

# 恒投证券

HENGTOU SECURITIES

(a joint stock company incorporated in the People's Republic of China with limited liability under the Chinese corporate name “恒泰证券股份有限公司” and carrying on business in Hong Kong as “恒投證券” (in Chinese) and “HENGTOU SECURITIES” (in English))

Stock Code: 1476

2017  
Environmental, Social and  
Governance Report

---

## Content

ABOUT THIS REPORT.....	1
<b>Introduction of Report</b> .....	1
<b>Reporting Scope</b> .....	1
<b>Reporting Guidelines</b> .....	1
<b>Cautionary Statement</b> .....	1
COMPANY OVERVIEW .....	2
<b>Company Profile</b> .....	2
<b>Stakeholder Engagement</b> .....	2
BENEFITTING CUSTOMERS	
— <b>Innovative Service Brings Mutual Benefits</b> .....	4
<b>Innovative Financial Services</b> .....	4
Excels People-Oriented Services in Outlets.....	4
Establishment of “Call Center” .....	5
Continuously Enhance Investors Education.....	5
<b>Marketing Code of Conduct</b> .....	6
Product Promotion .....	6
Customer Privacy .....	7
<b>Transparent Supervision</b> .....	7
CONNECTING EMPLOYEES	
— <b>People-Oriented Career Development</b> .....	9
<b>People-Oriented</b> .....	9
Equal Opportunities and Recruitment.....	9
Salary and Welfare.....	11
<b>Caring for Employee’s Health</b> .....	11
Safety Education .....	12
Colorful Cultural Activities .....	12
<b>Employee Motivation and Development</b> .....	13
HELPING SOCIETY	
— <b>Creating Value and Fulfilling Social Responsibility</b> .....	15
<b>Regulating Procurement Process</b> .....	15
<b>Anti-Corruption</b> .....	15
<b>Charity</b> .....	18

---

## **BUILDING GREEN HOMELAND**

<b>—Protecting Environment and Promoting Harmonious Development .....</b>	<b>19</b>
<b>Concerns Over Air Quality .....</b>	<b>19</b>
<b>Rational Use of Resources .....</b>	<b>20</b>
<b>Reinforce Waste Management .....</b>	<b>21</b>
Appendix 1 - Index of Environmental, Social and Governance Reporting Guide.....	22
Feedback Form.....	25

# ABOUT THIS REPORT

## Introduction of Report

This is the second Environmental, Social and Governance Report (the “**ESG report**” or “**Report**”) published by Hengtai Securities Co., Ltd. (a joint stock company incorporated in the People’s Republic of China with limited liability under the Chinese corporate name “恒泰证券股份有限公司” and carrying on business in Hong Kong as “恒投證券” (in Chinese) and “**HENGTOU SECURITIES**” (in English) ) (the “**Company**” or “**we**”). We hope that the Report will enable you to better understand our effort and give back to us your expectations, so as to enhance mutual trust in each other.

## Reporting Scope

Unless otherwise stated, the scope of this ESG report covers the Company which includes main offices, branch offices and securities branches. The reporting period of the information covered by this ESG report is from 1 January 2017 to 31 December 2017 (the “**Reporting Period**”), which is the same as the fiscal year defined in the Company’s 2017 Annual Report.

## Reporting Guidelines

The ESG report mainly disclosed the environmental and social aspects of the Company’s annual performance in accordance with the Appendix 27 “Environmental, Social and Governance Reporting Guide” of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) published by The Stock Exchange of Hong Kong Limited (the “**SEHK**”).

## Cautionary Statement

This Report contains some forward-looking statements with respect to the performance of operations and businesses as well as certain plans and objectives of the Company. By the nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will or may occur in the future and are outside the control of the Company. This Report has Chinese and English versions. In the event of inconsistency, the Chinese version prevails.

# COMPANY OVERVIEW

## Company Profile

The Company's predecessor is Inner Mongolia Autonomous Region Securities Company (內蒙古自治區證券公司) which was established by Inner Mongolia branch of the People's Bank of China upon the approval of the People's Bank of China in April 1992. In November 1998, the Company was converted into a limited liability company as approved by the China Securities Regulatory Commission (the "CSRC"). In November 2008, upon approval by the CSRC, Hengtai Securities Limited Liability Company (恒泰證券有限責任公司) was converted into a joint stock company with limited liability under the name of Hengtai Securities Co., Ltd. (恒泰證券股份有限公司). On 15 October 2015, the overseas listed shares of the Company were officially listed on the Main Board of the Stock Exchange in Hong Kong with the stock code 1476.

The Company is an integrated securities company with strategic distribution in major developed cities all around China (also referred as "**the nation**") . Through brokerage and wealth management business, investment management business and proprietary trading, the Company can provide a wide range of financial products and services to financial institutions, large, medium and small enterprises, institutional investors, and individuals. Since the Company was founded, we have always been adhering to the business philosophy of "steady, honest, pragmatic and innovative" and the business objective of "serving the customers wholeheartedly". We consider booming and serving the securities market as our responsibility and have made great progress in all kinds of business complying with high standards of discipline and scientific management. Now we have developed as a comprehensive securities company with certain business scope and competitive edge in China.

## Stakeholder Engagement

It is important for the Company to build close relationships with stakeholders to retain sustainable development. We apply diversified platforms to interact comprehensively with different stakeholders in response to their expectation on the Company.

Main stakeholders	Expectations and demands	Communication and response channels
Customers	Customer privacy Label of product and service Market promotion	Company homepage
		Customer service hotline
		Wechat official account
		Customer feedback mailbox
		Humanized service provided by securities branches
		Investor education theme activities
Employees	Competitive remuneration package Employee training and education Diversity and equal opportunity Care for employees	Regular announcements via intranet and bulletin board
		Employee training questionnaires
		Survey sheets of training needs
		Employee feedback platform
		Regular department meetings
		Activities held by unions and the Party
		President mailbox

Shareholders and Investors	Constant and steady return Protection of shareholder's rights Transparent disclosure of information Enhancement of communication	Company homepage
		Wechat official account
		Annual reports and interim reports
		Annual general meetings
		Investor teleconferences
		Themed workshops, lectures and seminars
Community	Service of community construction and development	Participation in various charity events
		Close connection between unions and neighborhood community
Government and Regulatory Authorities	Discipline Security practices	Regular communication with government and regulatory authorities
		Submitting compliance report complying with regulatory requirements

## BENEFITTING CUSTOMERS

### —Innovative Service Brings Mutual Benefits

Customers are where the core competitiveness lies in the securities market. The Company instills “customer-centered” mission in its services. Listening to customer’s concerns, persisting to professional innovative pathway and diligently rebating to its customer’s trustworthiness with professional, excellent and diversified services.

