



Encompassing as the vast ocean  
Blazing the way to glory



# 2017

## CSR REPORT

### HAITONG SECURITIES CO., LTD.

# Contents

CSR 2017

<b>Message from the Chairman</b>	01	<b>Prudent Operation for Shareholder's Return</b>	33
<b>Message from the CEO</b>	03	Economic Contribution	35
<b>Company Profile</b>	05	Corporate Governance	35
Introduction	07	Risk Management	37
Key Corporate Milestones	07	Compliant Operation	38
Organization and Business	08		
Global Presence	10	<b>People First and Powerful-talent Company</b>	41
Social Recognition	11	Employees' Interests	43
<b>Responsibility Philosophy</b>	13	Employees Training	46
CSR Management of Haitong Securities	15	Care for Employees	49
CSR Model of Haitong Securities	17		
<b>Professional Service &amp; Value Creation</b>	19	<b>Harmonious Society &amp; Green Development</b>	51
To Implement Eligibility Management & Enhance Investor Protection	21	Public Welfare and Volunteer Service	53
To Improve Service System & Enhance Customer Experience	25	Targeted Poverty Alleviation	56
To Support the Real Industry Development and Technological Innovation	28	Environmental Contribution	63
<b>Appendices</b>	67		
Disclosure Recommendations of the Shanghai Stock Exchange Index	67		
HKEX ESG Reporting Guide Index	68		
Sustainability Reporting Guidelines (GRI G4) Index	72		
About the Report	79		

## Message from the Chairman



2017 marks the 29<sup>th</sup> anniversary of Haitong Securities, and now we are even more enlightened by the spirit of the 19<sup>th</sup> CPC National Congress. We have been dedicated to actively supporting the development of advanced manufacturing industry and invigorate real economy; we have been actively making contribution to poverty alleviation by fully playing the leading role as a securities company in national strategy of poverty alleviation, so as to boost economic transformation and industrial upgrading in poverty-stricken areas.

Looking back, every one of us is really proud of what we have achieved. Accompanied by the development of China's capital market, Haitong Securities has gradually realized domestic & overseas listing and capital increase, and completed strategic M&A in an orderly manner. Led by forward-looking vision and firm determination, Haitong has completed and improved its layout of collectivization

and internationalization. We adhere to "proper and even conservative" risk management as well as the compliance philosophy of "all-staff compliance, management team compliance, compliance creating value and compliance being the foundation of the Company's survival" to carry out prudent operation to ensure shareholders' return; we stick to the strategy of "people first and powerful-talent company" as well as the guidelines of "human resource comes first" to realize common prosperity of both employees and the Company.

2018 marks the 30<sup>th</sup> anniversary of Haitong Securities, as we are embracing the golden transformation from youth to prime of life and thriving while shouldering more responsibilities. The 19<sup>th</sup> CPC National Congress tells us to "remain true to your original aspiration and keep your mission firmly in mind". Standing at a new starting point of new era and facing new trend and challenges, while for Haitong, our original aspiration and mission is to work out quality financial solutions for real economy and satisfy the market's needs for diversified high-value-added financial products and services to boost high-quality development of economy. Haitong Securities will continue to improve efficiency and optimize services via people-oriented operation; embrace science and technology and strive for perfection; get engaged in promoting balanced social development. By continuously carrying out the spirit of the 19<sup>th</sup> CPC National Congress, we will continue to join hands with each and every partner involving shareholders, customers, employees, community to create a brighter future based on inclusiveness.

No matter how long the journey is, you will get there if you keep going. So just go ahead, Haitong!

A handwritten signature in black ink, appearing to read "Jiang".



## Message from the CEO



In 2017, Haitong Securities, centering on strategic objectives, made satisfactory business performance by making steady progress while actively addressing challenges. By the end of 2017, the Company's total assets scored RMB 534.706 billion and net assets attributed to parent company was RMB 117.755 billion. Haitong remains an industrial leader in its operating revenue and net profit, and it obtains AA rating, the highest in the industry.

In the context of increasingly fierce industrial competition and tight industrial supervision, we continue to follow the business philosophy of "pragmatic, pioneering, prudent and excellent", insist on compliant operation, build layered risk management organization, and keep improving our core competitiveness. We have been improving eligibility management system, actively carrying out investor education to further enhance investors' interests; we have been improving service system and leveling up customer experience, and building a comprehensive financial service system integrating

online and offline development; we have been focusing on employee training and the newly-launched e-learning platform of Haitong Wealth Management Academy 2.0 is to provide employees with customized training services; we are dedicated to supporting real economy development and innovative development, and we were honored with Shanghai Financial Innovation Award for three consecutive years; we have been supporting green finance and became an industrial leader in green bonds with a total issuing scale of RMB 38.5 billion in 2017; we have been actively responding to the action initiative of helping national-level poverty-stricken counties. We have set up poverty alleviation leading group, and granted poverty alleviation funds to Shanghai Chongming District for five consecutive years for the program of "beautiful village". In addition, we have been engaged in "one company, one county" targeted-poverty-alleviation agreements with poverty-stricken counties in 4 aspects of fund poverty alleviation, financial poverty alleviation, education poverty alleviation and industry poverty alleviation. In 2017, the Company completed a charity donation nearly RMB10 million in total.

Looking ahead to 2018, we should keep clear-headed to the complicated macroeconomic situation and the increasingly strict industrial supervision. We need to get a deeper understanding of dynamic development pattern in financial industry and firmly seize the mainline of contributing to the development of real economy. We ought to further the implementation of customer-centered service concept and strengthen, by enhancing capital guarantee, policy guarantee, talent guarantee and infrastructure guarantee, our soft power while fostering new driving forces for the Company's future development in respect to collectivization, internationalization and informatization. Given the country's objective of comprehensively building a well-off society, we should work hard to develop the Company into a financial holding group that takes the lead in China and gets influential in global society.

A handwritten signature in black ink, appearing to read "胡成志", positioned to the right of the text block.

# 01

## Company Profile

Founded in 1988, HAITONG Securities Company Limited (Haitong Securities or the Company) is the only large-scale securities company without name alteration and capital injection among the first securities companies in China. The Company got listed in SSE in 2007 (stock code: 600837) and went public in HKEx in 2012 (stock code: 6837).



## Introduction

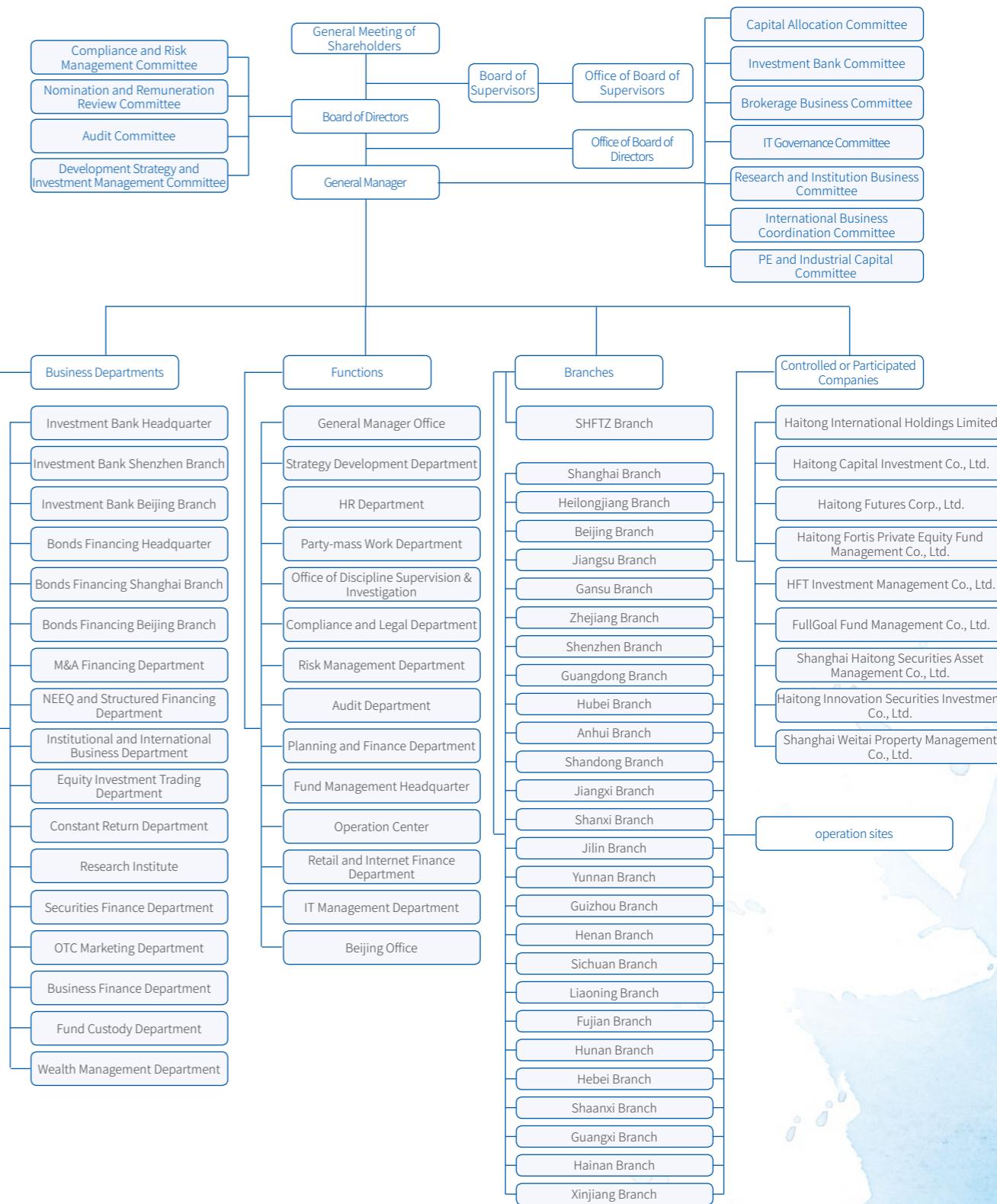
Founded in 1988, HAITONG Securities Company Limited (Haitong Securities or the Company) is the only large-scale securities company without name alteration and capital injection among the first securities companies in China. The Company got listed in SSE in 2007 (stock code: 600837) and went public in HKEx in 2012 (stock code: 6837). After nearly 30 years of prudent operation, Haitong Securities has grown from a local securities company whose registered capital was RMB 10 million into an international investment bank with an AUM of over RMB 1.2 trillion, total assets of RMB 534.706 billion and net assets attributed to parent company of RMB 117.755 billion.

The Company's overall development strategy is as follows: adhering to customer focus, taking intermediary businesses such as brokerage, investment banking and asset management as core businesses, meanwhile, developing capital intermediary business and investment/leasing business as the wings, drawing upon innovation and internationalization as the driving force, reinforcing four "pillars" including research, talent, IT and risk management and compliance. Meanwhile, the Company will enhance its capability building in five aspects including capital and investment management, assets and wealth management, investment banking underwriting and sales pricing, institutional brokerage and sales transaction and online securities services in order to build the Company as a domestic leading and globally influential Chinese benchmark investment bank with online securities, wealth management securities, SME securities and institutional securities as the core.

## Key Corporate Milestones



## Organization and Business



## Seven Major Business Sections of Haitong Securities

Name	Description
 Securities and futures brokerage business	Securities and futures brokerage business refers to the execution of trades of securities and futures by the Company upon the instruction and order of and for the benefit of customers in consideration of commissions paid by customers. The Company's customers may be categorized as retail customers, high net worth individuals, enterprises and financial institutions. The Company provides tailor-made and comprehensive service solutions based on the different needs of various customers.
 Investment bank business	Investment banking refers to the intermediary services provided by the Company to enterprises customers for their shares or bonds issuance to raise long term fund in the equity or debt capital market, as well as the financial advisory services provided by the Company to enterprises customers in relation to capital structure optimization, industry integration, or business transformation, in each case in consideration of the agreed service fee paid by customers. The investment banking business of the Company is further categorized, based on the nature of services, into business segments of equity financing, debt financing, acquisition financing, National Equities Exchange and Quotations ("NEEQ") and structural financing. The Company strives to provide customers with "one stop" onshore and offshore investment banking business services.
 Proprietary trading business	Proprietary trading refers to the investment by the Company of its proprietary funds in the capital market in expectation of receiving investment gains. The proprietary trading business of the Company may be further categorized into equity investment, fixed-income investment and alternative investment based on investment targets.
 Direct investment business	Direct investment refers to investment in the equity interests of non-public companies by the Company with its proprietary funds in return for the investment gains of equity interest disposal in the context of the initial public offering or merger and acquisition deal of the investment targets.
 Assets management business	Asset management business refers to the management and operation of the customers' assets by the Company as the asset manager in accordance with the methods, conditions, requirements and limitations agreed in the asset management contracts and provision of investment management services related to securities and other financial products for customers.  <b>Principle subsidiaries:</b> Shanghai Haitong Securities Asset Management Co., Ltd.: targeted asset management, collective business, project-based business, QDII business, and alternative business;  HFT Investment Management Co., Ltd., FullGoal Fund Management Co., Ltd.: Provide management of mutual funds (including QDII), asset management for corporate annuities, NSSF and specific customers, providing professional fund investment services for investors.
 Financial leasing business	Financial leasing business refers to the lease of the right to use certain leased properties to the lessees by the Company as the lessor in return for fees charged against the lessees.  <b>Principle subsidiary:</b> Haitong UniTrust International Leasing Corporation: provide business in various sectors including government, education, healthcare, energy saving and environmental protection, information technology, agriculture, forestry and food, industrial equipment, electronics, micro-and-small enterprises.
 Overseas business	<b>Principle subsidiaries:</b> Haitong International Securities Group Limited: Provide corporate financing, brokerage and margin financing, investment management, fixed income, foreign exchange and commodities, structured investment and financing, cash and stocks as well as stock derivatives.  Haitong Bank: Provide comprehensive professional services covering securities, research, capital market, merger and acquisition, financial advisory and project financing.

## Global Presence

Rooted in Asian-Pacific region, Haitong Securities boasts a global presence with operation sites covering 14 countries and regions, owning 27 branches, 331 securities and futures departments, and enjoying over 11.3 million clients at home and abroad. After successfully acquiring Haitong International Securities, Haitong Securities steadily continues its global strategy by acquiring Unitrust Financing Group in 2014, setting up branch in SHFTZ in 2014 and acquiring Haitong Bank in 2015, thus building an industry-leading international business platform, strengthening cross-border financial service capacity and improving its international influence.



Global presence of Haitong Securities

### Principle Overseas Subsidiaries

**Haitong International Securities Group Limited**  
It sets up operation sites in multiple financial centers worldwide, providing comprehensive financial services and products for nearly 200,000 enterprises, institutions, retailers and high-net-worth individuals. It has gradually developed into a modern omnipotent investment bank with international competitiveness, systematic importance and brand influence in Hongkong.

**Haitong Bank**  
With a history of over 26 years, it operates in Portugal, Brazil, Mexico, Poland, Spain, etc., boasts unparalleled cross-border operation channel advantages and connects global clients to create investment opportunities relying on a professional team worldwide.

