



CSR Report **2019**
Haitong Securities Co., Ltd.



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Haitong Securities Official
Wechat Platform

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Message from the Chairman



"Time stops for no one, and the seasons keep changing." The year 2019 marked the 31st anniversary of the establishment of Haitong Securities. It was also another year for us Haitong people to carry forward our cause and forge ahead into the future. This year, we maintained our strategic resolve to implement the blueprint thoroughly, strictly adhered to the lifeline of risk management, and properly responded to the complicated macro environment and the international situation. With such efforts, our main financial and business indicators ranked top in the industry.

While creating economic value, we actively fulfilled our responsibilities for clients, employees and the society. In 2019, we made thorough endeavors in forestalling financial risks, promoting improvements in governance systems, advancing the company's overall digital transformation through financial technology, and pursuing the high-quality development with high-quality Party building. Adhering to the main principle and original mission of serving the real economy with financial services, we supported the development of technology start-ups, small and medium-sized enterprises, and private firms, and adopted green bonds and other financial instruments to instruct and inspire more social capital to flow into green industries for the sustainable economic development. As a state-owned enterprise, Haitong Securities has never forgotten the original aspiration and mission. In line with the overall requirements for the capital market to serve the country's poverty alleviation strategy, we pushed ahead with the social and economic transformation in poverty-stricken areas, and we also continuously put the charity philosophy of "Love in Haitong" into effect, made the charitable return and dedication to the society a consensus among Haitong employees, and integrated it into the corporate culture.

The year 2020 is the concluding year for building a moderately prosperous society in all respects and completing the "13th Five-Year Plan". We will closely follow the main line of "high-quality development", stay true to our original aspiration, and continue to forge further ahead. In this new year, we will further enhance risk compliance management, improve our capabilities of providing comprehensive financial services for clients, and continuously refine our human resource management system; we will focus on fortifying the Haitong culture and reaching the Haitong consensus to make due contributions to green development, poverty alleviation, and the creation of a better life.

"From day to day the sun succeeds the moon; the course of seasons moves on very soon." In the new year, we Haitong people, with more responsibilities and undertakings, will pull together to strive for the goal of creating "a leading domestic and globally influential Chinese benchmark investment bank" and to contribute to the prosperous and healthy development of China's capital market and securities industry.

Message from the CEO



In 2019, under the strong leadership of the Board of Directors and with consistent strategic resolve, the management grasped development opportunities, held the bottom line of risks, and achieved good operation results. In the meantime, we continued to organically integrate social responsibility fulfillment with business development and brought great social benefits.

In 2019, our main financial indicators remained top in the industry, and our category rating kept at AA, the highest level in the industry. We highly valued IT application, and strengthened technology-empowered management, and made fintech the driving force for our high-quality development. At the same time, in response to the national strategy, we completed the procedures of pre-listing review and listing for the first batch of underwriting projects on the STAR Market and constantly improved our capacities to serve small and micro businesses, private enterprises and other entities in the real economy industry. We actively integrated the ESG philosophy into business development, providing financing services for green and environmental-friendly enterprises to support ecological conservation.

We actively fulfilled due responsibility of a corporate citizen, continuously carried out such programs as "Haitong · Love Flies" rural teacher training, Little Starfish · Children's Book Collection, "Haitong · Love Reading" Mandarin promotion and poverty alleviation charity program, and deeply popularized the charity philosophy of "Love in Haitong". Through the pairing assistance programs of "one company to one county" and "100 firms to 100 villages", and the urban-rural pairing of Party organizations in Shanghai, we helped the masses get out of poverty and reach for prosperity at a faster pace. We focused on employee growth, conducting training activities for new employees, strengthening the building of management ladder, and creating high-quality development platforms for all types of employees to promote human capital development.

Looking ahead to 2020, we will deeply grasp the opportunities and challenges brought by the changes of the time; we will continuously improve our core competitiveness from the four aspects of talent, capital, compliance and risk control, and technology; we will give top priority to holding the bottom line of risks, sticking to the main mission of development, and seeking reform routes; we will integrate the best international practices, gather our spiritual value, fully perform social responsibilities, continuously improve our social influence, and strive to grow into a stronger company with high-quality development!

About Haitong Securities



Company Overview

Name in Chinese	海通证券股份有限公司
Name in English	Haitong Securities Co., Ltd.
Headquarters	No. 689 Guangdong Road, Shanghai, China
Business segments	Wealth management, investment bank, asset management, trading and institutional client services, financial leasing, etc.
Number of customers	Nearly 15.5 million persons
Number of employees	10,837 persons

Company profile

Founded in 1988, Haitong Securities Company Limited is the only existing large-sized securities company in operation that was not renamed and did not receive capital injection from the government or become the target entity of any acquisition or reorganization among the oldest securities companies established in the 1980s in China.

The customer-centric Company focuses on the intermediary businesses like brokerage, investment banking, and asset management as its body and takes the supplementary businesses of capital-based brokerage and investment as its wings. Driven by the collectivized, internationalized, and IT-based development, the Company enhances the building of the four pillars of compliance and risk control, talent, IT and research, and boosts the five major capacities of capital and investment management, investment banking contracting and sales pricing, asset management, institutional brokerage and sales transactions, and wealth management, to strive to develop into "a leading domestic and globally influential Chinese benchmark investment bank".



Total assets
RMB

636.794
billion

Net assets attributable to the parent company
RMB
126.091
billion

Operating income
RMB

34.429
billion

Net profit attributable to the parent company
RMB
9.523
billion

Haitong UniTrust, a subsidiary of Haitong Securities, went public on The Stock Exchange of Hong Kong Limited as the first listed domestic financial leasing company owned by a securities company.

Privately placed H-shares; Acquired Japaninvest Group plc and Banco Espírito Santo de Investimento, S.A. (BESI), and renamed the latter Haitong Bank, carrying the global strategy farther.

2013 Acquired Unitrust Finance Group, becoming the first securities company offering financial leasing service.

2012 Went public on The Stock Exchange of Hong Kong Limited (stock code: 6837), realizing A+H-shares listing.

Acquired Huanghai Futures and took custody of Gansu Securities and Xing'an Securities, realizing low-cost rapid expansion; became an innovative pilot securities company.

2005

2019

2018

2015

Haitong International, a subsidiary of Haitong Securities, launched its market making business in the US, becoming the first ever Chinese-funded market maker in Nasdaq Stock Market.

Milestones of Haitong Securities

2009

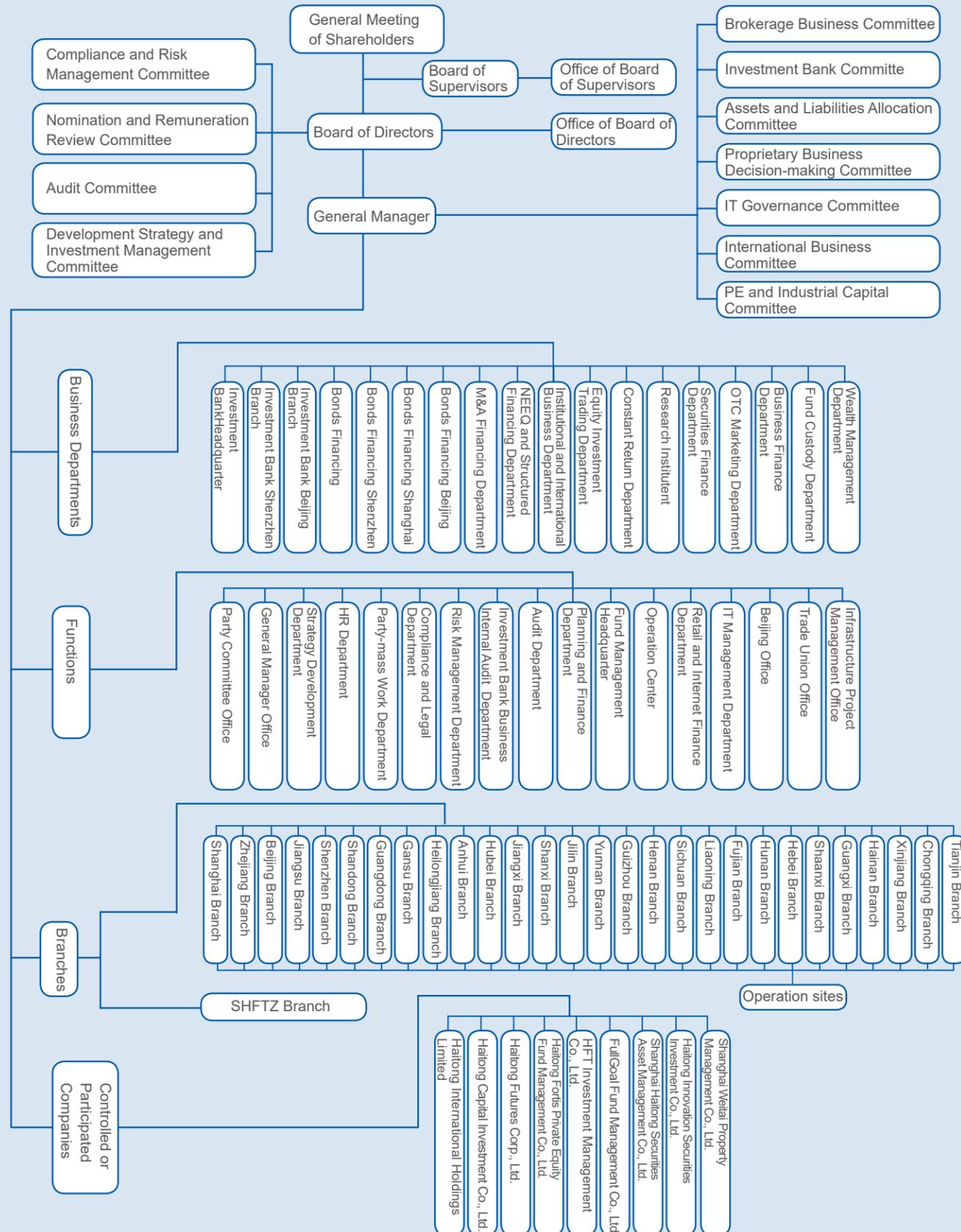
Acquired Taifook Securities, a local securities leader in Hong Kong, and renamed it Haitong International Securities, marking a strong debut of the Company's global strategy.

2007

Went public on SSE and completed private placement (stock code: 600837).

Shanghai Haitong Securities Company founded.

Organizational Structure of Haitong Securities



Global presence

Haitong Securities came up with the global development strategy of “maintaining a firm footing in Asia Pacific while expanding to Europe and America” as early as in 2002, making persistent efforts to enhance its global influence and capacity of integrated financial services.

Through the acquisition and integration of Haitong International Securities, Haitong UniTrust and Haitong Bank S.A. and the establishment of a branch in China (Shanghai) Pilot Free Trade Zone, the Company has established an industry-leading global business platform, moving forward steadily with its global strategy. In 2019, Haitong UniTrust, a financial leasing subsidiary of Haitong Securities, went public on Hong Kong Stock Exchange. As the first listed domestic financial leasing company owned by a securities company, Haitong UniTrust became the Company’s second overseas listed platform following Haitong International Securities, giving the Company a first-mover advantage in the Asia Pacific region and a forward-looking strategic reserve in Europe and America.

By the end of 2019,

the Company has established branches or subsidiaries in **15** countries and regions in the five Continents of Asia, Europe, North America, South America and Oceania.

In 2019, the Company’s overseas operations generated RMB **8.993** billion in income

up **36.40%** year-on-year

Global presence of Haitong Securities



Strengthening the guiding role of corporate culture

Stable and sustainable: building a sound cultural ecosystem

Corporate culture represents the soft power and core competence of a company. Over the past 31 years, Haitong Securities has upheld the philosophy of “stable and sustainable” development, maintained the strategic resolve to “implement the blueprint thoroughly” and kept steering the course, boosting development and shaping the image with the power of culture, which has served as the powerhouse for carrying out the three major tasks (namely, serving the real economy, forestalling and controlling financial risks and deepening the financial reform) and for building the Company into a leading domestic and globally influential Chinese benchmark investment bank.

Stable

“Stable” represents the risk management philosophy of “prudence and even conservativeness”.

The Company has established an enterprise risk management system to effectively implement the comprehensive risk management requirements and effectively manage all risks. An effective risk isolation mechanism and an appropriate risk prevention mechanism are in place to deal with potential conflict of interests. An independent and centralized internal audit and compliance system was created to ensure the compliance, authenticity, completeness and effectiveness of all operations and transactions.

Sustainable

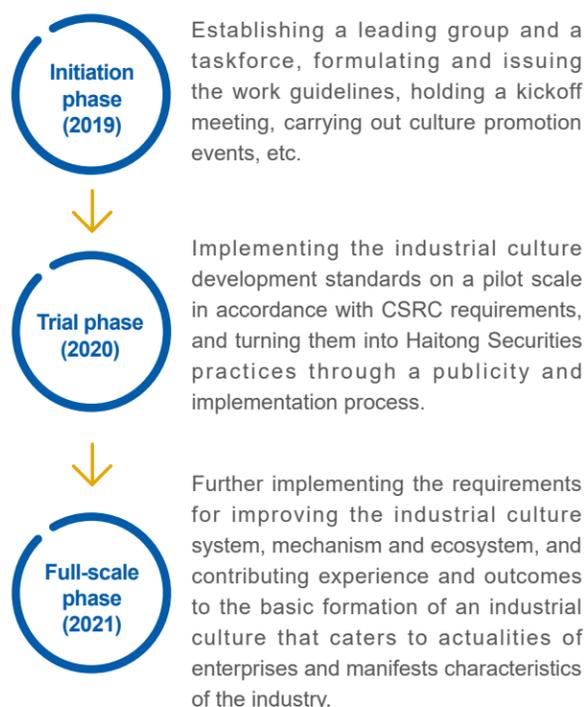
“Sustainable” represents the strategic guide to “implement the blueprint thoroughly”

The Company adheres to the “customer-centric” 12345 Strategy (one body, two wings, three wheels, four pillars and five capabilities). Shouldering the mission of developing into a leading domestic and globally influential Chinese benchmark investment bank, the Company creates value for employees pursuing a better life, creates value for customers seeking common growth and creates value for shareholders expecting an outstanding return.

Three-phased corporate culture development

In 2019, to implement the guiding principles of the kickoff meeting for cultural development in the securities and funds industry and the *Guidelines for Cultural Development and Moral Risk Prevention in the Securities and Funds Industry*, Haitong Securities worked out a plan based on its particularities and actualities, and untied thinking to establish a well-supported, effective and applicable corporate culture system in two to three years, thus laying a solid foundation for long-term development of the Company.

The Company established a leading group on industrial culture development headed by Party Secretary and Chairman and set up a taskforce under the leading group, in an effort to create a leadership mechanism for corporate culture development in which the Party Committee plays a central leading role, the Management provides strong support, specialized departments provide coordination and guidance and business lines carry out specific work. In this way, an organizational assurance has been provided for the Company to implement the industrial culture development initiative and put into action the guiding principles of the kickoff meeting for cultural development in the securities and funds industry.



Honors and rewards in 2019

Description	Awarded by
2019 Service Innovation Award	Shanghai Stock Exchange, Shanghai Pudong New Area Government
2019 Shanghai Model Project in Cloud Computing Application	Shanghai Municipal Commission of Economy and Informatization
Excellent Member - Enterprise Listing	Shanghai Stock Exchange
Excellent Member - Investor Education	Shanghai Stock Exchange
Growth Gold Inquiry Institution of the Year 2018	Shanghai Gold Exchange
2018 Outstanding Organization Award for Anti-Money Laundering	Shanghai Gold Exchange
2018 Excellent Promoter of SGE Gold App	Shanghai Gold Exchange
2018 Outstanding Proprietary Trading Team for Treasury Bond Futures	China Financial Futures Exchange
Best Contribution Award for Non-bank Underwriters of Local Government Bonds	China Central Depository & Clearing Co., Ltd.
Sincere Cooperation Award	China Central Depository & Clearing Co., Ltd.
Outstanding Enterprise	Listed Companies Association of Shanghai, YiMagazine and Shanghai Federation of Economic Organization
Top 60 Most Responsible Chinese Corporate Citizen Brands in 2019	Committee of Corporate Citizenship of China Association of Social Workers
Top 3 Most Valuable Brands of Chinese Listed Securities Companies in 2019	Tsinghua University School of Economics and Management, National Business Daily and Ntt.nbd.com.cn
Anti-Money Laundering Model Award in Securities Industry 2018-2019	China Center for Anti-Money Laundering Studies at Fudan University
Most Popular APP in 2019	National Business Daily
2019 Most Influential Custodian Securities Company	National Business Daily
2019 Most Globally Influential Chinese Securities Company	National Business Daily
2019 Golden Bull Asset Management Team	China Securities
2019 Golden Bull Wealth Management Team	China Securities
2019 Top Ten Golden Bull Securities Companies	China Securities
2019 Excellent Securities Information Service Partner	Shenzhen Securities Information Co., Ltd., SSE Infonet Co., Ltd.
Top Ten Most Respected Investment Banks	Securities Times
Top Award for Retail Securities Broker in China	Securities Times, Quanshangcn
Top Award for Credit Business Broker in China	Securities Times, Quanshangcn
Top Award for Full-service Securities Broker in China	Securities Times, Quanshangcn
2019 Top Award for Bond Project in China	Securities Times, Quanshangcn
2019 Top Award for Equity Financing Project in China	Securities Times, Quanshangcn
2019 Top Award for Equity Re-finance Team in China	Securities Times, Quanshangcn
2019 Top Award for Full-service Investment Bank in China	Securities Times, Quanshangcn
Top 5 Most Influential Securities Companies - Listed Company M&A Service in China	36kr.com “WISE 2019 King of New Economy Annual Awards”
Changqing Award - Sustainable Development Innovation	Cajing Magazine

CSR Philosophy and Management



CSR philosophy

Haitong Securities adheres to the philosophy of “pragmatic, pioneering, prudent and excellent” operation, accurately positions itself as a listed company, financial corporation and corporate citizen and endeavors to achieve high-quality development, promote social progress and fulfill the corporate citizen responsibility, creating value for shareholders, customers, employees and the larger society.



As a listed company, the Company upholds the operating philosophy of “prudence and even conservativeness”, enhances risk and compliance management, leverages on the FinTech to optimize its operations system and addresses the concerns and meets the expectations of investors and regulators.

As a financial corporation, the Company brings its business back to the original mission of financial services and harnesses its strengths in principal businesses to serve the real economy and green economy. It fulfills its responsibility as a financial institution to provide customers with quality products and services, fueling social progress with financial services.

As a corporate citizen, the Company persistently performs its responsibility for employees, community and environment in terms of employment promotion, staff development, precision poverty alleviation and green office, contributing to sustainable development of the areas where it operates.

CSR Model of Haitong Securities



CSR management

CSR management

The Company keeps improving the CSR management framework, and ensures the continuity and effectiveness of CSR work by embedding its CSR philosophy into the development strategy and day-to-day operations.

The Board of Directors of the Company takes part in considering and deciding on major ESG matters, and supervises and takes overall charge of the Company ESG work. Relevant functions, business departments, branches and subsidiaries are responsible for implementing specific ESG matters. The Company also has introduced a quantitative ESG performance management system and created an online ESG data collection system according to roles and duties of departments to conduct online data reporting and analysis, thereby enabling effective management of ESG performance and ensuring continuity and effectiveness of ESG work across the Company.

Communication with stakeholders

Based on its own business features and operation characteristics and drawing on the good practices of peers, Haitong Securities has identified its main stakeholders, including shareholders, customers, employees, government and regulators, suppliers and partners, and community and the public. The Company responds actively to the concerns of its stakeholders using various channels and methods.