---

#### Innovative Financial Services

The Company regards “creating value for customers” as corporate mission and upholds the corporate culture of “innovation, being practical, integrity and cooperation”. With the progress on information technology and the improvement of service, the Company is committed to comprehensively enhancing customer satisfaction. In order to improve our market competitiveness and quality of customer service, we strengthen the service quality in three aspects including business network site service, call center and all kinds of investor education series theme activities, and have built the first-class service brand of securities financing customer in China.

#### Excels People-Oriented Services in Outlets

The Company have launched two remarkable standardization development plans. One of the plans was to standardize image design, hardware installation and function identification of our business halls, whose guidance indicators were sketched by the head office and developed by professional company, aiming to maintain visual consistency of the organization; and the other one was to standardize business process based on massive researches to regulate background operation firmly with a hundred of thousands of words-documentations concluding all standardized processes.

To provide ideal plans and advices for securities financing to humanize our client service, the Company also builds a professional group of customer managers with high quality who could provide financial investment planning and advances to our clients. The group can help clients set up logical and validate investment philosophy and identify their risk undertaking ability to select appropriate investment field and timing by providing “one by one” customized communication. The pattern of personalized finance, which could develop clients’ long-term securities financing target setting and improve their pragmatic investment strategies, indicates a further sublimation of humanization service.

### Case: Accomplishment of 2017 Transition Training for Sales Department

Based upon the increasing number of investors choosing convenient and effective investment modes in developing Internet era, it is essential for securities traders to realize the importance of products innovation in the coming days. Therefore, to keep on track with developments trends of markets and development direction of the industry, the Company held a transition training from 18 to 19 February 2017.

We invited external trainers to share knowledge of market-oriented mechanism of intelligent investment and consultation business; cooperation system of conventional security companies and sunshine private equity and new cooperative internet-security companies welfare management mode. Trainees learned through filed-specific experience and classic cases sharing, which expended their thinking of business management and business development of securities branches.



### Establishment of “Call Center”

The Company has established a call center for stronger connection and communication between clients to inspect their requirements and suggestions by providing service hotline respectfully (the “Call Center”). Meanwhile, the Call Center renders message service actively to enhance service level. According to our investigation, there are more than millions of clients involved into this system by the end of 2017 which have earned a wide spread influential reputation for the Company. Additionally, we have developed three characteristic service based on functions carried by establishment of the Call Center: 1) customer account-associated reminder service; 2) timely stock market analysis interpretation service; and 3) investment risk reminder service during intensive stock market fluctuation.

### Continuously Enhance Investors Education

As a footstone of healthy development and market formalization of security industry in China, investors education performs an important role in protecting legal interests of investors, cultivating rational investors, regulating market order and transection and promoting formalization of the market. In order to uphold and fully implement requirements of CSRC and other regulatory departments, the Company has constructed an abundance and multilevel investors education scheme based on its united thought and active respond so as to emphasize functions of investors education in protecting investors’ legal interests and promoting regulatory and healthy development of security industry market.



#### Case: “3.15 the World Consumer Rights Day” Investors Suitability Management Education Act

The Company held an investors’ suitability management education activity on 15 March 2017. We not only interpreted core points in *Measures for the Administration of the Suitability of Securities and Futures Investors*, but also clarified and introduced importance of investors suitability management in protecting legal interests of investors, to enhance their understanding of rational investigation.



## Marketing Code of Conduct

The Company insists on promoting products responsibly, prioritizing profits of our customers, strengthening interval supervision and improving employees’ awareness on shielding customer privacy to maximize safety of our customer privacy.

### Product Promotion

The Company complies with *Advertising Law of the People's Republic of China* as well as other regulations of advertisement, refusing all kinds of mendacious information or misdirection in advertisement and trading. To ensure our commitment, we have formulated a series of rules and regulations on processing industry consignment and regulating product promotion.

We focus a lot on staff training and customers cultivation in our products sales process. We hold both onsite and offsite focus roadshows and compliance promotion for every single product to promote formally and implemented firmly professional guidance for our sales staff in case. It is believed that throughout various investors education scheme, market development and customer cultivation could be integrated solidly and interminably.

The Company has built up an information disclosure block on official site with products information such as type and code of specific financial products to provide an effective, transparent and comprehensive product service for our customers. Meanwhile, we notify grading standard and risk disclosure standard of products to ensure availability of reliable and precious information for our customers.

Furthermore, the Company also attaches great importance to intellectual property protection and its management, through incorporating the awareness of intellectual property protection into each sector of operation management and continuously optimizing the organization building and procedural system of intellectual property management, so as to effectively advance the management work in terms of intellectual property.

## Customer Privacy

We accentuate customer privacy protection as we have administered privacy protection in all fields of business including marketing activities, customer service, client management and backstage systematic support. Besides, by complying with *Law of the People's Republic of China on Guarding State Secrets*, *Regulation on the Implementation of the Law of the People's Republic of China on Guarding State Secrets*, *Rules for the Implementation of the Law of the Inner Mongolia Autonomous Region on Guarding State Secrets* and other relative regulations, the Company has formulated *Confidential Information Management Approaches of Hengtai Securities Co., Ltd.*, *Code of Practice of Confidential Information Management Work for Securities Branches* and *Customer File Management Regulations for Securities Branches* to constantly improve perception of employees on protecting customer privacy.

Furthermore, we have applied technical and managerial limitations to restrict quantitative research, exporting and copying authorities on customer information of practitioners, isolating office network and business network which keeps business information in business operating computers exclusively rather than being extracted by staff to protect safety of customer privacy. At the same time, there is a supervision system that keep monitoring and examining technologist who takes charge of maintaining customer profile to prevent information leakage or unauthorized operation on customer information.