## Social Recognition

### Awards

Category	Awards	Issued by
Social contribution	Award of Financial Poverty Alleviation 2017	China Business Network, Shanghai Association for Public Companies, Shanghai Federation of Economic Organizations
	Outstanding Contribution Award 2016	China Foundation for Poverty Alleviation
	Outstanding Organization Award 2017 in the energy saving and emission reduction competition of key energy consumers of financial system in Shanghai	Financial Service Office of Shanghai Municipality
Environmental contribution	The second place of Outstanding Energy-Saving Entity Award 2017 in the energy saving and emission reduction competition of key energy consumers of financial system in Shanghai	Financial Service Office of Shanghai Municipality
	Pioneering Investment Bank for New Energy Industry IPO	International Financial News
Corporate operation	Best Listed Company	Ta Kung Pao
	Top 100 Enterprises in Shanghai 2017	Shanghai Entrepreneur Association, Shanghai Entrepreneurs Confederation, Shanghai Federation of Economic Organizations
	Five-star Integrity Construction Enterprise	Organizing Committee of Shanghai Enterprise Integrity Construction Campaign
	The 8 <sup>th</sup> Listed Companies Investor Relations – Best New Media Operation Award	Securities Times
	Rating A in Information Disclosure	SSE
	Comprehensive Credit Rating of Lead Underwriter of Corporate Bonds 2016 – No. 1	General Office of NDRC
	The 1 <sup>st</sup> Shanghai Corporate Legal Skills Contest – No. 2	Office of Shanghai Legal Publicity and Education Joint Meeting, Shanghai Economy and Informatization Commission, SASAC Shanghai Office, Shanghai Justice Bureau

Category	Awards	Issued by
Our customers	The Most Influential Research Institutions of the 15 <sup>th</sup> New Fortune – No. 3	New Fortune
	The second place of Shanghai Financial Innovation Award	Leading Group Office of Shanghai Financial Innovation Award
	Pioneering Investment Bank for M&A	International Finance News
	Pioneering Investment Bank for Bond Underwriting	International Finance News
	Top Award for All-round Investment Bank in China	Securities Times
	Top Award for Bonds Investment Bank in China	Securities Times
	Excellent Corporate Bond Underwriter	SSE
	Excellent Operation Team in Outstanding Securities Company APP Contest 2017	Quanshangcn
	Top 10 Brands in Outstanding Securities Company APP Contest 2017	Quanshangcn
	Excellent Operation Case in Outstanding Securities Company APP Contest 2017	Quanshangcn
	Best Securities Trading APP 2017	Cheetah Data
	Best Intelligent Securities Company 2017	Securities Daily
	Top 10 APP in Securities Company APP 2017	Sina Finance
	Most Creative APP in Securities Company APP 2017	Sina Finance
Public relations	Best Securities Company APP 2017	AppAnnie
	Advanced Unit in Shanghai Network Security Level Protection 2017	Office of Important Information System Security Level Protection Coordination of Shanghai Municipality
Public relations	Best Listed Company in New Media Brand Communication	Ta Kung Pao

## 02

### Responsibility Philosophy

With the comprehensive reform of financial industry and the acceleration of multi-level capital market construction, the securities industry is playing an increasingly important role in capital markets.



## CSR Management of Haitong Securities

### CSR Management Philosophy

With the comprehensive reform of financial industry and the acceleration of multi-level capital market construction, the securities industry is playing an increasingly important role in capital markets. Haitong Securities, relying on its financial strengths, is actively performing its social responsibilities, with the objectives of realizing first-class management, talents, services and benefits.



Economic responsibility:  
committed to prudent operation, compliant operation and shareholders' reward.



### Responsibility philosophy of Haitong Securities

Social responsibility:  
committed to personnel training, customer service and community-based contribution.



Environmental responsibility:  
committed to green operation, green finance and sustainable development.



## CSR Model of Haitong Securities

### Engagement of Key Stakeholders

The Company deems CSR as an indispensable part of the entire operation. The Company has established regular communication mechanisms with six major stakeholders involving shareholders, customers, employees, government and regulators, suppliers

and partners, which integrates demands from all the stakeholders into our operation and decision-making procedures, in order to create value for them and promote sustainable development of the Company.

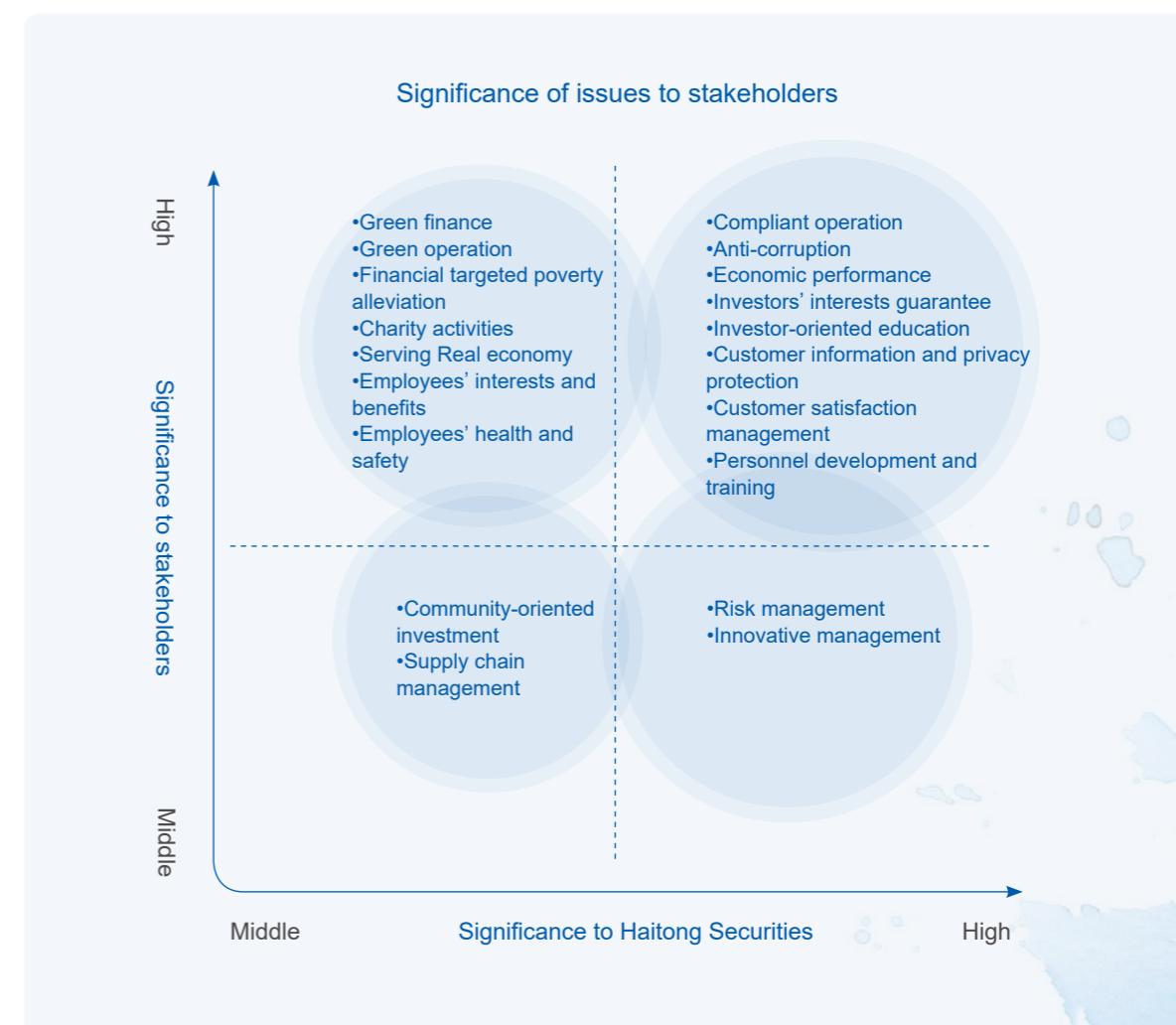
#### Expectations and responses of stakeholders

Key stakeholders	Issue	Communication and response
Shareholders	<ul style="list-style-type: none"> <li>Risk management</li> <li>Economic performance</li> <li>Compliant operation</li> </ul>	<ul style="list-style-type: none"> <li>General meeting of shareholders</li> <li>Regular information disclosure</li> <li>Investor communication meeting and survey</li> <li>Roadshow and reverse roadshow</li> <li>WeChat public account and so on</li> </ul>
Customers	<ul style="list-style-type: none"> <li>Investors' interests guarantee</li> <li>Investor-oriented education</li> <li>Customer satisfaction management</li> </ul>	<ul style="list-style-type: none"> <li>Customer survey</li> <li>Customer service and complaint</li> <li>Customer satisfaction survey</li> <li>Customer activities</li> <li>e.htsec.com</li> <li>WeChat public account and so on</li> </ul>
Employees	<ul style="list-style-type: none"> <li>Economic benefit</li> <li>Employees' health and safety</li> <li>Personnel development and training</li> </ul>	<ul style="list-style-type: none"> <li>Trade Union activities</li> <li>Personnel training</li> <li>Corporate OA platform</li> <li>Employees activities</li> <li>Weekly news</li> <li>Haitong Wealth Management Academy</li> <li>WeChat public account and so on</li> </ul>
Government and regulators	<ul style="list-style-type: none"> <li>Compliant operation</li> <li>Investors' interests guarantee</li> <li>Investor-oriented education</li> </ul>	<ul style="list-style-type: none"> <li>Cooperation in regulators' inspection</li> <li>Participation in government survey</li> <li>Policy implementation</li> <li>Information disclosure</li> </ul>
Suppliers and partners	<ul style="list-style-type: none"> <li>Economic performance</li> <li>Innovative operation</li> <li>Supply chain management</li> </ul>	<ul style="list-style-type: none"> <li>Cooperation and exchange</li> <li>Formulating purchasing management measures</li> <li>Routine communication</li> <li>Bidding activities</li> </ul>
Community	<ul style="list-style-type: none"> <li>Charity activities</li> <li>Green operation</li> <li>Community-oriented investment</li> </ul>	<ul style="list-style-type: none"> <li>Community activities</li> <li>Volunteer activities</li> <li>Research and implementation of poverty alleviation and environmental protection projects</li> <li>Supporting real-economy-related business</li> <li>Green operation</li> <li>WeChat public account and so on</li> </ul>

### Identification and Analysis of Material Issues

In order to make this Report more stakeholder-centered, the Company carried out a survey among all stakeholders to identify materiality issues and made targeted disclosure in this Report. Based on the characteristics of financial industry and social trends, the survey identified materiality issues for subsequent confirmation and grading by stakeholders, so as to analyze their significance to internal and external stakeholders.

During this survey, 97 questionnaires were distributed, 91 valid ones were collected, and collection rate was 93.8%. According to the results, the Company put more emphasis on the disclosure in respect to compliant operation, investor protection, customer service, personnel development, social charity and real economy service, and will focus on these issues in future operation, in order to make earnest response to the expectations and claims of stakeholders.



# 03

## Professional Service & Value Creation

The Company responds to the requirements of regulators and improves eligibility management system to provide individual customers with premium financial services based on the principle of protecting investors. Meanwhile, the Company closely follows national economic development strategy to promote the transformation and upgrading of enterprises and create economic value.

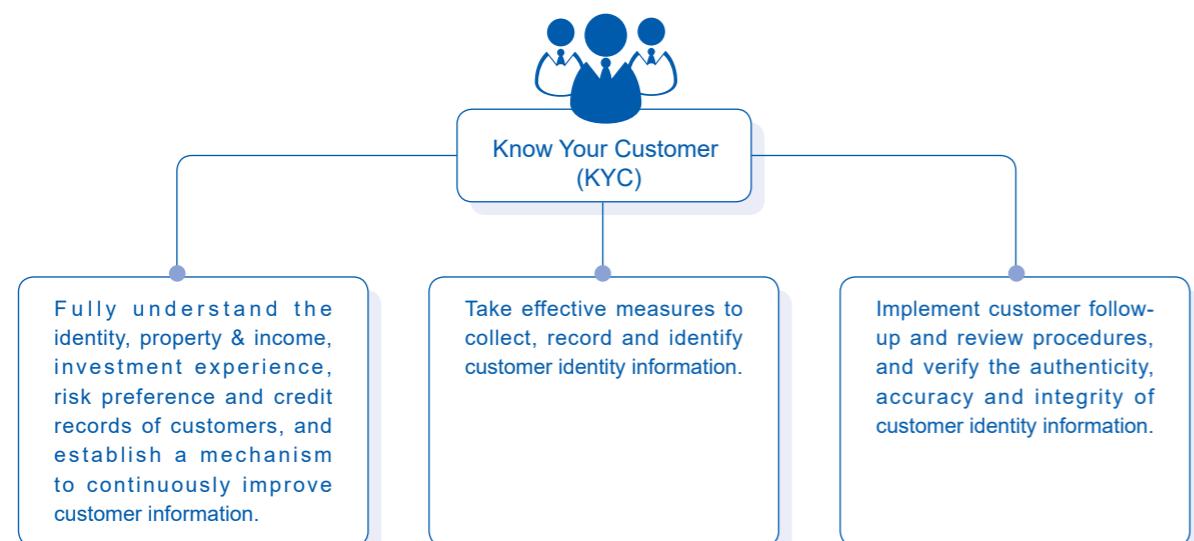


## To Implement Eligibility Management and Enhance Investor Protection

### To Improve Eligibility Management

With the accelerated construction of multi-level capital markets, investors' demand becomes more diversified and investment environment more complicated. Various financial products are greatly different from each other in functions, characteristics, complexity and risk returns, while investors differ in professional levels, risk tolerance and risk return preferences. In order to protect legal interests of investors and promote a sound and steady development of the securities market, the Company, according to Measures for the Administration

of the Eligibility of Securities and Futures Investors, and Implementation Guidelines for the Management of the Eligibility of Investors by Futures Operators (Trial), adheres to the principle of "Know Your Customer" to further improve eligibility management system, strengthen the supporting construction of eligibility management and actively carry out eligibility management training and publicity, thus making systematic planning of eligibility management work, and ensuring the implementation



For the investors, the Company has established a classification system by their objective capacity and subjective intention. We also divide them into professional investors and general investors by their competence, and we will enhance the protection for general investors. General investors go through risk evaluation for our subsequent classification and the further improvement of dynamic evaluation mechanism.

For the financial products, the Company has established corresponding risk evaluation system. The Company carries out risk level evaluation for various financial products based on risk evaluation indicators. The Company sticks to the principle of "risk-tolerance-based product recommendation", fully discloses product risks, and guarantees to recommend proper products to eligible customers.



**System improvement:** According to the regulator's provisions on eligibility management, the Company amended Measures for Eligibility Management of Haitong Securities Co., Ltd. (Trial), and amended eligibility management systems applicable to all business departments.

**Staffing:** The Company designated personnel responsible for eligibility management in both headquarter and branches.

**Technology preparation:** The Company established investor evaluation database, deployed on-site audio and video recording equipment at business departments and traceability equipment for off-site business.

**Internal training:** The Company organized eligibility management training, interpreted and promoted the content of Measures for the Administration of Eligibility of Securities and Futures Investors via meetings, video-based training, on-site training and online examination, etc.

**External publicity:** The Company formulated and distributed eligibility management brochures, designed eligibility management animation video, and organized special investor-oriented education activity of "Eligibility management benefits everyone".



► Customers fill in risk evaluation questionnaires



► Audio and video recordings are being implemented

## Responsible Product Marketing

In the light of Advertising Law, the Company makes financial product advertisement according to laws and regulations and. It also developed Management Measures for Underwriting Financial Products Business of Haitong Securities Co., Ltd. and Management Measures for Private Equity Business based on laws and regulations of Regulation on Supervision and Administration of Securities Firms and Management Measures for Underwriting Financial Products of Securities Firms, thus regulating the Company's financial products marketing business, ensuring true and complete product information for customers and safeguarding legal interests of investors.

During the marketing of financial products, the Company and its marketing personnel shall strictly follow the principles of voluntariness & equality, integrity & credit, and fair trade, to fully and objectively disclose relevant product information to investors and explain clearly the credit risk, market risk and liquidity risk of products. The marketing personnel shall not mislead or

defraud investors.

The Company establishes eligibility – matching rules for customer's risk tolerance level and proposed investment objective and those of the commissioned financial products. The marketing personnel may only recommend financial products to eligible customers by following the eligibility – matching rules. Financial products at R5 level shall be marketed at branch offices to guarantee the full disclosure of product information to the customers. Where the customer proposes to buy products beyond their risk tolerance, provided that they don't belong to minimum-risk-tolerance-level investors and they don't violate the investor access regulations, the marketing personnel shall give risk warning, and close the deal after the customers sign to expressly agree to assume the risks.

