Company at the end of year, were untrained

### Average training hours of employees grouped by level

| Employee level    | Training hour | Number of employees | Average training hour |
|-------------------|---------------|---------------------|-----------------------|
| Senior Management | 3,009         | 224                 | 13                    |
| Manager           | 3,347         | 302                 | 11                    |
| General staff     | 14,043        | 275                 | 51                    |
| Total number      | 20,399        | 801                 | 25                    |

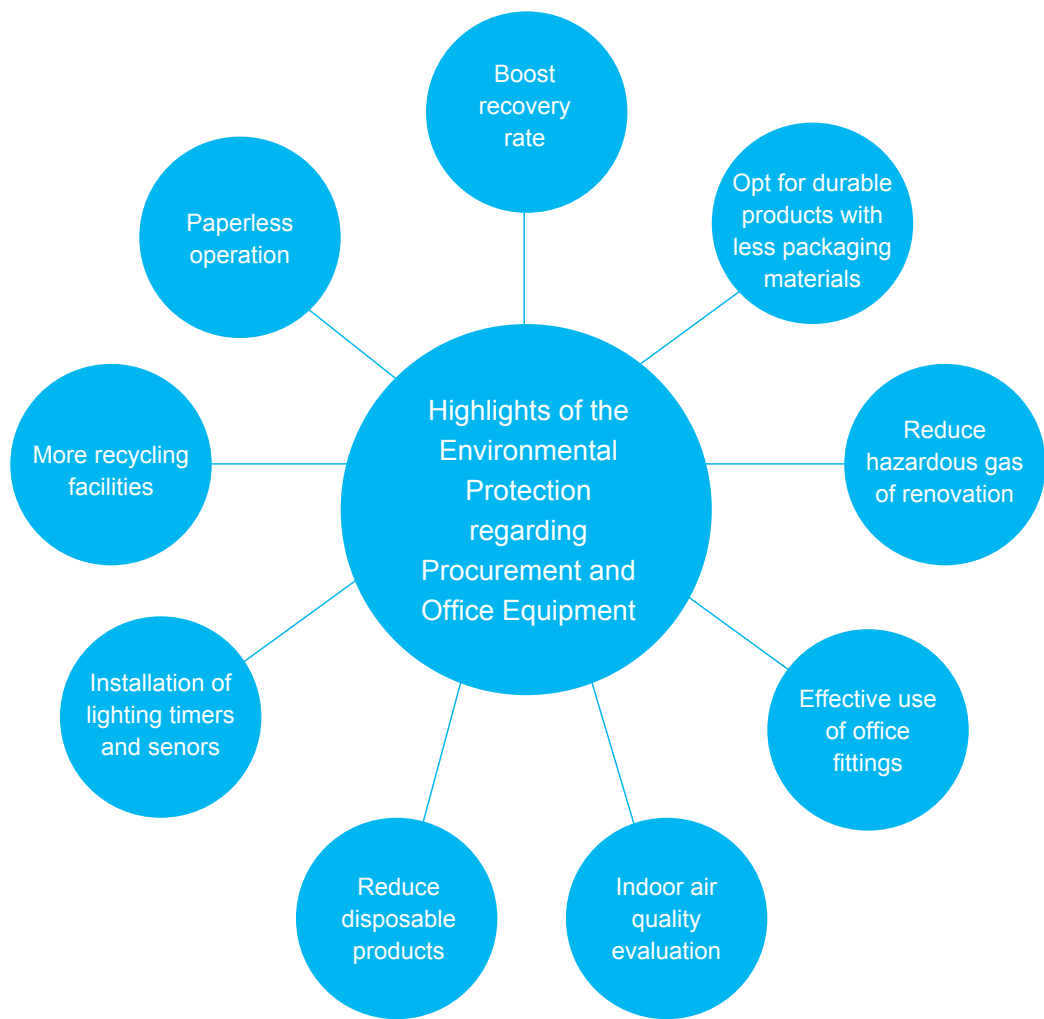
# Our Environment Performance

## Environment and Natural Resources

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

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

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



## Use of Resources

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

The Group monitors the energy consumption of each floor of its business premise and will promote application of automatic lighting system and lighting sensors in the premises and meeting rooms in steps. These lightning systems will be installed in the new office in Wong Chuk Hang as a trial for further use of energy-saving equipment in a sustainable fashion. In addition, lighting such as LED will be installed in the Wong Chuk Hang office across the board.