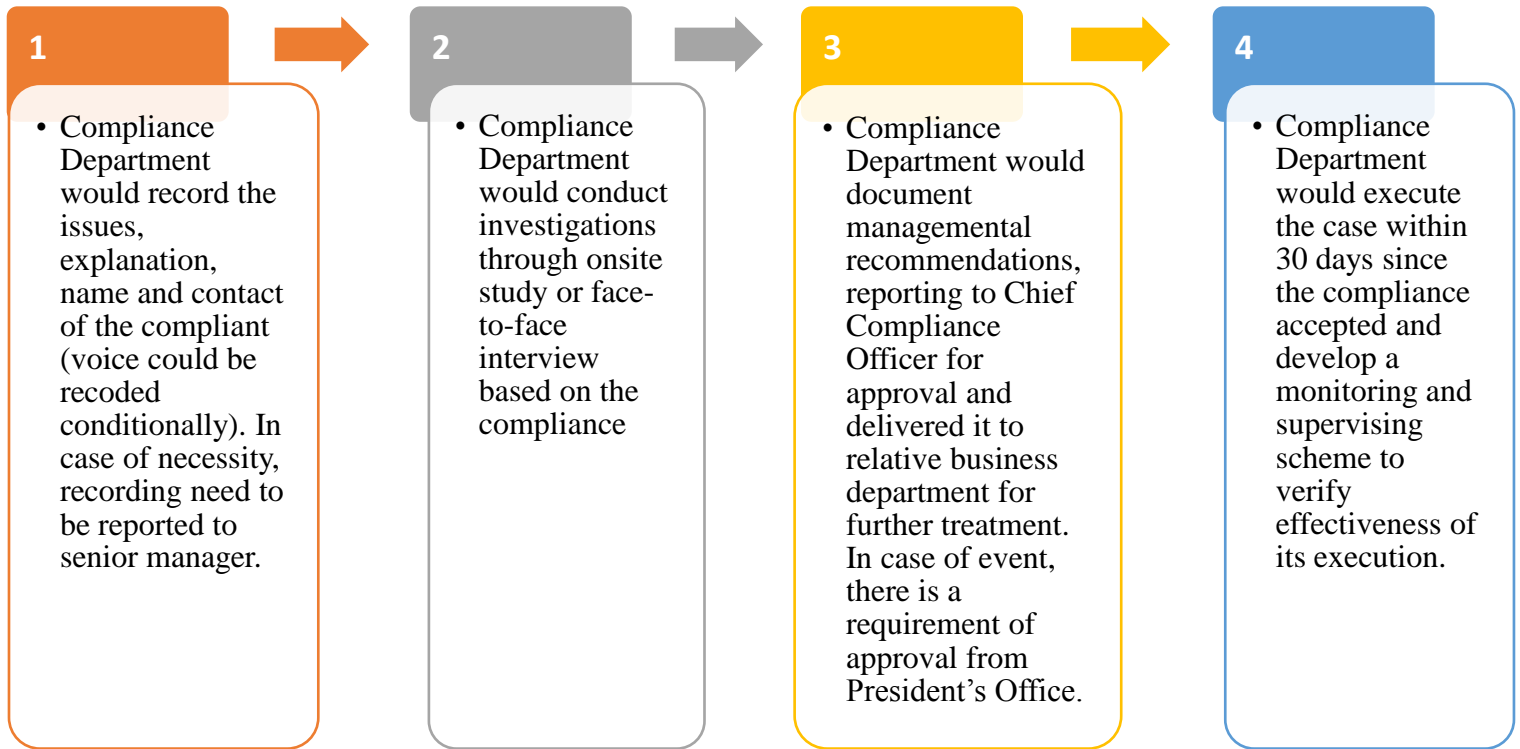
In respect of effective management, on one hand we have established training program for practitioners which comprises regularly training to give assistance on realizing impacts of information leakage that might cause on client, company and themselves, therefore, forming self-control and protecting client information spontaneously. On the other hand, we consider client information protection activity as a significant criterion in performance appraisal with a relatively high weight. Finally, we retain veto power to reject decisions that may cause information leakage. For those who has broken the law, we will hand over the case to the judiciary and pursuer their legal liability.

## Transparent Supervision

According to *Provisions for the Trial Implementation of the Compliance Management of Securities Companies* introduced by China Securities Regulatory Commission together with other relative regulations, the Company have formulated *Provisions on Customer Reporting Handling of Hengtai Securities Co., Ltd.*, *Provisions on Customer Complaints Handling of Hengtai Securities Co., Ltd.*, and *Management of Complaint in Securities Branches of Hengtai Securities Co., Ltd.* to ensure normalization of business operation, effective complaints management, service and management quality enhancement and reputation maintenance.

The Company is acting in accordance with an objective, fair, intermediate and undisclosed complaint management process, indicating that complainants could complaint by means of phone, fax, email or mail. We ask our Compliance Department respond to compliant in an intermediate manner respectfully, on the other hand, if there were any difficulties to give response directly, the department should respond through an official announcement call or report to the compliant within 7 days. There is also a severe protection policy on keeping complaint's information which includes name, address, etc. away from the department or person against whom the accusation is filed.

### Customers Report Processing Flow



The Company adheres to four principles in processing reports: 1) applying territorial administration and classified administration to determine who to be in charge and who to take responsibilities; 2) retaining its compliance management intermediately, objectively and fairly; 3) integrating problem solving, communication and guidance properly; and 4) respecting requirements on secrecy and avoidance. Our regulations request our staff to act appropriately during the whole execution process, being able to verify the issue, in order to protect client's legal rights and comply with proper manner which can prevent further conflict and remain order of the Company's business operation.

## CONNECTING EMPLOYEES

### —People-Oriented Career Development

We always consider the Company's employees as precious assets for its development. The Company has tried its best to seize advantages of its human resources as to incentivize the job enthusiasm and values of each employee.

---

### People-Oriented

The Company has strictly complied with *Labor Law of the People's Republic of China*, *Regulation on the Implementation of the Employment Contract Law of the People's Republic of China* and other relative regulations. We respect humanity and civil rights, rejecting child, forced labour or discrimination. We have formulated a series of internal regulations to manage the communication channel for employees, to protect their rights aggressively and to create an energetic and warm working environment.