Expectations of Stakeholders and Responses

Key stakeholders	Concerned topics	Communication & responses
 Shareholders	<ul style="list-style-type: none"> Corporate governance Comprehensive risk management Compliant operation Anti-corruption 	<ul style="list-style-type: none"> Shareholders' General Meeting Regular information disclosure Communication with investors Establishing a comprehensive risk management system Compliance management Anti-corruption system
 Customers	<ul style="list-style-type: none"> FinTech-empowered development Customer service improvement Investor protection Information security and privacy protection Responsible marketing 	<ul style="list-style-type: none"> e-HaitongCai APP Customer inquiries and complaints Customer satisfaction survey Investor education activities Eligibility management Customer privacy protection system
 Employees	<ul style="list-style-type: none"> Employment and protection of employee rights and interests Employee development and training Employee benefits guarantee 	<ul style="list-style-type: none"> Remuneration and benefits system Staff training plan Haitong Wealth Management Academy Employee recreational activities
 Government and regulators	<ul style="list-style-type: none"> Comprehensive risk management Compliant operation Investor protection Serving national development strategies Corporate culture development 	<ul style="list-style-type: none"> Regular information disclosure Cooperation in regulators' inspection Participation in government survey Facilitation of listing on STAR Market Response to the Belt and Road Initiative Strengthening cultural development
 Suppliers and partners	<ul style="list-style-type: none"> Supply chain management Anti-corruption 	<ul style="list-style-type: none"> Cooperation and communication Bidding activities Anti-commercial bribery
 Community and the public	<ul style="list-style-type: none"> Sustainable finance Precision poverty alleviation Community services Green operation 	<ul style="list-style-type: none"> Responsible investment Aid to poor districts/counties "Love in Haitong" series charity program Employee volunteer services Green office

Identification and analysis of material topics

To better identify and assess the importance of CSR topics, the Company conducted a stakeholder questionnaire survey in 2019, identified important CSR topics of concern to stakeholders in an identification, communication and analysis process, taking into account expert opinions, and disclosed them in the report.

Analysis Process of Material Topics



Matrix of Material Topics





Achieving High-quality Development through Smart Operation

Adhering to the operating philosophy of “prudence and even conservativeness”, the Company continuously improved the governance system building, and enhanced risk and compliance management. The Company thoroughly studied Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era and promoted the solid and in-depth development of thematic education. Meanwhile, it leveraged on the FinTech to optimize its operations system, promoted comprehensive digital transformation, and met the demands of investors and regulators with higher quality development.



Total profit was RMB **13.872** billion

Total tax payment was RMB **5.361** billion

Social contribution value per share was RMB **2.96**



Total IT investment was RMB **1.45** billion

32 million e-HaitongCai mobile users

Over **80%** of trading customers covered



Held **15** AML training sessions

A total of **111** AML compliance articles were published via WeChat Public Account



The Company's theoretical study groups held

467 study sessions

The number of attendances reached **4,320** in total

Feature



Shaping a digital ecosphere with FinTech

As China embraces a wave of financial technology (FinTech) development, information technology has gradually shifted its role from supporting the business to steering the course of business development. In-depth integration of finance and technology has emerged as a new trend. The People's Bank of China (PBOC) issued in *Tech Development Plan (2019-2021)* in August 2019, making clear the goal of enhancing the FinTech application on all fronts and marking FinTech as a "new engine" for high-quality development of the financial industry.

Riding on the ongoing FinTech wave and industry trends and taking the Company's 13th five-year IT development plan as guidance, Haitong Securities has made continuous progress in FinTech innovation through comprehensive application of ABCDMI (A stands for artificial intelligence, B for blockchain, C for cloud computing, D for big data, M for mobile Internet, and I for Internet of Things) and other technologies, as part of its effort to serve the real economy and inclusive finance.

Achievement in Digital Transformation

Mobile internet

The Company issued a new internet finance platform version of "e-HaitongCai", the first to integrate mobile and PC clients across the industry, and remained an industry leader in intelligent, personalized and full-service features.

Big data

The Company employed a "1+3+N" approach to implement the big data strategy. Specifically, 1 means the big data platform; 3 means the three public tool platforms, namely the data management platform, the statement and analysis platform and the AI platform; N means exporting the big data platform technologies to the business application scenarios. Currently big data supports exporting to service scenarios in 12 business lines, including risk control, finance and brokerage, enabling more comprehensive, convenient and straightforward data analysis for improving customer services and internal management.



Cloud computing

The Company implemented a financial cloud strategy. With the aim of "openness, simplification and agile delivery", the Company made solid progress in building five clouds, namely office desktop cloud, R&D and testing cloud, production cloud, custody cloud and disaster recovery cloud, in pursuit of an all-round transformation of traditional IT infrastructure.

Artificial intelligence (AI)

The Company built an enterprise-level AI platform "eHai Intelligent" based on the big data platform, integrating AI technology with business activities and moving into the intelligent era of technological operation and maintenance, financial management, business operations and risk management.

In 2019, Haitong Securities:

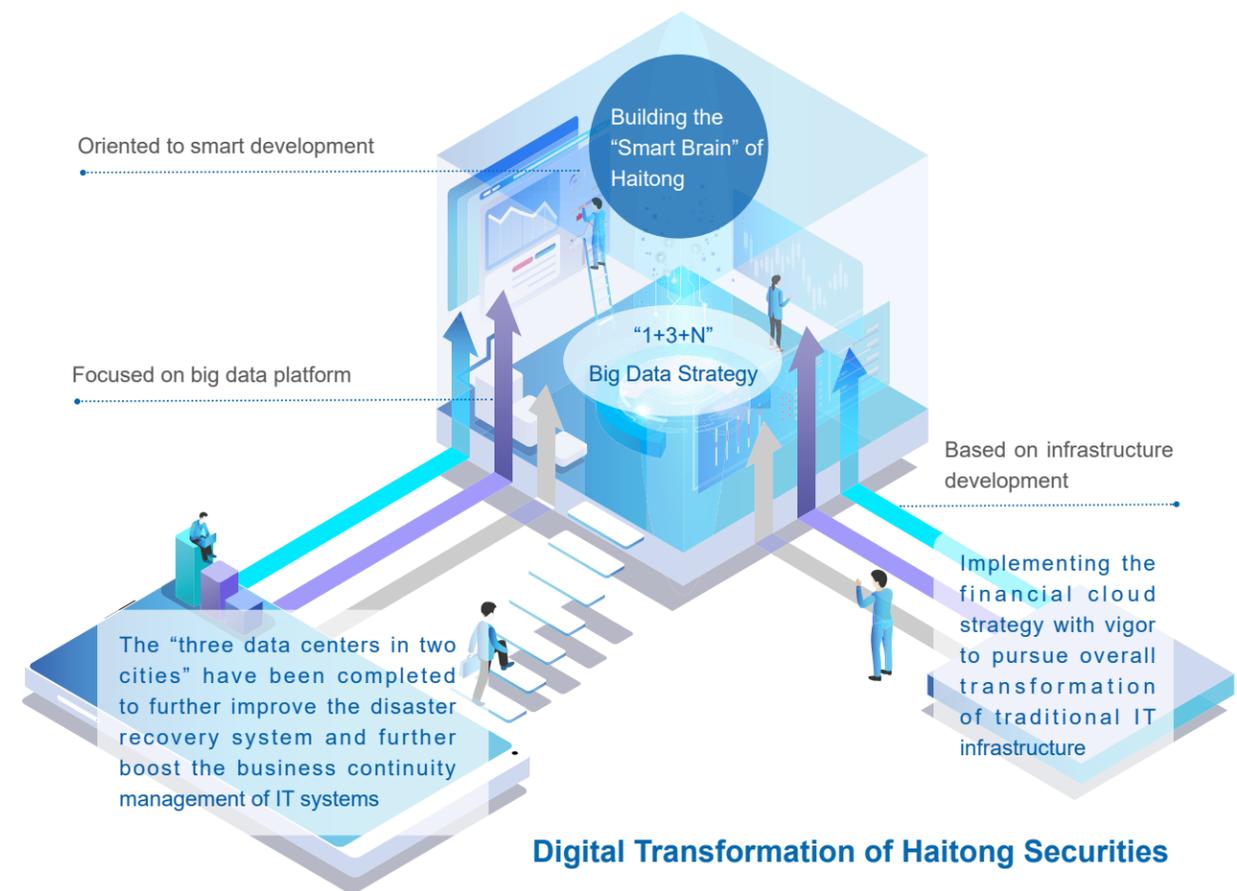
Spent a total of RMB **1.45**

billion in IT

Had a Technology Team of **249**

members at its headquarters,

up **11.66%** from the end of 2018



As at the end of 2019, Haitong Securities:

Owned **22** software copyrights in financial information technology

Received over **50** technology-related awards within and beyond the industry

Raised the ratio of autonomous and controllable applications to **35%** from 28% in 2018

The Company successfully launched an enterprise data warehouse system with "homegrown ARM-based server + homegrown operating system + homegrown distributed database", **the first** ever enterprise data warehouse with full-stack independence and controllability across the industry

Applied Research on Smart Semantic Analysis of Financial Documents won the only **First Prize** for 2018 research projects of Securities and Futures FinTech Research and Development Center (Shenzhen)

Haitong Securities was named **"2019 Excellent Securities Information Service Partner"** by Shenzhen Securities Information Co., Ltd. and SSE Infonet Co., Ltd.

E-HaitongCai was honored by Quanshangcn as one of the **"Top Ten Securities Company APPs Recognized by Investors in 2019"**

"Haitong Securities Hybrid Financial Cloud Platform" was named **2019 Shanghai Model Project in Cloud Computing Application** by Shanghai Municipal Commission of Economy and Informatization and won the **First Prize of the 4th China Excellent Cloud Computing Open Source** Cases from China Open Source Cloud League.



In 2019, Haitong Securities got certified for CMMI3 to become one of the few financial institutions in the securities industry with authoritative global certification in operation and maintenance service system, information security system and software R&D system. It marked the Company's entry into a new phase of technological development following the international best practices and standard operating procedures.

Technology-driven enhancement of the smart operation capability

The FinTech boom has enabled intelligent technologies such as big data and AI to support business innovation, operation analysis, compliance management and risk control of the Company. It has accelerated the financial industry's transformation toward smart business operation.

While meeting regulatory requirements, Haitong Securities has developed a man-computer collaboration model on a "people-oriented, technology-empowered" basis by providing intelligent tools to employees, aiming to enhancing the quality and efficiency of business development and operation management. Based on robotic process automation (RPA), intelligent algorithms, big data analysis and other emerging technologies, the Company has effectively enhanced the automation of business processing, capability of real-time monitoring and analysis and capacity of compliance and risk management leveraging on RPA, the financial document review system and the operation monitoring platform.

Introducing RPA for higher operating efficiency

Securities companies are saddled with heavy manual operations. These cross-system manual operations usually do not require complicated manual judgment. However, upgrading the existing system will cost much time and money, and carry some risks.

Haitong Securities introduced the Robotic Process Automation (RPA) technology. By simulating a series of day-to-day computer operations such as mouse clicking, typing, copy and paste, Haitong has integrated data and consolidated relevant operations without affecting the existing IT infrastructure, enabling the automatic processing of business.

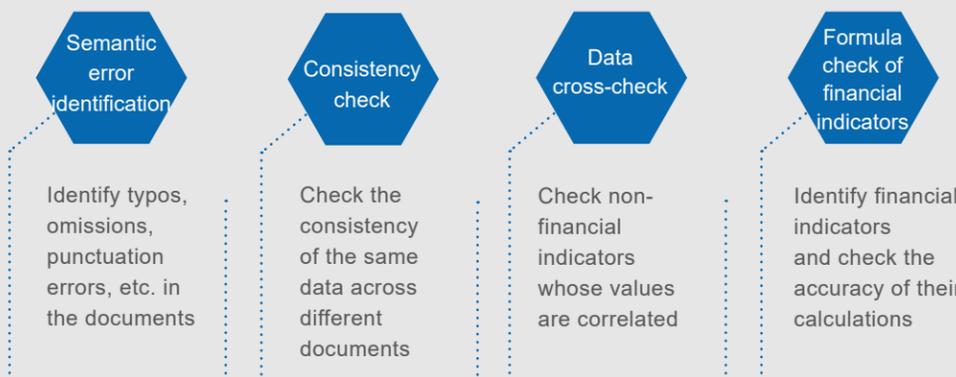
As of 31 December 2019, the Company had completed a total of **203** RPA upgrades

to provide 24/7 high-quality operations, greatly improve the automatic processing efficiency and reduce labor costs and operational risks.

Smart semantic analysis of financial documents boosted the accuracy of document review

Business and functional departments in the securities industry have a lot of document writing and review work to do. Financial documents, usually with over 100 pages, are prone to errors if prepared only manually. Haitong Securities uses smart semantic analysis of financial documents and other technologies to enable automatic check of textual and numerical information, so as to improve the quality of financial documents and work efficiency, reduce legal risks of the Company and avoid unnecessary losses caused by clerical errors.

Special features of smart semantic analysis of financial documents



While achieving smart operation with the help of FinTech, Haitong Securities also participated in the financial industry smart operation forum to share its smart operation outcomes with peers and advance digital transformation of the industry.

In 2019, the Company actively participated in the annual IT Symposium of Shenzhen Stock Exchange with a theme of "Harnessing Technology · Developing a New Ecosystem for Industry-wide Digitalization", and sponsored the "Smart Operation" technical forum of this annual event. During the conference, the Company became a founding member of the Shenzhen Stock Exchange IT Product Alliance (SIPA). The Smart Data Retrieval Engine Research and Application Project of the Securities and Futures FinTech Research and Development Center (Shenzhen), which was undertaken by the Company, was showcased in the exhibition area of the conference, providing useful reference for the IT development of peer institutions and receiving applause from participants in the event.



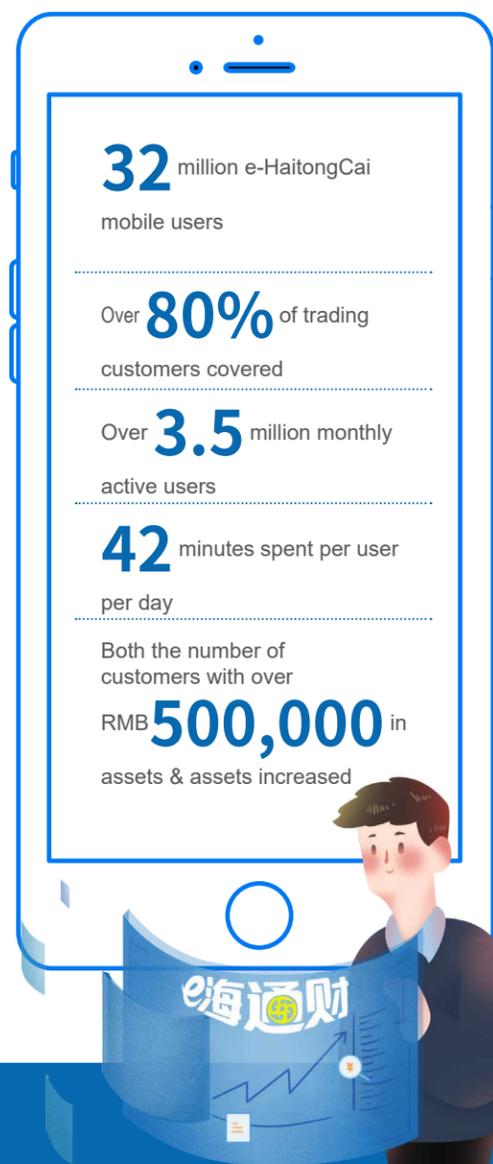
Win-win innovation: creating value for customers and partners

Driven by FinTech, China's securities industry is actively exploring, practicing and transforming from the traditional channel-only business model to whole-value-chain wealth management. FinTech, as an important driver for business development in the financial industry, plays a crucial role in promoting technological innovation, developing inclusive finance and boosting the comprehensive service level.

Haitong Securities actively harnesses FinTech to boost business growth. While providing customers with standard comprehensive financial services, Haitong Securities also serves customer-specific investment needs to further increase the efficiency of financial services.

Since 2014, the Company has continuously strengthened its in-house R&D capability. Its internet-based comprehensive service system, with e-HaitongCai as the core brand, has been increasingly improved to provide smart, efficient and professional one-stop services for customers and investors.

In 2019, the Company accelerated the development of its internet platform and ecosystem. 48 APP versions and 19 PC versions of e-HaitongCai were released in the year, and new investment choices including STAR Market, Shenzhen options and equity tender offer were launched to enhance its capacity of comprehensive financial services. The product service system was improved by launching the "Smart Fund Pick" feature to provide customized asset allocation services. The "Mass Smart Investment" smart product and service matrix was bettered to effectively increase the efficiency of customer investment. The special features such as market Level-2 Indicators, IPO Appointment, F10 Insight and TongCai College went live to provide customers with more professional and timely market update, trading, information, investor education and other services.



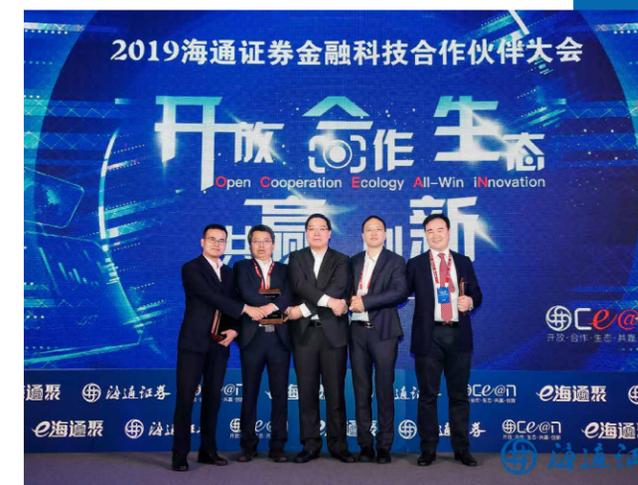
Haitong Securities has worked with its partners to build a FinTech ecosphere toward the goal of "Open, Cooperation, Ecology, All-win and Innovation". Joint innovation projects were carried out to implement innovative applications in the FinTech field among securities firms.

"Haitong Securities FinTech Partnership Program" helped partners grow bigger and stronger

Case

In July 2019, Haitong Securities held the "2019 Haitong Securities FinTech Partners Conference" in Shanghai. The event was attended by representatives from nearly 110 partners of Haitong Securities. Themed by "Open, Cooperation, Ecology, All-win and Innovation", the conference unveiled for the first time the "Haitong FinTech Partnership Program – OCEAN | e-Haitong gather".

The program will, based on Haitong Securities, build a brand-new FinTech innovation platform, defined as an "open platform-like ecosphere". By establishing the joint innovation lab, holding innovative technology competitions and creating industrial investment funds, the program aims to step up Haitong Securities' technological capacity upgrades and innovative business development. Also, Haitong Securities will rely on its professional capability of investment banking and investment services to help its partners grow bigger and stronger on all fronts.



Haitong UniTrust Data Industry Alliance promoted industry development

Case

In response to China's policy calling for big data-based strategic transformation, Haitong UniTrust, a subsidiary of Haitong Securities, established the Haitong UniTrust Data Industry Alliance in 2016 to implement the operating philosophy of "investment banking + investment + leasing". The alliance consists of more than 30 member companies from the smart city, big data, energy conservation, environmental protection and other industries. Its aim is to pool the upstream and downstream resources along the industry chain, facilitate the integration of big data industry and finance, and provide practical solutions and services for members to pursue the development and upgrading of AI, big data and other industries.



Sound corporate governance

Improving governance structure

Pursuant to the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, relevant regulations of CSRC and the Hong Kong listing rules, the Company has improved its corporate governance structure to ensure the Shareholders' General Meeting, the Board of Directors, the Supervisory Committee and the special committees of the Board of Directors to perform their respective duties and operate effectively, and managed to achieve operational compliance and stability as well as sustained and healthy development.

In 2019, the Company re-elected the Board of Directors and the Supervisory Committee in compliance with laws and regulations, formulated the board re-election plans, actively communicated with regulators, shareholders and candidates for directors and supervisors and went through relevant consideration procedures. All the eight newly elected directors and supervisors have been accredited to perform their duties in accordance with the law.



Ongoing information disclosure

Based on sound corporate governance and with the aim of ensuring investors have timely and equal access to accurate information, the Company has kept improving the information disclosure mechanism to strictly control every link of information disclosure and protect the legitimate rights and interests of investors.