The Company was not engaged in any violation in respect to product and service information and identification of product and service, nor was it engaged in any violation in respect to marketing and publicity.

## To Focus on Investor Education

The Company pays high attention to investor education, and has been vigorously establishing investor education system with the theme of "resources integration & coordinated progress" with the help of numerous operation sites, 95553 customer service platform, Internet platform and full-time investor education team. Based on "Rainbow Lecture" and

relying on the public-welfare platform of "real-time communication & intelligent experience", the Company has been making efforts to build investor education scenarios of "Onsite Interaction", and aim to develop a customer base with "awareness of risk and rational investment", and spread the culture of "integrating theory with practice & making pioneering innovation".



### Rainbow Lecture

Rainbow Lecture, an investor education site, consists of 5 areas involving publicity & exhibition area, expert lecture area, simulated experience area, interaction & communication area and feedback collecting area.

Since its inception, the site has carried out "A Lesson from Economist", "I'm an investor – A Visit to Listed Companies", "Future Financial Master", "Financial Knowledge Contest Of 8 Universities" and "Investment Strategy Seminar" and so on in 5 series involving University, Contest, Expert, Interaction and Poverty Alleviation. Through channels like expert lecture, list company visit, board secretary's answers, on-site training, movie watching, game, knowledge contest and mock trading , the program has been helping investors quickly and easily learn business knowledge and increase risk

prevention consciousness. . By 2017, the site had completed a total of 29 activities, attracting over 6,000 investors and receiving over 20 letters of appreciation.

In 2017, Rainbow Lecture site was honored one of the first investor education bases for securities and futures business, and also the only entity base for investor education in Shanghai.



➤ Rainbow Lecture was honored one of the first investor education bases for securities

The Company independently developed three major series of investor education products involving securities business series, investment knowledge series and investment philosophy series containing cartoon education image, education games and micro films, through which the Company help investors better understand securities financial market and enhance their investment consciousness.

### Three major series of investor education products



#### Securities business series

We designed "Dr. Haitong" as cartoon image for investor education, who made introduction in respect to account opening, IPO, GEM, Hong Kong Stock Connect, precious metal, options and securities margin trading and risk revealment via image and text and cartoon. These products have made Haitong's education more recognizable and helped investors better understand business knowledge and master business skills.



➤ Hong Kong Stock Connect edutainment



#### Investment knowledge series

We developed edutainment products such as Haitong Monopoly and Financial Growth Paradise, which help to explain complicated securities knowledge via games and enable investors to have fun while learning.



➤ Haitong Monopoly edutainment



#### Investment philosophy series

We made the micro film series of "Always by Your Side", which introduced ordinary investment stories to deliver concepts like value investment, long-term investment and rational investment to investors, and guide investors not to believe and spread market rumors, and carry forward positive market energy.



➤ "Always by Your Side" micro film series

## To Improve Service System & Enhance Customer Experience

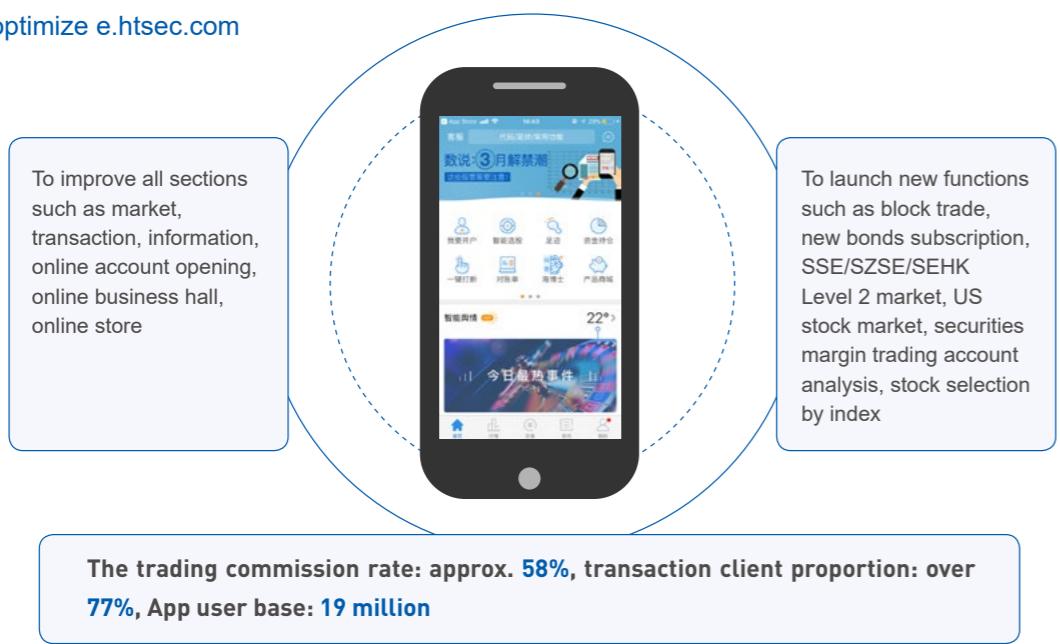
### To Optimize Internet Financial Service

In order to facilitate the comprehensive integration of modern information technology and business and service of the Company, and effectively upgrade customer experience, the Company has established a comprehensive financial service system integrating online and offline development with the help of "financial technology". By implementing the development strategy of mobile Internet, the Company has gradually completed the constructions of five platforms including e.htsec.com, online account opening, online business hall, online store and WeChat account. Mobile internet technology has promoted the Company's offline-to-online transformation in respect to customer services

such as account opening, business operating and product marketing. As a result, online account opening accounts for over 99% and online business operation accounts for 74%.

With the Company's breakthrough in big data, deep learning, knowledge mapping and quantitative analysis, etc., e.htsec.com has launched functions like short-term investment genius, similar Candlestick Charts, intelligent search, intelligent public opinion and intelligent information, etc., in order to help customers understand market and information with big data and effectively reduce time cost of investment decision.

#### To optimize e.htsec.com



At the "Quanshangcn·Outstanding Securities Company APP Campaign 2017" sponsored by STCN, e.htsec.com, relying on its outstanding performance in Internet finance, won the following three big awards:

- Top 10 Securities Company APP Brands 2017
- Award of Outstanding Operation Team of Securities Company APP 2017
- Award of Outstanding Operation Case of Securities Company APP 2017



➤ e.htsec.com has been honored with many prizes

### Client Information Security and Transaction Security

The Company abides by the policy of "well-defined responsibility, reasonable authorization, standard procedure, combined technology and management" in information security management. It has formulated Information System Project Management Measures of Haitong Securities Co., Ltd. and Information System Security Check Management Measures of Haitong Securities Co., Ltd. in strict accordance with laws and regulations such as Regulations of the People's Republic of China on the Safety Protection of Computer Information Systems, in order to carry out strict

management on the data production, transmission, use, storage, backup and destruction, in order to guarantee the integrity, availability and confidentiality of client's data. Meanwhile, the Company has established a closed trading system which sets double password for client authentication, and conducts multiple tests before the system go-live, thus guaranteeing the trading security. The Company was not engaged in any lawsuit in respect to customer information safety and transaction safety in 2017.

Type of security management	Specific measures
Data use security management	To establish an information system identification mechanism to strengthen the boundary protection of the information system of the Company To take full advantage of biotechnology to strengthen client authority management To enhance the terminal defense capacity of the Company's information system, and effectively authenticate clients in multiple means
Data storage security management	To improve the management of data storage location, avoid storing sensitive and private data of clients in non-controlled location permanently, and prevent the interception and illegal acquisition of data To strictly control the access of the external personnel and equipment to the corporate data, strictly manage information system suppliers, and actively carry out security training for employees
Trading system security management	To connect with external networks through boundary firewall and boundary router, and use middleware technology to ensure the integrity, confidentiality and reliability of transaction processing To implement redundant design of disaster recovery system, equipment and line to ensure service continuity To use centralized trading system to guarantee quick response to large-scale concurrent processing and secure application data



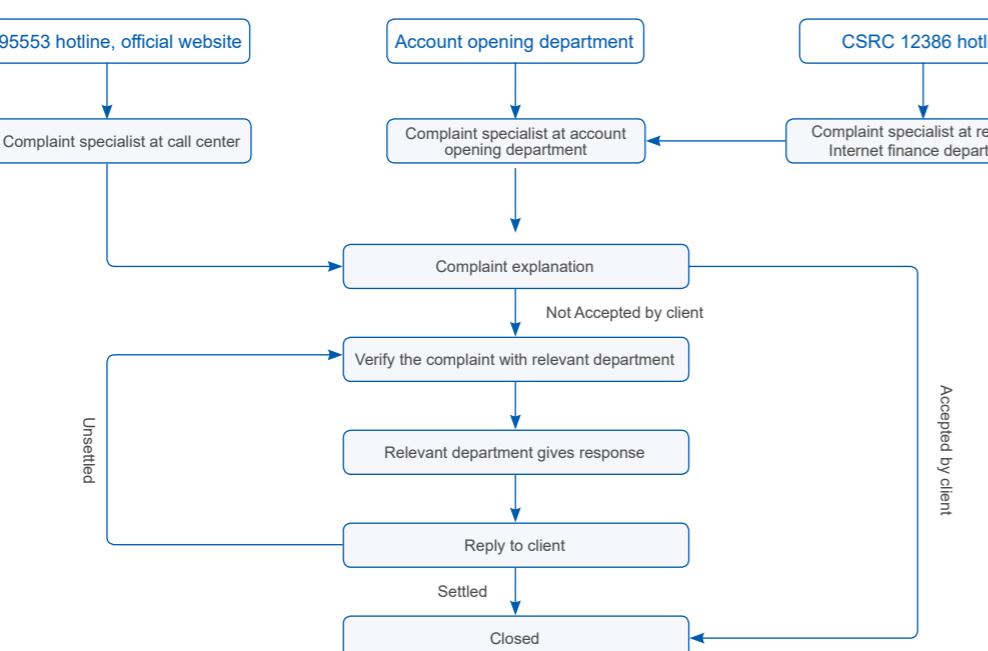
The Company was honored  
"Advanced Unit in Network Security  
Classified Protection in Shanghai 2017"

## To Improve Customer Inquiry and Complaint Management

In order to provide optimal customer service, the Company established a 7\*24 inquiry and complaint channel including national service hotline 95553, official website and WeChat public account, e.htsec.com and online trading platform, which well integrates telephone inquiry, online inquiry and intelligent inquiry, thus significantly improving the quality and efficiency of customer service.

With great attention to client complaint, the Company has formulated Management Measures for Client Complaint of Haitong Securities Co., Ltd., which defines responsibilities, complaint handling mechanism, complaint handling emergency mechanism, complaint accountability as well as standard operating procedures, aiming to solve client complaint in a satisfactory manner.

Haitong Securities client complaint handling flow chart



Client Inquiry and Complaint Data of Haitong Securities during 2015-2017

Client complaint channel	Unit	2015	2016	2017
Client inquiry quantity	Telephone inquiry	Case	675,118	761,797
	Online inquiry <sup>1</sup>	Case	232,210	196,645 <sup>2</sup>
	Intelligent inquiry <sup>3</sup>	Case	—	82,892 <sup>4</sup>
Including: Complaint quantity	Case	109	84	130
Percentage of complaint solving	%	100	95.24	99.23

1: Online inquiry quantity means the quantity of client inquiry handled by online service operators on official website, WeChat account, e.htsec.com and other Internet platforms;

2 It's the quantity of client inquiry handled by online service operators as of June 2016;

3 It's the quantity of client inquiry handled by intelligent service operators of e.htsec.com;

4 It's the quantity of intelligent inquiry as of November, 2016.

## To Improve Client Satisfaction

Client satisfaction has always been deemed as an important indicator in our customer service so the Company identifies problems in customer service by carrying out satisfaction survey, and makes timely improvement. The Internet Securities Customer Service Center of the Company has established an automatic voice-based evaluation system, which automatically asks for feedback from all the clients

who receive operator service on service attitude and business ability of those operators. For the complaints concerning "dissatisfaction" or "unsolved problem", the QA specialist of the CS Center will carry out real-time evaluation and give immediate response. In 2017, the Company realized 100% handling of telephone complaint.

Client Satisfaction Survey Results

	Channel	Unit	2015	2016	2017
Survey times	Telephone	Time	301,542	207,613	207,640
	Online	Time	—	80,947	67,305
Client satisfaction	Telephone	%	94.96	96.45	96.92
	Online	%	—	78.61	89.08

## To Support the Real Industry Development and Technological Innovation

### To Serve the Advanced Manufacturing Industry

It's essential to develop advanced manufacturing industry for further construction of modernized economic system. The Company has been serving a lot of leading enterprises or promising enterprises in advanced manufacturing industry. Oriented by in-depth industrial analysis and centering on the principle of "finance serving the real economy", the Company actively explores cooperation models and opportunities to provide financing, IPO and M&A services for these enterprises, thus supporting the upgrade of advanced manufacturing industry.

When supporting advanced manufacturing industry, the Company continuously makes research and conclusion on the problems and difficulties encountered

by different enterprises in advanced manufacturing industry during their development, so as to provide customized service for them and help them to accomplish their transformation. Taking auto industry for example, through research, the Company found that China's traditional auto industry is still staying in the phase of technology upgrading, where the industry is faced with problems such as backward technology, backward manufacturing equipment and shortage of manufacturing talent and technology. Based on various characteristics of different auto enterprises, the Company provides specific financing services, e.g. debt financing for auto dealers and equity financing for auto parts enterprises.



### Green corporate bonds support the technological innovation and expansion of BAIC Motor

With the development of new energy, electrification and other technologies are driving the transformation of auto industry, and the technological innovation of auto industry intensifies the market competition, so the traditional technology-based auto manufacturers or those who fail to make timely technology upgrading will be gradually eliminated by market competition. In order to address the industrial dilemma of huge fund required by R&D and application of new energy technology, Haitong Securities publicly issued a total of RMB 4.8 billion green corporate bonds during 2016-2017 to BAIC Motor Co., Ltd. ("BAIC Motor"). Among them, in 2016, Haitong Securities, as the lead underwriter, issued RMB 2.5 billion of "BAIC Motor green bonds 2016" (the first green corporate bonds in China) to BAIC Motor, which is used for the reconstruction and extension of BAIC Motor Zhuzhou Site, where BAIC Motor will manufacture its own self-developed new energy vehicles. The issuance of green corporate bonds has promoted the technology upgrading of auto industry, supported the development of new energy industry and set an excellent example for serving advanced manufacturing industry.

## To Drive Technological Innovation

As, Technological innovation works as not only the driving force of continuous upgrading of traditional technique and technology, but also a major pivot of national economic transformation. The Company keeps tracking the technological innovation industry trends and policies, exploring enterprise value, strengthening

the understanding of the flexible business model of technological innovation enterprises, and improving service capability, so as to provide technological innovation enterprises with package services including equity financing, debt financing, M&A, NEEQ and structured financing.

### The Company has been actively improving its ability to serve scientific and technological innovation enterprises in the following three aspects:

1. To continuously deepen our understanding about technological innovation industry and recruit personnel with working background of technological innovation. In addition, from time to time, the Company focuses on technological-innovation-related national policies and trends in the hope of providing better service for our clients.
2. To well follow information about technological innovation enterprises and make analysis such as industry classification, research and characteristics summarizing, from which we will accumulate relevant experience, form service system, and level up efficiency and expertise.
3. To promote intersectoral cooperation within the Company, which means we integrate the professional advantages of our research institute, investment banking department, wealth management department and corporate financing department, and share relevant information concerning technological innovation enterprises, thus building up comprehensive service capacity.

In 2017, the investment banking department of the Company successfully recommended 7 technological innovation enterprises for A-share IPO and raised a fund of RMB 2.514 billion in total.

## Explore value, and help Weaver go public

Most technological innovation enterprises come from emerging industries so it's hard for the public to tell their potential and future destiny. As a result, they are less likely to win recognition from regulators and capital market. As a technological innovation enterprise, Weaver is a vendor specialized in OA software, mainly providing OA products and application solutions. Haitong Securities explored Weaver's growth potential and investment value and after over two years of preparation, Haitong helped it accomplish IPO and succeeded in raising a fund of RMB 248 million for its future development.

