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## About the Report

### **Report Description**

This report is the second annual Environmental, Social and Governance ("ESG") Report of Everbright Securities Company Limited (hereinafter referred to as "Everbright Securities", the "Company", "we" or "us"). This report truly and objectively describes the efforts of Everbright Securities to perform its corporate social responsibilities in 2018, and focuses mainly on the disclosure of the Company's performance in society, environmental protection and governance. All the currency involved in this report refers to Renminbi ("RMB").

### Scope of the Report

Time duration: from January 1, 2018 to December 31, 2018. This report is prepared on an annual basis, part of which is concerned with information of 2017.

Scope of reporting organizations: unless otherwise specified, this report covers the head office, branches, business departments and subsidiaries of Everbright Securities. Part of the information relates to China Everbright Group (hereinafter referred to as "Everbright Group").

### **Preparation Basis**

This report was prepared with reference to, among other things, the Guidelines to State-owned Enterprises Directly under the Central Government on Fulfilling Corporate Social Responsibilities issued by the State-owned Assets Supervision and Administration Commission of the State Council, the Guidelines for Environmental Information Disclosure of the Companies Listed on the Shanghai Stock Exchange issued by the Shanghai Stock Exchange ("SSE"), the Environmental, Social and Governance Reporting Guide contained in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited issued by The Stock Exchange of Hong Kong Ltd.("HKEx"), the Guidelines on Preparation of Corporate Social Responsibility Report for Enterprises in China issued by the Chinese Academy of Social Sciences, and the ISO26000: 2010 Guidance on Social Responsibility issued by the International Organization for Standardization ("ISO").

### **Confirmation and Approval**

This report is confirmed by the management and approved by the board of directors on 27th March, 2019.

### Access of the Report

This report comes in traditional Chinese and English version. The electronic version is available on the website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk).

### **Contact Information**

We value the opinions of the stakeholders and welcome readers to contact us through the following contact details. Your opinions will help us further improve this report and Everbright Securities's ESG performance Email: 95525@ebscn.com and 4008888788@ebscn.com Address: No. 1508 Xinzha Road, Jing'an District, Shanghai, China Phone: (8621) 2216 9999 Fax: (8621) 6215 1789

## Key Performance in 2018

## Targeted Poverty Alleviation

- Created "One, Two, Three, Four and Five" poverty alleviation method, and built poverty alleviation models represented by "securities +";
- Issued urban investment bonds of 1.5 billion yuan to propel the development of Xingguo County of Jiangxi Province in the form of "Securities +Capital";
- Introduced and registered up to 8 enterprises in the partnered regions with registered capital of 2.5 billion yuan in the form of "Securities + Industrial Entities";
- Organized 5 professional training sessions with a total of more than 700 participants in various partnered regions in the form of "Securities + Developing Intellect";
- Set up a "Sunshine Caring" charity program with 4 million yuan, and provide high level and high quality training to 25 general specialists in the partnered regions;

## Corporate Governance



- 0 corruption event;
- 243 business departments were covered under special activities named "antimoney laundering and anti-tax evasion", with a coverage rate of 100%;
- Received 40 heavyweight honors and awards;

## Products and Services

- Invested 2.5 billion yuan in asset management plans for bailing out national private companies, making great efforts to help the real economy;
- Internet financial service product "Intelligent Investment Rubik's Cube" was launched, with 30 portfolio products, 13 information products and 1 tool product;
- Client Satisfaction rate has reached 99.2%, and the handling rate of customer complaint has reached 000%;
- Reviewed and revised 49 suitability-related systems of 13 departments, and improved client suitability management system;

## **Employee** Care



- The total number of trained employees was 7,879, with a training coverage rate of 87.5%.
- The total training time has reached 450,449 hours, with an average training time of 50 hours;
- Empowered branches by selecting a total of 31 seed lecturers, and producing 11 courses for the training;
- Supporting 96 employees through employee care activities and in total donating 803,000 yuan;
- 0 work-related injuries;

## **Environmental Protection**



- Assisted China Three Gorges Corporation in issuing green exchangeable corporate bonds with a quota of 20 billion yuan; assist Everbright Water in issuing Panda Bond of 0.8 billion;
- Emission amount of greenhouse gas was significantly reduced by using a video conferencing system, with a total of 1,427 video conferences;
- Promoted paperless office, with the per capita paper consumption reduced by 50% compared with 2017, and 33 tons of office paper recycled;
- Implemented resource reallocation and reuse, with scrapped fixed assets decreased by 33% compared with 2017;
- Promoted energy conservation project with per capita direct energy consumption reduced by 17% compared with 2017;



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## 01

## Responsible Governance, Innovative Lead

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## **Company Profile**



Established in 1996 and headquartered in Shanghai, Everbright Securities Company Limited is one of China's first three securities firms licensed to engage in "innovative" business approved by the China Securities Regulatory Commission (the "CSRC") and the core financial service platform of Everbright Group, one of the Fortune 500 Companies. On August 18, 2009, the Company was listed on the SSE under the abbreviated stock name of "光大證券" and the stock code "601788". On August 18, 2016, the H shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange) under the abbreviated Chinese stock name of "光大證券", the abbreviated English stock name of "EB SECURITIES" and the stock code of "6178".

### Core values

To grow stronger for the country and accumulate wealth for the world

### Corporate vision

To become a leading investment bank in China

## Corporate philosophy

Comprehensive operation,Internationalization strategy, Innovation-oriented,Compliance and steadiness

The main businesses of the Company include brokerage and wealth management, credit business, institutional securities business, investment management and overseas business. The Company is an industryleading, competitive securities financial group with a nationwide business network, strong innovation ability as well as an integrated business platform for domestic and overseas markets.

The company's overseas business is externally regulated by the Hong Kong Securities and Futures Commission and legal institutions around the world, and is internally in compliance to it also implements the management methods and requirements set by the parent company Everbright Securities. Based in Hong Kong, the Company's overseas service is committed to serving the whole world, building the Everbright Sun Hung Kai brand and providing domestic and foreign clients with securities brokerage, investment banking, wealth management and other comprehensive financial products and services.

### Brokerage and wealth management

The Company provides brokerage and investment advisory services to retail clients to earn fees and commissions, holds cash on behalf of clients to earn interest income, and sells financial products developed by distribution companies and other financial institutions to earn fees.

### Credit business

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The Company provides clients with asset management, fund management and private equity investment management services to earn management and advisory fees, and generates investment income from private equity and alternative investments.

### Institutional securities business

The Company earns fees and commissions from providing underwriting, financial advisory, investment research and prime brokerage services to corporate and other institutional clients, as well as investment income and interest income from proprietary trading and market making services.