In 2019, the Company disclosed 87 extraordinary announcements for A-shares and 179 overseas regulatory announcements, notifications and circulars for H-shares. The 2018 annual report, the interim and quarterly reports of 2019 and other regular reports were prepared and disclosed in accordance with the requirements of both the mainland and Hong Kong regulators. The Company further improved the corporate transparency and ensured the timely, authentic, accurate, complete and impartial disclosure of corporate information.



Information disclosure was rated "A" by Shanghai Stock Exchange (SSE) for 2018-2019

Strengthening investor communication

The Company always highly values investor management. By building good investor relations, the Company enhances investors' understanding and recognition of the Company and maintains a good corporate image in the capital market.

In terms of day-to-day communication, the Company has established a sound regular communication mechanism, and has strengthened communication with domestic and overseas investors through the investor hotline, online interaction, e-mail, teleconference, field visits, results briefing, investor conference, roadshows, and SSE E-interactive platform.

In 2019, the Company seized market opportunities to strengthen investor communication, responded to market concerns quickly and listened to feedbacks. The Company participated in "2019 Collective Reception Day for Investors of Listed Companies in Shanghai" twice organized by the Listed Companies Association of Shanghai. It attended the annual investor conferences from 10 domestic and overseas investment banks, including Morgan Stanley, Goldman Sachs and CITIC Securities, and received more than 320 analysts and researchers in field surveys and visits. The Company held annual and interim results announcements, and conducted roadshows to domestic and overseas institutions.



Risk and compliance management

Comprehensive risk management

The Company attaches great importance to forestalling financial risks. It has always adhered to the risk management philosophy of "prudence and even conservativeness" and the "prudent" risk appetite. In accordance with *the Standards for Comprehensive Risk Management of Securities Companies* and other regulatory requirements and in-house policies, the Company has kept improving the comprehensive risk management system in terms of full coverage, monitoring, measurement, analysis and response.

The Company has created a clear organizational structure of risk management that consists of the Board of Directors, the Supervisory Committee, the Management, Chief Risk Officer, departments involved in comprehensive risk management, business operation and management departments, branches and subsidiaries. The Company evaluates, measures, monitors, responds to and reports on the main risks in day-to-day operation and management, including compliance risk, money laundering and terrorist financing risks, credit risk, market risk, operational risk, liquidity risk and reputational risk. It has strengthened the prevention, real-time control and follow-up management of various risks by means of assessment, examination and auditing.

Strengthening credit risk management

In 2019, the Company strengthened credit risk control in terms of policies and procedures, internal rating system, IT systems and business examination in accordance with the standards for comprehensive risk management of securities companies, guidelines for credit risk management of securities companies and other regulatory requirements, taking into account the Company's business development needs associated with credit risk.

The Company formulated the *Administrative Measures for the Credit Rating of Corporate Customers of Haitong Securities Co., Ltd. (Group) (Trial)* and the accompanying *Standards for Credit Rating Management of Corporate Customers of Haitong Securities Co., Ltd.*, which are applicable group-wide. Internal rating models were created drawing on Standard & Poor's practices shaped over a century in international credit market, also giving consideration to actual business needs of the Company. The Company embedded internal rating management into business processes including stock pledge, bond investment and OTC derivatives trading, and applied internal rating outputs to such scenarios as customer admission, credit granting and credit risk management.

The Company formulated the *Measures for Customer-specific Risk Management of Haitong Securities Co., Ltd. (Trial)* and the *Measures for Business-specific Risk Management of Haitong Securities Co., Ltd. (Trial)*, etc., providing policy support for addressing difficulties in customer-specific and business-specific risk management. In 2019, the Company brought online the second phase of its credit risk management system, enabling the T+1 measurement of credit risk indicators, and tracking and monitoring the public opinions on debtors and underlying securities.

For systemically important corporate financing, the Company prevented, monitored and mitigated key risks before, during and after the event. The credit business withstood external shocks such as economic slowdown, default on pledged shares and bond defaults.

Credit risk event response and control mechanism

Financing business

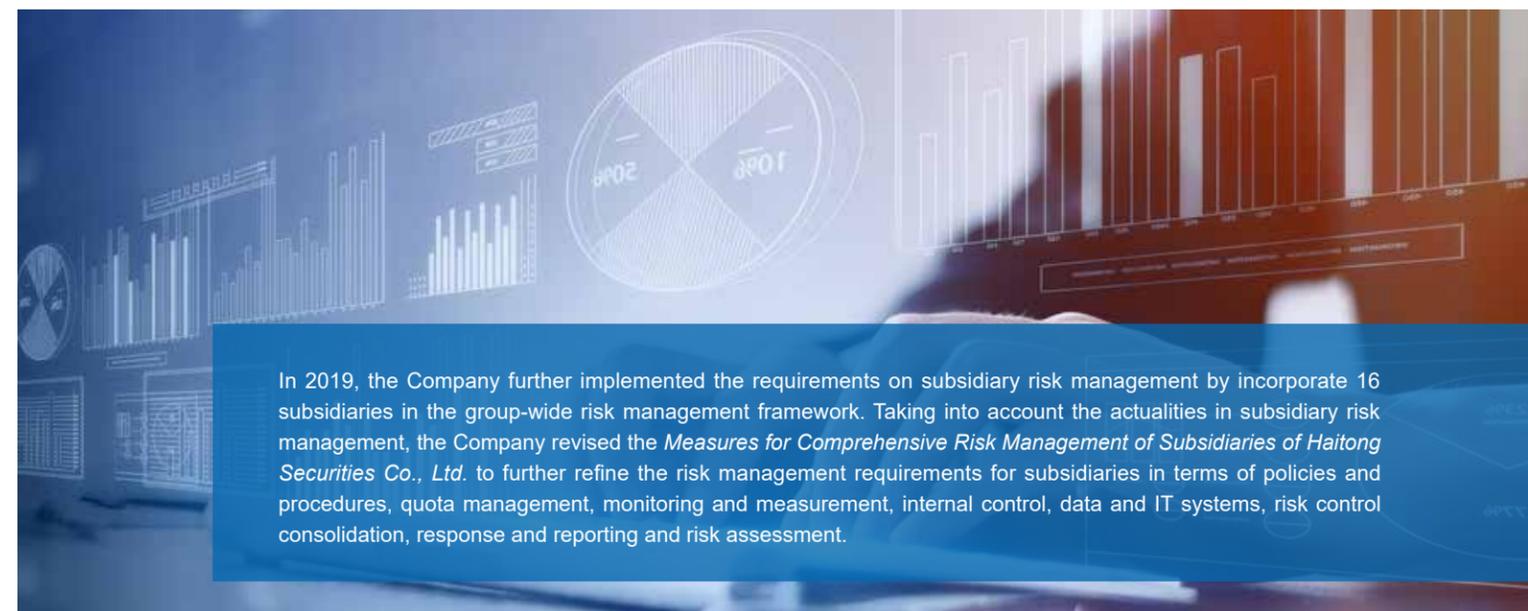
Credit risk events are handled promptly by means of strict post-lending risk monitoring, flexible extension standards, credit enhancement via additional pledge, issuance of exchangeable bonds for swap and share transfer promotion.

Investment business

Investment is diversified while focused on high-credit-rating products. The investees' operating conditions and credit rating changes are closely tracked.

OTC derivatives

Sound policies and procedures have been established in terms of customer admission, underlying securities management, counterparty credit management and risk handling procedures. Each outstanding OTC derivatives transaction is marked to market daily, with credit risk managed through strict implementation of early warning, stop-loss and other measures.



In 2019, the Company further implemented the requirements on subsidiary risk management by incorporate 16 subsidiaries in the group-wide risk management framework. Taking into account the actualities in subsidiary risk management, the Company revised the *Measures for Comprehensive Risk Management of Subsidiaries of Haitong Securities Co., Ltd.* to further refine the risk management requirements for subsidiaries in terms of policies and procedures, quota management, monitoring and measurement, internal control, data and IT systems, risk control consolidation, response and reporting and risk assessment.

Creating a group-wide risk data mart for full coverage of risk management

Case

The Company's group-wide risk data mart allows T+1 access to risk data of subsidiaries, covering subsidiaries' detailed data on financial assets, product valuation, finance and liquidity management. On this basis, the risk control system aggregates the risk information of the parent company and subsidiaries and automatically generates group-wide risk control indicators on T+1 day. This practice provides a timely and dynamic profile of the capital, risk, leverage and liquidity at the group level, laying a solid foundation for group-wide risk measurement, monitoring and reporting on T+1 day.

In 2019, to further improve the coverage and timeliness of risk management of the Group, the Company launched the group-wide T+1 data mart project based on the existing one. The project further expanded the scope of risk data collection and refined the granularity of data collection across five data categories (namely customer information, investment and trading, credit, asset management products and investment bank risks), encompassing the key elements and important information of all risks.



Piloting consolidated supervision of risk control indicators to strengthen comprehensive risk management

Case

In 2019, the Company strengthened the consolidated management of the Group's risk control indicators to higher industry standards, maintained the effectiveness of the Company's risk control indicators system and monitored risk control indicators in a more timely and targeted manner.

Pursuant to regulatory requirements, the Company prepared and submitted the consolidated statements of the Group's risk control indicators to regulators. In addition, pursuant to internal management requirements, the Company managed to generate consolidated risk control indicators on a daily basis to provide a timely, dynamic profile of capital and risk of the Group, and made monthly reports to the Company's management and Board of Directors in the forms of monthly consolidated reports and risk assessment reports.

Compliance management

The Company has established a reasonable and comprehensive compliance management system with well-defined roles and responsibilities in accordance with the *Measures for the Compliance Management of Securities Companies and Securities Investment Fund Management Companies*, the *Guidelines for the Compliance Management of Securities Companies* and other regulatory requirements.

In 2019, the Company continued to strengthen the foundation of compliance management in accordance with the new regulations on compliance management, strengthen the compliance management team building and keep improving compliance management mechanisms. In 2019, the Company issued the *Administrative Measures for Conflicts of Interest of Haitong Securities Co., Ltd.*, the *Administrative Measures for Information Firewalls of Haitong Securities Co., Ltd. (Revised in November 2019)*, the *Administrative Measures for Money Laundering and Terrorist Financing Risk of Haitong Securities Co., Ltd.*, etc. and comprehensively updated the *Compliance Handbook of Haitong Securities Co., Ltd.*

The Company upholds a compliance culture of compliance by everyone whenever and wherever possible, regarding compliance culture development as a long-term, fundamental task. In 2019, the Company communicated new regulatory requirements and promoted the sense of compliance through onsite training, special analysis, weekly briefing, handbook guidance and remote video. The Company also continued to carry out online training, making full use of its internal training system to give compliance courses for professionals and compliance training courses for new hires.

Anti-money laundering (AML)

The Company has in place a sound system of anti-money laundering policies and systems, effectively performs its AML obligations and fulfills its AML responsibilities as a financial institution in accordance with the *Anti-money Laundering Law*, the *Measures for Management of Customer Identification and Retention of Customer Identity and Transaction Records by Financial Institutions* and the *Management Measures for Reporting of Large-value Transactions and Suspicious Transactions by Financial Institutions*.

In 2019, the Company formulated the *Measures for Management of Money Laundering and Terrorist Financing Risk of Haitong Securities Co., Ltd.* This policy, approved by the Board of Directors, has clearly defined the AML duties of directors, supervisors and the senior management members, and established a sound AML organizational structure in the charge of the Board of Directors. In this AML management system, the Company's leading group on AML is responsible for overall planning and coordination of AML work, the Compliance and Legal Department is responsible for leading the implementation of AML work, and relevant business departments and branches are responsible for implementing AML work, so as to ensure relevant AML responsibilities are fulfilled.

In terms of AML training and publicity, the Company held 15 AML training sessions in 2019 covering the senior management, AML personnel, frontline personnel and new employees. In addition, the Company carried out AML publicity work in various ways. AML alert messages were displayed in a rolling manner on the Company's website, market software and e-HaitongCai APP. A total of 111 AML compliance articles were published via the "Haitong AML Compliance" WeChat Public Account.

Intensifying AML work to safeguard funds of the public

Case

In November 2019, Haitong Securities issued the *Notice on Launching an AML Awareness Campaign*. All its branches carried out an AML awareness campaign with the theme of "preventing money laundering risk, combating organized crime and rooting out local mafia, and purifying financial environment", so as to enhance the AML awareness and safeguard the funds of the public.



Haitong Securities won the "2018 Outstanding Organization Award for Anti-Money Laundering"

Haitong Securities won the "Anti-Money Laundering Model Award in Securities Industry 2018-2019"



Promoting development through Party building

Strengthening the building of primary-level Party organizations

The Company has thoroughly studied and implemented Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era and the guiding principles of the 19th CPC National Congress. It has consistently upheld the Party leadership, strengthened Party building and given full play to the Party organizations' role as the leadership and political core, so that the Party organizations will function in a well-organized manner and carry out concrete work effectively.

In 2019, the Company newly issued or revised a number of policies and procedures, including the *Duty List for Implementing the Responsibility System for Ideological Work of Haitong Securities Co., Ltd.* and the *Implementation Plan for Party Building Assessment of Haitong Securities Co., Ltd.* The Company's responsibility system for ideological work was established to strengthen the ideological work responsibilities of the Company's Party Committee and primary-level Party committees, providing a policy assurance for enhancing the political function, organizational strength, fighting capacity and cohesion of primary-level Party organizations.



As at the end of 2019

the Company had **9** Party committees
30 general Party branches
277 Party branches
3,187 Party members

Setting up an IT platform for Party building to standardize the building of primary-level Party branches

Case

In order to establish a Party building work model suitable for the new era, the Company focused on building an IT system for Party building, leveraging on the "Internet + Party Building" platform and the Company's IT strengths to further improve the quality of Party building.

The Company's Party building information system consists of the Party building website, the Mobile Party Building and the back-office management platform. System modules include "Study Materials", "Hot Topics", "Achievements" and "CYL Work". The work of primary-level Party organizations is guided and supervised by opening up new fronts of ideological building, creating new models for Party affairs training and strengthening Party building assessment, thus continuously standardizing the building of Party branches.



Carrying out the "Staying True to Our Founding Mission" thematic education

In 2019, the Company firmly grasped the overall requirement of "staying true to our founding mission, identifying and filling gaps", thoroughly studied Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era and promoted the solid and in-depth development of thematic education. The Company's Party Committee set up a leading group on the "Staying True to Our Founding Mission" thematic education. Led by Party Secretary and Chairman, the leading group gave full play to the functions of member entities to ensure accomplishment of the thematic education work by directly affiliated Party organizations.

Based on strengthened self-study of primary-level Party organizations, the Company carried out a campaign themed by "Back to the Original Mission of Financial Services" guiding all departments, branches and subsidiaries to organically integrate study and education, survey and research, review of problems and rectification while taking into account their own actualities, thereby further deepening the thematic education across the Company.

The Company's theoretical study groups held **467** study sessions with **4,320** attendances in total.

Experts and professors invited from Party schools and colleges gave **32** lectures to more than **3,000** Party members.

Party members and leaders at all levels conducted **361** field surveys at **38** primary-level entities of the Company.

Thematic Party's Day events were carried out at "Glory of the City" exhibitions and Red Education bases.



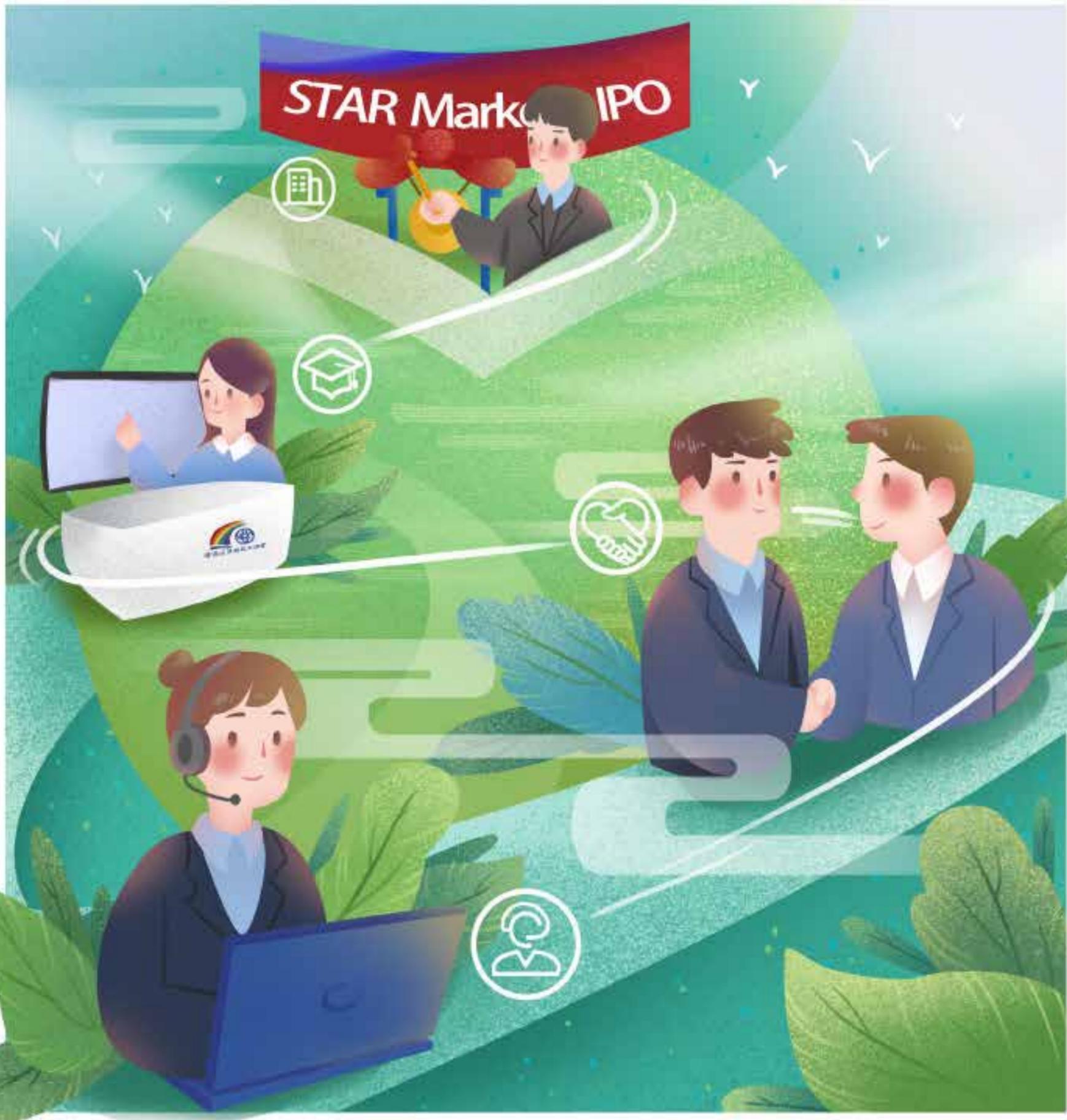
Carrying out the Noon Salon · One-hour Joy of Thought series events, as part of the "Staying True to Our Founding Mission" thematic education

Case

Given the large number and geographical decentralization of the Company's Party organizations, the Company's Party Committee, making the most of the lunch break, introduced the "One-hour Joy of Thought" noon salon as an innovative form of thematic education. Through a two-way videoconferencing system, the Party committees in and outside Shanghai were organized to join discussions and share opinions on studying President Xi Jinping's important remarks on "Staying True to Our Founding Mission".

In 2019, Haitong Securities held a total of **7** sessions of the Noon Salon · One-hour Joy of Thought with nearly **2,000** participants, marking fruitful publicity and study efforts.





Performing Our Founding Mission as a Financial Institution Contributor to Social Advancement

Regarding serving the real economy as the principal line, the Company harnessed its strengths in principal businesses and provides services to high-tech start-ups, small and micro businesses and private enterprise and other real economy entities. The Company proactively implemented the ESG philosophy, guided and encouraged more private-sector investment in green industries. It also performed responsibilities in customer services and investor education with endless efforts to fulfill its social responsibility as a financial institute.



Seized the opportunity of the STAR Market and the pilot registration-based IPO system, and sponsored the listing of high-tech startups like

AMEC and **TZTEK**.