## To Support the Development of Small and Micro Enterprises

Small and micro enterprises are the major platform for incubation of entrepreneurs, and also the big driving force for scientific and technological innovation. Considering the big gap between them and mature enterprises in terms of management system, talent

deployment and capital, the Company actively carries out NEEQ listing, continuous supervision and financing business to solve their problems in respect to standardization and capital.

### As of December 31<sup>st</sup>, 2017:

The Company has recommended a total of 178 enterprises for NEEQ listing, including 22 enterprises in 2017 alone;

The Company has implemented continuous supervision over 168 enterprises listed on NEEQ, with an innovation-layer proportion of 19.05%, ranking third in the industry;

The Company has executed 35 private placements, raising RMB 2.069 billion for listed enterprises.



## NEEQ executive training system

NEEQ listed enterprises are prone to non-standard day-to-day operation and sustainable operation, especially corporate governance and information disclosure. In order to help them meet national regulations and regulatory requirements, Haitong Securities introduced NEEQ executive training system in 2017 to improve supervision efficiency and quality.

The system has the major functions as below:

- Information disclosure: Providing complete and standard announcement template, online announcement review procedure & automatic review tool, announcement inquiry and track;
- Monthly communication: Enterprises may fill in monthly communication form online to identify and control risks in advance;
- Business notification: Releasing business notification in multiple channels to timely communicate the latest requirements of regulators and lead underwriter;
- Message center: Embedded e-mail system for convenient communication and traceability;
- Draft management: Automatic draft sorting and filing system for real-time collection and staged sorting.

With this training system, the enterprises understand, comply with and adapt to the operation rules of NEEQ market in a convenient, fast and self-disciplined manner, enabling better interaction with investors and growth.

课程名称	发布日期	学习人数
2017年年报新编制及报送技术培训	01-29发布	1人已学
2017年年度报告编制与披露业务培训...	01-29发布	2人已学
信息披露细则》规则解读	01-17发布	34人已学
全国股转系统新《分层管理办法》解读	01-17发布	30人已学
全国股转系统新《转让细则》解读	01-17发布	32人已学

全部课程 88 课程分类

Screenshot of NEEQ executive training system

## To Promote the Internationalization of Chinese Enterprises

In the context of rapid globalization, overseas merger and acquisition will contribute to the enhancement of independent innovation and brand competitiveness of Chinese enterprises. What's more overseas M&A will help to accomplish technology upgrading, strengthen resources integration, develop international market,

intensify international cooperation, facilitate mutual benefit and win-win result, and finally boost the economic globalization. The Company joins efforts with its subsidiaries Haitong International and Haitong Bank to actively help Chinese enterprises to form global presence via overseas M&A.



### Overseas M&A of Joyson Electronics

In 2017, Haitong Securities supported the overseas M&A of Joyson Electronics for the third time. The private placement raised RMB 8.32 billion for successful acquisition of KKS Inc., the fourth player in the global auto safety field, and TS Inc., the fifth player in the European vehicle infotainment field, which means Joyson Electronics has been taking the lead in global resource allocation and marketing service in a more profound way. The project won the Best Refinancing Project Award in the 10th New Fortune China's Best Investment Banks campaign.



➤ Joyson Electronics project won the Best Refinancing Project Award in the 10th New Fortune China's Best Investment Banks campaign

With the development of bond market in China, an increasing number of companies and institutions choose overseas issuance of bonds as a means to expanding funding channels, which can not only optimize liability structure and get access to international capital market, but also improve the enterprises' image in international capital market by acquiring the credit rating from

international authoritative rating agencies during the issuance. By taking advantage of our strengths and rich market experience, the Company helps Chinese enterprises acquire global capital and enhance their influence among overseas investors, which is of significant strategic importance for these enterprises.



### Overseas bonds issuance of Qinghai Provincial Investment Group

In 2017, Haitong Securities Shanghai Bonds Department coordinated with Haitong Bank and Haitong International to co-issue 363-day USD bond for Qinghai Provincial Investment Group (Standard & Poor's). This is the first USD bond issued by Haitong Bank in Asian market as a global coordinator, with issuing scale of USD 300 million and nominal rate of 6.3%, as well as subscription times of over 5.



### "Bond Connect" Promotion

In July 2017, as one of the first lead underwriters of Bond Connect, Haitong Securities underwrote "CHALCO SCP007BC 2017" for CHALCO. As a bridge for domestic and overseas bond market, Bond Connect is of significant importance in national strategy of "OBOR" and "The internationalization of RMB". Haitong Securities actively participates in the promotion of Bond Connect to help enterprises improve international popularity.

## To Stick to Innovative Development

In order to implement the national strategy of innovation-driven development, the Company sticks to the concept of "innovation creates value", makes continuous innovative attempts in financial service mechanism, model, product and technology, etc., and strives to serve real economy with financial innovation. Since 2013, the Company has launched a series of innovative bonds varieties, including the first perpetual

bonds, the first renewable bonds with equity, the first ultra long-term bonds with option, the first bonds with project benefit, the first green finance bonds, the first linked bonds with rate linked to gold price and entrepreneurship-and-innovation financial bonds. With all the above innovative bonds, the Company has won "Shanghai Financial Innovation Award" for three consecutive years.



January 2015

#### Haitong Securities renewable bonds

Shanghai Financial Innovation Award  
The first place



April 2016

#### Haitong Securities bonds with project benefit

Shanghai Financial Innovation Award  
The third place



June 2017

#### Haitong Securities green bonds series

Shanghai Financial Innovation Award  
The second place



### Linked bonds

In February 2017, as the lead underwriter, Haitong Securities issued the first linked bonds in China – gold bonds 2017, which raised RMB 700 million for the issuer Chifeng Gold. Benefited from the innovative design of linking rate to gold price, the bonds were successfully issued at the rate lower than the average market level.

In November 2017, as the lead underwriter, Haitong Securities issued linked bonds for Shenzhen Energy, which linked nominal rate to coal price. With an issuing scale of RMB 800 million, it is the first linked bonds in China's energy industry, and also the first linked bonds issued by SZSE.



### China's first entrepreneurship-and-innovation financial bonds

In December 2017, as the exclusive lead underwriter and innovative designer, Haitong Securities completed the issuance of China's first entrepreneurship-and-innovation financial bonds—Qilu Bank Bond 2017. With an issuing scale of RMB 500 million, its corporate credit rating and bond credit rating were both AA+ and nominal rate was 5.00%. The raised fund will be dedicated to credit loan placement in the entrepreneurship and innovation field and fully supporting the national strategy of mass entrepreneurship and innovation.

# 04

## Prudent Operation for Shareholder's Return

Haitong Securities has been sticking to the operation philosophy of "pragmatic, pioneering, prudential and excellent", seeking positive development in the complex and changing industry environment with fierce competition. The company has been making efforts in continuously improving corporate governance system, promoting the upgrading of risk control mechanism and internal control system, and enhancing our core competitiveness, thus creating sustainable value return for shareholders.



## Economic Contribution

### Operating Results

The Company realized steady and progressive business results. Its operating income and net profit and other major operating indicators have been taking the lead in this industry. In 2017, the Company achieved year-end total assets of RMB 534,706 million, including RMB 117,755 million net assets attributed to

parent company; annual income of RMB 28,222 million, with year-on-year increase of 0.75%; RMB 8,618 million net profit attributed to parent company, with year-on-year increase of 7.15%; ROE of 7.56%, with year-on-year increase of 17%. In 2017, the social contribution value per share of the Company was RMB 2.57.

Major operating contribution

	Unit	2015	2016	2017
Total main operating income	RMB 10,000	3,808,626.77	2,801,101.46	2,822,166.72
Total profit	RMB 10,000	2,111,886.85	1,116,172.70	1,288,939.70
Total tax	RMB 10,000	581,654.01	703,811.27	490,943.39
Total assets	RMB 10,000	57,644,889.23	56,086,584.62	53,470,633.28
Earnings per share	RMB 1	1.48	0.70	0.75
Social contribution value per share	RMB 1	3.27	2.69	2.57

Note: Social contribution value per share = (net profit + total tax + total payroll + total loan interest paid to banks and other creditors + donation and value created for other stakeholders – other social cost due to environmental pollution, etc.) / total shares

## Corporate Governance

### To Protect Shareholders' Interests

The Company pays great attention to reasonable ROI, fully protects the shareholders' right to enjoy assets income, and incorporates the distribution policy into the articles of association as a basic policy. In respect to dividend plan, the Company's board of directors and shareholders meeting fully absorb the opinions of independent directors, board of supervisors and public investors, and accept their oversight on the distribution of profits. Since 2014, each year, the Company's cash dividend distribution accounts for over 30% of the net profit attributed to parent company that very year, which complies with regulatory requirements and the Company's profit distribution policy. In 2017, the Company distributed cash dividend of RMB 2.53 billion

to shareholders, accounting for 31.46% of net profit attributed to parent company that very year.

The Company duly protects the interests of minority shareholders, strengthens the communication with domestic and overseas investors, answers the questions of investors via multiple channels such as telephone, e-mail and SSE E-interactive platform, and takes investors' opinions. In 2017, the Company held 2 performance conferences, 2 institution road shows, 7 securities companies exchange meetings, received 47 visits from investors, and answered 61 inquiries from investors on the SSE E-interactive platform.

### To Improve Corporate Governance Mechanism

According to the Company Law of the People's Republic of China, Securities Law of the People's Republic of China, relevant regulations of CSRC and listing rules of HKEx, the Company continuously improves corporate governance structure, and builds up

the structure featuring inter-separation and inter-check and inter-balance among shareholder's meeting, board of directors, board of supervisors and the management team, which effectively guarantees standard operation.

The members of the Company's board of directors are equipped with diversified professional backgrounds and management experience, for example, Mr. Liu Zhiming is good at finance and strategy-making and enjoys over 35 years of experience in Asian financial service field. Mr. Xiao Suining serves as the independent director in both environmental technology and resource investment industries. Mr. Feng Lun holds J.D. and MPP, Mr. Zhang Ming is a Doctor, Professor and Senior Researcher in Economic field and Mr. Lin Jiali acts as the current attorney at High Court of Hong Kong SAR and helps the Company consider better in respect to legal and policy risks in environment and society.

In 2017, according to relevant laws and regulations and actual operations, the Company revised Articles of Association twice, including: it added Party building provisions; defined CIO and CRO as the executives of the Company; defined relevant regulatory requirements for total risk management; added relevant statements on compliance director set-up and compliance management which will further improve corporate governance system.

Considering that big events such as connected transactions and external guarantee are closely watched by shareholders, regulators and other stakeholders, the Company amended Connected Transaction Management Measures in 2017, and in the

meantime continuously improves internal procedures of external guarantee, in order to guarantee the compliance of deliberation and disclosure procedures as well as normal operation.

In 2017, the Company held 3 general meeting of shareholders, 7 meetings of board of directors, 5 meetings of board of supervisors, 5 meetings of board of auditors, 2 annual report meetings of independent directors, 2 meetings of nomination & compensation committee, 3 meetings of compliance & risk management committee, and 2 meetings of development strategy & investment management committee, totaling 29 meetings.

### High-quality Information Disclosure

The Company established systematic and standard information disclosure system, which highlights the voluntary and timely disclosure in respect to time-point, requires standard format, and authenticity, accuracy, integrity and equity of information. The Company continuously improves information disclosure mechanism, in order to guarantee investors' access to relevant information in a timely, accurate and equitable manner. As an entity listed in Mainland China and Hong Kong, the Company greatly focuses on the change of information disclosure regulations, and continuously follows and sorts out various laws, regulations and

systems in local regions, through which we can meet regulatory requirements and investors' requirements in the two markets.

In 2017, in A-share market, the Company disclosed a total of 58 interim announcements, 4 regular reports and 12 monthly financial data reports, winning Level-A rating in information disclosure work assessment by SSE. The Company disclosed a total of 138 overseas regulation announcements, notifications and circulars in H-share market.

## Risk Management

### Comprehensive Risk Management System

The Company sticks to the risk management philosophy of "proper and even conservative", continuously implements risk-management-related work in strict accordance with Company Law, Securities Company Comprehensive Risk Management Standards, and other laws and regulations, regulatory requirements and internal systems. Meanwhile, the Company further advances the construction of comprehensive risk management system in five aspects such as full coverage, monitorability, measurability, analyzability and answerability.

In respect to full coverage, the Company has built a hierarchical risk management organizational structure that covers board of directors, board of supervisors, management team, CRO, comprehensive risk management department, branches and subsidiaries. The Company assigned risk management specialists in all business management departments and branches, and appointed risk management directors in all the subsidiaries. Moreover, the Company incorporated 16 subsidiaries into the group-wide risk management based on materiality principle, aiming to implement vertical risk management of subsidiaries in 4 aspects such as subsidiaries' person-in-charge nomination, assessment, limit management and report as well as risk control indicator management.

In the aspect of monitorability, the Company establishes risk indicator system involving three layers of supervision indicator, risk tolerance & risk limit indicator and business risk control indicator. The Company monitors major risk indicators on a daily basis and submits these information to management

### Supply Chain Management

The Company, as a financial service institution, mainly purchases IT software/hardware, office supplies, and services. As we don't have too many suppliers, our supply chain doesn't pose a big pollution risk to environment and society. To regulate purchase procedures, the Company formulates Purchasing Management Measures of Haitong Securities for strict oversight on and prevention of all kinds of commercial

team in the form of risk report.

In respect to measurability, the Company adopts approaches like VAR, risk sensitivity, duration, DV01, stress test to measure market risk. Now we are able to initially realize the measurement of credit risk indicators such as default ratio and loss ratio, and gradually improve measurement methods and model as default data accumulates.

With regards to analysis, the Company regularly prepares daily report, weekly report, quarterly report, semiannual report and annual report of risk management, and submits the reports to board of directors, general manager's office and CRO via different paths. Additionally, the Company prepares special assessment report on major risk.

In terms of answerability, based on risk tolerance and considering risk assessment and warning results, the Company chooses risk response strategy suitable for its risk preference to establish reasonable and effective response mechanism, and finally worked out policies like Emergency Response Implementation Measures, Liquidity Risk Emergency Management Measures, Network and Information Security Incident Emergency Response Plan.

Besides, the Company provides strong support for comprehensive risk management via five measures involving culture promotion, mechanism improvement, system construction, personnel recruitment and investment increase.

bribery, thus guaranteeing open and fair competition among suppliers. When choosing suppliers, the Company puts much emphasis on business ethics and social responsibility of suppliers to further reduce supply chain risk and improve operation efficiency. In 2017, the head office had 170 suppliers, among which 37 was in through bidding.