### Investment management

The Company earns interest income from margin trading and short selling, stock pledged repurchase transaction, conventional repurchase transaction and equity incentive exercise financing business of listed companies, and also earns income from finance leasing business of Everbright leasing.

### Overseas business

The Company earns fees and commissions, interest income and investment income from overseas business.

As of December 31, 2018, Everbright Securities has a total of 7 first-class subsidiaries, 14 branches and 243 business departments. In 2018, we continued to rely on the synergy effect and brand advantage of Everbright group, orderly promote comprehensive and international operation, and strive to be the arranger of investment and financing, the organizer of the market, the creator of products, the provider of liquidity and the manager of risk, so as to build the Company into a first-class investment bank in China.

## Corporate Governance

The Company is committed to strictly abide by, among other things, the law and regulations of the *Company Law of The People's Republic of China ("Company Law"),* the *Securities Law of The People's Republic of China,* the *Code of Corporate Governance for Listed Companies in China* and *the Rules for Governance of Securities Companies.* Following the law and regulations mentioned above, the Company has established a governance framework consisting of the General Meeting of Shareholders, the Board of Directors, the Board of Supervisors and the Senior Management of the Company, and formed a corporate governance system with checks and balances among the authority unit, the decision-making unit, the supervisory unit and the executive unit.



In accordance with this governance system, the General Meeting of Shareholders, as the highest authority of the Company, makes resolutions on major issues of the Company and elects the board of directors as well as the board of supervisors. The Board of Directors of the Company is primarily responsible for making operational decisions, while senior management is responsible for implementing them. The Board of Supervisors of the Company strictly abides by the provisions of the Company Law, the Articles of Association and relevant rules of procedure, supervises the implementation of the resolutions made by the board of directors on the general meeting of shareholders in a legal, positive and independent manner, and inspects the Company's daily operation, financial status, compliance and internal control. In May 2018, the Articles of Association was improved and revised according to relevant provisions, to comprehensively safeguard the legitimate rights and interests of the Company, shareholders and creditors, ensure the standardized operation of the corporate governance system, and improve the level of corporate governance.

## Reinforcing Internal Control Standard

Pursuant to the *Basic Norms of Enterprise Internal Control* and its supporting guidelines and relevant regulatory requirements, Everbright Securities has established a sound internal control organizational structure, referred as internal control in the following context, and defined the internal control responsibilities of the board of directors, the board of supervisors, the management, the internal control and supervision departments, various internal institutions and their subordinate units. The board of directors of the company is mainly responsible for the establishment and effective implementation of the overall internal control system, and its internal control initiatives are supervised by the board of supervisors. The management level is responsible for organizing and leading the daily operation of internal control. The Law and Compliance Department, the Risk Management and Internal Control Department and the Internal Auditing Department are required to perform the supervision and inspection of internal control. All departments, wholly-owned subsidiaries and holding subsidiaries take the primary responsibility for internal control. To improve internal control efficiency, the Company has set up the internal control contact mechanism, organizing and internal control evaluation working group and established the internal control contact mechanism, organizing and implementing the Company's annual internal control self-evaluation. Meanwhile, the Company has engaged an accounting firm to perform the annual internal control audit. By advocating internal control as everyone's business, the Company continuously enhances its capabilities in operational management and risk prevention through strengthening and standardizing its internal control.

## Continuing to Strengthen Risk Prevention

Everbright Securities pays close attention to risk control, and establishes a comprehensive risk management system that is compatible with the Company's own development strategy according to the Comprehensive Risk Management Standards for Securities Companies and other regulatory requirements, which effectively covers the businesses and the important links of the Company. Meanwhile, Everbright Securities continues to strengthen the Company's risk identification, assessment and response capabilities, thus guaranteeing the steady and sustainable development of the Company.

## Corporate Governance

During the reporting period, according to the new regulations and business development needs, the Company further strengthened risk control in key areas, improved the risk management system, enriched the risk appetite and quota management system, optimized the risk management system, and continuously strengthened the risk management system construction.

## Continuing to improve compliance management

Everbright Securities attaches great importance to compliance management by establishing a scientific, efficient and feasible compliance management system. With this, the company can effectively identify, evaluate and manage compliance risks, and provide effective support and supervision for all businesses of the Company to be operated in accordance with laws and regulations.

During the reporting period, the Company comprehensively sorted out the compliance system, built a team of professional compliance personnel, improved the compliance committee mechanism, strengthened the promotion of compliance culture and philosophy, optimized the compliance management system, and actively performed various compliance management functions.

## Continuing to Promote Anti-Money Laundering

As a state-owned financial institution, Everbright Securities actively undertakes the responsibility of anti-money laundering and maintains the healthy and orderly development of the financial environment. The Company has established a leading group of anti-money laundering, with the chief executive officer as the group leader, the compliance director as the deputy group leader, and heads of relevant business headquarters and functional headquarters as team members to assist senior management with anti-money laundering work. The company continuously optimizes and improves internal management methods related to anti-money laundering, and persistently carries out anti-money laundering training and self-examination activities to prevent and combat various money laundering activities in an effective manner.

During the reporting period, Everbright Securities actively promoted the implementation of the Notice of the People's Bank of China on Strengthening Anti-Money Laundering Client Identification (Trail), the Guidance on the Risk Management of Money Laundering and Terrorist Financing by Corporate Financial Institutions (Trail) and other new regulations, respectively made a beneficiary identification plan and an implementation plan for the Guidance on the Risk Management of Money Laundering and Terrorist Financing by Corporate Financial Institutions.

We constantly tap our ability to deal with risks, enhance the anti-money laundering awareness of clients and the public, and bring the anti-money laundering into the daily business management through the following practices:

>> Introducing "Qichacha", Dow Jones Blacklist Database, Hand Sensitive Person System, etc., to enhance the management and screening of money laundering and terrorist financing;

>> Organizing 243 business departments of 14 branches to carry out special activities under the theme of "anti-money laundering and anti-tax evasion";

> Imposing restrictions on customer accounts whose ID cards have expired for a certain period of time; freezing eligible clients' accounts, suspicious transaction reporting, client identification, etc. to carry out money laundering risk assessment in each business segment, and taking measures to deal with the high-risk businesses in the risk list.

### Actively carrying out and participating in anti-money laundering training

In order to improve the theoretical knowledge and compliance awareness of anti-money laundering in all business lines, the Company invited external anti-money laundering experts to give lectures, focusing on the inherent risks and international sanctions in the sector of securities and futures.