Provided tutoring services for **139** NEEQ companies

Helped the listing of **3** enterprises on the NEEQ

Provided RMB **500** million of financing to SMEs



Ratio of complaints solved reached **100%**

Customer satisfaction was over **99%**



The "Rainbow Lecture" investor education base was given an **"Excellent"** result in the 2018-2019 provincial investor education bases assessment conducted by CSRC Shanghai Office

Feature



Serving the real economy

Facilitation of listing on STAR Market

In November 2018, President Xi Jinping announced in his keynote speech at the opening ceremony of the first China International Import Expo (CIIE) that China would create a Nasdaq-style high-tech board (the "STAR Market") and introduced a pilot registration-based IPO system on Shanghai Stock Exchange. This has started a new journey of China's capital market serving high-quality development, manifesting great significance in comprehensively deepening the capital market reform and transforming the economic growth to an innovation-driven model.

Haitong Securities took the initiative in seizing this opportunity to participate in the STAR Market development. Since 2019, the Company has taken part in a number of SSE's input solicitation discussions and organized lectures and exchanges with SSE on the IPO examination elements for key industries, playing a good role in the successful launch of the STAR Market and the pursuit of a multi-level capital market.

The Company has extended its business across many fields of technological innovation, such as semiconductors, high-end equipment and bio-pharmaceuticals. While sponsoring the listing of high-tech startups, the Company provides them with a "package" of services and resources such as early capital incubation, equity and debt financing, M&A and industry research, taking into account industry trends, stage of enterprise development and demand for funding, so as to help high-tech start-ups to grow bigger and stronger by providing all-round "companion" services.

Building model cases for the STAR Market to fuel the growth of high-tech startups

Case

Advanced Micro-Fabrication Equipment Inc. China ("AMEC") is a model player in China's semiconductor industry. Its proprietary plasma etching machine and MOCVD equipment are critical to chip making. AMEC is technology-intensive, capital-intensive, and talent-intensive. Making core technological breakthroughs requires massive capital input. Thus it is especially crucial to connect it quickly to capital. As the sponsor for AMEC's IPO in the STAR Market, Haitong Securities actively communicated with AMEC and provided all-round services for its IPO.

The AMEC IPO was a heavy task with a tight schedule. In the IPO examination process, Haitong Securities focused on addressing such difficulties as the overseas structural adjustments, all employees' stock option plan, capitalization of R&D expenditures and accumulated uncovered losses. It finalized the solutions in the shortest possible time and won the recognition of stakeholders, including regulators and the management of AMEC. It also provided an excellent example for dealing with the special issues of subsequent STAR Market IPOs.

Facilitating the STAR Market IPO of TZTEK, the first ever "Industrial Artificial Intelligence" stock in China

Case

TZTEK Technology Co., Ltd. ("TZTEK"), founded in 2005, takes machine vision as the core technology and focuses on serving industrial customers and helping them achieving digital and intelligent development.

Haitong Securities, as the sponsor of TZTEK, provided pre-listing tutoring services for the high-tech firm. As a player in the emerging machine vision industry, TZTEK had no listed company benchmark in China, while the STAR Market IPO examiners paid particular attention to the issuer's core technology and industry situation. Haitong Securities' project team worked hard and spent a lot of time on multi-dimensional, in-depth research on the machine vision industry. The findings were reduced into plain and understandable language to provide a clear picture of TZTEK's core technology and industry situation, discover its value and well present the high-tech attributes and investment value of TZTEK to investors and regulators.

In July 2019, TZTEK successfully went public on the STAR Market, becoming the first ever "Industrial Artificial Intelligence" stock in the STAR Market.



In July 2019, AMEC as one of the first firms to get listed on the STAR Market was much sought after among investors, achieving a record high P/E ratio of 170.75. In December 2019, the Company won the "2019 Service Innovation Award" from SSE and Pudong New Area Government for its AMEC project.



Supporting medium, small and micro enterprises

Medium, small and micro-sized enterprises are a fresh powerhouse for economic growth and social development, playing an extremely important role in stabilizing growth, expanding employment, promoting innovation, prospering the market and meeting the needs of the people.

Haitong Securities has actively implemented the relevant state plans for financial institutions supporting small and micro enterprises (SMEs) by increasing financial support for medium, small and micro-sized enterprises. It expands financing channels for SMEs with direct or indirect financing services, such as NEEQ listing and bond issuance, providing easier access to financing and boosting the vitality of SMEs.

In 2019, the Company provided tutoring services for **139** NEEQ companies,

helped the listing of **3** enterprises on the NEEQ

and provided RMB **500** million of financing to SMEs



Issuing special SME financial bonds

Case

Supporting the SME development and serving the real economy are an important direction of bank lending. To this end, issuing special SME financial bonds has become an important instrument to boost financial institutions' support for SMEs.

In response to the central government's call for supporting SMEs, Haitong Securities assisted the Bank of Changsha Co., Ltd. to successfully issue the first tranche of SME financial bond of 2019 in November 2019, with an issue size of RMB3.5 billion. The funds raised will be earmarked for SME lending.

The issuance of SME financial bonds has built a bridge between direct financing in the bond market and indirect financing for SMEs, further helping SMEs broaden their sources of funds, reduce their fund costs and promote the healthy development of SMEs in China.

Haitong UniTrust SME No.1-6 asset-backed special plan

Case

Haitong Unitrust, a subsidiary of Haitong Securities, has responded actively to the state call by providing financial services to SMEs through financial leasing.

In 2019, Haitong Securities designed and launched the "Haitong UniTrust SME No.3-6 Asset-backed Special Plan" for Haitong UniTrust, with a total issue size of RMB4 billion and all underlying assets being financial leasing claims on



Real scene of a micro firm's workshop

SMEs. Raising funds from the bond market, the product series have provided financial leasing services to thousands of SMEs in more than 20 provinces, giving a big boost to the stable development of SMEs.

In March 2019, the Company created a credit default swap with the underlying asset of "Haitong UniTrust SME No.3 Asset-backed Special Plan" with priority level A3. It came as the first credit default swap taking asset-backed security as the underlying asset on SSE, showing great significance in driving SME development.

Providing diverse financial support for private enterprises

In recent years, the changing economic environment at home and abroad has posed difficulties to the development of private enterprises. Haitong Securities actively responded to the state call to mitigate the risk of stock pledge by shareholders of private listed companies.

In 2018, the Company invested RMB5 billion to set up the "Securities Industry Support for Private Enterprises Series – HaitongAMC No.1 FOF Single-Asset Management Plan" (the "FOF") to provide liquidity support for private enterprises. The Company also set up a special working group on the private enterprise bailout fund, guiding and urging its branches to cooperate with local governments and financial service offices in supporting private enterprises.



As of December 31, 2019,

the FOF had contributed

RMB **4.152** billion of capital,

established a total of **11** sub-funds

with a total planned size of

RMB **42.504** billion

A total of RMB **6.467** billion had been invested

in **20** bailout projects

(with RMB4.215 billion from the FOF and its sub-funds and RMB2.252 billion from other asset management products)

Helping Meinian Onehealth solve the share pledge problem

Case

Meinian Onehealth Healthcare Holdings Co., Ltd. ("Meinian Onehealth") is the largest professional medical examination and healthcare service group in China. It has more than 600 large healthcare centers in more than 200 core cities across the country, providing professional medical examination and health management services to about 30 million people a year. In 2018, the major shareholder of Meinian Onehealth, Tianyi Group, and its de-facto controller pledged nearly 80% of its shares as collateral, facing great pressure in debt service.

In January 2019, Haitong Securities led Guosheng Haitong Fund and ChinaSecurity Haitong Fund to jointly bail out the major shareholder of Meinian Onehealth by buying 4.98% of the shares in Meinian Onehealth for about RMB2.16 billion. The Company also introduced China Orient Assets Management Co., Ltd. to invest RMB4 billion in the company, basically solving the liquidity problem of its major shareholder.

Haitong Securities' bailout effort for Meinian Onehealth greatly eased the liquidity pressure of its major shareholder, paving the way for its de-factor controller to repay the share-backed debt, and also contributing to the improvements in the public health.



Promoting two-way opening of capital market

In the context of the capital market reform going deeper on all fronts, China's capital market has been opening up faster in both ways. Haitong Securities actively responded to national development strategies, including the Belt and Road Initiative, by exploring the internationalization field and expanding cross-border business to meet the diverse cross-border investment and financing needs of domestic enterprises. The Company provides financial services to domestic and overseas enterprises along the Belt and Road, adding to the vitality of the financial market and striving to build a new landscape of two-way capital market opening.

Helping Jifeng acquire a century-old German company and establish global presence through industrial integration

Case

Ningbo Jifeng Auto Parts Co., Ltd. ("Jifeng") was established in 2003 and went public on the SSE in March 2015. It mainly engages in the R&D, production and sales of headrests and armrests for passenger vehicles. In recent years, Jifeng has established an internationalization strategy of transforming itself into a multinational corporation, trying to achieve leapfrog growth in its core competencies by acquiring quality assets of foreign peers.

In 2019, Haitong Securities assisted the major shareholder of Jifeng in acquiring an 84.23% stake in Grammer together with investors through tender offer, and repackaged Grammer into the listed company by issuing convertible bonds and shares and paying cash, thus completing Jifeng's cross-border acquisition of Grammer.

This deal has enabled Jifeng to achieve overall penetration via Grammer into the European and North American markets in addition to its existing auto market share in China, improving its global allocation of resources and making great strides in global presence.

Against the backdrop of China's Belt and Road Initiative and the great economic integration and collaborative development, Haitong Securities has provided a good example for Chinese enterprises "going global" by facilitating Jifeng's cross-border acquisition. In the 2019 International Outstanding Cases of Industrial Finance, the project won the First Prize for Outstanding Cases in Global Industrial Chain of Financial Services.



Facilitating A+H Rights Issue of Goldwind to serve the Belt and Road Initiative

Case

Xinjiang Goldwind Science & Technology Co., Ltd. ("Goldwind") is a leading wind power company registered in Xinjiang serving national strategies, such as the Innovation-driven Strategy and the Belt and Road Initiative. The Company has seven R&D centers at home and abroad, with a business footprint across six continents and heavy investments in countries along the Belt and Road.

Haitong Securities, as the sponsor of Goldwind IPO on SZSE in 2007 and its IPO underwriter on Hong Kong Stock Exchange in 2010, has provided long-standing capital market services to Goldwind. In 2019, the Company designed and successfully led Goldwind's A+H rights issue plan, an innovative move in the market. It assisted Goldwind in securing strong support from domestic and overseas investors for its rights issue strategy, a typical practice of Haitong Securities in supporting real-sector enterprises and serving the Belt and Road Initiative.



Serving sustainable economy

Implementing the ESG philosophy

Sustainable finance is in the ascendant across the world. The United Nations Principles for Responsible Investment (UNPRI) was formally established in 2006, pushing for major investment institutions to include ESG factors in their investment decisions. In August 2016, China's seven central authorities including the People's Bank of China jointly issued the *Guidelines for Establishing the Green Financial System* in a bid to promote China's economic transformation to green development and foster new growth drivers in a faster pace. Haitong Securities actively responded to the state strategies, integrating the ESG philosophy into various businesses and promoting sustainable social development.

ESG risk management is the basis for putting the ESG philosophy into action. Haitong Securities has incorporated ESG factors in its group-wide risk management. The Company has created a clear organizational structure of risk management that consists of the Board of Directors, the Supervisory Committee, the Management, Chief Risk Officer, departments involved in comprehensive risk management, business operation and management departments, branches and subsidiaries. The Board of Directors of the Company has established and mandated the Compliance and Risk Management Committee to perform its specific risk management responsibilities. The Company has appointed risk control officers in all business operation and management departments and branches, and has appointed risk management principals at all subsidiaries. For main risks involving ESG factors, the Company has strengthened the prevention, real-time control and follow-up management of various risks by means of evaluation, measurement, monitoring, response and reporting, as well as assessment, examination and auditing.

The Company has established internal rating models for specific industries drawing on Standard & Poor's practices shaped over a century in international credit market, and also giving consideration to actual business needs of the Company. The Company has incorporated credit risk in due diligence and carried out qualitative and quantitative analysis based on due diligence and internal rating models, depicting the credit profile of the assessed entity under multiple dimensions. The Company has embedded internal rating management into business processes including stock pledge, bond investment and OTC derivatives trading, and applied internal rating outputs to such scenarios as customer admission, credit granting and credit risk management.

The Company has established a risk management assessment mechanism linked to remuneration of all employees, including personnel assessment and entity assessment. The Company set risk management adjustors for the annual performance evaluation indicators of departments, branches and subsidiaries, and formulated the *Measures for Assessment of Risk Management of Haitong Securities Co., Ltd.* Risk management assessment is conducted annually to measure the effectiveness of its risk management work. Any risk management deductions will directly lead to deductions in the annual performance score. The Company has set "compliance and risk management adjustors" for the annual employee performance assessment indicators, using them to assess employees' compliance and risk management performance each year. The Company's remuneration system includes a risk reserve and deferred payment mechanism. If an entity or individual has committed any violation or triggered major risk incidents in its/his/her annual business activities, the risk reserve will be deducted or cancelled as appropriate according to its/his/her accountability.

ESG training is an effective way of enhancing the ESG awareness across the Company. The Company has organized ESG-related training involving relevant departments in terms of compliance, anti-corruption, anti-money laundering, conflicts of interest, related party transactions, etc., thereby boosting employees' ESG awareness in day-to-day work and business activity.

Haitong Securities has incorporated the ESG philosophy in its business activity, and reduced ESG risks by including ESG factors in due diligence. In choosing partners, the Company gives priority to companies that demonstrate environmental friendliness, good credit standing and compliance, and develops business-specific ESG requirements and standards.



Investment

Introducing the investment whitelist and blacklist

Enterprises that are policy-compliant, energy-efficient and environmentally friendly will be whitelisted as preferred alternatives for investment. In addition, the Company has established a blacklist system of quantitative stock pick models based on publicly available data. Companies with negative media coverage, non-compliances, major environmental pollution accidents or major problems in corporate governance are blacklisted to assist the Company in risk screening before investing in listed companies.



Bond financing

Credit check in due diligence

The Company conducts credit checks on the bond issuers undertaking projects, including whether the bond issuers are dishonest producers or operators in terms of environmental protection. The project team members establish an overall credit profile of issuers by checking 29 websites, including www.creditchina.gov.cn, www.gsxt.gov.cn and the website of the PRC Ministry of Ecology and Environment.

Urging customers to disclose environmental information

The Company requires the issuers of green corporate bonds to disclose in the prospectus the identified green projects, specific categories of green projects, the basis or criteria for project identification and the environmental efficiency targets. It also urges customers to disclose the use of proceeds of green corporate bonds, the progress of funded projects and their environmental benefits, etc. in their regular reports published during the bond term.



Investment banking

Examining customers' environmental paperwork

In assisting customers in listing, the Company requires customers to provide third-party environmental impact assessment documents and issues an environmental opinion.



Financing

The Company attaches great importance to the project examination mechanism for the compatibility of compliance and risk level of financing entities and business sustainability of the underlying listed companies, disseminating the concepts of sustainable development, environmental protection and social responsibility to the general public.

The Company has set up a Business Review Committee to review the main project factors such as financing entities and underlying securities. The review of financing entities focuses on their compliance and debt sustainability, imposing a strict ban on use of proceeds for heavy-polluting, energy-intensive and oversupplied industries. The risk tolerance of customers is analyzed based on their credit profile, thereby keeping their risk level within the acceptable range where possible and maintaining social and economic stability at the micro level. The review of underlying listed companies focuses on whether their operations conform to the industrial policy, whether there are negative public opinions against them regarding energy conservation and environmental protection, whether they fulfill social responsibilities, etc. The Business Review Committee grants more favorable financing conditions to shareholders of listed companies demonstrating excellence in business sustainability and social reputation. Leveraging on the amplification effect of financing, the Company communicates the concepts of sustainable development, environmental protection and social responsibility far beyond its customers.

Haitong Securities has carried out a number of ESG researches and exchanges, both internally and externally, to keep improving its ESG investment and financing capabilities. In August 2018, the Company released the *ESG and Socially Responsible Investment Series (1) – New Ideas and Trends: ESG Investment Overview*, providing an introduction to ESG investment methodology, overseas ESG factors evaluation framework and overseas ESG indices. In April 2019, the Company released the *ESG and Socially Responsible Investment Series (2) – Application of ESG Rating in Factor Portfolio Building* to analyze ESG rating and stock yields, further studying the application of ESG rating in factor portfolio and providing investors with a point of reference in ESG investment methods.

In February 2020, Lin Yong, Vice Chairman and Chief Executive of Haitong International Securities Group Limited, published the *ESG and Sustainable Finance: A Promising Field for Chinese Investment Banks* in the HKEJ Column of Chinese Financial Association of Hong Kong. He pointed out that Chinese investment banks should earnestly implement ESG principles and standards, and leverage on their special position in investment and financing activities to exert influence in causing clients, investees (institutions or projects) and the larger community to implement the ESG principles and philosophy.

Inviting external experts to share their ideas on ESG investment

Case

In August 2018, Haitong Securities successfully held its 30th Anniversary Summit and Investment Strategy Conference. The Company invited experts from CIC, MSCI and well-known asset management companies at home and abroad for in-depth discussions and exchanges on ESG. Dr. Wei Zhen, Executive Director and Head of China Research at MSCI, introduced ESG scoring and application at the meeting. Dr. Zou Lin, from CIC Research Institute, shared insights into ESG investment application in sovereign wealth funds. The meeting was highly applauded by participants, further enhancing public recognition and understanding of ESG investment.



Supporting green development

The Company actively responded to the state call that “clear waters and green mountains are as good as mountains of gold and silver”. Leveraging on the role of capital market in optimizing allocation of resources, the Company has utilized financial instruments such as green bonds to guide and encourage more private-sector investment in green industries to serve the ecological conservation drive of China.



In 2019, the Company recorded RMB **48.82** billion in total financing scale of green bonds with an underwriting volume of RMB **17.535** billion and serving **12** enterprises

Issuing green corporate bonds to support green industry development

Case

MLS Co., Ltd. (“MLS”) is a leading comprehensive optoelectronic LED new-technology industrial manufacturer in China.

In June 2019, Haitong Securities issued the first tranche of MLS green corporate bond of 2019 with a proceeds size of RMB200 million. RMB100 million is intended for the LED upgrade and expansion project with an annual capacity of 100 billion pieces, and RMB100 million for replenishing the working capital of the issuer. Specifically, the LED upgrade and expansion project will reduce the unit energy consumption of products by upgrading new technologies, processes and plants with green technology. The total energy consumption will be reduced from 35,764.2 tons of standard coal equivalent (TCE) before upgrade to 31,099.3TCE after the green transformation. The energy consumption per RMB10,000 of output value will fall from 0.2 TCE to 0.18 TCE. When completed, the project is expected to reduce CO₂ emissions by about 12,128.7 tons, SO₂ emissions by about 39.65 tons and NO_x by 34.52 tons per year. The project not only reduces the environmental pollution caused by production, but also improves the economic benefits.



Facilitating the green bond issuance of Shenzhen Energy

Case



Shenzhen Energy Corporation ("Shenzhen Energy"), while focused on electric energy as its principal business, adheres to the highest environmental standards and expands into the environmental industry based on solid waste treatment. It makes every effort to create "responsible, powerful, environment-friendly and harmonious energy".

In 2019, Haitong Securities issued RMB1.15 billion of green bonds for Shenzhen Energy. Of the proceeds, RMB650 million of the proceeds was used for the waste incinerator of the Mawan Urban Energy Bio-park Project, RMB300 million for the Jarud Qi Baoan Wind Farm 300MW Project and RMB200 million for the Taibus Qi 2*25MW Back-pressure Unit Project. When completed, the Mawan Urban Energy Bio-park Project can dispose of 540,000 tons of municipal solid wastes annually, and the three projects are expected to generate 1.176 billion kWh in total, with 780 million kWh from the Baoan 300MW unit, about 210 million kWh from Taibus Qi 2*25MW units and about 186 million kWh from the Mawan Urban Energy Bio-park Project a year. The funded projects are crucial for reducing energy consumption and environmental pollution, improving the quality of district heating and improving living standards.