### Equal Opportunities and Recruitment

With the object of setting up a scientific and reactive recruitment mechanism to support the Company's missions of team building and talent fostering, we have developed an integrated recruitment principle which requires elaborate organization, comprehensive evaluation, impartial treatment, competitive recruitment, matched position and relative withdrawal based on *Employees Recruitment and Management Approaches of Hengtai Securities Co., Ltd.*

We distribute respects and equal opportunities of recruitment and career development for our employees regardless of gender, age, nationalities or disabilities. By the end of 2017, we have not received any report about discrimination or violation of labour related laws. During the Reporting Period, the Company has hired 1,565 employees in total, in which 769 of them are males and 796 are females, from all around the nation with multiple thinking and diverse culture, which has improved our innovation capacity and diversified the Company's culture.

Gender	Company	
	Employees	Proportion of Employees
Male	769	49.14%
Female	796	50.86%

Age	Company	
	Employees	Proportion of Employees
Under 30	500	31.95%
31-40	605	38.66%
Above 41	460	29.39%

<b>Region ( Province/City )</b>	<b>Employees</b>	<b>Proportion of Employees</b>
Inner Mongolia	642	41.02%
Jilin	241	15.40%
Beijing	287	18.34%
Jiangsu	10	0.64%
Sichuan	2	0.13%
Liaoning	24	1.53%
Guangdong	121	7.73%
Zhejiang	44	2.81%
Shandong	27	1.73%
Guangxi	4	0.26%
Fujian	5	0.32%
Shanghai	135	8.63%
Hebei	3	0.19%
Shanxi	2	0.13%
Tianjin	3	0.19%
Hubei	4	0.26%
Shaanxi	3	0.19%
Hunan	2	0.13%
Henan	3	0.19%
Chongqing	3	0.19%
Total	1,565	100%

As to keep track with one of its critical policies which is retaining and attracting talents, the Company provides multiple communication channels with increasing frequency and intensive problem-solving system to employees to increase their satisfaction, showing managers' respect to employees' opinions of enterprise development and management and expect to meet their demands. During the Reporting Period, the retention rate has reached 95.37%.

<b>Gender</b>	<b>Company Turnover</b>	<b>Proportion of Turnover</b>
Male	44	2.68%
Female	32	1.95%

<b>Age</b>	<b>Turnover</b>	<b>Proportion of Turnover</b>
Under 30	36	2.19%
31-40	27	1.65%
Above 41	13	0.79%

Region (Province/City)	Turnover	Proportion of Turnover
Inner Mongolia	11	0.67%
Beijing	25	1.52%
Guangdong	15	0.91%
Zhejiang	5	0.30%
Guangxi	1	0.06%
Jilin	4	0.24%
Fujian	1	0.06%
Shanghai	10	0.61%
Liaoning	1	0.06%
Shanxi	1	0.06%
Tianjin	1	0.06%
Hunan	1	0.06%
Total	76	4.63%

### Salary and Welfare

For scientifically formulating working time and improving employee benefits level, the Company has developed *Attendance and Leave Management Approaches of Hengtai Securities Co., Ltd.* based on national/local policies and regulations related to labor, insurance and welfare, and also in accordance with actual situation, to adjust employees' working hours appropriately and indicate leaving policies including sick leave, injury leave, maternity leave, marriage leave, bereavement leave and paid leave.

The Company is committed to build up a compensation incentive system which is sensitive to market and representative of the Company's aspect, accordingly, we have formulated a salary management system which is strategically directive, budget and quantity manageable, dynamic and position-based payment controlled, incentive and restraint integrated, internal equal and market competitiveness of key positions ensured in compliance with the regulation of *Salary Management Approaches of Hengtai Securities Co., Ltd.* Consequently, based on our strategic objectives and business structure, the Company established its salary management strategy which involves actions such as differentiating salary in different departments and bonding closely to performances. In the meantime, bonus is calculated based on overall performance of the Company, departmental performance and individual performance inseparably, forming a differentiation and bandwidth design strategy for staff encouragement and cohesion which orients promotion, changes in duties and changes of post.

### Caring for Employee's Health

The Company emphasizes its employees' health and safety and proactively abides by relevant laws including *Law of the People's Republic of China on the Prevention and Treatment of Occupational Diseases*, striving to provide the staff a pleasant and comfortable working environment. Therefore, the Company has launched internal policies to improve work environment and protect personal safety of its information technologists. As a result, there was no death or injury caused lost time be detected during the Reporting Period, indicating emphasis and effectiveness of our safety education and preventive management in 2017.



## Safety Education

We organized series of training to improve our employees' awareness and ability of self-protection and injuries prevention during the Reporting Period, including theoretical and operational knowledge study of emergency management, which has ameliorated their self-defense ability and vigilance and might have effectively prevented potential impacts from happening.

### Case: Regular Fire Safety Training

On 10 July 2017, we organized a fire control safety training for our employees. The training highlighted causes that might lead to fire; reactions that need to be undertaken in the event of fire and operational manual of fire extinguisher.

Our employees have comprehended operating instruction of fire extinguisher and necessary knowledges of fire escape, meanwhile effectively improved their fire safety awareness and established the idea that safety is above all.



## Colorful Cultural Activities

Conservation, satisfaction, implementation and healthcare have always been core considerations of labour union. We found that cultural activity is one of representations of spiritual and cultural life of people, which helps a lot in employees' personal enhancement, working pressure relief and spare time enrichment. The Company had held multiple activities, such as cultural activities and sports, which inspired them to reach a balance between career development and personal life, remaining a healthy personal physical and psychological state.

### Case: International Women's Day Event

We held an International Women's Day event on 4 March 2017, which consisted of two sections. The first section themed on perfecting female image. The trainer told female employees how to balance life and work; and discussed skills of dress matching with detailed explanation. The second section was "style appearance" party. Employees actively showed themselves through dancing and singing to celebrate this joyful and meaningful Women's Day.