To heighten employees' awareness of paper recycling, the Group sets up designated recycling bins on each floor in its business premise for recycling of paper and collection of confidential documents for shredding. Paper was collected and recycled which was subsequently disposed of by a qualified agent appointed by the Group, and relevant process was under monitor and kept recorded. In 2017, the paper recycled by the Group weighted about 16.69 tonnes.

### 1.1 Energy Consumption and Conservation

The direct energy consumption of power is 1,170 MWh and the electricity intensity is 0.16 MWh per square metre of floor area. In order to reduce the direct energy consumption, the group will adopt automatic lighting system and lighting sensors in new office at Wong Chuk Hang. Also, all copying machines at new office will apply the "tap to print" function and default duplex printing function for all users.

The consumption of gasoline for the Group-owned cars introduced a direct consumption of 18,057 L and an indirect energy consumption of 159.75 MWh, with energy intensity of 0.02 MWh per square meter of floor area.

### 1.2 Water Consumption and Conservation

There was no water consumption data available as the consumption was managed by the property management of the office building .

### 1.3 Packaging Materials

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

## Emissions

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

Haitong International pays high attention to the Group's carbon footprint and has been striving for reducing the impact on the environment due to its operation. This year, the Group engaged Ascent Partners, a professional consultant, to involve in the calculation of greenhouse gas (GHG) emissions from the Group's business operation within the reporting scope. The quantitative measurement of greenhouse gases was conducted mainly based on the reporting guidance set out by the Hong Kong Exchanges and Clearing Limited, unless otherwise specified.

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

## 2. Emissions and Waste

### 2.1 Air Pollutant Emission

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

| Mobile Fuel Source | NOx (kg) | PM (kg) | SOx (kg) |
|--------------------|----------|---------|----------|
| Petrol/gasoline    | 12.86    | 0.95    | 0.27     |

Note: The NOx and PM emissions had excluded one company car that has unavailable information for calculation. The respective emissions will be reported in the next reporting year.

### 2.2 Greenhouse Gas Emissions

The total carbon emission for the Group in 2017 was approximately 1,400 tCO<sub>2e</sub>, and the emission intensity was approximately 0.2 tCO<sub>2e</sub> per square metre of floor area. The major source of GHG emission came from our use of electricity, representing 65% of the total emission; and the second largest source of emission came from business flight travel of our staff, representing 31% of the total emission. The quantitative measurement gives the Group a clear picture of how resources are used and help it devise specific action plans to enhance efficiency and set its target of carbon reduction.

| Scope                                                                                                                                            | Emission in 2017 (tCO <sub>2</sub> e) |
|--------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------|
| Scope 1 - Direct GHG emission<br>- company vehicles                                                                                              | 49.89                                 |
| Scope 2 - Energy indirect emission<br>- purchased electricity                                                                                    | 923.95                                |
| Scope 3 - Other indirect emission<br>- paper waste disposal<br>- paper waste disposal<br>(reduction of GHG emission)<br>- business travel flight | 446.28<br>87.57<br>-80.13<br>438.84   |
| Total                                                                                                                                            | 1,420.12                              |

Notes:

- Emission factors were made by reference to Appendix 27 of the Main Board Listing Rules and their referred documentation as set out by Hong Kong Exchanges and Clearing Limited, unless stated otherwise.
- Emission factor of 0.79 tCO<sub>2</sub>/MWh was used for purchased electricity from HKE (per HK Electric Investments Sustainability Report 2016).
- The paper waste disposal generates GHG emissions, whereas recycling of paper contributes the reduction of GHG emission, thus was indicated as minus. And a total net GHG Emission (tonnes CO<sub>2</sub>eq.) of 7.44 was formed.