Issuing the Dali Erhai Lake protection bond for ecological conservation

Case

In July 2019, Haitong Securities assisted Dali Bai Autonomous Prefecture People's Government in issuing an RMB3 billion Dali Erhai Lake Protection Bond, earmarked for the Dali Erhai Lake Protection Project that had received important instructions from the central government.

The Dali Erhai Lake Protection Bond was the first special-purpose local government bond issued for ecological conservation in Yunnan Province. The issue was led by SSE and involved Haitong Securities as financial advisor, setting an example for ecological conservation and environmental protection in China.



High-quality customer services

The Company has kept improving customer experience and satisfaction, given full play to the bridge role of all departments and branches as focal points for customers and done a good job in tracking and responding to customer queries and needs. In 2019, the Company continued to improve its intelligent customer service system in line with changes in business, technology and market, strengthened the customer service team building and provided quality services to customers.

Smarter and more efficient customer services

Case

Against the background of wealth management transformation and FinTech boom, the Company has made continuous explorations and moves in building the intelligent customer service system to improve service efficiency and serve broader customer groups.

The Company used the internet approach to follow-up visits in 2019, pushing effective customers with expired certificates or expired risk assessment to the internet daily and managing to complete a total of 319,000 follow-up visits in the year. The Company also launched a predictive outbound call visit function. When the customer did not answer the call, the robot directly filled in the questionnaire. If the call was answered, it would be switched to the operator. The follow-up visit efficiency was effectively increased by 1.5 times.

With the intelligent level improved continuously and the online customer service robot and intelligent knowledge base 10.0 upgraded, the intelligent services have taken up an expanding share. Online customer inquiries now account for 70% of the Company's total.



In 2019, the Company embedded the philosophy of "service first" into the minds of customer service personnel through enhanced training, procedural optimization and quality inspection and other means.

The annual telephone satisfaction rate was

99.83%

Online satisfaction rate was

99.97%

Up 4 percentage points and 6 percentage points respectively from 2018, reaching an all-time high.

Data security and privacy protection

Following the policy of "clear responsibilities, reasonable authorization, standard procedures and combination of technology and management", the Company manages customer information and transaction data properly in accordance with relevant laws and regulations, including the *Regulations of the People's Republic of China on the Security Protection of Computer Information Systems*, and its in-house policies and procedures, including the *System Security Management Measures*, the *Cybersecurity Management Policy* and the *Administrative Measures for Security Inspection Information Systems*. The Company formulated multiple administrative measures on system authorities and strictly implemented them. Employees are strictly prohibited from divulging, trading and misusing customer information to effectively ensure customer information security and transaction security.

In 2019, the Company detected no violations related to customer information security or transaction security.

Building the SOC platform to safeguard cybersecurity

Case

In order to enhance the cybersecurity protection capability and build the capacity of 24/7 all-round cybersecurity sensing, Haitong Securities has developed an overall plan for the Security Operations Center (SOC). Based on the big data technology, the Company has endeavored to build its protection, detection, response and prediction capabilities. Its information security assurance capability has been continuously enhanced and its operational security system has been continuously optimized.

Focused on technical measures for anti-virus, intrusion prevention, data loss protection and anti-attack and anti-destruction, the Company centrally manages and schedules the day-to-day operational security work via SOC, and makes timely response to and handles the risks associated with customer information security and transaction security.

Investor protection

Promoting suitability management

Pursuant to CSRC's Measures for the *Suitability Management of Securities and Futures Investors* and the Securities Association of China's *Guidelines for the Implementation of Investor Suitability Management of Securities Operators (Trial)*, the Company formulated the *Pilot Measures for Suitability Management of Haitong Securities Co., Ltd.* under the "Know Your Customer (KYC)" principle. This document has defined the organizational structure and personnel duties for suitability management and set out the specific procedures of customer suitability management, product and business suitability management, etc. to ensure effective suitability management.



"Know Your Customer"



Improve the customer information mechanism

Gaining full knowledge of the customer's identity, property and income status, investment experience, risk appetite, integrity records, etc., and establishing a mechanism for continuous improvements in customer information



Identifying customer identity information

Taking effective measures to collect, record and identify customer identity information



Ensuring true and accurate information

Carrying out customer follow-up visit, examination and other procedures to check customer information for authenticity, accuracy and integrity

Carrying out investor education

The Company has actively implemented relevant requirements of CSRC's *Guidelines for Strengthening the Building of Securities and Futures Investors Education Bases* and the policy for integrating investor education into the national education system. It has made solid progress in investor education efficiently, helping investors become rational investors by establishing an investor education base and carrying out investor education events in various forms.

In 2019, the Company stepped up its push for national education development pursuant to regulatory requirements. The Company has compiled two teaching materials, *Youth Financial and Business Education – Teacher's Guide Manual* and *Youth Financial and Business Education – Student's Book*, which have been popularized and used in 8 schools, including Shanghai Cao Yang Experimental Primary School, Shanghai Wenda School and Vanke Experimental Primary School. The total number of participants has reached more than 3,000, enabling students to learn to identify potential risks in the investment process while mastering financial knowledge.

With the STAR Market and the registration-based IPO system launched, the Company formulated the *STAR Market Q&As*, the *Fixed-price After-market Trading on the STAR Market*, the *STAR Market Basics* and the *STAR Market Risk Alerts* in accordance with SSE's *Special Provisions on Stock Trading on the STAR Market Board of Shanghai Stock Exchange* and the *Guidelines for After-market Fixed-price Trading in Shares on the STAR Market Board of Shanghai Stock Exchange*. These investor education materials introduce to investors the business rules and relevant risk precautions for the STAR Market, covering over 100,000 customers. The number of video plays exceeded 30,000 times.



In 2019, the Company was named an "Excellent Member of STAR Market in Investor Education" by SSE for its outstanding achievements in STAR Market investor education.

"Rainbow Lecture" brick-and-mortar investor education base

Case



The "Rainbow Lecture" brick-and-mortar investor education base of Haitong Securities is divided into six functional zones, namely, Product Display, Expert Lecture, Simulation Experience, Interaction, National Education and Comments & Opinions. These zones provide different service functions, helping investors understand securities knowledge, publicizing laws and regulations and fostering the awareness of rational investment.

In 2019, the "Rainbow Lecture" investor education base added 86 investor education products and held more than 50 investor education events attended by 13,000 customers, which delivered good educational results. The investor education base was given an "Excellent" result in the 2018-2019 provincial investor education bases assessment conducted by CSRC Shanghai Office.



Staying True to Who We Are: A Responsible Corporate Citizen

Based on the "Love in Haitong" charity brand, the Company provided a good educational environment for teachers and students in poverty-stricken area. Through the pairing assistance programs of "one company to one county" and "100 firms to 100 villages", and the urban-rural pairing of Party organizations in Shanghai, the Company helped the masses get out of poverty and reach for prosperity at a faster pace. Besides, the Company advocated the concept of green office, and integrated the sense of low-carbon work, life and development into the development of the Company. Sticking to people-oriented basis, the Company cultivated high-caliber financial talents through the building of a comprehensive and personalized training platform.



Feature



Educational charity enables a beautiful future

Education is the foundation of national development in the long run. The young are the future and hope of the country, while teachers shoulder the important task of disseminating knowledge and ideas. However, the least developed remote areas in China suffer a lack of teachers and underdeveloped school infrastructure, resulting in poor local access to basic education.

Haitong Securities, aware of the importance of education for the development of poverty-stricken areas, has regarded education enhancement as an important part of its social responsibility. Based on the "Love in Haitong" charity brand, the Company has carried out a number of non-profit programs (e.g. financial donations for education, standard Mandarin promotion and rural teacher training) in remote areas and poverty-stricken counties in Xinjiang and Tibet, thereby providing a good school environment for teachers and students and supporting education development in poor areas.

Haitong Securities Educational Charity Series Events

Project	Deliverables in 2019
<ul style="list-style-type: none"> Haitong · Love Reading" Mandarin promotion and poverty alleviation charity program 	13 reading booths and over 126,000 books donated to 4 kindergartens, 12 primary schools and 7 secondary schools across 11 counties in 6 provinces.
<ul style="list-style-type: none"> "Love in Haitong · Beautiful Tibet" series charity program 	The Company financially supported 30 poverty-stricken Tibetan college students' four-year school education starting in 2018, and another 10 Tibetan college students' four-year school education starting in 2019. In addition, each student receives a grant of RMB5,000 per year. The two programs donated a total of RMB800,000 in grants.
<ul style="list-style-type: none"> "Love in Haitong · Beautiful Xinjiang" series charity program 	A total of RMB60,000 was granted to 100 primary school students in Xinjiang.
<ul style="list-style-type: none"> Little Starfish · Children's Book Collection 	30 boxes of children's books were collected and donated to the reading rooms of schools in Makit County, Xinjiang Uygur Autonomous Region.
<ul style="list-style-type: none"> Little Starfish · Future Financial Master Class 	The Company visited primary and secondary schools to popularize financial knowledge among 1,000 students in collaboration with the urban/rural Party organizations' paired support program and the rural comprehensive paired support program.

For students

Caring for financially needy students

Providing high-quality study and growth environment for students plays a vital role in education development. Haitong Securities cares for the cultural and educational undertakings in poor areas. In addition to financial aids and donations to students from poor households, the Company also promoted standard Mandarin in Xinjiang and other regions, thus helping children in remote areas learn Mandarin well, strengthening ethnic integration and maintaining stable development in border areas.

"Little Starfish" Children's Book Collection

The "Little Starfish · Children's Book Collection" charity program was initiated by the CYL Committee of the Company. The CYL-member employees collected children's books to help schools in poor counties establish "small libraries" of schools in pair-supported counties, making books good companions for children's growing up. In 2019, Haitong Securities collected and donated 30 boxes of children's books to the reading rooms of schools in Makit County, Xinjiang Uygur Autonomous Region, lighting up children's hope of reading widely and looking into the outside world.



Project	Deliverables in 2019
<ul style="list-style-type: none"> "Haitong · Love Flies" rural teacher training program 	21 teachers from 9 counties in 7 provinces, including Lixin and Shucheng in Anhui Province and Ningdu in Jiangxi Province, were funded to attend training in Shanghai.
<ul style="list-style-type: none"> "Love in Haitong · Beautiful Tibet" charity program 	RMB50,400 of grants were paid to 6 Chinese-Uyghur bilingual teachers in Xinjiang.
<ul style="list-style-type: none"> "Love in Haitong · Free Insurance 	Insurance was provided free of charge for nearly 2,315 unbudgeted teachers in Lixin County, Anhui Province.

For teachers

Haitong · Love Reading” mandarin promotion and poverty alleviation charity program

Case

In 2019, Haitong Securities further contributed to Shanghai's paired support for Xinjiang. In response to the "Pomegranate Seed Initiative" initiated by Ms. Hai Xia, a CPPCC member and CCTV news anchor, Haitong Securities launched the "Love in Haitong · Love Reading" charity program aimed at helping children in remote areas in Xinjiang, etc. learn Mandarin well, strengthening ethnic exchanges and deepening education on ethnic unity and progress.

The Company donated RMB5 million to preschool children and primary and secondary school students at 4 kindergartens, 12 elementary schools and 7 middle schools in 11 counties of 6 provinces, including Xinjiang, Tibet, Yunnan, Anhui, Jiangxi and Ningxia. Over 126,000 books and 13 reading booths (audio teaching facilities) are donated, benefiting more than 24,000 students and children.

In December 2019, the donation ceremony for the "Haitong · Love Reading" Mandarin promotion and poverty alleviation charity program, jointly sponsored by Haitong Securities and the broadcasting and hosting practice training base of the National Radio and Television Administration, was held successively at the No.2 Middle School of Yecheng County and the No.7 Kindergarten of Makit County in Kashgar District of Xinjiang. At the donation ceremony, Haitong Securities donated 9 reading booths and tens of thousands of books to teachers and students representing 9 schools in Yecheng County and Makit County of Xinjiang, and 3,710 schoolbags (containing wool caps, crayons, watercolor paints and other gifts donated by employees of Haitong Securities) to the children of Yecheng No.2 Middle School and Makit No.7 Middle School.



Empowering rural teachers

Haitong Securities care for rural teachers long dedicated to education in rural areas. Since 2018, the Company has carried out the "Haitong · Love Flies" rural teacher training program. In cooperation with professional charities, the Company has facilitated Shanghai-based experiential training of teachers from pair-supported poor counties and ethnic minority areas, thus contributing to the revitalization of rural education.

"Haitong · Love Flies" rural teacher training program

Case

In August 2019, the Company funded Shanghai-based training of 21 teachers from 9 counties in 7 provinces, including Lixin and Shucheng in Anhui Province, Ningdu in Jiangxi Province, Wenshan in Yunnan Province, Yanshou in Heilongjiang Province, Xigaze in Tibet, Kashgar in Xinjiang and Pengyang in Ningxia. On August 3, these teachers were invited to Haitong Securities and joined the 13 Party organizations led by the Party Committee at the Company's headquarters for the Party Day themed by "2019 Haitong · Love Flies Day – Founding Mission & Loving Heart, Together in Shanghai". The event inspired Party members at the Company to keep in mind the rural teachers' spirit of contribution. These rural teachers were expected to pass Shanghai's city spirit of being "inclusive, excellent, wise, and humble" onto their students, encouraging them to strive for success against all the odds.



"Love in Haitong · Beautiful Xinjiang" charity program

Case

In 2019, the Company launched the "Love in Haitong · Beautiful Xinjiang" charity program. While giving financial aids to financially needy students, the Company also paid grants to teachers promoting Chinese language education in Zhagunairike Village and Langan Village, Tagerqi Township, Yarkant County, and recommended youth volunteers of the Company to assist teachers in promoting the Chinese language in Xinjiang. In this way, the local culture and education development was driven by improving the development environment of local teachers.

In 2019, the Company paid a total of RMB **50,400** grants to **6** Chinese-Uyghur bilingual teachers.



Fostering high-caliber talent

Performance assessment and promotion

Haitong Securities endeavors to build a performance assessment system with Haitong characteristics, aimed at assessing personal performance and overall capability of employees and linking the assessment results with profit and salary distribution, skill grading, performance pay adjustments and job promotion, so as to effectively promote the mechanism for balanced duties, rights and benefits.



Haitong Securities strives to build a high-quality development platform for its employees. Under the "rule-based, professional and market-oriented" principle, the Company has formulated the *Administrative Measures for MD Position System of the Headquarters*, established a career development pipeline oriented to performance and ability, which allows both demotion and promotion, and helped employees understand the current development stage and future development trends, integrating the personal development of employees into the long-term growth of the Company.

In addition, the Company has encouraged and guided its subsidiaries to build a MD Position system catering to their own characteristics in accordance with the Administrative Measures for Organizational Structure and Staffing and the Administrative Measures for Organizational Structure and Staffing and the *Administrative Measures for the MD Position System*. It also has assigned personnel, salary, training and officer management specialists to help subsidiaries improve their human resources systems and further improve the career pipeline and promotion paths of their employees.



- | | |
|-----------------------------------|--------------------------|
| 1. Senior Managing Director (SMD) | 6. Vice President (VP) |
| 2. Managing Director (MD) | 7. Senior Associate (SA) |
| 3. Executive Director (ED) | 8. Associate |
| 4. Director (D) | 9. Clerk |
| 5. Senior Vice President (SVP) | 10. Staff |

Improving the training system

In order to improve the efficiency and comprehensiveness of training, Haitong Securities has established a training ecosystem focused on curriculum system, lecturer system and operations system, aiming at shaping a virtuous circle of employee training.

Based on the characteristics and needs of employees' career development, the Company formulated a four-faceted comprehensive training plan: onsite training, event-based training, online training, continuing education and external training, aiming at providing personalized training services for employees at different career stages and striving to develop versatile talent.

Training culture	Integrating theory with practice, making pioneering innovation	RMB 12.54 million spent in employee training
Training system	Upholding strategy, linking to performance	
Learning platform	Quick update for up-to-date application	263,074 person-times trained
Learning scenario	Happy, sharing and mutual promotion	
Talent ladder	Continuous improvements for adaptation to market	100% of employees trained

The Company attached great importance to employee managerial and leadership development and developed the Spark Program, Prairie Fire Program and Lighthouse Program for managers. The management training was provided in the four dimensions of morality, thinking, management and specialty, covering all management members. In 2019, the Company held one session of the Spark Program with a total of 58 participants and one session of the Lighthouse Program with 44 participants. One training session for young and middle-aged officials was held, with a total of 41 participants. Three training sessions were held for the front-office management, with 188 participants.

Haitong Securities Employee Training System

Type	Forms
Onsite training	Management training
	Special business training
	Special development program
Event-based training	Open courses
	Reading club
	Charity program
Online training	Online required programs
	Internal resources library
Continuing education and external training	Continuing education
	Qualification training
	External training

“Join Haitong, Set Sail” new hire orientation

Case

To familiarize new employees with the Company's history and help them establish a correct career philosophy and a good career mentality, the Company held the second orientation session in Shanghai during September 17-19, 2019, getting 80 new employees at the headquarters integrated quickly into the workplace environment.



The training courses included online learning, on-site extension training and topical training. Instructors led new employees to experience, learn, rethink and practice in terms of team building, teamwork, workplace etiquette and professional communication, so as to effectively improve the professionalism of new hires and help them quickly integrate into Haitong family.

Strengthening the building of management ladder

Case

For the management to become younger, more knowledgeable and more professional, Haitong Securities conducted a two-week training program for young and middle-aged officials during April 12-25, 2019. The training was attended by 41 young and middle-aged officials from the headquarters, branches and subsidiaries of Haitong Securities across Shanghai, Hong Kong and Shenzhen.



The training curriculum system was dedicated to fostering younger officials with strong integrity and ability. In-house lecturers strengthened the Party and political qualities of young and middle-aged officials in terms of ideal, belief, mission and responsibility. In addition, experts were invited from foreign banks to interpret the new leadership mindset in terms of strategy, culture and organization, broadening the horizon of younger members of the management and upgrading their strategic qualities.

Front-office management training

Case

To broaden the vision of the front-office management and improve their expertise and skills, the Company has scheduled the “Dandelion Initiative”, a front-office management training program, in batches and by region. During May 21-24, 2019, the first session of Haitong Securities front-office management training was held in Suzhou, attended by 49 front-office heads from Zhejiang and Jiangsu branches.



Under the dimensions of “morality, thinking, management and specialty”, reputed outside experts and in-house elites were invited to give special lectures and organize sand table drills, thereby sharing their insights in the development and implementation path of the wealth management business system, teaching management knowledge and professional skills in non-corruption, FinTech, business coordination strategy, etc., and paving the way leading front-office management to versatile professionals.

Caring for employees

Haitong Securities made further progress in building standard, brick-and-mortar “Home of Staff”, aiming at creating a warm and harmonious home for Haitong employees. In 2019, the trade union of Haitong UniTrust was named the “Model Home of Staff” in the Shanghai financial sector. Trade unions of Shanghai Jianguo West Road Front Office and Chengdu Renmin West Road Front Office were named the “Model Little Home of Staff” in the Shanghai financial sector.

The Company always cares for its employees. The “Cool Summer, Warm Winter” and other employee solicitude events have been established as a routine mechanism. Based on employees’ autonomous mutual aid clubs, the Company has established a long-term assistance and relief mechanism for employees in difficulties or with serious illness.

The Company cares for female employees. For female employees back to work from childbirth, the Company has set up a “Mommy Cabin” furnished complete with single-person sofa, bench, double-door refrigerator, disinfection cabinet, etc., and also offers soft-fitting articles such as decorative flowers, photo walls and cushions to provide a private, clean and cozy recreational place for pregnant and nursing employees.

Haitong Securities encourages work-life balance for harmony and health. In 2019, the Company held the “Blessing the Motherland for her 70th Anniversary” and the Women’s Day floral art celebrations. It also guided and supported the sports club in organizing various recreational activities to improve employees’ happiness and sense of belonging.

Blessing the motherland for her 70th anniversary

Case

The Company held a series of events in celebration of the 70th anniversary of the founding of the People’s Republic of China, including the “Reading Joy” Chinese literature reading campaign, the “Great Motherland, Great Times” employee photography, calligraphy and painting competition, and the “Praise New China · Sing for New Era” employee chorus competition. These events recalled the past with writings, inspired the present with applause and hoped for the future with songs, stimulating Haitong employees’ passion for fighting and hunger for progressing.