## Compliant Operation

### Operation Compliance

Based on the compliance philosophy of "all-staff compliance, compliance starting from the management, compliance creating value and compliance being the foundation of the Company's survival", the Company established scientific, reasonable and well-structured compliance management system. It has built up a compliance management system that covers all business regions and management process via the functions of the board of directors and its affiliated compliance and risk management committee, board of supervisors, executives, CCO, compliance management department, other internal

### To Strengthen Anti-corruption Work

The Company pays considerable attention to anti-corruption work, and strictly follows laws and regulations such as Securities Law of the People's Republic of China and Code of Practice for Practitioners in Securities Industry. In 2017, the Company carried out anti-corruption-related work in four major aspects: 1. Lay stress on system construction by issuing Provisions on Integrity of Cadres at all Levels, Implementation Measures for Strengthening Cadre Supervision & Interview System, Notice on Reiterating the Ten Forbids for Strengthening Cadre Integrity and other systems and regulations, to declare discipline and rules; 2. Implement integrity education in the form of expert lecture, warning education site visit and integrity alerting and interview; 3. Enhance routine supervision efforts by giving play to the role of supervision consultation mechanism, carrying out inspection, supervising cadre selection and appointment, and preventing violation

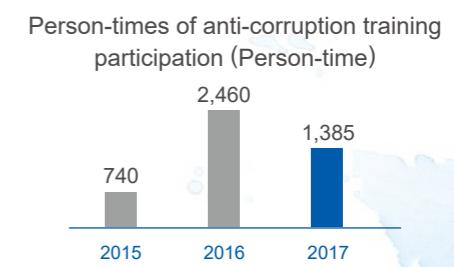
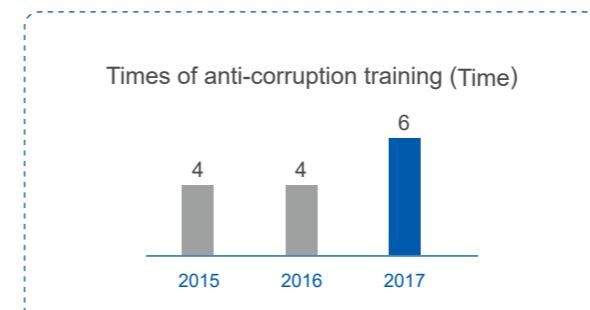
control management departments as well as relevant departments or posts in business divisions, branches and subsidiaries. Through this, the Company has realized penetrated compliance management throughout decision, implementation, supervision and feedback.

In 2017, no major non-compliance incident occurred in the Company, and the Company was rated Class AA under Category A by the CSRC in its categorized assessment of securities companies.

and risk; 4. Strictly investigate discipline violation and circulate typical cases as warning education for cadres and employees. The Company was not engaged in any proved corruption, or any public lawsuit in respect to employee corruption in 2017.

In 2017, Mr. Yang Qingzhong, the then-Deputy Party Secretary, Secretary of Discipline Inspection Committee and Vice-chairman of Board of Supervisors, led a team consisting of nearly 60 involving above-general-manager-assistant cadres from company departments, subsidiaries, and Shanghai Branch to visit warning education site. Meanwhile, the Company organized over 400 cadres involving above-general-manager-assistant cadres from company departments, subsidiaries to watch corruption-warning-education film: Alarm Bell Rings in State-owned Enterprises, in order to further enhance warning education.

### Anti-corruption training



## To Improve Letters and Calls System

The Company established compliance compliant and reporting system, providing an unhindered communication channel for internal and external stakeholders to participate in compliance management. Clients, suppliers and other external parties can make complaints via letter, e-mail, telephone, fax, visit and network, while internal employees can report problems via OA system to discipline inspection platform.

## Progress in Anti-money Laundering

Based on Anti-Money Laundering Law of the People's Republic of China, the Company, considering industrial characteristics and our practices, established anti-money laundering organizational system led by anti-money laundering leading group at corporate headquarters, organized by compliance management department and implemented by relevant business departments and branches. Meanwhile, the Company attempted the design of risk assessment indicator system for client money laundering and developed client risk level management system for anti-money laundering based on the characteristics of securities industry, effectively supporting the client money laundering risk assessment and classification management. In 2017, the Company, according to the regulatory requirements of Management Measures for Block Trading and Suspicious Trading Report by Financial Institutions (PBOC [2016] No. 3 Decree) issued by the People's Bank of China, amended Anti-money Laundering Management Measures and Implementation Rules for Block Trading and Suspicious Trading Report of Haitong Securities, in order to guarantee the orderly implementation of anti-money laundering of the Company.

The Company actively provides anti-money laundering training. On one hand, the Company strengthens internal anti-money laundering training team, with 3 anti-money laundering specialists acquiring the first batch of qualification of International Certified Anti-Money Laundering Specialists by ACAMS in China and 2 specialists acquiring qualification of internal trainer of the Company; on the other hand, the Company offers anti-money laundering training at multiple levels such as staff, anti-money laundering management personnel, leaders, business segments and new personnel. In

The Company constructed sound letters and calls organizations with the Company's secretary of the party committee as the principal person in charge. After receiving complaint and report concerning corruption, the Company carries out investigation and handling in strict accordance with relevant procedures, and timely improves management system to eliminate loophole.

2017, the Company independently developed anti-money laundering e-training courseware, organized 2 anti-money laundering video trainings and 1 anti-money laundering special training. Additionally, the Company carried out targeted anti-money laundering on-site training and guidance at business departments. In addition to the uniform training organized by headquarter, all the branches regularly organized the learning of anti-money laundering developments, case study and experience exchange in the uniform Compliance Monitoring Quarterly prepared by the Company, in order to actually enhance anti-money laundering awareness and ability of employees, especially the front-line business personnel.

In order to enhance the awareness of preventing and cracking down on money laundering and create an atmosphere of compliance with anti-money laundering laws, in 2017, centering on the Notice on Strengthening Account Opening Management and Suspicious Trading Control Measures [No. 117 Notice] issued by PBOC and the theme of "strengthen account management & improve supervision system for anti-money laundering, anti-terrorism financing and anti-tax evasion", the Company organized a company-wide centralized anti-money laundering publicity campaign. All branches of the Company accumulatively distributed 18,000 brochures, 29,000 leaflets, 58,000 flyers, and mass sent 1.85 million SMSs and 70,000 e-mails concerning anti-money laundering. Meanwhile, the Company actively carried out anti-money laundering publicity campaign via our WeChat account "Anti-money laundering Compliance of Haitong Securities", micro film themed by anti-money laundering and e-network system, which helped to level up anti-money laundering awareness of securities investors and the public.



➤ Anti-money laundering publicity campaign

# 05

## People First and Powerful-talent Company

Sticking to the strategy of "People first and powerful-talent company", the Company deems the realization and protection of employees' interests as its starting point and stance and actively assumes its responsibility of guaranteeing employees' interests and caring for employees' physical and mental condition. Meanwhile, the Company has been improving development system for employees in the hope of helping them realize individual value and seeking co-development with employees.



## Employees' Interests

### Employment

The Company, according to Labor Law and Labor Contract Law and other regulations, has established equal employment relationship with employees and safeguards employees' all basic rights and interests. During the recruiting, the Company's HR verifies employees' ID, so as to prevent the employment of child labor and forced labor. What's more, HR regularly checks overtime and labor intensity. In 2017, the Company had no non-compliance incidents such as child labor and forced labor. Meanwhile, by adopting the criteria of "equal stress on integrity and ability", the Company follows the procedure of open recruitment, fair competition and strict assessment, which means it employs people on merit only regardless of sex, region, race, belief and other factors. For the employees who have violated the Company's rules and regulations, the Company has prepared a contract termination procedure, whose details are well described in Employee Manual. Under all circumstances, managers will refer to HR's advice to ensure the whole procedure is executed under applicable laws and regulations.

The Company established multi-level pension insurance system. In addition to social insurance, the Company buys supplementary medical insurance for employees and set up supplementary pension system. As of the end of 2017, a total of 5,276 employees had joined in this pension program. When formulating employee-benefit-related system, the Company took full consideration of local laws and regulations. For example, Haitong Bank Portugal S.A., according to local regulations, pays social security and pension fund for employees, and purchases

supplementary medical insurance, life insurance, occupational accident insurance and personal accident insurance for employees.

The Company is concerned about balanced life of employees, so it sticks to normal working hour mechanism (i.e. ≤ 8h per day, ≤ 40h per week), which guarantees 2 days off per week and according to laws, the Company implements special working hour mechanism for special posts. The Company follows Provisions on Employees' Annual Leave Management to carry out approval and management of paid annual leave, and guarantees the employees' legal rights of paid leave.

The Company safeguards legal interests of female employees, which includes gender equality in terms of political rights, selection & appointment and salary, strict enforcement of special protection policy such as Provisions on Prohibited Work Scope of Female Employees, due remuneration for special periods like marriage, maternity leave and breastfeeding leave, and guarantee of leave arrangement for female employees during their various special periods.

To satisfy the development needs, in 2017, the Company issued management systems concerning personnel quota and compensation of branches, including Management Measures for Personnel Quota of Branches of Haitong Securities Co., Ltd. (Trial) and Management Measures for Compensation of Branches of Haitong Securities Co., Ltd. (Trial), in order to strengthen personnel management of branches and guarantee employees' legal interests.



### Employee employment performance indicators

Indicator	Unit	2015	2016	2017
Total employees	Person	5,235	5,539	5,717
By sex	Male	Person	2,939	3,108
	Female	Person	2,296	2,431
By employment type	Employment contract	Person	5,235	5,539
	Rehiring after retirement	Person	0	0
By age group	>50 years old	Person	470	426
	30-50 years old	Person	3,833	3,765
	<30 years old	Person	932	1,348
By region	Mainland China	Person	5,228	5,532
	Overseas (including Hong Kong, Macao and Taiwan)	Person	7	7
	Employee turnover rate	%	9.39	7.00
By sex	Male	%	6.15	4.57
	Female	%	3.24	2.43
By age group	>50 years old	%	0.78	0.85
	30-50 years old	%	6.83	4.57
	<30 years old	%	1.78	1.58
By region	Mainland China	%	9.39	7.00
	Overseas (including Hong Kong, Macao and Taiwan)	%	0	0
	Actual number of female employees taking maternity leave	Person	91	107
Employees' leave	Proportion of female employees back to work after taking maternity leave	%	93	97
				95

Note: The above data covers Haitong securities head office, branches and business departments, and doesn't cover certain dispatched workers.

## Occupational Health and Safety

The Company abided by laws and regulations in respect to occupational health and safety. It cares for physical and mental health of employees, and strengthens health-related support work. Trade Union of the Company organizes annual health examination for employees, sets

up Staff Home and Health Room, where employees can get access to health examination, health consultation and expert consultation and so on. The Company was not engaged in any lawsuit in respect to employee occupational health and safety in 2017

### Health Room

Operated in the model of “Internet + medical care”, Health Room offers various services such as visual online inquiry, health consultation, remote expert consultation, as well as appointment, registration, hospitalization arrangement, external hospital accompanying and so on. Moreover, it can also work as a small health examination center, which provides employees with body fat, blood glucose and cholesterol examination services and set up files for employees.



An employee was having a body check in Health room

In order to enrich the employees' first-aid knowledge and improve their self-aid and mutual aid skills, the Company invited experts from Shanghai Red Cross give first-aid skill training to employees. In 2017, Trade Union of the Company organized 3 training sessions from May to October, and nearly 70 trainees participated in the training and acquired first-aid certificate.

### First-aid skill training

At first-aid skill training courses, the trainers taught general first-aid knowledge by case study and field exercise, covering commonly-seen emergencies rescue such as FBAO, bleeding & fracture and cardiac arrest. The knowledge has been well delivered thanks to the training's diversified and practical content, vivid illustrations and plain language, which helped to enable active interaction between teachers and students.



First-aid on-site training

### Occupational health and safety performance indicators

Indicator	Unit	2015	2016	2017
Employees health examination coverage	%	90	90	90
Number of employees dying from work	Person	0	0	0
Working days lost due to occupational injury	Day	0	0	2
Employees occupational disease incidence	%	0	0	0

Note: The above data covers Haitong securities head office, branches and business departments.

## Employee Training

### Employees Training System

Adhering to the guideline of “human resource comes first”, the Company, based on employees' on-the-job learning and career development needs, and relying on the platform of Haitong Wealth Management Academy, carries out specific work in 6 aspects including system improvement, resource library construction, project implementation, system planning, activity operation and assessment & motivation. In addition, the Company, considering different growing paths of cadres and employees, established classified and layered training system, so as to realize positive cycle of training and comprehensively build the training system that meets the development needs of the Company.

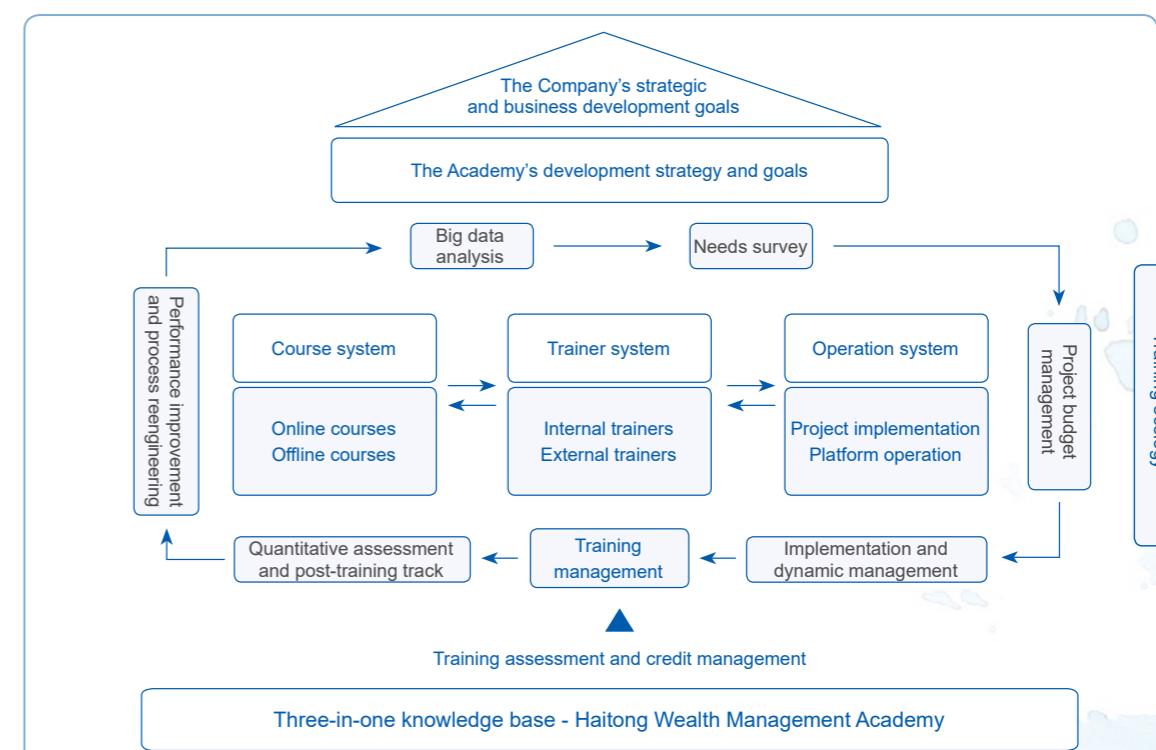
So far, the Company has developed a layered face-to-face training system involving reserve cadres training, newly-appointed cadres training, investment bank business training, new employees training and internal trainers training, comprehensively leveling up employees' comprehensive quality and professional

skills.

The course system consists of online courses and offline courses containing over 1,000 courses that are self-developed or purchased, regarding over 30 categories and about 80 modules that basically covers all business segments.

Most trainers of the Company are developed from inside and some are hired from outside. As of 2017, the Company has 125 internal trainers, mainly composed of managers and business backbones, and 35 are external trainers.

The Company's operation system mainly consists of training programs and platform of Haitong Wealth Management Academy. The training programs cover business development, managers cultivation and employees growth. The Company brought about 587 training sessions in 2017.



The Company's training won BOOAOO Awards 2017  
at the 9<sup>th</sup> Chinese Enterprises Online Learning Conference

“Best Learning Ecology Operation Award”



## Haitong Wealth Lecture

Haitong Wealth Lecture is designed for internal employees of the Company, aiming to create an open class series platform featuring intensiveness, extensiveness and coziness. In respect to current business development priority and employees' training needs, the Company well integrated internal and external trainers, and invited experts and excellent internal trainers in relevant fields to give us lectures and help employees broaden their horizons and improve their skills. As of 2017, Haitong Wealth Lecture has brought about 3 training sessions, with a total of 1,305 person-times.