The Company actively organizes various business headquarters, relevant function management headquarters and branches to participate in anti-money laundering training conducted by the Anti-Money Laundering Bureau of the People's Bank of China and the China Financial Training Center for financial institutions in the securities and futures industry. It has successively carried out on-spot training in the segmentation areas, special training for beneficiaries, training for junior and intermediate compliance personnel in the branches, training for launching the sensitive person system and other relevant training.

## Strictly Preventing Corruption and Commercial Bribery

Everbright Securities strictly abides by the Supervision Law of the People's Republic of China, Anti-Unfair Competition Law of the People's Republic of China, Anti-Commercial Bribery Convention of the Members of Asset Management Association of China and other laws and regulations as well as industry conventions, has formulated the "Ten Prohibitions" of Everbright Securities on Strengthening Style Construction, the Measures for Dealing with Disciplinary Violations of Employees of Everbright Securities and other internal policies. Everbright Securities also listed the prohibitions in selection and employment, trade union funds and business reception, defined the treatment method and procedure of disciplinary violation, and always actively fulfilled its obligations against corruption and commercial bribery. During the reporting period, giving supervision a high priority, the Company deepened and widened its discipline inspection and supervision in a fine and practical manner, expanded the channels of receiving letters and visits, and combined discipline inspection and supervision with audit supervision. That was how the company promoted its reasonable supervision at the company level.

### Supervisory Mechanism of Everbright Securities

- >> Collaborative promotion of petition supervision and clean governance inspection and examination supervision
- >> Collaborative promotion of audit compliance supervision and disciplinary inspection supervision
- Collaborative promotion of disciplinary inspection supervision and examination supervision

During the reporting period, in response to the anti-commercial bribery target, we revised the *Interim Administrative Measures* for the Financial Adviser Expenses of Everbright Securities Co., Ltd. and synchronously renamed it by referring the external rules to Measures for the Prevention and Control of Risks of Engaging a Third Party in the Investment Banking Business in a Clean Manner (Trial), thus further curbing the possibility of profit transmission on the basis of the existing system.

Meanwhile, the Company has added anti-commercial bribery clauses in the formulation and modification of contract template to transform the anti-commercial bribery practice into the basic existence of business management. In addition, the Company publicizes anti-commercial bribery awareness to all employees through video training on the internal sunshine college network platform, and tries its best to reduce the possibility of commercial bribery. During the reporting period, there were no corruption lawsuits.

## Reinforcing the Chinese Walls System

For the purpose of reinforcing the Chinese Walls System, the Company has established *Measures for the Administration of Chinese Walls of Everbright Securities Company Limited* to structure and improve the Chinese Wall Systems.

The Company has strictly complied with the external regulatory requirements and internal policies. It implemented basic isolation measures such as department isolation, personnel isolation, capital independence, accounts independence, physical isolation and information system isolation and its relevant cross-wall approval procedures for reverse isolation to ensure effective isolation and individual management of organizations, personnel, office premises, information system, capitals and accounts. On the basis of undertaking the basic isolation measures, by way of combining information technology control and manual control, the Company adopted supervision, disclosure or restrictive measures towards the relevant incident of conflict of interest, to monitor businesses that contain potential risk of conflict of interest.

The company has set up a complete Chinese Walls System, which has realized various functions such as information reporting systematization, inventory compilation and push automatio and early-warning means diversification, greatly improving the efficiency and accuracy of information isolation wall management. During the reporting period, the company continued to optimize the Chinese Wall System to ensure its effectiveness in line with the needs of business development.

## Combating Insider Trading

During the reporting period, the Company continued to implement the requirements of Chinese Walls pursuant to the internal and external requirements. The Company set up and improved a series of internal systems and procedures. In addition, the Company continued to promote compliance education and training on prevention of insider trading and conflict of interest prevention.



### Governance Structure of Everbright Securities to Combat Insider Trading

In addition, upon the foundation of corporate governance such as internal control management, anti-money laundering, anti-corruption and commercial bribery, strengthening the information barrier and combating insider trading, Everbright Securities is also continuously exploring the extension of governance, continuously makes efforts in information disclosure, tax payment, investor relationship maintenance and shareholder returns, making the corporate governance dimensions more comprehensive and in-depth.

## Corporate Governance

### Strengthening information disclosure

As a responsible listed company, Everbright Securities earnestly protects the rights and interests of minority shareholders, guarantees their full right to know, ensures the fairness of information disclosure, and continues to further improve the communication quality and intensity with investors through a series of practical actions. The Company has developed the *Information Disclosure Management System of Everbright Securities Company Limited* and the *Insider Information Registration System of Everbright Securities Company Limited*.

During the reporting period, the Company disclosed all major information in strict accordance with laws, regulations and regulatory requirements to ensure investors' timely understanding of major issues of the Company and protect the interests of investors. In the meantime, the Company disclosed 142 interim announcements, 6 regular reports and 12 monthly financial data briefings on the website of SSE, with exact disclosed contents and standard disclosure process. All the disclosed contents are exact and the disclosure process standard. During the reporting period, there was no illegal information disclosure by the Company.

### Proactively Fulfilling Taxpayer's Responsibility

While achieving economic benefits and material wealth growth, Everbright Securities also attaches great importance to social responsibility. Everbright Securities believes that payment of taxes according to law is central to the fulfillment of its corporate social responsibility. Since its establishment, Everbright Securities has always adhered to the philosophy of paying taxes honestly according to law, truthfully and timely declaring and paying various taxes.

## Continuously Returning to Shareholders

The Company highly values the reasonable investment returns to shareholders, and fully safeguards the shareholders' legitimate interests of receiving gains on assets. The Company has specified the adoption of consistent and stable profit distribution policy in the Articles of Association and formulated the Dividend Management Measures of Everbright Securities Company Limited. The profit distribution policy of the Company values the reasonable investment returns to investors while taking the sustainable development of the Company into account.

### Taking the initiative in investor relations management

During the reporting period, Everbright Securities adhered to the principle of standardization and fairness and actively carried out investor relations management. The Company listened to the reasonable opinions and suggestions of various investors, communicated with investors about the company situation in a timely manner, gave feedbacks to the management and the board of directors on issues concerned by investors, and promoted the two-way communication between the Company and the capital market.

## **ESG** Management

Everbright Securities is deeply aware that while creating good economic benefits, we should strive to undertake corresponding social responsibilities and conscientiously do a good job of social citizen, thus winning social respect. In combination with our own business and development, the Company constantly optimized management in areas of trust of clients, public welfare and poverty alleviation, employee development and environmental protection. Through active communication with stakeholders and continuously strengthening corporate governance, the Company strives for a sustained economic, social and environmental development.