Women’s Day floral art event

Case

On March 6, 2019, the Trade Union of the Company held the “Warm March · Women Like Flowers” floral art event to welcome the International Women’s Day and further enrich the cultural life of female employees. Female employees were encouraged to decorate their life with dazzling flower creations and enjoy the fun of floral art. A total of 130 female employees participated in the event.





Practicing low-carbon operations

Haitong Securities has advocated the philosophy of green office and put the green office policy into action, in an effort to embed the sense of low-carbon work, life and development into the mind of each Haitong employee and encourage employees to do everything in an environment-friendly manner. In addition, the Company has vigorously promoted the application of green technologies, improved energy efficiency management and advanced energy conservation and emission reduction.

Smart operation facilitated energy conservation and emission reduction

Case

Data centers are facing increasing pressure from the online and smart transformation of traditional investment banking. Haitong Securities uses cloud computing and virtualization technology massively. The Haitong Securities Hybrid Financial Cloud Platform features flexible expansion and demand-oriented configuration to maximize the use of all hardware resources, so as to reduce the computer room footprint and increase energy efficiency of equipment.

By the end of 2019, the desktop cloud of the Haitong Securities Hybrid Financial Cloud Platform had used 4 hyper-converged servers and 58 computing resource host nodes, running 2,645 desktop virtual machines and saving about 2.06 million kWh of energy in the year, equivalent to about 1,449 tons of carbon dioxide emissions reduction. The testing cloud and production cloud platforms use about 300 host computers and run more than 3,000 virtual machines, saving 2,700 physical servers and 2.36 million kWh of energy in the year, equivalent to about 1,660 tons of carbon dioxide emissions reduction.



Haitong Securities, including parent, branches and subsidiaries, finished 2019 with

8,591.36 tons of carbon dioxide equivalent

Down **7.20%** from the previous year

Pushing for paperless archive center

Case

Paperless operation is part of Haitong Securities' push for green office. The Archive Center of the Company has actively pursued paperless documentation management and managed to realize unified management, electronic storage and sharing of customer files, improving the efficiency of archive management and cutting paper use.

As at the end of 2019, the Archive Center had saved about

530 million A4 sheets, equivalent to planting more than

170,000 trees, through paperless customer files, employee files and product contracts.



Giving love back to the society

Deepening poverty alleviation efforts under the "Lead + Support" model

2019 marked a crucial year for fully implementing the guiding principles of the 19th CPC National Congress and winning the battle against poverty. The poor counties pair-supported by Haitong Securities entered the sprint phase of poverty alleviation. The Company's pair-support work took the forms of "one company to one county" support, "100 firms to 100 villages" support and urban-rural pairing of Party organizations in Shanghai. A long-term support mechanism was created to help the people in supported areas get rid of poverty and reach for prosperity.



Haitong Securities' Collaborative Approach to Poverty Alleviation

The Company has set up a working mechanism in which broad-based joint efforts are guided by top leaders. Party Secretary and Chairman of the Company headed the leading group on poverty alleviation, under which a working group and a facilitation body were set up. The poverty alleviation work was carried out through collaboration between management and business departments, between the headquarters and branches, as well as between financial support and staff support, so as to put together financial, human and other resources to facilitate the fight against poverty in supported areas.

In 2019, the Company issued the *Haitong Securities Plan for Facilitation of Key Poverty Alleviation Work* in line with its three-year strategic development program. The plan sets out work on precision poverty alleviation over the three years ended 2020 in terms of financial poverty alleviation, industrial assistance, charity activity, intellectual assistance and consumption assistance.



In 2019, the Company's total spending on precision poverty alleviation reached RMB22,295,100, helping lift 2,924 registered poor households out of poverty. In addition, the Company held an annual poverty alleviation promotion meeting with each pair-supported county to exchange the experience in poverty alleviation and discuss the plan to remain out of poverty. Lixin County (Anhui Province), Shucheng County (Anhui Province) and Xichou County (Yunnan Province), pair-supported by the Company, have all been lifted out of poverty, marking a material victory in precision poverty alleviation and bringing local people closer to the goal of becoming moderately prosperous on all fronts.

Next, the Company will focus on consolidating and improving the pair-supported counties' homegrown ability to develop, further tap the local strengths in industries and opportunities for economic transformation, and contribute to the rural revitalization strategy.

In 2019, the Company's total spending on precision poverty alleviation reached RMB **22,295,100**, helping lift **2,924** registered poor households out of poverty



🤝 Promoting financial poverty alleviation through multiple channels

Haitong Securities has harnessed the professional strengths and resources of the capital market to help poor counties shake off poverty. Through "one company for one county" pair support and capital market support for industrial development, the Company has made active explorations for the inclusive finance function and mechanism of capital market. Precision poverty alleviation efforts were carried out across the fields of investment banking, bond financing, NEEQ listing, futures operation, capital investment and financial leasing. Poor areas were supported with broader financing channels, lower financing costs and market risk protection, having access to multi-channel, multi-level support to fuel regional economic transformation and upgrading.

In 2019, the Company continued to provide financial services, such as private placement of shares, to Ningxia Jiaze New Energy Co., Ltd. and JL MAG Rare-Earth Co., Ltd., two in-depth partners in poor areas, to support their healthy development. Through creation of credit fraud swap, special bonds earmarked for poverty alleviation were issued for enterprises in poor counties. The "insurance + futures" combination was employed to protect from the market risk triggered by falling prices of agricultural and sideline products. In this way, comprehensive financial support has been provided for poor areas.

📈 Sustained support for healthy development of Jiaze New Energy

Case

Established in 2010, Ningxia Jiaze New Energy Co., Ltd. (hereinafter referred to as "Jiaze New Energy") is a privately-owned listed power generation enterprise registered in Ningxia Hui Autonomous Region, and mainly engaged in the development of green energy.

In 2017, the Company helped Jiaze New Energy successfully go public at the Shanghai Stock Exchange, marking the first poverty alleviation equity project in the stock market that year. Since then, the Company has maintained deep cooperation with Jiaze New Energy. In 2019, the Company again assisted Jiaze New Energy with the private placement of equity. Despite the financing difficulties in the private placement market, the Company helped Jiaze New Energy raise RMB485 million through equity financing, thus contributing to the sustainable development of enterprises in poverty-stricken areas.

📄 The first ever credit default swap targeted at poverty alleviation bond launched successfully

Case

In 2019, Haitong Securities underwrote two corporate bond tranches of Lixin Urban-Rural Development Investment Group Co., Ltd., the largest state-owned platform for urban infrastructure construction in Lixin County, with a total issue size of RMB800 million. Among them, the RMB100 million credit default swap created exclusively by the Company effectively enabled the second corporate bond tranche of RMB585 million earmarked for poverty alleviation.

As an asset consolidation and company transformation solution tailor-made for the issuer, a target entity of the Company's poverty alleviation program, this bond issue has progressively improved the issuer's market image and recognition, thus enhancing its ability to generate cash flows. It represented the Company's innovation in poverty alleviation through industrial development, and also part of the state's tough battle against poverty.

💰 "Poverty Alleviation Bond + CDS" to solve difficulties in industrial development of Lankao County

Case

Lankao County is one of the nine poverty-stricken counties designated for support by CSRC. It is also a state-designated key county for poverty alleviation and development, and a state-designated pilot county for new urbanization.

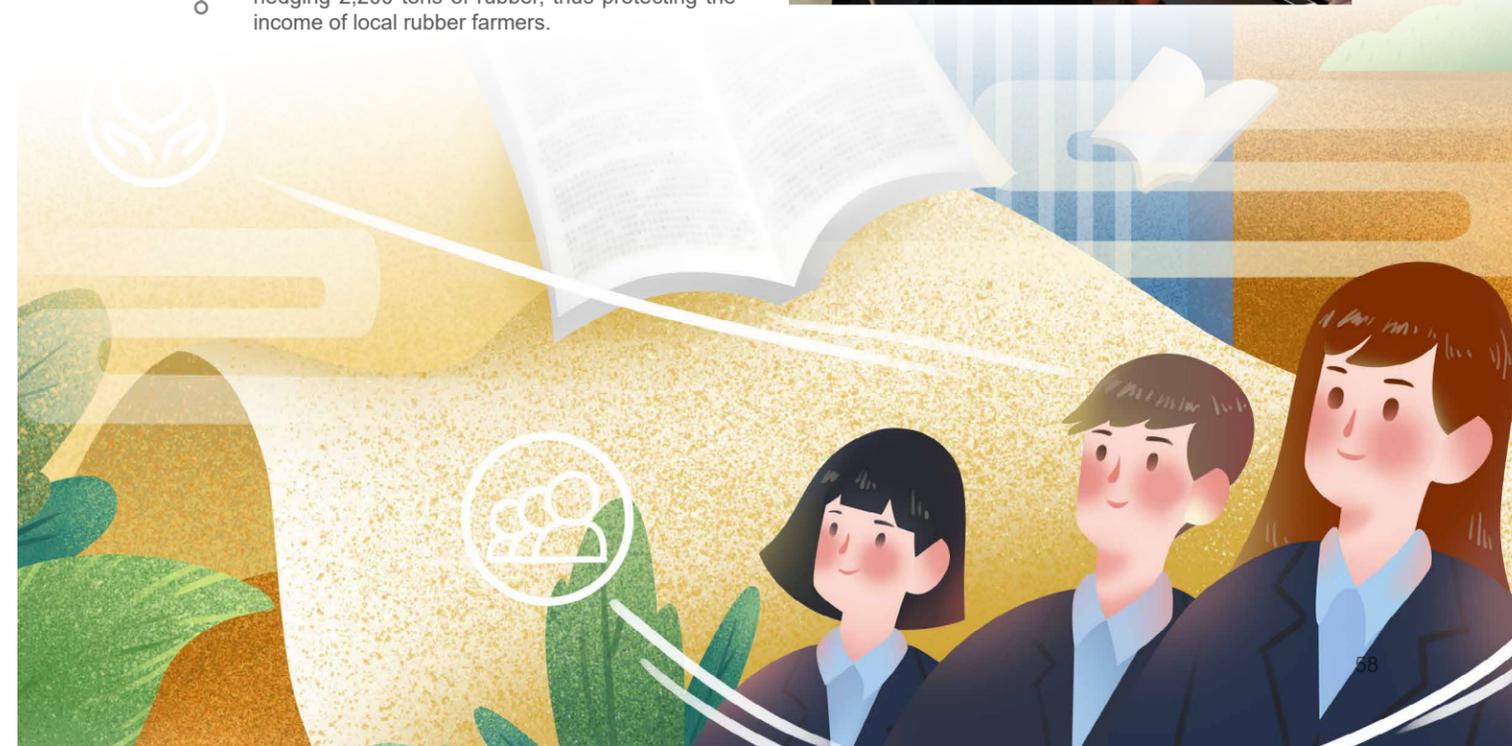
Lankao Urban Construction and Development Investment Co., Ltd. is an important urban construction and capital operation entity in Lankao County, assuming such functions as urban infrastructure construction and land consolidation and development. Haitong Securities introduced the "poverty alleviation bond + CDS" approach fit for local conditions of Lankao County, taking into account the business characteristics of the pilot CDS program. The RMB43 million CDS enabled the issuance of RMB610 million of corporate bonds earmarked for poverty alleviation, helping filling the funding gap in Lanoka's industrial development and, mostly importantly, improving the image of Lankao government's financing vehicle in the capital market.

📊 Pilot poverty alleviation through industrial development: OTC option project of Hainan Rubber Group

Case

Based on its experience in "insurance + futures" projects gained over years, Haitong Futures and its subsidiary Haitong Resource cooperated with Hainan Rubber Group, an industry leader, to help lift rubber farmers in Baisha County and Qiongzong County out of poverty, as part of the Shanghai Futures Exchange's 2019 program on poverty alleviation through industrial development supported by OTC options.

In the project, Hainan Rubber Group purchased from Haitong Resource the spot products of the OTC option counterparty for hedging purposes, and Haitong Resource offset the risk and settled the compensation at protection price with Hainan Rubber Group, which paid the compensation to the rubber farmers through secondary settlement upon rubber delivery. Finally the project generated RMB868,164 of compensation payment by hedging 2,200 tons of rubber, thus protecting the income of local rubber farmers.



Joining the Wuhan rescue to combat the COVID-19 epidemic

At the beginning of 2020, Corona Virus Disease 2019 ("COVID-19") drew widespread attention of citizens. Since the outbreak began, Haitong Securities highly emphasized the epidemic prevention and control. In accordance with the general requirements of "united to take science-based and targeted measures and fight the epidemic with confidence", the Company put the epidemic prevention and control at the top of current agenda, took actions to protect the employees' health and ensure customer services, and also actively contributed its power to epidemic prevention and control in Wuhan.



Shortly after the epidemic broke out, all the employees worked together to collect 6 million pairs of medical gloves, 20,000 of nucleic acid testing kits and other anti-epidemic materials and donated them to Wuhan Tongji Hospital, Wuhan Fourth People's Hospital, Optics Valley Epidemic Prevention and Control Command, dozens of designated hospitals in Huanggang, Ezhou Central Hospital and other medical institutions which were in bad need of these supplies, to support the front-line medical staff and the health workers in grassroots communities.

On March 10, 2020, to further reduce the infection risk for the medical staff, with the strong support from Shanghai Charity Foundation, Shanghai Medical Labor Union and other organizations, the Company, on behalf of all the employees, donated 20 intelligent disinfection robots to Shanghai Public Health Clinical Center, Ruijin Hospital of Shanghai Jiao Tong University School of Medicine, Zhongshan Hospital Affiliated to Fudan University and other designated hospitals as well as the medical teams going to support the anti-epidemic work in Wuhan. These donations represented our sincere love and support for brave rescuers who go in the teeth of danger.

With the guidance of Party building charity brand of "Love in Haitong", Haitong Securities actively mobilized the employees to fully play the pioneering role of Party members and officials as well as League members, to zealously participate in the collection and transportation of anti-epidemic materials, and to provide material support for the anti-epidemic front line of Hubei Province.



Support for anti-epidemic front line despite difficulties

Case

After the epidemic began, with a high sense of mission, the Youth League Branch of Haitong Securities Hubei Branch kept working around the clock to contact the medical institutions at the front line and to collect their anti-epidemic needs. The young employees of the Investment Banking Department and the Research Department actively contacted the listed medical companies and successfully purchased for the Group a large number of testing reagents, medical gloves, oxygen equipment, atomizers and other supplies and devices badly needed at the front line.

Considering the supply-demand imbalance of medical goods in all hospitals of Hubei, to make these donations go where they were most needed, Haitong Securities Hubei Branch selected 40 hospitals as the key supporting targets from the 9 cities that were severely affected by the epidemic with great shortages of medical supplies, including Wuhan, Huanggang, and Xiaogan. To reduce the intermediate links of these donations, the Party members and officials and League members of Hubei Branch directly contacted these selected hospitals and promised to send them the medical supplies as soon as possible.

After these medical materials arrived in Wuhan, due to road closure, shutdown of majority of logistics companies, and shortage of manpower, the General Party Branch of Hubei Branch organized Party members and officials and League members to contact transport trucks through various channels and to coordinate many parties for road passes. When loading and unloading these goods, as no forklifts were available, the employees of the Branch and the drivers carried these 10,000-plus boxes of donations into the trucks one by one. Eventually, the Company overcame various difficulties and sent these materials to the anti-epidemic front line.



As of March 17, 2020



Haitong Securities and its subsidiaries donated a total of RMB **18** million



the employees of the Group contributed RMB **2,368,860.60** of anti-epidemic funds



500 employees took part in the voluntary programs for epidemic prevention and control



with **1,000** hours of participation time

“Haitong is by your side” volunteer services

Haitong Securities is committed to integrating the “Love in Haitong” charitable concept into its corporate culture. The Company encourages employees to bring together the personal charitable acts to create “great love” as a CSR practice, making the Company and every employee a distinctive contributor to the charitable cause.

In March 2019, the CYL Committee of the Company launched the Month of Volunteer Services, an annual event, urging all Haitong youth to become spreaders of volunteerism, drivers of civilized fashion and builders of green home. Employees of the Company’s subsidiaries and branches responsively stepped into local communities and carried out voluntary financial knowledge popularization, voluntary green action and charity activities such as respecting the old and caring for the minor. They carried forward Lei Feng’s spirit in the new era with actions, polished the “Love in Haitong” charitable brand and fulfilled the promise of “Haitong is by your side”, bringing warmth to the needy groups.

Haitong International, a subsidiary of Haitong Securities, cares for the development of the local community. In 2014, it set up the Haitong International Charity Fund putting together internal and external resources to carry out public charity projects. For more than 10 years in a row, it has won many honors from the Hong Kong Council of Social Service, including the “Caring Company” and “Caring Organization” for the Haitong International Charity Fund.

As at the end of 2019, Haitong International

had provided more than **456.5** hours of service

for the **5** elderly service units of the Helping Hand

benefiting **6,250** elderly people



Haitong International showed persistent care for community development

Case

Since 2016, the Haitong International Charity Fund and the Helping Hand have jointly organized the “Haitong International ‘Care for the Elderly, Care for the Brain’ Program”, helping elders in need improve their mood and ease their problems related to cognitive impairments. As at the end of 2019, Haitong International had provided more than 456.5 hours of service for the five elderly service units of the Helping Hand, benefiting 6,250 elderly people.

Haitong International has also sponsored windsurfing events organized by the Windsurfing Association of Hong Kong for many years in a row, nurturing the Hong Kong windsurfing team, and promoting windsurfing to the community. It also sponsored the “Helping Hand Cookie Campaign” and the YO Dancical of the Youth Outreach, showing concerns for the housing and health of the aged and the development of youth people. It organized the “Foodstep Journey” experience group together with Food Angel, a well-known non-profit organization in Hong Kong, helping recycle the edible surplus food and distribute them to the needy in the community free of charge through strict food security procedures, thus contributing to the local community development.



Non-profit investor education

Young employees of the Hebei Branch of Haitong Securities participated in the “Approaching STAR Market Together” investor education campaign organized by CSRC Hebei Office on March 15. During the campaign, CYL members at the Company explained to investors the institutional arrangements and working mechanisms of the STAR Market and the registration-based IPO system, having done a good job in the expectation guidance and rationality education of investors. They broadly popularized the STAR Market knowledge, brought attention to relevant risks and helped investors fully understand the positive role of the STAR Market and the pilot registration-based IPO system, have an objective picture of investment opportunities and risks of the STAR Market and a stronger sense of rational investment and risk prevention.



Green and environment protection



The CYL Branch of Haitong Securities Shenzhen Branch organized youth volunteers to clean urban subway stations and residential communities on March 27 in the “Be Contributor to A Beautiful Environment” volunteer service campaign. CYL members demonstrated the new style of the youth in the new era with actions. They not only beautified the environment around them and won the unanimous praise of the public, but also inspired those around them to learn from Lei Feng.



Caring for the aged and the minor

Haitong UniTrust launched “Love in Haitong · Love for Sick Children” series volunteer service activities. The volunteer team composed of employees of the Company planned and organized performance shows sending solicitude to sick children at the inpatient department of Children’s Hospital of Fudan University in Shanghai. They also donated toys and supplies to hospitalized children on behalf of all staff members encouraging them to recover early.

Haitong Futures, Hunan Hengyang Front Office and other units organized young employees to care for the elderly, aiming to carry forward the Chinese nation’s traditional virtues of respecting and loving the elderly and contribute to caring for vulnerable groups.

Datasheets

Economy

The Company has kept serving the real economy, seized market opportunities while meeting challenges, and managed to maintain steady operating results.