### 2.3 Hazardous Waste

There was no hazardous waste generated for the group during the year of 2017.

### 2.4 Non-hazardous Waste

The paper consumption for document printing was 18.24 tonnes. The Group will continue to use PEFC paper on document printing and further reduce waste generation by increasing paper recycling rates. In addition, some non-hazardous wastes such as plastic bottles, paper cup and paper bag were consumed in 2017 but the related consumption was insignificant on the total consumption and was not recorded.

Wastes generated from the operation of Haitong International primarily included general waste and recyclable paper. General waste was collected and disposed of by a professional cleaning company. Recyclable paper and shredded confidential paper were separately collected for recycling and disposal respectively by appointed qualified agents. During 2017, recycled paper of the Group weighed 16.69 tonnes.

## Our Operations

### Anti-corruption

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

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

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

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

### Product Responsibility

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

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

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

sure that all information given is correct without misleading, defamatory and fraudulent contents. In addition, the Group has established Market Conduct Policies which outlines 10 standards and principles with an aim to inform all staff of the requirements by the Group and ensures all product details, terms of service and internal procedure are provided in compliance with laws and regulations.

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

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

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

## **Supply Chain Management**

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

## Community Investment

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### Haitong International dedicates to promoting windsurfing in Hong Kong

In 2017, Haitong International further extended its corporate social responsibility to the sports circle and signed a long-term sponsorship contract with the Windsurfing Association of Hong Kong to support the development of windsurfing in Hong Kong including 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 foster the sport that Hong Kong people take pride in. The first spectacular event title sponsored by the Company named “Haitong International 2017 Hong Kong Open Championships” was successfully held during the year, attracting more than 140 windsurfing athletes from Hong Kong, China, Chinese Taipei, Italy, Sweden and Thailand. Thanks to the windsurfing parties and photo competitions held during the same period coupled with local media coverage of windsurfing events, the sport has soared into public consciousness. Haitong International plans to put more resources to support windsurfing athletes and encourage devotion to and participation in windsurfing by the community, business circle and our employees.

With a strategic and long-term planning of “Haitong International Charitable Foundation”, resources have been more effectively allocated to different non-profit making organizations. In 2017, apart from supporting the “Helping Hand Health Bank Cookie Campaign 2017” as ever and “YO Dancical 2” held by Youth Outreach, the Company has strengthened its cooperation with social enterprises during the year including cooperation with the Hong Kong Council of Social Service and ordering different corporate gifts for the Company. In addition, the Company has given its staff the SEs Gift Certificates as Mid-Autumn festive gifts. Those certificates are applicable to over 90 social enterprises or Fairtrade Shops. In this way, the Company hopes to raise its employees’ awareness of social enterprises and contribute its spending power to society in a meaningful way.

Since 2016, Haitong International Charitable Foundation has cooperated with Helping Hand to unveil the Haitong International “Care for the Elderly, Care for the Brain” Project and launched various long term and sustainable charitable projects. It is anticipated to help elderly in need to improve their emotion and cognitive impairment through different kinds of activities such as horticulture, music and arts. In addition, the elder’s social network can be broadened through Interest Classes which enable them to enhance their cognitive abilities and keep abreast of the times and lead a fruitful life. As at the end of 2017, the program has provided 176.5 activity hours for 5 elderly service units of the Helping Hand and 1,947 elderly has been benefited. In addition, the Group also encourages its employees to participate in volunteer works by organizing elderly center visits by caring ambassadors and the Bloomberg Square Mile Relay. Through these, the employees can understand the very meaning of their efforts devoted to the development of a harmonious and sustainable living environment.