—Lecture about perfecting female image

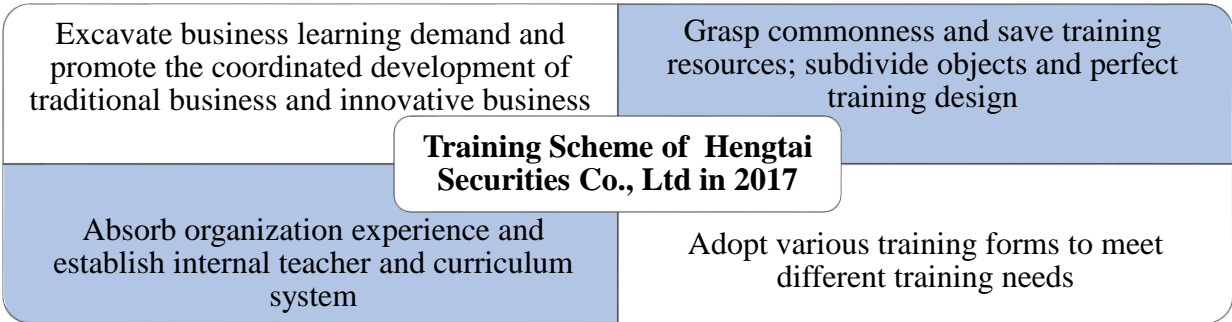


—Photograph of leadership and all performers

## Employee Motivation and Development

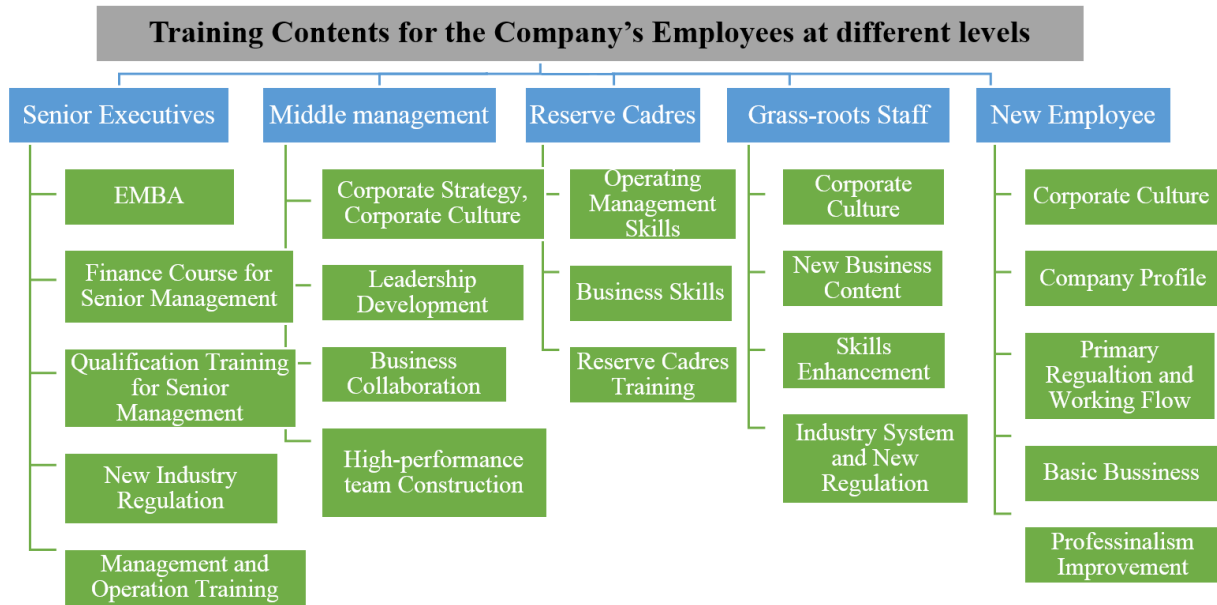
The Company is committed to provide an ideal career development platform for employees and has continuously put sufficient resources for enhancing competitiveness. Through providing targeted training and explicit career development plans for employees, we realized the full potential of employees and achieved collaborative development of employees and enterprises.

2017 was a crucial year for the Company to accelerate strategic landing, deepening business transformation and consolidating the business foundation. In 2017, in order to better help employees to improve themselves and seize the development opportunities of the securities industry, our human resource department organized other departments and branches to carry out a survey about the Company’s training demand. This survey found that the Company had a good learning atmosphere and most employees were desired to learn systematic, deep and new knowledge. Based on those research results, human resource department carried out a deeper analysis according to the study state of staff, needs of training content, requirement of training form and feasibility of internal teacher team construction. After that, Human Resource Department worked out a training program in 2017 which was more in line with actual development of our staff.



In order to enable each employee to learn curriculum knowledges that meet their job requirements and benefit personal growth, we tailored specific training content and time arrangement for senior management, middle management, reserve cadres, entry-level staff and new employees depending on their job function, responsibility, authority and functional requirements.





#### Case: Introduction Training for New Recruits

The Company held orientation training for new employees from 7 to 9 July 2017. Through two and a half days' training and expansion activities themed on corporate culture and teamwork, employees experienced the charm of our corporate culture and understood the real meaning of core values which refers to innovation, realism, honesty and cooperation.



#### Statistical Analysis of Employee Training

	On-site Employee (person)	Average Class Hour (hour)	Off-site Employee (person)	Average Class Hour (hour)
<b>Gender</b>				
Male	229	24	1,003	15
Female	129	24	565	15
<b>Employment Type</b>				
General Staff	188	12	1,265	15
Administrative Staff	170	48	303	15

## HELPING SOCIETY

### —Creating Value and Fulfilling Social Responsibility

Practicing social responsibility is internal demand of the Company's sustainable development and growth. The Company actively promotes community development and participates in public welfare activities. We are committed to building a harmonious society.

---

#### Regulating Procurement Process

In order to further standardize the Company's centralized purchasing, improve the procurement mechanism and effectively guarantee the needs of various business and management, the Company has formulated the *Hengtai securities Limited Centralized Procurement Management Method* and other related systems regarding to *Regulation on the Implementation of the Bidding Law of the People's Republic of China* and other relevant laws.

In the aspect of selecting suppliers and procurement policy, the Company follows principle of choosing the supplier who has leading products, respectful finance conditions, good reputation and service support, and makes decision based on comparison; besides, the Company also takes performance of suppliers' social responsibility into consideration, for example, paying tax in accordance with law, good business reputation and social credibility, no violation of laws or rules and other factors within 3 years of their operational period are important access conditions for our suppliers.