► Haitong Wealth Lecture was giving a training



► Special training on investment bank business



► New employees training 2017



► Reserve cadres training



► Special training on New Trends of International Financial Market

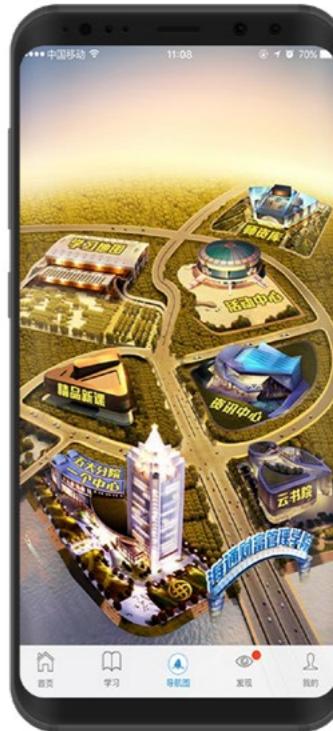
## Customized Training Platform

In order to satisfy various training development needs of employees, and construct a training system meeting the development needs of the Company, the Company launched e-learning platform of Haitong Wealth Management Academy 2.0. By taking advantage of Internet, the platform provides employees with extensive learning resources and favorable online learning experience, which increases training coverage.

Haitong Wealth Management Academy has designed scenario virtual academies, namely, the framework of 5 departments and 1 center: career development department, business administration department, professional skills department, continuing education department, subsidiary department and new employees training center, by which Haitong Wealth Management Academy can improve its training efficiency in providing employees with customized training services like career development, professional skills, continuing education and new employees training.

By the end of 2017, Haitong Wealth Management Academy platform had scored 114,694 person-time training of employees with average per capita duration of 12.18h.

The platform also sets up credit space function, allowing participating employees to win training credits, which can be exchanged for stationery for donation to selected charity program.



► Screenshot of Haitong Wealth Management Academy platform

## Employees training performance indicators

Indicator	Unit	2015	2016	2017
Person-time of employees training	Person-time	37,060	115,622	124,741
Investment in employees training	RMB 10,000	929.71	1,134.30	991.30
Coverage of employees training	%	100	100	100
By sex				
Female	%	100	100	100
Male	%	100	100	100
By employee category				
Senior management	%	100	100	100
Middle management	%	100	100	100
General employees	%	100	100	100
Per capita training hours per year	h	22	22	23
By sex				
Female	h	22	22	23
Male	h	22	22	22
By employee category				
Senior and middle management	h	16	17	17
General employees	h	23	24	24

Note: The above data covers Haitong securities head office, branches and business departments.



## Care for Employees

### Trade Union and Workers' Congress

The Company set up trade union in 2003, and later the trade union fund inspection committee, female employees committee and labor dispute mediation committee, to safeguard legal interests of employees. The trade union signs collective labor contract, collective wage negotiation contract and female employees protection contract to safeguard the pay level, working conditions and collective welfare. Currently, the Company's trade union administers 39 affiliated trade unions that operate independently.

### Employee Benefits

The Company's trade union has launched employee-wide mutual-aid program in order to level up employees' medical care conditions. In 2017, the Company purchased Class B insurance for 3,192 employees. Besides, the trade union also set up corporate aid fund for those employees who or whose families encounter with accidents, severe personal injury or critical illness. In 2017, the Company granted a total of RMB 160,000 aid fund to 52 employees.

In respect to caring for female employees, the Company signed the Special Collective Contract on Labor Protection of Female Employees of Haitong Securities,



Nursing Room



The Company's trade union organizes Workers' Congress to safeguard the employees' rights of participation in democratic decision-making, democratic management and democratic supervision. In 2017, the Company convened 2 Workers' Congress meetings, which deliberated and adopted proposals on the establishment of employee supervisor in the 6th board of supervisors.

### Corporate Culture Construction

The Company pays great attention to the construction of corporate culture, and actively organizes diversified activities for employees. The trade union set up 11 clubs such as yoga, badminton and basketball, which helps to enrich the spare-time cultural life of employees while relieving their stress. In 2017, the Company's CYL Committee continued to promote the construction

of Youth Civilization Unit, amended the Management Measures for Youth Civilization Unit of Haitong Securities, and organized urban charity hiking with the theme of "Love Of Haitong · Hiking Of Youth", financial volunteer service activity of "Haitong is by your side", Little Starfish Charity – children's book donation and noon salon.



### Urban charity hiking 5.20 "Love Of Haitong · Hiking Of Youth"

On May 20, 2017, the Company organized CYL activity with the theme of "Stay loyalty to the Party", namely the charity hiking of "Love Of Haitong · Hiking Of Youth", to celebrate the 98<sup>th</sup> anniversary of the May 4<sup>th</sup> Movement and the 95<sup>th</sup> anniversary of CYL. Participants started from different sites to visit memorial sites of CPC and CYL, former headquarter of the Company and several offices, recalling the 29-year evolution of the Company. The terminal is Haitong Securities Tower. After the hiking, CYL members actively participated in charity bazaar and donation, gave their best Children's Day wishes to children in the paired poverty-stricken county of the Company, and voted to select the winning entries of smartphone photo contest of the Hiking. The activity attracted nearly 200 CYL members from headquarter, Shanghai Branch, Haitong Futures, Haitong Asset Management, Haitong Unitrust and Fullgoal Fund.



### Noon Salon

On November 21<sup>st</sup>, 2017, the Company officially launched the Noon Salon series courses. The salon has 3 topics of "Reflection·Enjoyment", "Happy·Healthy" and "Elegant·Interesting" and consist of 6 sections of One hour of Reflection·Enjoyment, Photo Story, Healthy Life 689, Office Exercise, Book Reading Moment and Art Space. The Company regularly organizes learning exchange of theory classics, work and life experience sharing and artistic culture improvement to provide a platform for employees to show talents and improve skills, which is also an important part of corporate culture system.



► Noon Salon – Interesting Arts



► Noon Salon – Promotion meeting of contribution competition



► Noon Salon – Haitong Securities Hiking & Bicycling culture



► Noon Salon – Interpretation of the 19th CPC National Congress Report

# 06

## Harmonious Society & Green Development

While the Company is focusing on profit-generating, it has been devoted to social charity by establishing charity brand and long-term charity mechanism in the hope of creating social value. Meanwhile, the Company actively advocates green operation, supports green industrial development, pays attention to energy saving and emission reduction, and contributes to sustainable development of the whole society.

## Public Welfare and Volunteer Service

The Company is actively devoted to charity activities. It is engaged in various public welfare activities in respect to education, health and sports, in order to support community development and create social value. Employees also actively join in public welfare activities and carry on charity spirit, building up a good atmosphere of charity in the Company. "Love in Haitong" impresses everyone.



### Haitong International Charity Fund

Haitong International Securities Group Limited, a subsidiary of Haitong Securities, registered the Haitong International Charity Fund in 2014, which aims to effectively collect resources, develop long-term strategic planning and participate in diversified community projects and charity activities.



### Active promotion of windsurfing

Haitong International makes social contribution by sponsoring all types of charity activities. Since autumn in 2017, Haitong International has been exerting all its energies in the support of windsurfing events of Windsurfing Association of Hong Kong, which helps to cultivate Hong Kong windsurfing delegation and promote windsurfing sport. During November 1-5, 2017, the annual biggest Hong Kong Open Windsurfing Championships, sponsored by Haitong International, was officially held in Stanley Beach, where players from all over the world gathered to compete with local elites.

Haitong International has decided to invest more in the support of windsurfing in the future to strengthen the commitment of the community, business circles and employees to windsurfing. Haitong anticipates that Hong Kong windsurfing sport and Haitong International will, hand in hand, make steady progress in Hong Kong, expand to the whole world and enhance international presence.



► Haitong International 2017 Hong Kong Open Windsurfing Championships

The Company actively promotes volunteering spirit, encourages employees to participate in volunteer activities and make social contribution. The activity of "Lei Feng's Spirit Volunteer Day" has lasted for over 10 years in the Company, and the concept of mass volunteering has been well absorbed by all employees.



### Haitong International "Care for the Elderly, Care for the Brain" Project

In addition to the contributions mentioned above, Haitong International Charity Fund collaborated with Helping Hand to co-organize Haitong International "Care for the Elderly, Care for the Brain" Project , which aims to help the elderly in need to improve mood and address cognitive-disorder-related problems via diversified therapies like gardening, music and art. More networking opportunities are created by our interest classes so the elderly can enjoy more rich and joyous twilight years. By the end of 2017, the program had contributed 169 service hours to 5 elderly service units affiliated to Helping Hand, benefiting 1,840 old people.



► Haitong International "Care for the Elderly, Care for the Brain" Project



### "Haitong is by your side" - Lei Feng's Spirit Volunteer Activity

To celebrate the 55<sup>th</sup> Lei Feng Memorial Day, the Company's CYL Committee launched for its league members the initiative with the theme of "Love in Haitong Securities-Happy Volunteering", 2017 Haitong youth charity volunteer activity. On March 5th, the Company's CYL Committee organized Lei Feng's spirit volunteer activity with the theme of "Haitong is by your side". Young employees from headquarters, Shanghai Branch and its affiliated Fuzhou Road office, West Jianguo Road office and Internet Securities Service Center visited East Nanjing Road community to actively provide residents and tourists with financial risk prevention, financial fraud prevention, anti-money laundering, wealth management and securities business consulting services.



► Lei Feng' spirit volunteer activity



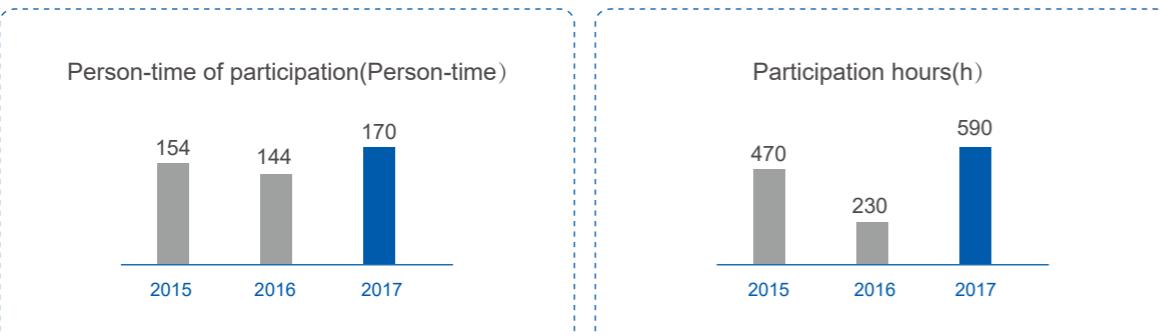
## NCEE Service Station of Harbin Yiman Street Office

Since 2014, Harbin Yiman Street Office has been working as NCEE service station and volunteer team to provide examinees and their parents with pen & paper, sweet mung bean soup, refreshing articles and rest area.



► NCEE Service Station of Harbin Yiman Street Office

### Employees' volunteering performance indicator table



## Targeted Poverty Alleviation

### Modularized Poverty Alleviation Management

In 2017, with the deepening of the national poverty alleviation program, the Company actively responded to the initiative of supporting national-level poverty-stricken counties and fully played an industrial pioneer role in national poverty alleviation strategy. By taking full advantage of its diversified resources and expertise in capital market, the Company vigorously carried out financial poverty alleviation and industry poverty alleviation and promote the economic transformation and industrial upgrading of poverty-stricken areas.

The Company has set up poverty alleviation leading group, with the secretary of the Company's Party committee/Chairman as the leader. The leading group consists of working groups and functional organizations to realize modularized poverty alleviation, i.e. the Company acts as the core base of poverty alleviation which coordinates departments and subsidiaries and well integrates external resources, thus maximizing poverty alleviation effectiveness.

#### To further strengthen poverty alleviation efforts, the Company actively implements three links:

- Link between management department and business departments

The Company incorporates front-line departments like investment bank business department into the working groups, and designates the Party-masses work department to assume routine liaison and coordination.

- Link between headquarter and branches

Under the deployment of headquarters, Anhui Branch and Jiangxi Branch were fully engaged in poverty alleviation work in Anhui Province and Jiangxi Province. In December 2017, Heilongjiang Branch signed memo of alleviation in the form of "One Company One County" with Yanshou County, Harbin City, focus on and fully support local social and economic transformation.

- Link between financial support and personnel guarantee

In addition to fund and project support, some cadres and business backbones serve as economic counselors and temporary deputy mayors in paired poverty-stricken counties/cities to give advice in respect to local development.

#### Poverty alleviation concept

Based on the characteristics of the poverty-stricken county, the Company gives play to its financial expertise, through external absorption and internal strengthening carries out comprehensive cooperation to accelerate the local development.

#### Poverty alleviation policy

Promote overall planning and coordination  
Establish long-term mechanism  
Strengthen resources integration  
Follow policy orientation

#### Main poverty alleviation means

Financial poverty alleviation  
Education poverty alleviation  
Infrastructure poverty alleviation  
Industry poverty alleviation  
Charity poverty alleviation

#### Two major poverty alleviation directions

**Support the construction of beautiful villages and towns**  
The Company continuously supports the implementation of the action plan of "Beautiful Villages & Eco-friendly Chongming", and the Company's Party organization provides paired support for impoverished masses in Shanghai suburb to boost local economic development.

**Paired support in the form of "One Company One County"**  
The Company signed agreements on paired support in the form of "One Company One County", established comprehensive partnership with local governments, and gives play to its advantages as a securities company to help enterprises in poverty-stricken areas acquire financing and boost economic development.

## Support the Construction of Beautiful Villages and Towns

The Company has been actively supporting the development of villages and towns in Shanghai suburb. As of 2017, the Company had been comprehensively supporting Chongming District for 5 years, appropriating a total of fund of RMB 25 million (each year RMB 5 million) for its program of "Beautiful Villages". The five-year alleviation has made contributions to the completion of Chongming infrastructure project and the construction of its Intelligent Island Incubator and industrial pioneer park. Meanwhile, the Company's Party organization continues the paired support for Langxia Town in Jinshan District and Guangming Village, Xuanqiao Town in Pudong New Area by regularly visiting local poverty-stricken population, offering inclusive finance education to local investors, thus continuously deepening the paired support efforts.

## Paired Support in the Form of "One Company One County"

The Company has been in paired support agreements with Lixin County, Bozhou City, Anhui Province, Ningdu County, Ganzhou City, Jiangxi Province, Shucheng County, Liu'an City, Anhui Province successively, under which, the Company appropriates RMB 1 million to each county each year as alleviation fund and provides intellectual resources to help them overcome poverty in four aspects like capital poverty alleviation, financial poverty alleviation, education poverty alleviation and industry poverty alleviation.

The Company focuses on educational development in poverty-stricken areas so it has set up Haitong Securities scholarship and grants to support local education. Meanwhile, Haitong organizes book donation to build "Love library" for poverty-stricken counties.

### "Little Starfish" charity program - children's book donation activity

To celebrate the 29<sup>th</sup> anniversary of the Company, the Company's CYL Committee launched the "Little Starfish" charity program - children's book donation activity. Members from all departments and subsidiaries actively participated in the activity to donate a total of 323 books, which were later sent, together with blessing cards, to junior grade pupils of primary schools in poverty-stricken areas to enrich their spiritual life.



➤ Ceremony of book donation to primary schools in Ningdu County



➤ Ceremony of book donation to primary schools in Lixin County



➤ "Little Starfish" charity program

Taking advantage of its expertise, the Company provides enterprises and public institutions from the paired counties with comprehensive and professional capital market services to support the transformation & development of local economy. The Company held financial knowledge special training session and capital market knowledge lecture at 3 places in 2 provinces, which not only delivered financial knowledge to local government, enterprises and persons in charge, but also deepened their understanding about capital market, thus improving their ability in respect to financing. Business departments from the Company paid many visits and conducted many surveys, and Anhui Branch and Jiangxi Branch, so familiar to local

conditions, also visited local backbone enterprises, integrated resources, and used market tools to realize "internal strengthening" and help local governments transform their concepts and their economic growth modes.

In 2017, the Company successively signed framework agreements on paired support with Chunlei Agricultural Development Co., Ltd. in Lixin County, Anhui Province and Jiajun Baby's Products Co., Ltd. in Jiangxi Province, to help the two enterprises regulate corporate governance, optimize financial controlling system, improve financing capacity and corporate image, and guarantee the sustainable development.