To better meet the requirements of The Stock Exchange of Hong Kong on ESG and strengthen the risk control of ESG, we have established the Company's ESG governance structure by referring to the Guidelines on Environmental, Social and Governance Reporting issued by The Stock Exchange of Hong Kong, and continue to promote the ESG responsibility governance of Everbright Securities under this framework.

## **ESG** Management



## Communication with Stakeholders

Everbright Securities attaches great importance to good communication with stakeholders, and carries outeffective communication activities on a regular basis. Believing that good communication with stakeholders is an important prerequisite for enterprise development and business success, the Company is committed tobuilding a platform for communication and cooperation with mutual respect and mutual trust so as to improve our products and services.

We identified several key stakeholders who have decision-making power or influence over us and are closely related to the Company, including the following groups:

Employees

Shareholders/ investors Government and regulators

Clients

Communities

Everbright Securities actively communicates with different stakeholders to learn about the issues of their concern, and regularly reviews effectiveness of the actions to improve communication channels and fully reflect the views of the stakeholders. The following table lists issues of concern to different groups of stakeholders during the reporting period:

Groups of stakeholders	Issues of concern	Communication channels/ Feedback forms	Frequency/Number of times
Employees	Promotion and development Rights and benefits Education and training	Labor unions Various employee activities Internal publications (newspapers and magazines) Employee performance assessment	The internal journal <i>Golden Sunshine</i> Irregular union welfare and activities
Shareholders/investors	Business development Corporate governance Economic performance	General Meeting/Extraordinary General Meeting of Shareholder Investors Conference Results Announcement Press release/announcements On-site investigation	The General Meeting of Shareholders is held once a year. In case of special circumstances, the Extraordinary General Meeting of Shareholders shal be held. Annual results announcement
Government and regulators	Compliance management Risk management Investor education	On-site investigation Talks	Irregular on-site investigation and talks Annual investor education activities

## **ESG** Management

Groups of stakeholders	Issues of concern	Communication channels/ Feedback forms	Frequency/Number of times
Clients	Information secrecy Product inno-vation Service quality	Investor education activities Client satisfaction survey Client service line Official media platform	Irregular
Community	Targeted poverty alleviation Community contribution Anti-corruption	Press release/announcements Various poverty alleviation activities	"Securities +" poverty alleviation project Communication activities Volunteer activities

## Materiality Analysis

During the reporting period, Everbright Securities actively conducted communication with stakeholders to learn about their views and expectations on the social responsibility issues of the Company. We drew up a matrix of materiality issues through stakeholders' feedback and provide a strong basis for us to formulate a long-term strategy.

## Evaluation Process of Materiality Issues

1. Identifying potential materiality issues: Through detailed review of internal publications, media analysis, peer benchmarking analysis and other relevant documents, the Company identified potential materiality issues that can reflect the impact of our business on the economy, environment and society, or issues that can influence the evaluation and decision-making of stakeholders.

2.Sorting out potentially important issues: A communication plan for stakeholders has been worked out and a comprehensive and in-depth interview has been conducted to find out the priority issues of stakeholders to reexamine the matrix of materiality.

3.Reviewing: It was checked whether the report content provides a reasonable description of the impact of the Company and our social responsibility performance, and whether the process of compiling the report content reflects the intention of the report principle. We will invite stakeholders to give advice in this regard.

Through the above evaluation process, the social responsibility issues that are important to Everbright Securities are identified and constitute an important part of this report. We will disclose the relevant content in detail in this report.



### The Importance to Everbright Securities ESG Development

### Everbright Securities 2018 ESG Materiality Matrix

## **Company Honors**



The company has been rated as Class A in the classification of securities companies for four consecutive years. It has also been ranked among the "Top 500 Asian Brands" and "Top 500 Chinese Brands" for the fourth consecutive year. Moreover, it has won the title of "Best Investment Bank in the Mainland" issued by New Fortune for two years, and for the first time been listed as "Top 500 Best Employers in the World in 2018", maintaining strong brand recognition and market reputation.





Top 500 Chinese Brand

Several poverty alleviation awards in securities and futures industry Included by the MSCI Global Broad Market Index

During the reporting period, Everbright Securities topped the List of the World's Top 500 Best Employers in 2018 published by Forbes magazine for the first time, ranking 470th. During the reporting period, Everbright Securities topped the List of "Top 500 Asian Brand" for the 10th consecutive year, ranking up 8 places from last year to the 241st, with a brand value of RMB 38.601 billion yuan. During the reporting period, Everbright Securities topped the List of "Top 500 Chinese Brand" for the 4th consecutive year, ranking up 3 places from last year to the 93rd; the brand value was RMB 32.105 billion yuan, upRMB 1.919 billion yuan from last year. Everbright Securities was also named "Top 10 Most Competitive Brands in China in 2018" (brokerage industry). During the reporting period. Everbright securities won 2018 China Securities and Futures Industry Outstanding Innovation Poverty Alleviation Award, 2018 China Securities and Futures Industry Best "One Company Helps One County" Paired Assistance Project Award and 2018 China Securities and Futures Industry Poverty Alleviation Figure Award issued by Securities Association of China and China Futures Association.

During the reporting period, Morgan Stanley Capital International ("MSCI") zrestructuring. A-shares of Everbright Securities were officially included in the MSCI Global Broad Market Index in June 2018.