Main Business Contribution

Indicator	Unit	2017	2018	2019
Total primary business income	RMB10,000	2,822,166.72	2,376,501.46	3,442,864.12
Total profit	RMB10,000	1,288,939.70	757,036.69	1,387,192.10
Total tax payment	RMB10,000	490,943.39	540,793.61	536,074.71
Total assets	RMB10,000	53,470,633.28	57,462,363.41	63,679,363.16
Basic Earnings per share	RMB	0.75	0.45	0.83
Social contribution value per share (SCVPS)	RMB	2.57	2.40	2.96

Note: SCVPS = (net profit attributable to ordinary shareholders after deducting non-recurring gains and losses + payments to government + employee wages and benefits + loan interest paid to banks and other creditors + value created for other stakeholders such as donations - other social costs incurred by environmental pollution, etc.) + total number of shares in the Company

Environment

As a financial service institution, the Company advocates a low-carbon and environment-friendly mode of operation and work. It has pushed for energy conservation and environment protection by encouraging employees to integrate this concept into their work and life, so as to save social resources, protect environment and reduce pollution to the maximum extent. In 2019, the Company found no confirmed environmental violations with a significant impact on the Company.

Energy consumption and greenhouse gas (GHG) emissions

The main energy sources used in the ordinary course of business of the Company include electric power, natural gas and gasoline consumed by business vehicles. The Company advocates rational use of electricity, with air conditioners working with a floor of 26°C in summer and a ceiling of 20°C in winter. Office equipment is put to sleep while idle to avoid unnecessary lighting and office equipment running. In addition, the Company regularly maintains in-house vehicles to ensure their functionality and improve the utilization rate of gasoline. Video conferencing is used to reduce travel frequency and travel-related greenhouse gas emissions.

GHG Emissions and Energy Efficiency Indicators

Indicator	Unit	2017	2018	2019
Greenhouse gas emissions	Ton of carbon dioxide equivalent	8,515.63	9,258.25	8,591.36
GHG emissions per unit area	Ton of CO ₂ equivalent/m ²	0.10	0.11	0.10
Total power consumption	kWh	10,673,277	11,795,625	10,992,063
Power consumption per unit area	kWh/m ²	123.40	134.86	122.43
Total natural gas consumption	m ³	105,233	96,336	112,802
Natural gas consumption per unit area	m ³ /m ²	2.49	2.25	2.64
Total gas consumption of the Company's own vehicles	Liter	287,741.94	277,511.84	226,837.27
Energy consumption of Guangdong Road Data Center	kWh	4,347,100	4,358,060	4,670,300
Energy consumption of South Data Center	kWh	1,000,000	1,760,000	2,105,370
Energy consumption of SSE Data Center	kWh	830,000	850,000	882,762

Note 1: The data on greenhouse gas emissions, power consumption and gas consumption of the Company's own vehicles covers the headquarters of Haitong Securities, its branches and the headquarters of its subsidiaries, and the rest data covers the headquarters of Haitong Securities.

Note 2: The greenhouse gas emissions are estimated by combining the emissions directly generated from the Company's natural gas consumption and vehicle gas consumption, and indirectly generated from outsourced power and referring to the average carbon dioxide emission factor of Chinese regional power grids issued by the Department of Climate Change of the National Development and Reform Commission, and the Appendix to Environmental, Social and Governance Reporting Guide issued by Hong Kong Stock Exchange.

Note 3: Since the Company adopted the ESG quantitative performance management system for the environmental data statistics in 2019, the above data covers the headquarters of Haitong Securities Co., Ltd., its branches and the headquarters of its subsidiaries, thus the data is different from those disclosed in the CSR Report 2018 of Haitong Securities Co., Ltd.

Water resource management

The Company uses municipal water as its main source of water. Its water consumption mainly goes to domestic water consumed in office work.

The Company encourages its employees to save water, giving priority to purchasing water-efficient appliances. Timely repairs are conducted to avoid waste of water. Wastewater generated from office work is discharged into the municipal sewer network leading to the urban wastewater treatment plant for central treatment, thereby reducing the environmental impact.

Water Consumption Performance Indicators

Indicator	Unit	2017	2018	2019
Total water consumption	Ton	42,169.85	53,541.99	40,496.47
Water consumption per unit area	Ton/m ²	0.49	0.61	0.45

Note 1: The data in the table covers the headquarters of Haitong Securities, its branches and the headquarters of its subsidiaries.

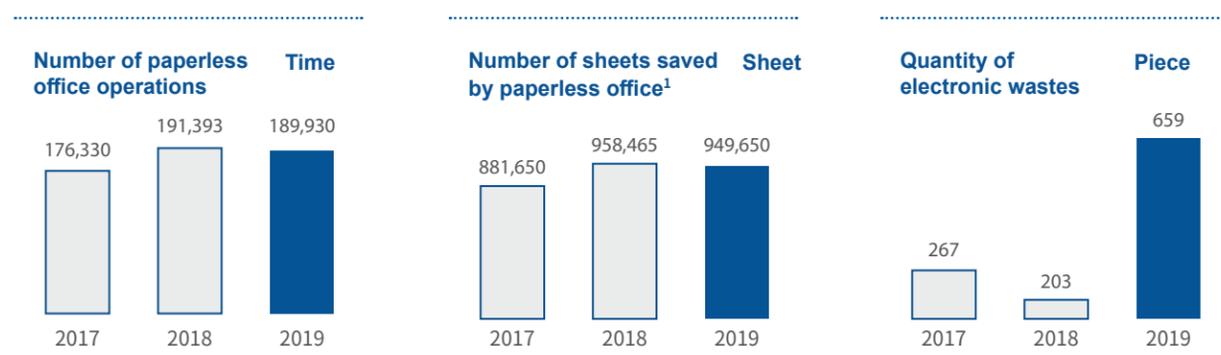
Note 2: Since the Company adopted the ESG quantitative performance management system for the environmental data statistics in 2019, the above data covers the headquarters of Haitong Securities Co., Ltd., its branches and the headquarters of its subsidiaries, thus the data is different from those disclosed in the CSR Report 2018 of Haitong Securities Co., Ltd.

Waste management

Main solid wastes generated by Haitong Securities are divided between harmless wastes (e.g. kitchen wastes, office papers, parcel delivery cartons and glass) and hazardous wastes (e.g. obsolete computers and toner cartridges). The Company has stepped up publicity through posters and carried out the "Clear Your Plate" initiative to reduce kitchen wastes. The OA system and the financial document review system were introduced to reduce office paper use and waste.

In terms of waste disposal, the Company has sorted solid wastes in accordance with the *Shanghai Regulations on Domestic Waste Management*. Office and domestic wastes were collected and removed by the property management function of the Company. For obsolete computers, printers, servers, switches and other waste electronics, the Company has designated their storage locations and regularly had them disposed of by qualified firms.

Waste-related Performance Indicators



Note 1: The data on paperless office and electronic wastes covers the headquarters of Haitong Securities.

Note 2: The number of sheets saved by paperless office only includes those saved by the OA system.

Note 3: The Company has not yet made statistics on harmless wastes.

Note 4: The Company included the servers and switches in the scope of electronic wastes in 2019, therefore the quantity of electronic wastes in 2019 increased more than that of 2017 and 2018.

Society

Employment and diversity

Haitong Securities strictly abides by the *Employee Law of the People's Republic of China*, the *Employment Contract Law of the People's Republic of China* and other national laws and regulations, insisting on creating an equal and impartial development platform and job environment for all employees. The Company prohibits discrimination based on religion, family, disability and other factors. It always upholds the principle of gender equality in employment, embraces a diversified and internationalized workforce and ensures equal access to work opportunities for all employees.

The Company manages employees' human rights protection, wages and benefits, working hours, leaves and democratic participation properly in accordance with relevant in-house policies and rules, including the *Employee Handbook*, *Provisions on Employees' Annual Leave Management*, *Management Measures for Compensation of Haitong Securities Co., Ltd. (Trial)* and the *Collective Contract on Special Interests Protection of Female Employees of Haitong Securities Co., Ltd.* The Company attaches great importance to the protection of female employees. It implements the *Provisions on Scope of Prohibited Work of Female Employees* and other policies, pays due remuneration for special periods like marriage leave, maternity leave and breastfeeding leave and ensures reasonable leave arrangements for female employees in their special periods. In 2019, the Company used no child labor or forced labor.

Protection of human rights <ul style="list-style-type: none"> • Checking labor intensity regularly and prohibiting forced labor • Verifying employee identity to ensure no use of child labor • Setting out dismissal terms and conditions and establishing lawful dismissal procedures 	Remuneration and benefits <ul style="list-style-type: none"> • Market-based level of remuneration, performance-linked pay • Full and timely contribution to social security programs and housing provident funds • Providing supplementary medical insurance, housing allowances, corporate annuity plans and other additional benefits
Working hours and leaves <ul style="list-style-type: none"> • Standard working hours: 40 hours/week • Special types of work subject to special working hours system • Public holidays, annual leave, sick leave, marriage leave, maternity leave, etc. 	Democratic management <ul style="list-style-type: none"> • Employees' Congress promotes democratic management • Trade union safeguards employee rights and interests

Employment Performance Indicators

Indicator		Unit	2017	2018	2019
Number		Person	5,717	5,653	5,718
By gender	Male	Person	3,209	3,194	3,235
	Female	Person	2,508	2,459	2,483
By employment type	Employment contract	Person	5,717	5,653	5,718
	Rehiring after retirement contract	Person	0	0	0
By age group	> 50 years old	Person	381	374	440
	30 to 50 years old	Person	3,650	3,904	3,727
	< 30 years old	Person	1,686	1,375	1,551
By geographic region	Mainland China	Person	5,710	5,646	5,713
	Overseas (including Hong Kong, Macao and Taiwan)	Person	7	7	5

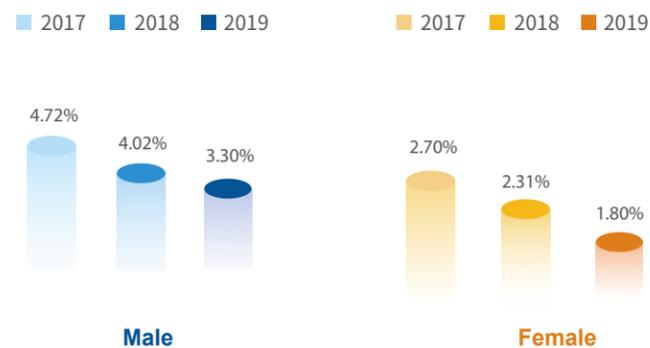
Note: The above data covers Haitong Securities Co., Ltd.



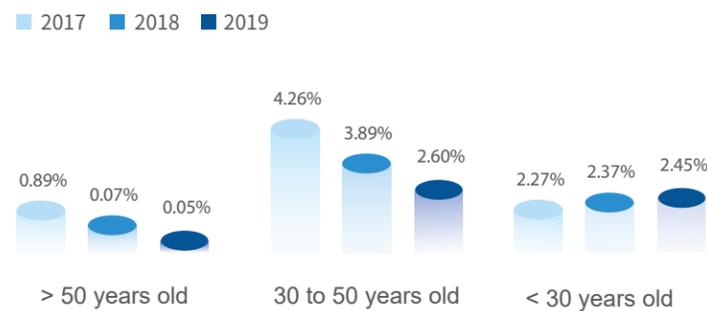
By geographic region



By gender



By age group



Note: The above data covers Haitong Securities Co., Ltd.

Employee training and education

The Company has established a training system covering all employees. It carries out specific work in terms of policy improvement, curriculum system building, trainer training, online learning platform building, training program implementation and learning activity to continuously improve the professional management of employees' career development.

The Company attaches great importance to employees' professional skill training. *The Reward Rules for Qualification Certificate of Speciality and Technology of Haitong Securities Co., Ltd.* was formulated to provide a pro-rata reimbursement of exam fees to employees who have passed professional certification exams, thus encouraging employees to make further breakthroughs in their personal ability and versatility in addition to their job skills.

In 2019, the Company supported 31 employees for professional qualification certifications including certified public accountants (CPAs), certified financial analysts (CFAs), financial risk managers (FRMs) and project management professionals (PMPs).

Employee Training Performance Indicators

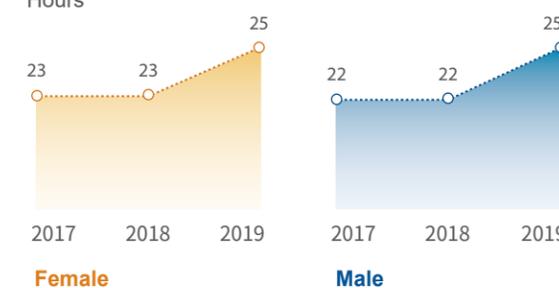


Indicator	Unit	2017	2018	2019
Coverage of employee training	%	100	100	100
By gender	Female	100	100	100
	Male	100	100	100
By employee category	Senior management	100	100	100
	Medium management	100	100	100
	Ordinary employees	100	100	100

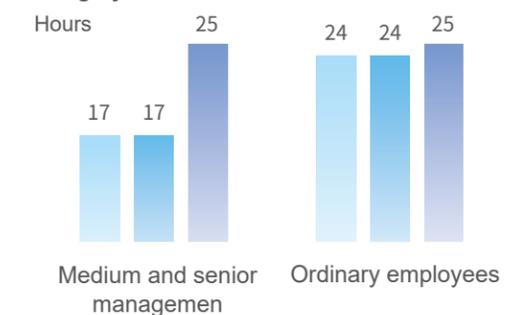
Training hours per capita per year:



By gender



By employee category



Note: The above data covers Haitong Securities Co., Ltd.

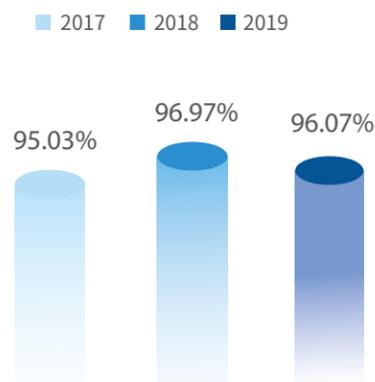
Employee performance assessment and petition

Haitong Securities formulated the *Measures for Performance Management of Haitong Securities Co., Ltd.* and other policies to assess employees' personal performance and overall capability through performance indicators setting, performance monitoring and guidance, performance assessment, and application and feedback of assessment results.

Following the principles of impartiality, transparency and effectiveness and based on the performance assessment management system, the Company has established a reporting, petition and handling mechanism for performance assessment, allowing employees who disagree with the assessment results to request a review within one week to persons in charge. If they still disagree with the review result, the employee may submit a petition to the Human Resources Department within two weeks following the request for review.

Employee Performance Assessment Indicators

Ratio of employees covered by regular performance and career development assessment



Note: The above data covers Haitong Securities Co., Ltd.

Employee satisfaction survey

The Company focuses employee satisfaction surveys on departing employees, listening to their voices about the work scope and intensity, wages and benefits, training and assessment, career development, etc. Their comments and suggestions on the Company are fully considered, laying a solid foundation for the Company to further improve management.

In 2019, the Company's surveyed employee satisfaction was **96%**

Employee health and safety

The Company regularly organizes employee health check-ups to raise employees' awareness of health and disease prevention. In addition, to prevent employees from mental illness, the Company keeps providing employees with psychological assistance, mental health education and other employee assistance programs (EAP). Professional methods are used to help ease employees' psychological stress, improve their psychological quality and balance their physical and mental health.

In 2019, in addition to providing health check-ups, EAP psychological assistance and expedited healthcare access, the Company covered 3,994 employees with Class B insurance programs such as critical illness, accident-related total disability or death and disease-related death. During the reporting period, the Company found no violations related to employee occupational health and safety.

Occupational Health and Safety Performance Indicators

Indicator	Unit	2017	2018	2019
Employee health checkup rate	%	90	90	90
Work-related deaths	Person	0	0	0
Days lost due to work-related injuries	Day	2	0	281
Incidence of occupational diseases among employees	%	0	0	0

Note 1: The above data covers Haitong Securities.

Note 2: In 2019, two work-related injury incidents occurred at the Company, one of which involved many working days lost due to work-related injuries because the injured employee was off work for recuperation throughout 2019.

Intellectual property management

The Company uses its own, customers' and third parties' intellectual property and business information in accordance with the *Trademark Law of the People's Republic of China*, the *Patent Law of the People's Republic of China*, the *Copyright Law of the People's Republic of China* and the *Regulations on the Protection of Computer Software* and other relevant laws and regulations.

The Company has vigorously promoted the standardization and legalization of office software. Employees' office software skills and sense of software legalization have been enhanced by means of centrally purchasing domestic office software kits and organizing staff training on office software skills. In addition, Haitong Securities has centrally managed software installation and use via the office desktop cloud and achieved a 100% genuine rate of software on the office desktop cloud.

The Company has centrally managed software installation and use via the office desktop cloud and achieved a **100%** genuine rate of software on the office desktop cloud

Supply chain management

The Company as a financial service provider uses a small number of suppliers, mainly for its procurement of IT software and hardware, office supplies, equipment and services. Thus its supply chain poses a relatively low risk of negative environmental and social impact.

In terms of strengthening supply chain management, the Company formulated the *Measures for Procurement Management of the Company* to standardize its procurement procedures. In selecting suppliers, the Company attaches great importance to their business ethics and social responsibility. All kinds of commercial bribery activities are strictly monitored and prevented by screening, evaluating and regularly checking suppliers.

In 2019, the Company did not find any supplier having a significant actual or potential negative impact on or committing violations in terms of business ethics, environmental protection and labor standards.

Anti-corruption

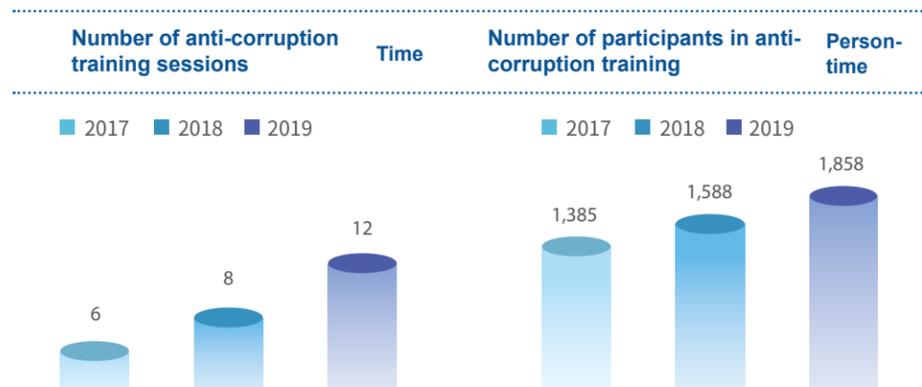
The Company endeavors to maintain a corruption-free working environment, strengthen the self-discipline awareness of employees and prevents employees from violating laws and regulations. In 2019, the Company revised the *Rules for Employee Disciplinary Procedures of Haitong Securities Co., Ltd.* and formulated the *Administrative Measures for Honesty and Integrity of Haitong Securities Co., Ltd. (Trial)*, thus bringing discipline to the conduct of employees.

The Company has established a compliance complaint and whistle-blowing system, allowing internal and external stakeholders to participate in the Company's compliance management. External stakeholders can make complaints or blow the whistle by letter, email, telephone, fax, visits, internet, etc. Employees have access to the discipline inspection and supervision platform through the OA hyperlink.

The Company highly emphasizes whistleblower protection. Any complaint received will be reviewed and handled strictly in accordance with established procedures. The Company formulated the *Administrative Measures for Petitions to Discipline Inspection and Supervision of Haitong Securities Co., Ltd.*, requiring that the name, identity, employer and other relevant information of the petitioner shall not be disclosed without the consent of the petitioner, and his/her identity shall be kept confidential from investigators appointed by the discipline inspection and supervision authority. The *Rules for Employee Disciplinary Procedures of Haitong Securities Co., Ltd.* sets out penalties on those who retaliate against or framing up accusers or whistleblowers reporting non-compliances in accordance with the law.

The Company carries out integrity education events targeted at its officials and employees in various forms, including integrity training program, written interview on integrity with newly appointed officials, publication of the monthly *Discipline Inspection and Supervision Newsletters* and irregular notification of typical disciplinary cases to WeChat work groups. In 2019, there were no graft lawsuits against the Company or its employees.