#### Lixin County

Located in Bozhou City, northwest of Anhui Province, Lixin County boasts a land of 2,005 square kilometers, a population of 1.7 million, and a beautiful landscape, enjoying the honor and reputation of "Top 10 Eco-tourism & Leisure Tourism Destination", "Top 10 Emerging Tourism County Brands", "Recreational Agriculture & Rural Tourism Model County in Anhui Province" and "Best Water Environment in Anhui Province".



➤ Ceremony of paired support agreement between Haitong Securities and Ningdu County, Ganzhou City, Jiangxi Province

#### Ningdu County

Located in southeast of Jiangxi Province and upstream of Gong River, source of the Ganjiang River, Ningdu County boasts a land of 4,053 square kilometers, a population of 830 thousand. With an annual grain output of 300 thousand tons, it was given the reputation of "Granary in Southern Jiangxi", with rice, yellow chicken, fruit, mushroom and tea-oil trees as the dominant agricultural industries and tea, tobacco, mat grass and white lotus as regional specialty.



➤ Financial knowledge training session held in Lixin County

#### Shucheng County

Located in central Anhui Province, east of Dabie Mountains, near Chaohu Lake and between Yangtze River and Huaihe River, Shucheng County boasts a land of 2,100 square kilometers, a population of 1.6 million, known as one of the origins of Chinese dragon culture and one of the 13 Butterfly Lovers culture origins. Its industry mainly consists of agricultural products processing, textiles, apparel and accessories.

##### Fund poverty alleviation

To set up a RMB 3 million special fund for poverty alleviation

##### Financial poverty alleviation

To provide comprehensive financial services including financing planning, bonds issuing and IPO

##### Education poverty alleviation

To set up Haitong Securities scholarship and grants

##### Industry poverty alleviation

To recommend featured products at three locations in two provinces

## Extensive Poverty-alleviation Efforts

By strictly keeping in step with the Company's poverty alleviation strategy, all branches are carrying out diversified charity poverty alleviation activities such as education donation, charity programs and public welfare activities, which are getting more and more influential in the whole society.

In 2017, the donation of  
Haitong branches and business  
departments reached RMB

**260,000**

### Extensive poverty alleviation force

The Company's CYL Committee organized CYL members in Shanghai to carry out 5·20 Youth Charity Hiking and charity sale activity, and the money raised was included in the paired support fund of the Company, which was specially used to improve learning and living conditions for students at Chetouwan Primary School, Ningdu County, Ganzhou City, Jiangxi Province.



➤ 5·20 Youth Charity Hiking



➤ Paired support donation ceremony

Jianguo Street Office in Weiwu City, Gansu Province, has been dedicated to education donation program since 2011, which has helped over 1,000 students. In 2017, the Office organized "Happy Children's Day • Education Donation" and visited the Lijiaowpu Village Primary School, Weiwu City (a national-level poverty-stricken county) and sent the school learning and sports goods.



➤ Education donation of Jianguo Street Office in Weiwu City, Gansu Province

Sichuan Branch held financial knowledge training lecture at communities to keep people in financial difficulties away from financial fraud, help them establish proper investment consciousness. Besides, CYL members of the Branch actively participated in the "Walk for Good" charity running activity organized by China Foundation for Poverty Alleviation.



➤ Members of branches were taking part in "Walk for Good" charity running



➤ Xinjiang branch has long been providing financial aid for Makit County

Xinjiang Branch and Xinjiang Securities Supervision Administration have established long-term support relationship with Makit County. For years, many local Uygur college students have benefited from the project. In 2017, the Branch again donated RMB 200,000 to support the local infrastructure construction.

Guangdong Branch has been actively participating in large-scale charity campaign sponsored by GDTV, and sponsored RMB 60,000 in sports event for the publicity of construction of new socialist countryside.



➤ Guangdong branch was taking part in a large public welfare campaign

## To Give Play to the Advantages as a Securities Company to Promote Financial Poverty Alleviation

During the performance of poverty alleviation social responsibility, the Company takes full advantage of its resources and expertise in capital market to develop IPO projects, actively develops multi-level capital market financing business while continuously innovating new financial products and services, to help to realize economic development of poverty-stricken

areas in various ways. Our financial poverty alleviation business covers over 100 cities/counties nationwide, which has financed over RMB 3 billion for enterprises in poverty-stricken areas, not only achieving the fund "external absorption" but also building "internal strengthening" projects for sustainable economic growth of local real economy.



The Company won "Financial Poverty Alleviation Award 2017" at the 3<sup>rd</sup> China (Shanghai) Listed Companies CSR Summit

### Typical cases of financial poverty alleviation

Project name	Project progress and deliverables
IPO of Ningxia Jiaze Renewables Corporation Limited	SSE main board listing, RMB 244.08 million raised
IPO of Xinjiang Leon Technology Co., Ltd.	SZSE GEM board listing
Debt-to-equity swap and cash financing project of Guizhou Sange Landscape Co., Ltd.	Financing amount of RMB 30 million
Private placement project of Jiangxi Yongtong Technology Co., Ltd.	Financing amount of RMB 38.7 million
NEEQ private placement project of Hunan Mashangyou Technology Co., Ltd.	Financing amount of RMB 27 million
IPO planning of Lixin Bank	Initiated
Issuance of RMB 1.5 billion corporate bonds of Lixin Chunlei Agricultural Development Co., Ltd.	To be submitted to SSE for review
Targeted poverty alleviation project of rubber OTC options of Qiongzong County, Hainan Province	To rely on options insurance service to prevent farmers from market risks led by the declining of agricultural product price.
Targeted poverty alleviation project of white sugar OTC options of Menghai County, Yunnan Province	The projects' notional principal amount and hedging amount were up to RMB 17.36 million
Targeted poverty alleviation project of egg profit index OTC options of Juxian County, Henan Province	
Targeted poverty alleviation project of corn OTC options of Mingshui County, Heilongjiang Province	



### The successful IPO of Ningxia Jiaze Renewables fills the gap of IPO of poverty-stricken-area enterprises

On July 20, 2017, Ningxia Jiaze Renewables Co., Ltd., with Haitong Securities as its sponsor and underwriter, realized successful IPO at SSE, filling the gap of main board IPO of Ningxia enterprises over the past 14 years. The Company issued 193.3 million shares with RMB 244.08 million raised at IPO, all of which will be used for wind power projects in poverty-stricken areas in Ningxia.

Haitong Securities has been providing Ningxia Jiaze Renewables with IPO guidance and consultation since the third quarter of 2015. Based on the characteristics of wind power industry and this enterprise, Haitong Securities designed a reasonable restructuring and IPO proposal, and offered capital market resources for its rapid development. The project not only helped to improve Jiaze's competence but also provided 2,000 short-term jobs for relevant surplus labor, contributed tax of RMB 18.0463 million, constructed over 100-km road, over 50 cisterns, and declared a 150-MW PV poverty alleviation project. It's obvious that this project has made comprehensive social contributions in respect to creating employment opportunities, increasing local tax revenue, improving infrastructure, promoting the development of clean energy industry and performing CSR.



► Ningxia Jiaze New Energy Co., Ltd successfully went public



### Qu Qiuping, CEO of Haitong Securities, shared the targeted poverty alleviation experience in the interview by Shanghai Securities News



"In the future, securities companies should better focus on targeted poverty alleviation efforts. Specifically, we may invest huge capital in appropriate industry projects, bring industrial poverty alleviation onto the market-oriented track via policy orientation and external market efforts, and strengthen the training on poverty-stricken population to develop their capacity of making economic progress."

Qu Qiuping, CEO

► CEO of Haitong Securities: Qu Qiuping

## Environmental Contribution

### Green Finance

Green finance development is not only a crucial foundation for ecological civilization, but also a key part of supply-side structural reform. The Company gives full play to its advantages to continuously make innovations in respect to green financial products and green finance service. Through multi-channel and diversified green financing tools, the Company offers financing to green enterprises and green projects, thus making contributions to ecological civilization construction.

Green bonds series products are specially-designed financial service products targeting green enterprises and green industrial projects, dedicated to addressing financing difficulties encountered by China's green

products and better driving the development of green industry in China. As a leader in the issuance of green bonds, the Company boasts two "firsts" in the segment: the first green corporate bond in China - "BAIC Green Bond 2016", and the first green financial bond in China - "2016 SPDB Green Financial Bond 01", whose raised funds will be used for upgrading new energy vehicles and green loans respectively.

In 2017, the total scale of green bonds issued by the Company reached RMB 38.5 billion, and the Company was honored with the second place of Shanghai Financial Innovation Achievement Award for its achievements in respect to Green Bonds



#### Green corporate bonds of Suzhou GCL New Energy

In 2017, Haitong Securities underwrote the private placement of green corporate bonds of Suzhou GCL New Energy Investment Co., Ltd., with a scale of RMB 1.75 billion. The raised funds will be applied to the green project of PV power station. The whole project demonstrates the important role of capital market in supporting new energy industry.



#### Green bonds of Tongling Development

Haitong Securities created green bonds 2017 for Tongling Development Investment Group Co., Ltd., with a scale of RMB 1.2 billion, and the raised fund will be as subsequent capital increase to green fund company. Green industry investment fund is a major innovation of China's green finance development, and the bond has further enhanced capital strength of Tongling green industry investment funds, which will be conducive to the construction and improvement of green finance system of Tongling City.

The Green Bonds program won the second place of Shanghai Financial Innovation Achievement Award



### Green Operation

As a financial service company, the Company may pose influences to the environment mainly in respect to paper consumption, water consumption and power consumption during its operation. The Company has been strictly abiding by environment-related laws and regulations and adhering to the philosophy of

green operation. It pays attention to environmental protection in all aspects of our operation, and takes multiple measures to reduce adverse impact caused by business operation on the environment and natural resources. The Company was not engaged in any violation in respect to environmental protection.

The Company advocates water & power saving, with air-conditioner temperature set above 26°C in summer and below 20°C in winter, and timely shutdown of office equipment when it's not in use;

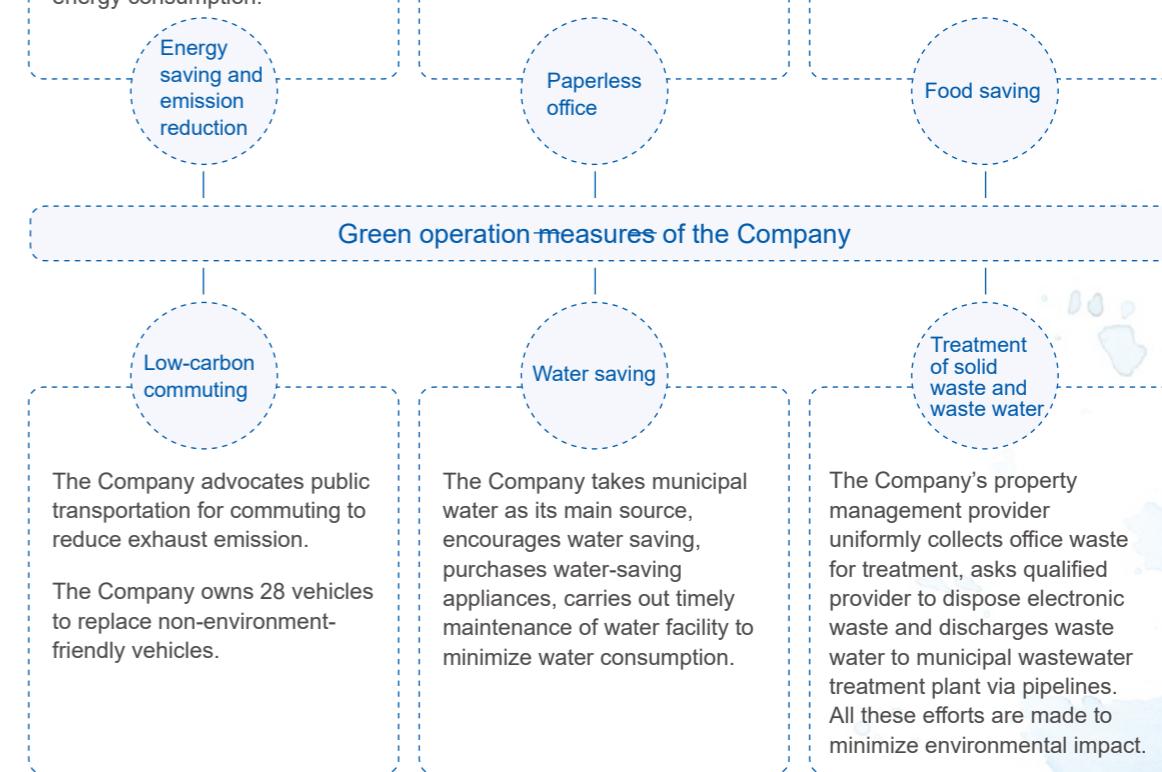
Considering the Company's industrial characteristics, we apply energy-saving technology to energy-consuming data center to effectively control energy consumption.

The Company encourages paper saving, duplex printing, and reusing of single-sided printing paper;

The Company has built online OA system so it can issue internal notices and plans in electronic edition, thus reducing paper consumption.

The Company enhances publicity on food saving by such means as posters;

The Company also provides free-of-charge to-go boxes for employees for their convenience to handle leftover.



In 2017, Haitong Securities won Outstanding Energy-Saving Company Award and Outstanding Organization Award in the energy saving and emission reduction competition of key energy consumers of financial system in Shanghai.

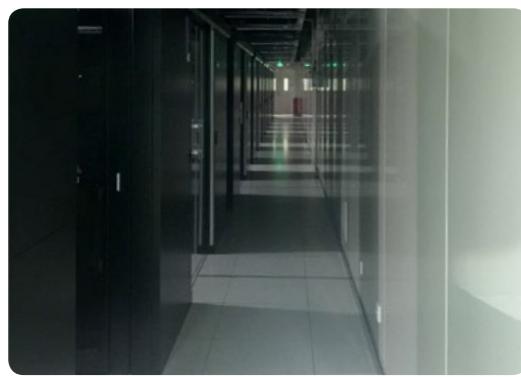


## Energy-saving technology innovation of data center

With the business expansion, the Company's data center is facing increasing pressure. , Virtualization technology, an important means to reduce energy consumption of data center, can increase server utilization, decrease hardware requirements and reduce operation cost. In 2017, data center effectively improved equipment effectiveness and reduced power consumption via innovations such as lighting system transformation, virtualization enhancement, hyper-convergence and KVM.

By the end of 2017, the data center had been equipped with 3,586 virtual machines corresponding to 619 host machines, physical servers reduced by 2,967 ones. Annual power saving is about 9.3 million kWh based on single server power being 360W. All the servers in data center are subject to KVM, The Company has greatly reduced the deployment of peripherals like displays by adopting KVM to all the servers in data center, which helped to realize room saving as well as annual power saving of 420 thousand kWh.

Meanwhile, the Company's South Center Machine Room has also been completed in respect to lighting system renewal, which realizes, intelligently, 80% lighting on for manual operation and 20% on for automatic operation. Thus, power saving per room per day reaches about 108 kWh; refrigerating volume of air-conditioning system was saved by 18.9 kWh due to less lighting system heating; annual power consumption was saved by about 46,000 kWh.



► 20% lighting model of south center machine room



► Display reduction by KVM system

## Environmental performance indicators

Indicator	Unit	2015	2016	2017
Total greenhouse gas emission	Ton	1,311.43	1,412.26	1,433.38
Greenhouse gas emission per unit area	Ton/m <sup>2</sup>	0.02	0.02	0.02
Total water consumption	Ton	39,002.02	42,882.79	47,178.38
Water consumption per unit area	Ton/m <sup>2</sup>	0.54	0.58	0.62
Total power consumption	kW·h	7,966,368	8,379,918	8,588,750
Power consumption per unit area	kW·h/m <sup>2</sup>	110.33	113.32	112.41
Total vehicle fuel consumption	L	178,838	160,313	164,895
Total natural gas consumption	m <sup>3</sup>	78,348	101,198	105,233
Natural gas consumption per unit area	m <sup>3</sup> /m <sup>2</sup>	1.97	2.50	2.49
Total office paper consumption	Bag	5,860	7,106	7,380
Total electronics discarded	Piece	552	367	267
Paperless work	Time	14,453	16,414	17,344
Paper saved by paperless work	Piece	72,265	82,070	86,720
Annual power consumption of data center	kW·h	457	511	555

Note 1: GHG, power consumption, water consumption and fuel consumption are based on the caliber of Haitong securities head office and branches; other data is based on the caliber of Haitong securities head office.