## **Company Honors**

Honors and Awards	Awarding Organization
National Financial System Ideological and Political Work Model Unit/2017-2018 National Financial System Culture Construction Advanced Unit	Research Association of Ideological and Political Work o China Financial Institu-tions
2018 China Securities and Futures Industry Outstanding Innovation Poverty Alleviation Award/ 2018 China Securities and Futures Industry Best "One Company Helps One County" Paired Assistance Project Award/ 2018 China Securities and Futures Industry Poverty Alleviation Figure Award	Securities Association of China and China Futures Association
2017 Top Ten Taxpayers of Foreign-Invested Enterprises in Shanghai / Top 100 Enterprises with Foreign Capital Op-erating Income in Shanghai/ Top 100 Foreign-invested Enterprises of Employment Figure in Shanghai	Shanghai Municipal Commission of Commerce Shanghai Association of Foreign Investment
Outstanding Underwriter of Corporate Bonds/ Outstanding Trustee/ Outstanding Option Writer	Shanghai Stock Exchange
Best Local Investment Bank/ Best Bond Underwriting Investment Bank	New Fortune
2018 Top 10 Asset Securitization Investment Bank in China/ 2018 China Financial Advisory Team	Securities Times
The micro-video of Holding the Flag for Orienteering and Strive ahead to Create a Leading Investment Bank in China with First-Class Party Building selected as one of the Top 10 Micro-video Cases of Party Building Innovation Achievements in the National Financial System in 2018"	Research Association of Ideological and Political Work of China Financial Institu-tions, State Organs Work Committee of the CPC, <i>Ziguangge Magazine</i>
Everbright Sun Hung Kai won 2018 Securities Company of Financial Institution Awards/ Excellent Wealth Manage-ment Platform/ Excellent Digital Innovation/ Outstanding Corporate Finance	Bloomberg Businessweek
2017 Shanghai Financial Innovation Achievement Award Nomination Award	Shanghai Municipal Peoples Government
2018 Financial Enterprise Poverty Alleviation Innova-tion Award	Sina Finance, Sina Public Welfare, Micro Public Welfare
2018 Financial Institutions Targeted Poverty Allevia-tion Classic Case Jun Ding Award / 2018 China Top Ten Asset Securitization Investment Bank	Securities Times
The 4th Shanghai Listed Company Social Responsi-bility Summit "Targeted Poverty Alleviation Award"	Shanghai Association of Listed Companies, First Financia Economics, Shanghai Economic Association
Local Best Investment Bank / Best Credit Underwriting Investment Bank	New Fortune
The "First Everbright Securities Culture Festival" won the 9th Public Relations Case Analysis Silver Award.	Shanghai Public Relations Association
2018 Real Estate Securitization Frontier Award • Leading Underwriter of the Year	China Financial Frontier Forum
The 12th Seller Analyst Crystal Ball Award, the Fifth Fastest Growing Research Institution	Securities Market Weekly
Sustainability Innovation Award / 2017 Most Popular Securities Company	21st Century Business Herald
"Pilot China" 2017 Outstanding Market Competi-tiveness Award	Financial Circle
2018 China Pioneer Securities Broker	International Finance News
2018 China Golden Tripod Award, the Most Compet-itive Brand Brokerage	Daily Economic News
2018 "Golden Amber" Excellent Securities Research Institution Award	China Business News
2017 China's Best Employer of the Year • Shanghai's Best Employer / 2017 Human Resource Management Excellence Award	51 Job
"Promoting China"Influence Brand • Poverty Alle-viation Contribution Award	China Economic Net

## **Company Honors**

Honors and Awards	Awarding Organization
2018 Mainland Hong Kong Stock Exchange Promotion Pioneer Securities Exchange	Hong Kong Stock Exchange
The project "Data processing method and device for realizing continuous real-time securities transaction" won the third prize of "2017 Shanghai Financial In-dustry Reform and Development Outstanding Research Achievements"	Shanghai Financial Industry Federation
2017-2018 Asset Securitization Introduction Awards•Best Financial Consultant / "Qianhai Settle-ment 2017 First Country Garden Supply Chain Ac-counts Payable Asset Support Notes", won the "Most Market Impact Commercial Paper/Consignment Asset Securitization Product Award".	caishiv.com
Shanghai Securities Industry Employees Basketball Championship	Shanghai Securities Industry Association
Shanghai Ping An Demonstration Unit	Shanghai Municipal Public Security Comprehensive Governance Committee



## Upgrading Services, Gaining Clients'Trust

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## Upgrading Innovative Service



Adhering to the core philosophy of "client-orientation", Everbright Securities regards client relations as the top priority for the development of the Company, and always takes clients' standards and interests as the direction of its businesses. Being market-oriented, we have continuously deepened our client service system, and continue to improve the quality of service and client confidence through continuous service upgrading and innovation and steady improvement of service quality,

In recent years, the Company has been deepening the reform of client service system, discovering the needs of clients, upgrading service forms, efficiency, standards and experience, and doing its best to provide clients with the top-quality and most reliable financial services.

### Supporting the Development of Private Enterprises

Everbright Securities has always regarded serving the real economy as its important mission. Under the impact of the macroenvironment of the downturn of the real economy and the financing difficulties of small and medium-sized enterprises, Everbright Securities took the initiative to perform the key functions of financial services to the real economy, launched various asset management means, and made great efforts to help the excellent national private enterprises to develop.

In terms of support the development of private enterprises, the Company, as a subsidiary of a state-owned enterprise directly under the central government, responds to the national policies, implements the requirements of Several Opinions of China Everbright Group on Supporting the Development of Private Enterprises, treats private and state-owned enterprises alike in the course of business development, and serves private enterprises and supports the development of private economy in business areas such as stock pledge, private equity investment and asset management. Meanwhile, the Company gives play to the professional advantages of securities and dissolves the stock pledge risk of the national private companies.

## To bail out private enterprises and help revive the economy

We respond to the appeal of securities industry to support private enterprises, and funded the "Everbright Securities Asset Management of the Series of Activities by the Securities Industry to support the development of Private Enterprise (hereinafter referred to as 'Everbright Securities Asset Management') NO.1 FOF (Fund of Funds) Single Asset Management Plan". It is mainly classified to three different investment model of debt investment, preferred stock investment, buyout stocks investment, so as to help high-quality private enterprises to alleviate the risk of equity pledge. The plan was founded by 2.5 billion yuan of our own investment, aiming to ally various social capitals including banks, insurance companies, state-owned enterprises and government platforms to jointly promote the development of private economy with financial support.

### ● 中国证券报APP 可信赖的投资顾问

### 光大证券出资25亿元成立纾困民企资管计划

中证APP讯,11月28日,中国证券报记者从光大证券获悉,光 大证券已于11月27日出资25亿元参与纾困民企资管计划,成立" 证券行业支持民营企业发展之光证资管FOF单一资产管理计划"

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据介绍,"光证资管FOF单一资产管理计划"由光大证券全资子 公司光大证券资产管理有限公司("简称:光证资管")作为管 理人,以FOF投资的形式,投资于未来联合各方资金成立的若干 个资管子计划。目前25亿元资金已全部到位,未来将携手各类 社会资本,共同帮助有发展前景的民营企业纾解股权质押风险 ,维护公司经营以及证券市场稳定,更好服务实体经济,提振 投资者信心,支持民营经济高质量发展。

投资方面,记者了解到,上述资管计划将由光证资管进行主动 管理,以提供流动性支持的财务投资为主要手段,主要投向上

## Upgrading Innovative Service

## Upgrading Financial Services

Innovation is rooted in the enterprise gene of Everbright Securities. As always, we will take client demand as the driving force, increase investment in Fintech, develop product and service innovation, and strive to create a precise, efficient and extensible financial service platform to show clients the infinite possibilities of financial services.