## Environmental, Social and Governance Reporting Guide Content Index

| Key Aspects                                     | Description                                                                                                                                                                                                                                                                   | Page Index |
|-------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|
| <b>A1 Emissions</b>                             |                                                                                                                                                                                                                                                                               |            |
| General Disclosure                              | Information on:<br>(a) the policies; and<br>(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. | 13         |
| A1.1                                            | The types of emissions and respective emissions data.                                                                                                                                                                                                                         | 13         |
| A1.2                                            | Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).                                                                                                                                           | 13 - 14    |
| A1.3                                            | Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).                                                                                                                                              | 14         |
| A1.4                                            | Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).                                                                                                                                          | 14         |
| A1.5                                            | Description of measures to mitigate emissions and results achieved.                                                                                                                                                                                                           | 13         |
| A1.6                                            | Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.                                                                                                                                                                | 14         |
| <b>A2 Use of resources</b>                      |                                                                                                                                                                                                                                                                               |            |
| General disclosure                              | Policies on efficient use of resources, including energy, water and other raw materials.                                                                                                                                                                                      | 12         |
| A2.1                                            | Direct and / or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).                                                                                                  | 12         |
| A2.2                                            | Water consumption in total and intensity (e.g. per unit of production volume, per facility).                                                                                                                                                                                  | 12         |
| A2.3                                            | Description of energy use efficiency initiatives and results achieved.                                                                                                                                                                                                        | 12         |
| A2.4                                            | Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.                                                                                                                                       | 12         |
| A2.5                                            | Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.                                                                                                                                                      | 12         |
| <b>A3 The environment and natural resources</b> |                                                                                                                                                                                                                                                                               |            |
| General disclosure                              | Policies on minimizing the issuer's significant impact on the environment and natural resources.                                                                                                                                                                              | 11         |
| A3.1                                            | Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.                                                                                                                                           | 11         |

| Key Aspects                        | Description                                                                                                                                                                                                                                                                                                                 | Page Index |
|------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|
| <b>B1 Employment</b>               |                                                                                                                                                                                                                                                                                                                             |            |
| General disclosure                 | Information on<br>(a) the policies; and<br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, antidiscrimination, and other benefits and welfare. | 9          |
| <b>B2 Health and safety</b>        |                                                                                                                                                                                                                                                                                                                             |            |
| General disclosure                 | Information on<br>(a) the policies; and<br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.                                                                              | 7          |
| B2.2                               | Lost days due to work injury                                                                                                                                                                                                                                                                                                | 7          |
| B2.3                               | Description of occupational health and safety measures adopted, how they are implemented and monitored.                                                                                                                                                                                                                     | 7          |
| <b>B3 Development and training</b> |                                                                                                                                                                                                                                                                                                                             |            |
| General disclosure                 | Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.                                                                                                                                                                                                   | 10         |
| <b>B4 Labor standards</b>          |                                                                                                                                                                                                                                                                                                                             |            |
| General disclosure                 | Information on<br>(a) the policies; and<br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.                                                                                                                                    | 8          |
| <b>B5 Supply chain management</b>  |                                                                                                                                                                                                                                                                                                                             |            |
| General disclosure                 | Policies on managing environmental and social risks of the supply chain.                                                                                                                                                                                                                                                    | 16         |
| <b>B6 Product responsibility</b>   |                                                                                                                                                                                                                                                                                                                             |            |
| General disclosure                 | Information on<br>(a) the policies; and<br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.                                      | 15         |
| B6.5                               | Description of consumer data protection and privacy policies, how they are implemented and monitored.                                                                                                                                                                                                                       | 15 - 16    |

| Key Aspects                    | Description                                                                                                                                                                                           | Page Index |
|--------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|
| <b>B7 Anti-corruption</b>      |                                                                                                                                                                                                       |            |
| General disclosure             | Information on<br>(a) the policies; and<br>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering. | 15         |
| <b>B8 Community investment</b> |                                                                                                                                                                                                       |            |
| General disclosure             | Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.                | 17         |
| B8.1                           | Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).                                                                                            | 17         |
| B8.2                           | Resources contributed (e.g. money or time) to the focus area.                                                                                                                                         | 17         |