We require centralized procurement offices to be responsible to consciously accept internal and external supervision. For any behavior violating the procurement procedure was found in the procurement activities, involved people would be punished according to *Measures for Accountability* and other related regulation to ensure the Company's procurement activities appear evenhanded.

#### Anti-Corruption

The Company attaches great importance to combating money laundering and financial crimes. We strictly abide *Anti-Money Laundering Law of the People's Republic of China*, *Provisions on Anti-money Laundering through Financial Institutions*, *Guidelines for the Assessment of Money Laundering and Terrorism Financing Risks and Categorized Management of Customers of Financial Institutions* and the relevant provisions set up by the People's Bank of China, the CSRC and the China Securities Industry Association. Based on these law and regulations, the Company has formulated *Management Approaches on Anti-Money Laundering Work of Hengtai Securities Co., Ltd.* and *Risk Assessment Management Regulations of Risk Self-assessment on Anti-Money Laundering Risk Self-assessment of Hengtai Securities Co., Ltd.*, etc. We actively fight against money laundering and criminal cases.

In order to track implementation of the anti-corruption, we have established a leading group in charge of anti-money laundering work. In the group, president of the Company is the team leader and heads of each branch and department (office) are first person responsible for anti-money laundering work in their departments. The leading group is responsible for effectiveness of anti-money laundering work. We stipulate that the business department of the Company shall establish anti-money laundering agencies, including head of the business department, compliance officers, financial personnel, information technology staff and front desk staff. These agencies are responsible for organizing and implementing works about anti-money laundering for the business department as well as establishing and improving the system of post duty and ensuring that roles and responsibilities are defined on each level.

We actively carry out training activities about anti-money laundering and stipulate that these trainings should be held at least once half a year and more than twice in a year. At the beginning of each year, the Company will draw up professional training plan. Through hiring external professionals to share how to be probity and self-discipline, regularly organizing various forms of activities, we continuously improve overall awareness and ability of preventing money laundering and financial crimes. After each training, we encourage employees to make comprehensive summary of training content and share the advanced experience of anti-money laundering work with other counterparts.

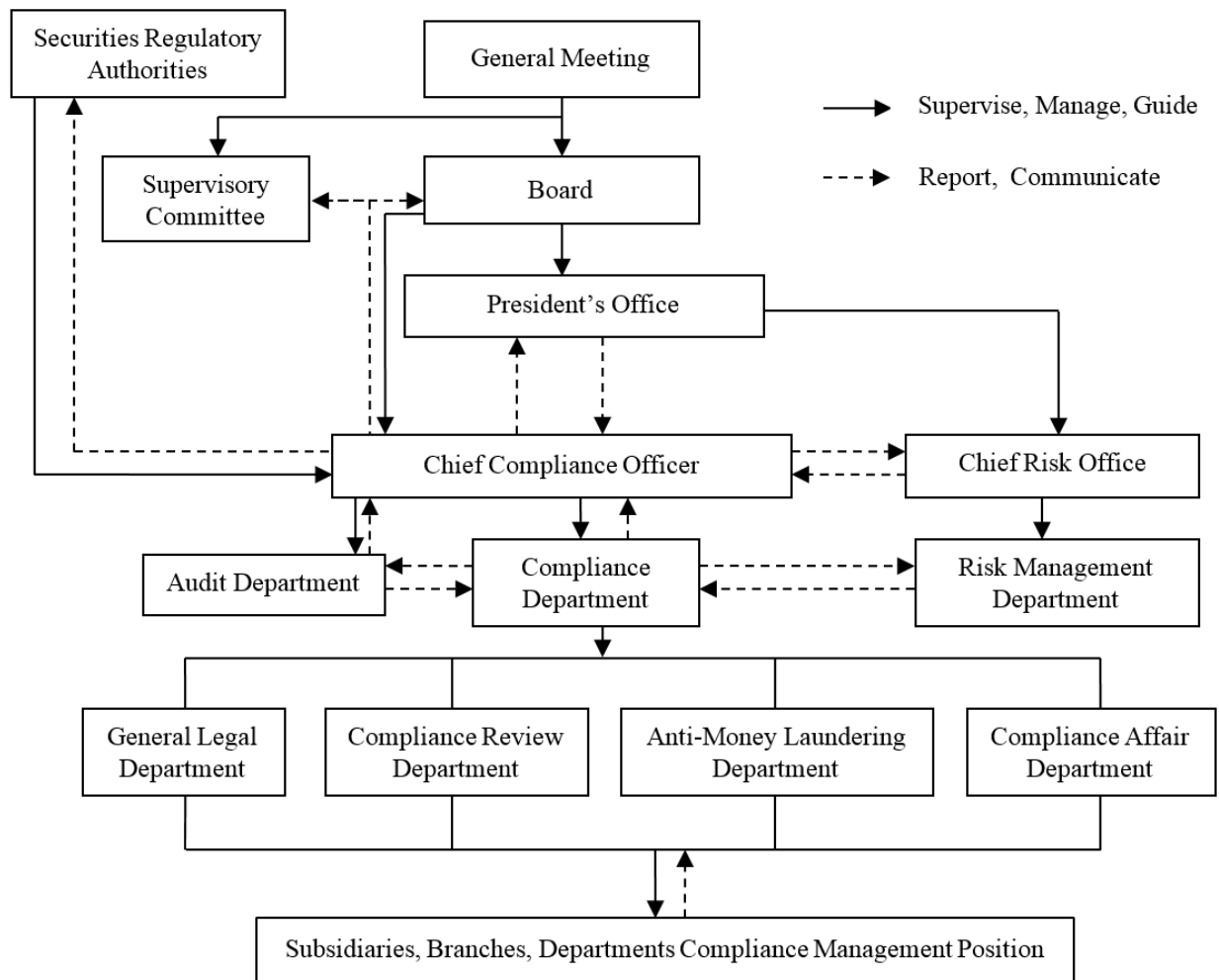
#### **Case: Meeting of Anti-Money Laundering Training for Senior Managers in 2017**

Our chief compliance officer and managers of Compliance Department had participated an anti-money laundering training for senior managers held by China Finical Training Centre from 26 to 28 April 2017 in Beijing.