### Updated Version of Everbright Securities "Intelligent Investment Rubik's Cube"

In 2017, Everbright Securities officially launched the Internet comprehensive financial service product "Intelligent Investment Rubik's Cube", relying on big data and artificial intelligence for one-stop wealth management. During the reporting period, Everbright Securities continued to optimize and upgrade the product system of "Intelligent Investment Rubik's Cube", and launched value-added service portfolio and information products while maintaining the original free services, to meet the needs of clients for professional services and differentiated services. As of December 31, 2018, there were 30 portfolio products of value-added service, 13 information products and 1 tool product, with more than 20,000 people signing up for services. During the same period, the client of the "Intelligent Investment Rubik's Cube" introduced a variety of payment modes (such as Alipay, WeChat, margin, etc.), highly improved product sequence, so that clients may have more options.

30 Portfolio products	13 Information products	1Tool product
Artificial Intelligence (AI) smart relative small/medium/big board; intelligent investment absolute small/big board, event-driven, experience exclusive portfolio, optical information trend, technology industry portfolio, large manufacturing industry portfolio, large consumer industry portfolio, large financial industry portfolio, large cycle industry portfolio, large industry rotation portfolio, etc.	Stable growth, short-term/short and medium-term/medium and long-term/ long-term timing signals, multiasset EIF (Exchange Traded Funds) equilibrium strategy, blg and small board style rotation strategy, industry rotation strategy, macro data, golden stock pool, large asset allocation, Everbright financing reference, etc.	Jiaoyibao

Based on the "Intelligent Investment Rubik's Cube" and its big data system, Everbright Securities can deepen the support of data operation for clients, open up the community, information, platform and other scenarios, and realize convenient and customized services. At present, we have launched an instant function jumping from valueadded service product sales scenario to investment adviser port services to provide professional solutions. We can also push customized information to the client based on client subscription information, or dynamically provide appropriate products and services to clients according to product portrait, customer portrait, recommendation strategy and other data products. Everbright Securities firmly believes that the trust of clients is the foundation for the survival and development of the Company. Only by constantly strengthening and improving the quality of service, insight into the needs of clients, and solving the problems faced by clients, the Company can gain long-term favor and trust from clients in the capital market.

During the reporting period, Everbright Securities has made unremitting efforts to improve the operational capabilities of division, customer service processes, business satisfaction, and customer privacy. We have obtained ISO2000 Information Technology Service Management System Standard Certification, setting an excellent example in the securities industry. Taking it as a new starting for the company's quality service, we will propel the realization of "technology-led business" to drive the development of overall business and customer service.

## Service Experience Optimization

Everbright Securities takes the improvement of service consciousness and the optimization of client experience as the key elements of client relations management. We learn the needs of clients through channels such as traffic monitoring, work order processing, client evaluation and complaint, and staff feedback, analyze service quality data regularly, refine common problems to solve, and standardize service output quality through refined service training.

During the reporting period, we collected and summarized the common problems, including money transfer, echo information, account closing inquiry, offer repurchase and many other businesses. We improved such problems one by one and developed more humanized service mode from the perspective of clients.

### **Client Service Optimization Measures**

- The second call of clients in the reminder of work order is changed to the internal initiative of the Company to urge the sales department for handling, greatly improving the client experience;
- The process for clients to modify non-critical information of credit account is improved to avoid duplicate client authentication, reduce operating steps, Allows multiple work orders to be sent simultaneously and improve service efficiency;
- The speech and acceptance process for clients who are calling to consult the account cancellation are optimized according to different scenarios, and the client experience is improved to reduce the loss of clients;
- When the call from client is silent, interrupted or unable to be connected, the staff shall notify the clients by call or short message in a timely manner to effectively avoid the repeated calls from clients and reflect the proactive service consciousness;
- Verification, response and reporting mechanism are used to promote the optimization of software functions according to the software system requirements proposed by client feedback, business communication groups, branches and software messages;
- A total of 1,072 abnormal data have been handled throughout the year to ensure the smooth online account opening of relevant clients.

Based on the demand feedback of quality testing, we carry out various kinds of targeted training, aiming at improving the service quality and professional quality of service personnel, and realizing the stable play of service quality level. There is service quality training, including the National Equities Exchange and Quotations (NEEQ) training, special monetary fund training, offer repurchase business and reverse repurchase business, business flow chart training, OTC (over the counter) business, etc., to promote the staff to grasp the latest business information, cultivate their ability to effectively solve customer problems, and improve business processing efficiency and consulting efficiency. In the training, we set in-class test, telephone dialing test and monthly examination questions to track and verify the training effect, by which we can achieve the goal of deeply consolidating the service quality level.

## **Optimizing Quality Service**

## **Client Satisfaction Management**

Everbright Securities attaches great importance to client satisfaction, so it takes various survey measures to comprehend client satisfaction. At present, the Company has established client satisfaction service rating and the corresponding client satisfaction evaluation index system, and designated a person to real-time understanding of the excellent and good rate of voice staff. Meanwhile, we regularly check the negative comments one by one to timely find out the cause of client dissatisfaction and provide solutions. In addition, we analyze the data of one-time resolution rate of inbound business within 72 hours and put forward corresponding solutions for repeated calls to reduce the client dissatisfaction rate. The excellent and good rate of service evaluation is 99.22% this year, reaching the highest level in history.

**Client Satisfaction** 

**Enhancement Program** 

- >> Client satisfaction service rating
- >> Checking the negative comments one by one
- Repeat call analysis within 72 hours

## **Client Complaint Handling**

Everbright Securities has always carried out business in a standardized and orderly way, fully protecting the legitimate rights and interests of clients. We constantly improve the client complaint handling mechanism and dedicate to client service quality improvement. By following the *Regulation on Supervision and Administration of Securities Firms*, the *Regulation on the Risk Disposal of Securities Companies* and other laws and regulations, as well as the reference to exchange trading rules and company regulations, we developed and implemented the system documents such as the *Measures for Work involving Petition of Everbright Securities Company Limited* and the *Detailed Implementing Rules of the Everbright Securities Company Limited* and the *Detailed Implementing Rules of the Everbright Securities Company Limited* and the Detailed Implementing Rules of the existing system to change the time limit for handling and responding to complaints from a trading day to a natural day, thereby shortening the time limit for handling complaints and speeding up the process to ensure the effectiveness and timeliness of client complaint handling.

As for the management of complaints, the Company persists in the three principles of complaint handling. Adopting the measures of "proactive precautions in advance, timely handling during complaints, and post-complaint analysis and summary", the Company tries its best to resolve conflicts at the grass-roots level. We use the headquarters' client service hotline 95525 and the on-site feedback to each business department as the two major complaint channels, and accept the complaints transferred by the industry associations. During the reporting period, our client service hotline 92225 received 340 complaints, and the handling rate reached 100%.