Anti-Corruption Performance Indicators

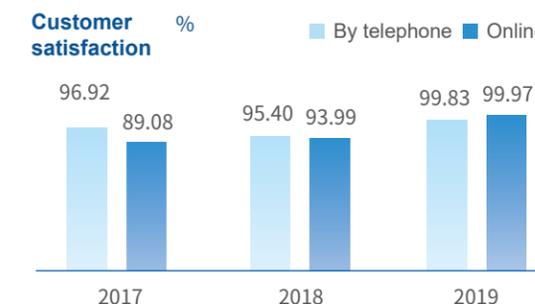
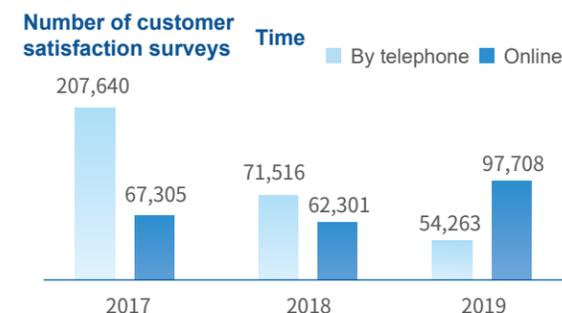
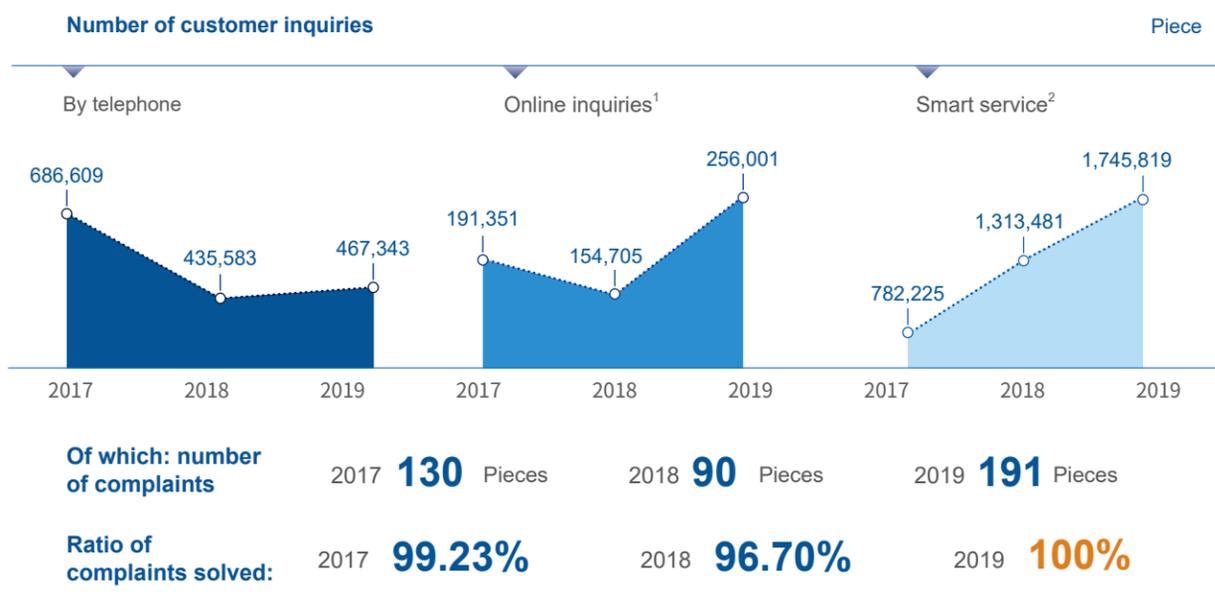


★ Products and services

The Company formulated the *Administrative Measures for Customer Complaints of Haitong Securities Co., Ltd.* in accordance with the *Guidelines on Further Strengthening the Protection of the Legitimate Rights and Interests of Small and Medium-Sized Investors in Capital Market* and the *Provisions on Strengthening the Management of the Securities Brokerage Business*. The policy sets out the roles and responsibilities related to customer complaint, the complaint handling mechanism, complaint-related emergency response mechanism and accountability for complaint handling, thus standardizing the customer inquiry and service procedures.

The Company has in place 24/7 customer inquiry and complaint channels. Its customer service hotline 95553, official website and WeChat Public Account, e-HaitongCai APP and online trading platforms enable a combination of inquiries by telephone, online and through smart service, effectively protecting the quality and efficiency of customer services and safeguarding the interests of customers.

Customer Service Performance Indicators



Note 1: Online inquiries refer to the total inquiries answered by customer service agents on internet platforms, such as Haitong Securities' official website, WeChat Public Account and e-HaitongCai APP.

Note 2: Smart service refers to inquiries answered by the intelligent customer service on e-HaitongCai APP.

Note 3: In 2018, the number of inquiries by telephone fell due to full application of online and smart services at the Company.

Note 4: In 2018, the Company adjusted the categories of telephone satisfaction surveys, so the telephone-surveyed satisfaction data were weaker than 2017.

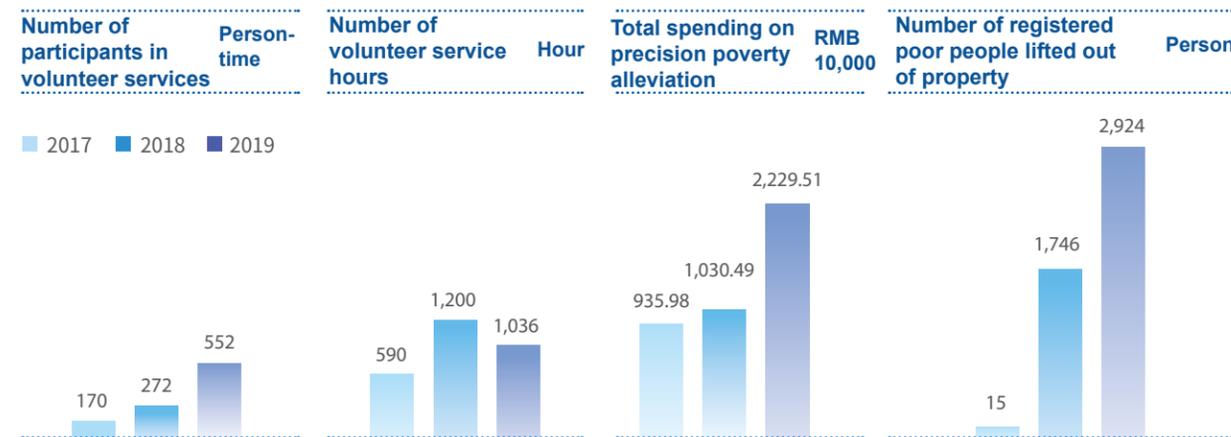
The Company sells financial products in accordance with the *Regulations on the Supervision and Administration of Securities Companies*, the *Provisions on Agency Distribution of Financial Products by Securities Companies* and the *Code of Self-discipline for Practitioners in the Fund Industry*, ensuring customers' access to true and complete product information and adequate protection of investors. The Company also has strengthened the management and audit of advertising pursuant to China's Advertising Law and regulatory requirements.

In 2019, the Company committed no violations regarding product or service information or marks, nor did it commit any marketing non-compliances.

☺ Charity activities

In 2019, Haitong Securities, under the brand of "Love in Haitong", carried out education, livelihood improvement, environment protection and volunteer service programs targeted at disadvantaged groups of people in areas covered by the "One Company for One County" pair support program, the Shanghai pair support program and the Party organization pair support program in line with the overall plans of the CPC Central Committee and Shanghai Municipal Committee of CPC for precision poverty alleviation. The Company spent more than RMB15 million on charity activities and more than RMB6 million on other poverty alleviation projects, supplemented by over RMB500,000 of employee donations.

Charity Performance Indicators



Appendices

Index of Guidelines on Environmental Information Disclosure of Listed Companies on SSE

Notice on Strengthening CSR Work of Listed Companies & Issuing Guidelines on Environmental Information Disclosure of Listed Companies on SSE	
Disclosure proposal	Section index
Article 1	About Haitong Securities CSR Philosophy and Management
Article 2	Message from the Chairman Message from the CEO CSR Philosophy and Management Achieving high-quality development through smart operation Performing Our Founding Mission as A Financial Institution Contributor to Social Advancement Staying True to Who We Are: A Responsible Corporate Citizen Datasheets
Article 3	Compliant
Article 4	Achieving High-quality Development through Smart Operation
Article 5.1	Performing Our Founding Mission as A Financial Institution Contributor to Social Advancement Staying True to Who We Are: A Responsible Corporate Citizen Datasheets
Article 5.2	Practicing low-carbon operations Datasheets
Article 5.3	Achieving High-quality Development through Smart Operation Performing Our Founding Mission as A Financial Institution Contributor to Social Advancement Staying True to Who We Are: A Responsible Corporate Citizen Datasheets
Article 6	Compliant
Article 7	Compliant

Environmental, Social and Governance Reporting Guide Index on Hong Kong Stock Exchange

Aspects, General Disclosures and KPIs	Description	Section
A. Environmental		
Aspect A1: Emissions		
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.	Datasheets
KPI A1.1	The types of emissions and respective emissions data	Datasheets
KPI A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Datasheets
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Datasheets
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Datasheets
KPI A1.5	Description of measures to mitigate emissions and results achieved	Datasheets Practicing low-carbon
KPI A1.6	Description of how hazardous and non-hazardous waste is to be handled, reduction initiatives and results achieved.	Datasheets
Aspect A2: Use of Resources		
General Disclosure A2	Policies on the efficient use of resources, including energy, water and other raw materials.	Datasheets Practicing low-carbon operations
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)	Datasheets
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility)	Datasheets
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	Datasheets Practicing low-carbon operations
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Datasheets
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	This indicator is not applicable, for the Company mainly provides financial products and services

Aspect A3: The Environment and Natural Resources		
General Disclosure A3	Policies on minimizing the issuer's significant impact on the environment and natural resources	Datasheets Practicing low-carbon operations
KPI A3.1	Description of the significant impacts of business activities on the environment and natural resources and the actions having been taken to manage them	Datasheets Practicing low-carbon operations
B. Social Employment and Labor Practices		
Aspect B1: Employment		
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.	Fostering high-caliber talent Datasheets
KPI B1.1	Total workforce by gender, employment type, age group and geographical region	Datasheets
KPI B1.2	Employee turnover rate by gender, age group and geographical region	Datasheets
Aspect B2: Health and Safety		
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.	Fostering high-caliber talent Datasheets
KPI B2.1	Number and rate of work-related fatalities	Datasheets
KPI B2.2	Lost days due to work injury	Datasheets
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	Datasheets
Aspect B3: Development and Training		
General Disclosure B3	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Fostering high-caliber talent Datasheets
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management)	Datasheets
KPI B3.2	The average training hours completed per employee by gender and employee category	Datasheets
Aspect B4: Labor Standards		
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 labor.	Datasheets
KPI B4.1	Description of measures to review employment practices to avoid child and forced labor	Datasheets
KPI B4.2	Description of steps taken to eliminate such practices when discovered	Datasheets

B. Social Operating Practices		
Aspect B5: Supply Chain Management		
General Disclosure B5	Policies on managing environmental and social risks of the supply chain.	Datasheets
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	Datasheets
Aspect B6: Product Responsibility		
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, labeling and privacy matters relating to products and services provided and methods of redress.	Datasheets
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	This indicator is not applicable, for the Company mainly provides financial products and services
KPI B6.2	Number of products and service related complaints received and how they are dealt with	Datasheets
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights	Datasheets
KPI B6.4	Description of quality assurance process and recall procedures	This indicator is not applicable, for the Company mainly provides financial products and services
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored	High-quality customer services
Aspect B7: Anti-corruption		
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.	Risk and Compliance Management Datasheets
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	Datasheets
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	Datasheets
Aspect B8: Community Investment		
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.	Feature: Educational Charity Enables a Beautiful Future Giving love back to the society
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport)	Feature: Educational Charity Enables a Beautiful Future Giving love back to the society
KPI B8.2	Resources contributed (e.g. money or time) to the focus area	Feature: Educational Charity Enables a Beautiful Future Giving love back to the society Datasheets

Sustainability Reporting Standards (2016) Index

Sustainable Development Report Standards indicator		Description
Foundation		
101-1	Reporting Principles, including principles for defining report content and principles for defining report quality.	About the Report
Organizational profile		
102-1	Name of the organization	Company profile
102-2	Activities, brands, products, and services	Company profile
102-3	Location of headquarters	Back cover
102-4	Number of countries where the organization operates, and the names of countries where it has significant operations and/or that are relevant to the topics covered in the report	Company profile
102-5	Ownership and legal form	Company profile
102-6	Markets served	Company profile
102-7	Scale of the organization	Company profile
102-8	Information on employees and other workers	Datasheets
102-10	Significant changes to the organization and its supply chain	Not applicable
102-11	Whether and how the organization applies the Precautionary Principle or approach	Risk and compliance management
Strategy		
102-14	A statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy for addressing sustainability	Message from the Chairman
102-15	A description of key impacts, risks, and opportunities	Message from the Chairman
Ethics and integrity		
102-16	A description of the organization's values, principles, standards, and norms of behavior.	CSR Philosophy and Management

Governance		
102-18	Governance structure	Company profile
102-21	Consulting stakeholders on economic, environmental, and social topics	CSR management
102-22	Composition of the highest governance body and its committees	Sound corporate governance
102-29	Identifying and managing economic, environmental, and social impacts	CSR management
Stakeholder engagement		
102-40	List of stakeholder groups	CSR management
102-42	The basis for identifying and selecting stakeholders with whom to engage	CSR management
102-43	Approach to stakeholder engagement	CSR management
102-44	Key topics and concerns that have been raised through stakeholder engagement, including: how the organization has responded to those key topics and concerns, and the stakeholder groups that raised each of the key topics and concerns	CSR management
Reporting practice		
102-45	Entities included in the consolidated financial statements	About the Report
102-47	A list of the material topics identified in the process for defining report content	CSR management
102-50	Reporting period for the information provided (e.g. fiscal year or calendar year)	About the Report
102-51	If applicable, the date of the most recent previous report	About the Report
102-52	The reporting cycle can be, for example, annual or biennial	About the Report
102-53	Contact point for questions regarding the report	About the Report
102-55	The GRI content index, which specifies each of the GRI Standards used and lists all disclosures included in the report	GRI Sustainable Development Report Standards Index

Economy		
103-1	For each material topic, the reporting organization shall report an explanation of why the topic is material, the Boundary for the material topic, and any specific limitation regarding the topic Boundary	Serving the real economy Educational Charity Enables a Beautiful Future
103-2	The management approach and its components	Giving love back to the society
103-3	An explanation of how the organization evaluates the management approach	Datasheets
Economic Performance		
201-1	Direct economic value generated and distributed	Datasheets
Indirect Economic Impacts		
203-1	Infrastructure investments and services supported	Serving the real economy Educational Charity Enables a Beautiful Future Giving love back to the society
Anti-corruption		
205-2	Communication and training about anti-corruption policies and procedures	Datasheets
Environment		
103-1	For each material topic, the reporting organization shall report an explanation of why the topic is material, the Boundary for the material topic, and any specific limitation regarding the topic Boundary	Practicing low-carbon operations Datasheets
103-2	The management approach and its components	
103-3	An explanation of how the organization evaluates the management approach	
Energy		
302-1	Energy consumption within the organization	Datasheets
302-3	Energy intensity	Datasheets
Environmental Compliance		
307-1	Significant fines and non-monetary sanctions for noncompliance with environmental laws and/or regulations in terms of total monetary value of significant fines, total number of non-monetary sanctions, and cases brought through dispute resolution mechanisms, if the organization has not identified any non-compliance with regulations, a brief statement of this fact is sufficient	Datasheets

Society		
103-1	For each material topic, the reporting organization shall report an explanation of why the topic is material, the Boundary for the material topic, and any specific limitation regarding the topic Boundary	Fostering high-caliber talent Datasheets
103-2	The management approach and its components	
103-3	An explanation of how the organization evaluates the management approach	
Employment		
401-1	Total number and rate of new employee hires during the reporting period, by age group, gender and region	Datasheets
Occupational Health and Safety		
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	Datasheets
Training and Education		
404-1	Average hours of training that the organization's employees have undertaken during the reporting period, by gender and employee category	Datasheets
Diversity and Equal Opportunity		
405-1	Percentage of individuals within the organization's governance bodies and employees per employee category in each of the following diversity categories: gender, age group and other indicators of diversity where relevant.	Datasheets
Child Labor		
408-1	Operations and suppliers considered to have significant risk for incidents of child labor, young workers exposed to hazardous work and operations and suppliers considered to have significant risk for incidents of child labor in terms of measures taken by the organization in the reporting period intended to contribute to the effective abolition of child labor.	Datasheets
Forced or Compulsory Labor		
409-1	Operations and suppliers considered to have significant risk for incidents of forced or compulsory labor, and measures taken by the organization in the reporting period intended to contribute to the elimination of all forms of forced or compulsory labor	Datasheets
Marketing and Labeling		
417-2	Total number of incidents of non-compliance with regulations concerning product and service information and labeling, if the organization has not identified any non-compliance with regulations, a brief statement of this fact is sufficient.	Datasheets
417-3	Total number of incidents of non-compliance with regulations concerning marketing communications, if the organization has not identified any non-compliance with regulations, a brief statement of this fact is sufficient	Datasheets
Customer Privacy		
418-1	Total number of complaints of identified leaks, and losses of customer data	High-quality customer services

Definitions

In this Report, unless the context otherwise requires, the following terms and expressions have the meanings set forth below:

“A Share(s)”	domestic shares of the Company, with a nominal value of RMB1.00 each, which are listed and traded on the Shanghai Stock Exchange
“Company” or “Haitong Securities”	Haitong Securities Co., Ltd.
“CPPCC”	the National Committee of the Chinese People’s Political Consultative Conference
“CSRC”	the China Securities Regulatory Commission
“CYL”	the Communist Youth League
“Group”	the Company and its subsidiaries
“H Share(s)”	ordinary shares of the Company with a nominal value of RMB1.00 each, which are subscribed for and traded in HK dollars and are listed on the Hong Kong Stock Exchange
“Haitong Bank”	Haitong Bank, S.A
“Haitong Futures”	Haitong Futures Co., Ltd. (海通期貨股份有限公司)
“Haitong International” or “Haitong International Securities”	Haitong International Securities Group Limited (海通國際證券集團有限公司), listed on the Hong Kong Stock Exchange, stock code: 665
“Haitong Resource”	Shanghai Haitong Resource Management Co., Ltd. (上海海通資源管理有限公司)
“Haitong UniTrust”	Haitong UniTrust International Leasing Co., Ltd. (海通恒信國際租賃股份有限公司)
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“IPO”	initial public offering
“NEEQ”	National Equities Exchange and Quotations (全國中小企業股份轉讓系統)
“Reporting Period”	from 1 January 2019 to 31 December 2019
“SSE”	the Shanghai Stock Exchange
“SZSE”	the Shenzhen Stock Exchange

About the Report

This is the 10th CSR Report issued by Haitong Securities Co., Ltd., aiming to disclose the Company’s economic, social and environmental initiatives and accomplishments to the stakeholders.

Scope of Report

Organizational scope: The same as the scope of the consolidated annual financial statements of the Company unless otherwise specified.

Time span: January 1, 2019 to December 31, 2019

Frequency of issuance: The Report is issued annually.

Data Description

The data and cases in the Report are sourced from the original records or financial reports on the actual operation of Haitong Securities and its subsidiaries. The financial figures are denominated in RMB. In case of any discrepancy between the Report and the financial reports, the latter shall prevail. Searches in the environmental databases of the Institute of Public and Environmental Affairs (IPE) and the Shanghai Qingyue Environmental Protection Information Technology Service Center showed no negative environmental records of Haitong Securities and its subsidiaries involved in this report.

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 on SSE* and *Notice on Further Improving Disclosure of Poverty Alleviation Information of Listed Companies* issued by Shanghai Stock Exchange, and Appendix 27 (Environmental, Social and Governance Reporting Guide) to the *Hong Kong Listing Rules*. Meanwhile, this Report has quoted some standards from the *ESG Guide Consultation Conclusions (2019)* and the *Sustainability Reporting Standards (2016)* issued by the Global Reporting Initiative. Please see the index of the *Sustainability Reporting Standards* for details.

Publication Format

The Report is available in the format of PDF at

<http://www.sse.com.cn>

<http://www.hkexnews.hk>

<http://www.htsec.com>