The training analysed current missions and patterns against money laundry and terrorist financing. Furthermore, those lectures have introduced current situation of anti-money laundering in China and clarify its achievement with details. For utilizing knowledges acquired form the training, our senior managers conveyed the latest monitoring requirement and working spirit from People's Bank, asking the Company and its subsidiaries to fully enforce requirements of duties performance on anti-money laundering.



As we consider compliance cultural construction as an important part of enterprise culture construction, we advocate that everyone should take obligation, start compliance from top to bottom, conceptualize compliance adding value and, cultivate compliance awareness. Beyond, the Company formulate *Measures for the Compliance Management of Hengtai Securities Co., Ltd.* based on overall planning requirements for constructing a systematic compliance management to improve internal management system and enforce compliance management, building effective risk aversion mechanism. Meanwhile, we also establish a structural organization system of compliance management which defines leadership role of Board, oversight role of supervisory committee, engagement measures of everyone and magnetic management mechanism. During the Reporting Period, the Company did not receive any litigation or complaints regarding the employees' involvement in bribery, extortion, fraud and money laundering.



**Organization System of Compliance Management**

## Charity

The Company has set up its own poverty alleviation leading group to manage and implement poverty alleviation in poverty-stricken areas. As of 22 September 2017, we have established 5 “one to one” partner assistance models with state-level poverty-stricken counties. We funded RMB 1,500,000 in Taipusiqi, Xinlin Gol league, which helps to upgrade rural tourism inns in Bianqiang Village, Baochang County; improve vegetation coverage in Bianqiang Wetland Park and purchase teaching materials, computers for the Taipusiqi Third Primary School. Beyond, we established poverty workshops for centrally allocated villagers in need of relocation in Zhuozi Town and water availability improvement plan of local families in Luzhouping Village, Zhuozi County, Ulanqab. We are working with best efforts to discover further mechanism under Nation Poverty Elimination Strategy to achieve targeted poverty reduction plan.

### Case: Initiation of Conservative Donation for Taipusichi Third Primary School

On 11 December 2017, we held an initiation of conservative donation at Taipusichi Third Primary School, donating RMB 500,000 to students living in poverty. Representatives of the school showed thankfulness and gratefulness to the Company and promised that they would make the best use of the donation. In addition, students also performed a gesture language dance *Grateful Heart* to our staff.



To support local economy in poverty-stricken area to utilize capital market resources and improve its own commercial development capacity, we fully exploit our advantages as a book to help those local business to finance. We have already accomplished two corporate bonds projects, the 2017 Corporate Bonds of Poyang County-owned Assets Investment Management Co., Ltd. and 2017 Corporate Bonds of Nanchongjialing Investment Development Co., Ltd. The corporate bonds project of Poyang County-owned Assets Investment Management Co., Ltd. was invested in shanty area reconstruction plan in Raozhou North Road and construction plan of city car park in Wuyi Road while the corporate bonds of Nanchongjialing Investment Development Co., Ltd. was used to invest in auto parts industrial zone construction and comprehensive facilities construction. We hope that through helping the industrial development in poverty-stricken areas and continuously improving the life quality of people in poverty, we can enhance the close connection between the Company and society.

## BUILDING GREEN HOMELAND

### —Protecting Environment and Promoting Harmonious Development

The Company encourages environmentally responsible business practices as always. At the meantime of creating sustainable development value and environmental value, we actively explore to achieve coordinated development of the Company with the society and the environment.

#### Concerns Over Air Quality

As a socially responsible business, the Company pays close attention to impacts on global warming and air quality that might be caused by its operations and takes mitigations to balance its impacts aggressively since global warming and air quality have been concerned by the whole human society to allocate with an increasing deliberation of environment degradation and air pollution. In response to global warming, air pollution and related environmental problems, we strongly encourage low carbon life style, intend green business operation and participate in building ecological civilization.

We have launched series of environment-protective regulations to reduce GHG emission and improve vehicle efficiency. The Company strictly abided by environment-related laws and regulations and also promoted green travel policy which encouraged our staffs to take public transportation; conduct video meeting replacing conventional business travel; and choose direct route for unavoidable business trip.

CO2 Emission by Activity of Headquarter Office (scope 1 and scope 2)		
Vehicle (scope 1)	20.95	ton
Electricity (scope 2)	72.85	ton
Total emission	93.80	ton
Emission intensity	0.02	ton/m <sup>2</sup>
Air Emission from Vehicle for Headquarter office using		
CO emission	30.36	kg
NO <sub>x</sub> emission	1.12	kg
SO <sub>x</sub> emission	0.14	kg
PM <sub>2.5</sub> emission	0.20	kg
PM <sub>10</sub> emission	0.20	kg

## Rational Use of Resources

We consider that by improving energy and resources consumption efficiency could not only mitigate the Company's impacts on environment significantly, but also reduce its operating costs. Therefore, according to *Company Law of the People's Republic of China*, *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes* and other relative regulations, we have established *Working Environment Management Administrative Provisions of Hengtai Securities Co., Ltd.* to promote environmental protection ideas to our employees for effective management of green and favourable office.

### Water Conservation

- Installing water-saving faucet in public area for effective water consumption
- Replacing flushing wash with filling wash and forbidding long-time wash
- Minimizing water consumption when washing vehicles by applying high-pressure atomizer

### Measures for Saving Electricity

- Using energy saving lamps for lighting in the office and business premises; turning off these lamps when leaving
- All electrical equipment should be cut off the electricity supply before going off duty (except for those with specific requirements)
- Reasonable use of office building fans, air conditioning and electrical equipment; reducing service time of air conditioning in office and business premises. The air conditioning temperature in office area should not be lower than 26 degrees in summer and higher than 22 degrees in winter
- Saving electricity from electric equipment; promoting the measure about saving energy in the use of electrical equipment such as computers, printers, copiers, paper shredders and water heaters; cutting off power and reducing power consumption on standby after work

In addition, we posed water saving and energy saving tips or slogans around office equipment (e.g. copiers, printers, etc.) and restroom to remind employees to turn off light fixtures and printers after use, cultivating their resources saving habit. In 2017, the Company primarily sourced water from the municipal water plant and purchased table water, we encountered no difficulty in water sourcing.