Responsibility system of first asking

Localization administration and graded responsibility

Combination of timely and on-site solution with dredging education

99.22%

Excellent and good rate of

service evaluation this year

Three Principles for Complaint Handling of Everbright Securities

### **Client Suitability Management**

Client suitability management is the focus of securities and futures industry. As a state-owned company, Everbright Securities shall undertake the important responsibility of providing suitable products that meet the requirements. During the reporting period, we made major adjustments to the Company's suitability management system pursuant to the Measures for the *Suitability Management of Securities and Futures Investors* issued by the China Securities Regulatory Commission ("CSRC") and other external requirements and in combination with the actual implementation of the suitability management. In June 2018, we reviewed and revised 49 suitability-related systems of 13 departments, and officially issued

## **Optimizing Quality Service**

the Measures of Everbright Securities Company Limited on the Suitability Management of Investors (hereinafter referred to as the "Management Measures") and seven supporting systems, laying the foundation for the Company's suitability management.

In August 2018, regarding external regulatory requirements and organizational structure adjustment requirements, we revised the *Management Measures* and its supporting systems again for building a sound client suitability management framework:

### Revision of the Suitability Management System



The Measures for the Suitability Management of Investors, the Product and Service Classification Guidelines, the Detailed Rules for the Assessment of Investor Suitability Management, the Detailed Implementing Rules for the Investor Suitability Management of the Transfer business of the National Equities Exchange and Quotations (NEEQ) and the Detailed Implementing Rules for the Investor Suitability Management of the Listed Company Stock Issuance of the National Equities Exchange and Quotations (NEEQ) were revised;



The Management Measures on Income Voucher Business and Detailed Implementing Rules for the Income Vouchers Business of the Financial Market Headquarters were revised according to the requirements of the Notice on Standardizing the Income Voucher Publicity Business issued by CSI Inter-Agency Quotation System Co., Ltd.;



The Detailed Implementing Rules for the Suitability Management of Bond Market Investors were revised according to the requirements of Shanghai and Shenzhen Stock Exchanges on the suitability management of bond pledge tri-party repurchase;

Formulate the "Detailed Implementing Rules for Suitability Management (Interim) of Everbright Securities Pilot Innovative Enterprises Stocks and Depositary Receipts Investors" and "Detailed Implementing Rules for Suitability Management (Interim) of Everbright Securities Shanghai-London Stock Connect Chinese Depositary Receipts Investors":



When applying the registration of the second-tier dealer of OTC option business, we revised the relevant contents concerning Suitability Management in "Management Measures for Everbright Securities Securities and Futures Market OTC Derivatives Trading Business" and "Implementing Plan of Everbright Securities OTC Option Business" in accordance with the notice issued by the China Securities Regulatory Commission (CSRC) and Securities Association of China (SAC).

In addition to the system construction, we organized company-wide self-inspection and self-correction actions, completed the semi-annual self-inspection and reporting on the implementation of corporate suitability management, and submitted to the local regulatory authority of China Securities Regulatory Commission (CSRS) after review.

During the reporting period, the Company made great efforts to develop financial products and value-added services on the Internet platform, which posed challenges to the judgment of client suitability. Therefore, we require that such sales and services shall be strictly conducted based on the *Detailed Implementing Rules for the Suitability Management of the Agent Sales of Public Offering Funds Products of Everbright Securities Company Limited* and the *Detailed Implementing Rules for the Agent Sales of Non-Public Offering Financial Products of Everbright Securities Company Limited*, providing clients with products appropriate to their risk appetites. As stated by the provisions, the relevant agreement and risk disclosure letter shall be verified and approved by the compliance department before use. The Company shall provide clients with sufficient hints on product risk rating, product features, matters needing attention, common data indicators, etc.

We will continue to improve the product classification, update the client suitability evaluation criteria, understand the risk tolerance, investment experience and relevant business knowledge level of each client, whereupon we can integrate client suitability management into each business link to simultaneously reduce the risks and maximize profits for each customer.

## **Optimizing Quality Service**



## **Client Privacy Management**

Careful management of client privacy protection is essential to win client trust. Everbright Securities strictly abides by the Measures for the Management of the Identification of Financial Institutions' Clients and the Preservation of their Identity Information and Transaction Records and other relevant laws and regulations, formulated the Guidelines of Everbright Securities Company Limited on the Classification of Client Identification and Transaction Records and other privacy protection rules. Everbright Securities also required all departments, business departments and subsidiaries to store, manage and access customer information in a standard way, so as to ensure the privacy and information security of clients.

During the reporting period, on the basis of the previous client privacy operation, we added a number of client privacy management means to strengthen the protection of client privacy from all aspects.

### New means of client privacy management

According to the Notice on Strengthening the Management of Key Monitoring Accounts issued by the Shanghai and Shenzhen Stock Exchanges, we officially started the management of key monitoring accounts by means of hiding the name of the clients and setting a privacy threshold in the design of the key monitoring account management query function, so that each branch and business department can only view the situation of clients in their respective jurisdictions;



We execute strict audit process in query operation class and off-site business processing, such as:

When clients dial the service hotline 95525, they need to input the account and password of query (transaction). When they transfer to the manual service, they need to provide the account and transaction password, and accept the authentication of their own identities;

The "Value-added Service Management Platform" of the Company has made exclusive restrictions on the export function of client transaction order query to prevent the data export by general query users;



The "Intelligent Investment Rubik's Cube" adopts the method of data landing and system integrating to achieve complete data closure, which largely avoids the risk of client privacy data leakage.

## **Investor Education**

While providing high-quality financial services, Everbright Securities is also promoting investor education, trying to help the majority of investors to establish a rational investment consciousness, improve the level of investment knowledge and skills, and learn to reasonably protect their own rights and interests in investment activities.



"Investment Education Column" on the Official Website of Everbright Securities

At present, the Company has formed online and offline investor education platforms. In terms of the online platform, we specially set up an "investment education column" on the official website to collect all kinds of investment-related policies, provide video courses and propaganda articles, and launch investor education topics from time to time.

When it comes to the offline platform, we are able to attract a large number of clients to participate in and understand the educational content of investors by relying on investor education schools and a series of investor special activities. During the reporting period, one of our colleagues with outstanding performance in the investor education training was awarded the "Top 100 investment Educator (individual) in 2018", which added a shining color to the investor education of Everbright Securities.