Note 2: Greenhouse gas emissions include direct emission by company vehicles and natural gas consumption and indirect emission by outsourced power, which are estimated based on average carbon dioxide emission factor of Chinese regional power grids issued by Department of Climate Change of NDRC, greenhouse gas emission factor of mobile sources provided by HKEx, and urban greenhouse gas calculation tool 2.0 issued by WRI.

## Appendices

### Disclosure Recommendations of the Shanghai Stock Exchange Index

#### The Shanghai Stock Exchange's Notice on Strengthening Listed Companies' Assumption of Social Responsibility and on Issuing the Guidelines on Listed Companies' Environmental Information Disclosure

Disclosure Proposal	Section index
Article 1	Company Profile CSR Philosophy
Article 2	Message from the Chairman Message from the CEO CSR Philosophy Professional Service & Value Creation Prudent Operation for Shareholder's return People First and Powerful-talent Company Harmonious Society & Green Development
Article 3	Requirements satisfied
Article 4	Prudent Operation for Shareholder's return
Article 5 (1)	People First and Powerful-talent Company Harmonious Society & Green Development Professional Service & Value Creation
Article 5 (2)	Environmental Contribution
Article 5 (3)	Professional Service & Value Creation People First and Powerful-talent Company Prudent Operation for Shareholder's Return
Article 6	Requirements satisfied
Article 7	Requirements satisfied

### HKEX ESG Reporting Guide Index

Aspects, General Disclosures and KPIs	Description	Disclosure chapters
<b>Main Scope A. Environment</b>		
<b>Aspect A1: Emissions</b>		
General Disclosure A1	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.	Environmental Contribution
KPI A1.1	The types of emissions and respective emissions data.	Environmental Contribution
KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Contribution
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Contribution
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Contribution
KPI A1.5	Description of measures to mitigate emissions and results achieved.	Environmental Contribution
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Environmental Contribution
<b>Aspect A2: Use of Resources</b>		
General Disclosure A2	Policies on the efficient use of resources, including energy, water and other raw materials.	Environmental Contribution
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).	Environmental Contribution
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Environmental Contribution
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	Environmental Contribution
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Environmental Contribution

Aspects, General Disclosures and KPIs	Description	Disclosure chapters
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	As we provide financial products, the indicator shall not apply.
<b>Aspect A3: The Environment and Natural Resources</b>		
General Disclosure A3	Policies on minimising the issuer's significant impact on the environment and natural resources.	Environmental Contribution
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environmental Contribution
<b>Main Scope B. Social Employment and Labor Practices</b>		
<b>Aspect B1: Employment</b>		
General Disclosure B1	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.	Employees' Interests
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	Employees' Interests
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Employees' Interests
<b>Aspect B2: Health and Safety</b>		
General Disclosure B2	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.	Employees' Interests
KPI B2.1	Number and rate of work-related fatalities.	Employees' Interests
KPI B2.2	Lost days due to work injury.	Employees' Interests
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Employees' Interests
<b>Aspect B3: Development and Training</b>		
General Disclosure B3	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Employees Training

Aspects, General Disclosures and KPIs	Description	Disclosure chapters
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Employees Training
KPI B3.2	The average training hours completed per employee by gender and employee category.	Employees Training
<b>Aspect B4: Labor Standards</b>		
General Disclosure B4	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.	Employees' Interests
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Employees' Interests
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Employees' Interests
<b>Main Scope B. Social Operating Practices</b>		
<b>Aspect B5: Supply Chain Management</b>		
General Disclosure B5	Policies on managing environmental and social risks of the supply chain.	Risk Management
KPI B5.1	Number of suppliers by geographical region.	—
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Risk Management
<b>Aspect B6: Product Responsibility</b>		
General Disclosure B6	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.	To Improve Service System & Enhance Customer Experience
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not Applicable
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	To Improve Service System & Enhance Customer Experience
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	—

Aspects, General Disclosures and KPIs	Description	Disclosure chapters
KPI B6.4	Description of quality assurance process and recall procedures.	Not Applicable
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	To Improve Service System & Enhance Customer Experience
<b>Aspect B7: Anti-corruption</b>		
General Disclosure B7	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.	Compliant Operation
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.	Compliant Operation
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Compliant Operation
<b>Aspect B8: Community Investment</b>		
General Disclosure B8	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.	Targeted Poverty Alleviation Public Welfare and Volunteer Service
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Targeted Poverty Alleviation Public Welfare and Volunteer Service
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Targeted Poverty Alleviation Public Welfare and Volunteer Service

## Sustainability Reporting Guidelines(GRI G4)Index

GRI Sustainability Reporting Guidelines (GRI G4) index		
No.	Description	Disclosure section
<b>Strategy and Analysis</b>		
G4-1	Provide 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 the organization's strategy for addressing sustainability	Message from the Chairman Message from the CEO
G4-2	Provide a description of key impacts, risks, and opportunities	Message from the Chairman Message from the CEO
<b>Organizational Profile</b>		
G4-3	Report the name of the organization	Company Profile
G4-4	Report the primary brands, products, and services	Company Profile
G4-5	Report the location of the organization's headquarters	Back Cover
G4-8	Report the markets served	Company Profile
G4-9	Report the scale of the organization	Company Profile
G4-10	a. Report the total number of employees by employment contract and gender	Employees' Interests
	b. Report the total number of permanent employees by employment type and gender	
	c. Report the total workforce by employees and supervised workers and by gender	
	d. Report the total workforce by region and gender	
	e. Report whether a substantial portion of the organization's work is performed by workers who are legally recognized as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors	
	f. Report any significant variations in employment numbers (such as seasonal variations in employment in the tourism or agricultural industries)	
G4-12	Describe the organization's supply chain	Risk Management
G4-13	Any significant changes during the reporting period regarding the organization's scale, structure, ownership	Company Profile
<b>Commitments to External Initiatives</b>		
G4-14	a. Report whether and how the precautionary approach or principle is addressed by the organization	Corporate Governance Risk Management

GRI Sustainability Reporting Guidelines (GRI G4) index		
No.	Description	Disclosure section
<b>Identified Material Aspects and Boundaries</b>		
G4-17	a. List all entities included in the organization's consolidated financial statements or equivalent documents b. Report whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report	About the Report
G4-18	a. Explain the process for defining the report content and the Aspect Boundaries b. Explain how the organization has implemented the Reporting Principles for Defining Report Content	About the Report
G4-19	a. List all the material Aspects identified in the process for defining report content	CSR Philosophy
<b>Stakeholder Engagement</b>		
G4-24	Provide a list of stakeholder groups engaged by the organization	CSR Philosophy
G4-25	Report the basis for identification and selection of stakeholders with whom to engage	CSR Philosophy
G4-26	Report 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	CSR Philosophy
G4-27	Report key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns	CSR Philosophy
<b>Report Profile</b>		
G4-28	Reporting period (such as fiscal or calendar year) for information provided	About the Report
G4-29	Date of most recent previous report (if any)	About the Report
G4-30	Reporting cycle (such as annual, biennial)	About the Report
G4-31	Provide the contact point for questions regarding the report or its contents	About the Report Back Cover
G4-32	a. Report the 'in accordance' option the organization has chosen. b. Report the GRI Content Index for the chosen option (see tables below) c. Report the reference to the External Assurance Report, if the report has been externally assured	Index

GRI Sustainability Reporting Guidelines (GRI G4) index		
No.	Description	Disclosure section
<b>Governance</b>		
G4-34 - G4-55	Corporate Governance	Corporate Governance
<b>Ethics and Integrity</b>		
G4-56	Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics	CSR Philosophy Risk Management Compliant Operation
G4-57	Report the internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as helplines or advice lines	Compliant Operation
G4-58	Report the internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines	Compliant Operation
<b>Economic Indicators</b>		
G4-DMA	Disclosures on Management Approach	Economic Contribution
G4-EC1	Direct economic value generated and distributed	Economic Contribution
<b>Market Presence</b>		
G4-DMA	Disclosures on Management Approach	Employees' Interests
<b>Indirect Economic Impacts</b>		
G4-DMA	Disclosure on Management Approach	Public Welfare and Volunteer Service Targeted Poverty Alleviation
G4-EC7	Development and impact of infrastructure investments and services supported	Public Welfare and Volunteer Service Targeted Poverty Alleviation
G4-EC8	Significant indirect economic impacts, including the extent of impacts	Public Welfare and Volunteer Service Targeted Poverty Alleviation
<b>Procurement Practices</b>		
G4-DMA	Disclosures on Management Approach	Risk Management Environmental Contribution

GRI Sustainability Reporting Guidelines (GRI G4) index		
No.	Description	Disclosure section
<b>Environmental Performance Indicator</b>		
<b>Materials</b>		
G4-DMA	Disclosure on Management Approach	Environmental Contribution
<b>Energy</b>		
G4-DMA	Disclosure on Management Approach	Environmental Contribution
G4-EN3	Energy consumption within the organization	Environmental Contribution
G4-EN5	Energy intensity	Environmental Contribution
G4-EN6	Reduction of energy consumption	Environmental Contribution
G4-EN7	Reduction of energy required by products and services	Environmental Contribution
<b>Water</b>		
G4-DMA	Disclosure on Management Approach	Environmental Contribution
G4-EN8	Total water withdrawal by source	Environmental Contribution
<b>Emissions</b>		
G4-DMA	Disclosure on Management Approach	Environmental Contribution
G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1)	Environmental Contribution
G4-EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2)	Environmental Contribution
G4-EN18	Greenhouse gas (GHG) emissions intensity	Environmental Contribution
G4-EN19	Reduction of greenhouse gas (GHG) emissions	Environmental Contribution
<b>Products and Services</b>		
G4-DMA	Disclosure on Management Approach	Professional Service & Value Creation

GRI Sustainability Reporting Guidelines (GRI G4) index		
No.	Description	Disclosure section
G4-EN27	Extent of impact mitigation of environmental impacts of products and services	Environmental Contribution
<b>Compliance</b>		
G4-DMA	Disclosure on Management Approach	Compliant Operation
<b>Transport</b>		
G4-EN30	Significant environmental impacts of transporting products and other goods and materials for the organization's operations, and transporting members of the workforce	Environmental Contribution
<b>Supplier Environmental Assessment</b>		
G4-DMA	Disclosure on Management Approach	Environmental Contribution
G4-EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken	Risk Management
<b>Employment</b>		
G4-DMA	Disclosure on Management Approach	Employees' Interests
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	Employees' Interests
G4-LA3	Return to work and retention rates after parental leave, by gender	Employees' Interests
<b>Occupational Health and Safety</b>		
G4-DMA	Disclosure on Management Approach	Employees' Interests
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	Employees' Interests
G4-LA7	Workers with high incidence or high risk of diseases related to their occupation	Employees' Interests
<b>Training and Education</b>		
G4-DMA	Disclosure on Management Approach	Employees Training
G4-LA9	Average hours of training per year per employee by gender, and by employee category	Employees Training
G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	Employees Training
<b>Diversity and Equal Opportunity</b>		
G4-DMA	Disclosure on Management Approach	Employees' Interests

GRI Sustainability Reporting Guidelines (GRI G4) index		
No.	Description	Disclosure section
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	Employees' Interests
<b>Labor Practices Assessment for Supplies</b>		
G4-DMA	Disclosure on Management Approach	Risk Management
<b>Mechanisms for Handling Labor Problems</b>		
G4-DMA	Disclosure on Management Approach	Employees' Interests
G4-LA16	Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms	Employees' Interests
<b>Human Rights Indicator</b>		
<b>Investment</b>		
G4-DMA	Disclosure on Management Approach	Employees' Interests
<b>Non-discrimination</b>		
G4-DMA	Disclosure on Management Approach	Employees' Interests
G4-HR3	Total number of incidents of discrimination and corrective actions taken	Employees' Interests
<b>Freedom of Association and Collective Bargaining</b>		
G4-DMA	Disclosure on Management Approach	Employees' Interests
<b>Child Labor</b>		
G4-DMA	Disclosure on Management Approach	Employees' Interests
G4-HR5	Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor	Risk Management Employees' Interests
<b>Forced or Compulsory Labor</b>		
G4-DMA	Disclosure on Management Approach	Employees' Interests
G4-HR6	Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor	Employees' Interests Risk Management
<b>Security Practices</b>		
G4-DMA	Disclosure on Management Approach	Employees' Interests
<b>Local Communities</b>		
G4-DMA	Disclosure on Management Approach	Targeted Poverty Alleviation

GRI Sustainability Reporting Guidelines (GRI G4) index		
No.	Description	Disclosure section
<b>Anti-corruption</b>		
G4-DMA	Disclosure on Management Approach	Compliant Operation
G4-SO4	Communication and training on anti-corruption policies and procedures	Compliant Operation
G4-SO5	Confirmed incidents of corruption and actions taken	Compliant Operation
<b>Compliance</b>		
G4-DMA	Disclosure on Management Approach	Compliant Operation
G4-SO8	Monetary value of significant fines and total number of nonmonetary sanctions for non-compliance with laws and regulations	Compliant Operation
<b>Supplier Assessment for Impacts on Society</b>		
G4-DMA	Disclosure on Management Approach	Risk Management
<b>Product and Service Labeling</b>		
G4-DMA	Disclosure on Management Approach	Professional Service & Value Creation
G4-PR3	Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements	Professional Service & Value Creation
G4-PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes	Professional Service & Value Creation
G4-PR5	Results of surveys measuring customer satisfaction	Professional Service & Value Creation
<b>Customer Privacy</b>		
G4-DMA	Disclosure on Management Approach	Professional Service & Value Creation
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	Professional Service & Value Creation
<b>Compliance</b>		
G4-DMA	Disclosure on Management Approach	Compliant Operation

## About the Report

This is the 7<sup>th</sup> CSR Report issued by Haitong Securities Co., Ltd. (“Haitong Securities” or “the Company”), aiming to disclose the Company’s economic, social and environmental initiatives and accomplishments to the stakeholders.

### Scope of Report

Organizational scope: The Report takes Haitong Securities Co., Ltd. as the subject, and covers key subsidiaries including Haitong International Holdings Limited, Haitong Capital Co., Ltd., Haitong Futures Co., Ltd., Haitong-Fortis Private Equity Fund Management Co., Ltd., HFT Investment Management Co., Ltd., Shanghai Haitong Securities Asset Management Company Ltd. and Haitong Innovation Securities Investment Co., Ltd..

Time period: January 1, 2017 – December 31, 2017.

Issuing cycle: The Report is issued annually.

### Data Description

The data and cases in the Report are derived from the original records or financial reports on the actual operation of Haitong Securities and its subsidiaries. The financial figures are expressed in RMB. In case of any discrepancy between the Report and the financial reports, the latter shall prevail.

### Basis of Preparation

The Report is prepared based on Notice on Strengthening CSR Work of Listed Companies & Issuing Guidelines on Environmental Information Disclosure of Listed Companies in SSE and Notice on Further Improving Disclosure of Poverty Alleviation Information of Listed Companies issued by Shanghai Stock Exchange, Listing Rules of HKEx and its Appendix 27, Environmental, Social and Governance Reporting Guide, and GRI Sustainability Reporting Guidelines (GRI G4).

### Issuing Format

The Report is available in the format of PDF at <http://www.sse.com.cn>, <http://www.hkexnews.hk> and <http://www.htsec.com>.



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