Amount of Resource Consumption in the Head Office in 2017 :	
Office drinking water consumption	35,490 kg
Office drinking water consumption intensity	5.93 kg/m <sup>2</sup>
Office electricity consumption	82,380 kWh
Office electricity consumption intensity	13.77 kWh/m <sup>2</sup>



## Reinforce Waste Management

Due to the business of the Company, the non-hazardous waste generated during the operation of the Company mainly is the paper. In order to significantly reduce the paper consumption, we actively promote paperless office and has adopted following measures:

- Using paper rationally, such as duplex printing and copying
- Applying the system of “Hengtai General Office Secretary” during daily working, making the most use of email to forward message and realizing paperless office
- Using cardboard to increase the service life of carbon paper when using carbon paper
- Improving the network office system, trying to consult and save materials through authorization on the website to reduce handing document out and using storage facility
- Covering up stamp-pad ink after use, which can avoid desiccation and prolong service life

Beyond vigorously promoting paperless office, we emphasize environmental awareness of our staff and strive to cultivate habit in terms of paper consumption reduction for the entire group. In 2017, due to the significant reduction in paper consumption, we did not arrange to record the data. However, we will pay attention to the data collection in the coming future.

In view of use of office consumers and disposal of its waste, the Company has formulated *Administrative Approaches on the Disposal of Physical Assets of Hengtai Securities Co., Ltd.*, which stipulated that physical assets should be internally transferred and recycled first, and then be disposed when the physical assets are no longer available to be reused. Besides this regulation, we also set classified recycling points, including waste paper, plastic, old batteries, ink boxes, etc. Through this measure, we are aiming to improve efficiency of resource utilization during our operation. In 2017, the Company recycled 120 old batteries and 180 ink boxes and transferred to third party for disposal. We always devote to follow the green operation concept of protection environment and saving sources.



# Appendix 1 - Index of Environmental, Social and Governance Reporting Guide

Aspect	Indicator No.	Indicator Description	Disclosures	Pages/ Remarks
<b>Environmental</b>				
A1: Emissions	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste	•	P19-P21
	A1.1	The types of emissions and respective emissions data	•	P19-P21
	A1.2	Greenhouse gas emissions in total and, where appropriate, intensity	•	P19
	A1.3	Total hazardous waste produced and, where appropriate, intensity	•	P21
	A1.4	Total non-hazardous waste produced and, where appropriate, intensity	•	P21
	A1.5	Description of measures to mitigate emissions and results achieved	•	P19-P21
	A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	•	P21
A2: Use of Resources	General Disclosure	Policies on the efficient use of resources	•	P19-P20
	A2.1	Direct and / or indirect energy consumption by type in total and intensity	•	P20
	A2.2	Water consumption in total and intensity	•	P20
	A2.3	Description of energy use efficiency initiatives and results achieved	•	P19-P20
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved	•	P20
	A2.5	Total packaging material used for finished products and, if applicable, with reference to per unit produced	Not applicable to principal business	
A3: Environmental and Natural Resources	General Disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources	•	P19-P21
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	•	P19-P21

<b>Social</b>				
<b>B1: Employment</b>	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare	•	P9-P11
	B1.1	Total workforce by gender, employment type, age group and geographical region	•	P9-P10
	B1.2	Employee turnover rate by gender, age group and geographical region	•	P10-P11
<b>B2: Health and Safety</b>	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards	•	P11-P12
	B2.1	Number and rate of work-related fatalities	•	P11
	B2.2	Lost days due to work injury	•	P11
	B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	•	P11-P12
<b>B3: Development and Training</b>	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	•	P13-P14
	B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management)	•	P14
	B3.2	The average training hours completed per employee by gender and employee category	•	P14
<b>B4: Labour Standards</b>	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour	•	P9
	B4.1	Description of measures to review employment practices to avoid child and forced labour	•	P9
	B4.2	Description of steps taken to eliminate such practices when discovered	No incidents related to child or forced labor occurred during the Reporting Period, hence this section is not applicable	
<b>B5: Supply Chain Management</b>	General Disclosure	Policies on managing environmental and social risks of the supply chain	•	P15
	B5.1	Number of Suppliers by geographical region	Attention will be paid to the collection of relevant data in the future	
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored	•	P15

B6: Product Responsibility	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	•	P5-P7
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	Not applicable to principal business	
	B6.2	Number of products and service related complaints received and how they are dealt with	•	P7-P8
	B6.3	Description of practices relating to observing and protecting intellectual property rights	•	P6
	B6.4	Description of quality assurance process and recall procedures	Not applicable to principal business	
	B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored	•	P7
B7: Anti-corruption	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering	•	P15-P17
	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	•	P17
	B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	•	P7-8, P15-P17
B8: Community Investment	General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests	•	P18
	B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport)	•	P18
	B8.2	Resources contributed (e.g. money or time) to the focus area	•	P18

# Feedback Form

## Dear readers:

Thanks for your time reading this Report. In order to provide you with more valuable information and improve our performance, capacity and level in fulfilling corporate social responsibility, we are eagerly looking forward to your precious opinions and suggestions on the Report. You can give us your thoughts through following ways. Thank you!

## Our contact details:

Head office address: 11/F, China Life Centre, No. 17 Finance Street, Xicheng District, Beijing, the People's Republic of China

Business address in Hong Kong: 18/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong

Company website: [www.cnht.com.cn](http://www.cnht.com.cn)

Email: [dongban@cnht.com.cn](mailto:dongban@cnht.com.cn)

## Your opinion on this Report: (please tick “√” where appropriate)

	Good	Acceptable	Bad
Highlight of the Company's works and influence in economy, environmental and social sectors			
Clearness, accuracy and completeness of the information and indicators disclosed in this Report			
Readability from the perspective of content layout and design style of the Report			

## Which parts of this Report are you most interested in ?

---

---

## What additional information do you expect to be provided in this Report ?

---

---

**Do you have any suggestion for our future *Environmental, Social and Governance Report* ?**

---

---