### Shareholders are Coming

In June 2018, in response to the mobilization of the Shanghai Securities Association, Everbright Securities organized investors from all over the country to participate in the investor rights knowledge contest of "Shareholders are Coming". Through this contest, Everbright Securities aimed to improve the risk prevention awareness and professional knowledge of securities industry investors, strengthen the risk awareness and self-protection capabilities of small and medium-sized investors, and guide investors to "fully understand their rights, actively exercise their rights, and safeguard their rights according to law".



## 03

## Everbright Travels Ten Thousand Miles, Great Love Extends Beyond Borders

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## Everbright Travels Ten Thousand Miles, Great Love Extends Beyond Borders

As one of the first batches of three innovative pilot companies approved by the China Securities Regulatory Commission ("CSRC"), Everbright Securities has adhered to the core values of "growing stronger for the country and accumulating wealth for the world", actively implemented the national strategy, fully fulfilled its social responsibility, continued to advance key tasks such as serving the real economy and tackling poverty, and created value to give back to the society.

During the reporting period, Everbright Securities put the focus of social contribution on the topic of "targeted poverty alleviation". We always keep in mind the fine tradition of the Party, pay close attention to the problem of poverty, and actively lay down the road of poverty alleviation. We have established a complete poverty alleviation system at all levels of the Company, worked out the "one, two, three, four and five" poverty alleviation method, and created the characteristic poverty alleviation model represented by "securities +".

During the reporting period, Everbright Securities have made full progress in the fields of "securities +" financial poverty alleviation, "securities +" real economy, "securities +" intellectual poverty alleviation, "securities +" public charity and "securities +" consumption poverty alleviation, and gradually realized the promising vision of "targeted poverty alleviation, doing solid work to tackle hard is sues and spreading love across borders".



Poverty Alleviation Organization Structure of Everbright Securities



## One platform

Everbright Sunshine Foundation

Two requirements

shine Poverty Alleviation requirements of Everbright Group; Initiative of Securities Association of China

### Three connections

Business poverty alleviation connection; Public welfare poverty alleviation connection; Party building poverty alleviation connection

### Four consciousnesses

Enhance the overall situation awareness; Enhance the linkage awareness; Enhance the sharing awareness; Enhance the market awareness

### Five intensifications

Responsibility intensification; Implementation intensification; Guarantee intensification; Supervision intensification; Propaganda intensification

The "One, Two, Three, Four and Five" Poverty Alleviation Method of Everbright Securities



## Securities + Financial Poverty Alleviation

Everbright Securities has always been committed to play its own capital market intermediary function, polishing an outstanding leading financial service model. With regard to poverty alleviation, Everbright Securities have classified policies and gradually explored innovative "securities + financial poverty alleviation" roads, launched innovative measures such as capital poverty alleviation and "securities + futures + insurance", and continued to deepen our efforts in local financing, corporate counseling, project introduction and resource introduction.

## Securities + Capital

Everbright Securities makes full use of its own advantages to leverage the power of the capital market, and promotes the development of the partnered regions through IPO (Initial Public Offerings) services, recommended listing on the NEEQ (National Equities Exchange and Quotations), secondary public offering of stocks, issuance of urban investment bonds, industrial support funds and other capital means. Meanwhile, based on the strengthening of internal linkage, Everbright Securities coordinated with China Everbright Bank to set up branches in the partnered regions to inject capital vitality into regional development.

## Supporting the Development of Partnered Regions



## Securities + Futures + Insurance

Everbright Securities puts forward the innovation model of "securities + futures + insurance" based on serving "agriculture, rural areas and farmers". According to the agricultural characteristics of the partnered regions, in combination with agricultural operation subjects, insurance companies and futures risk management subsidiaries, we have designed a series of financial products of "sunshine benefits agriculture" of "bank + securities + futures + insurance", so as to undertake, transfer and hedge agricultural operation risks and achieve the purpose of maintaining and protecting the value of agricultural products.

During the reporting period, Everbright Securities, the Xiji County People's Government and the People's Insurance Company of China ("PICC") made efforts to realize the innovation and upgrading of potato as the insurance terminal and corn as the futures terminal for the first time in China, achieved integration with the exchange futures in the next stage, and established a potato futures standard delivery position, to bring far-reaching and practical benefits to the sale of potato products in impoverished regions. Through the coordination of Everbright Securities, Everbright Futures has cooperated with Shanghai Futures Exchange, Zhengzhou Commodity Exchange and Dalian Commodity Exchange to protect the prices of rubber, sugar, corn, apples and other agricultural products in Yunnan, Inner Mongolia and Shaanxi with a guaranteed amount up to 240 million yuan, which further expanded the implementation scope of the policy of "securities + futures + insurance" to create income security for more farmers in impoverished regions.

## Securities + Real Economy

Everbright Securities deeply believes that if impoverished regions want to take off the "poverty" hat, they must break through the restrictions of local market environment, explore their characteristic development paths and vigorously promote industrial development to drive the healthy and dynamic development of local economy. Therefore, we take "securities + real economy" as the breakthrough point, together with "industry" and "industrial entities" as the effective carriers, to build partnership with impoverished regions.

## "Securities + Industry" Poverty Alleviation

Everbright Securities focuses on resources and forces. After a team led by the senior management of the Company investigated the partnered regions, business backbones were appointed to reside locally with temporary posts to focus on local development advantages and difficulties, introduce projects, cultivated industries and promote industrial structure upgrading.



Invested 400,000 yuan to support the construction of the flue-cured tobacco houses in Pinglejiao Village, Jing Town, Xintian County, Hunan Province, assisting in the construction of 15 standardized flue-cured tobacco houses and cultivating the local development of flue-cured tobacco planting industry; the project benefited 271 households with 1,350 people, among them, 59 households with 204 people were registered as poor households;



Invested 3 million yuan to support the photo voltaic power station construction project in 8 villages of Jicun Town, Xintian County, Hunan Province, to assist the local government to introduce new energy industry and drive nearly 850 people to increase revenues;



Invested 2.2 million yuan to fund the Hunan Provincial Xintian County Soybean Planting Demonstration Park Projec and develop local soybean planting industry, which increased the income of 3,400 households with 3,838 people;



Invested 160,000 yuan to support the construction of beef cattle farm in Shigu Village, Longquan Town, Hunan Province, and helped build a breeding cooperative, which drove 525 households with 1,890 people to increase income, benefiting 122 households with 427 people.

### "Securities + Industrial Entities" Poverty Alleviation

During the reporting period, Everbright Securities gave full play to its information advantages, deeply excavated client resources, introduced and registered eight enterprises in the partnered regions with registered capital of 2.5 billion yuan. This initiative is precisely "hematopoietic" in the impoverished regions, creating a large number of employment opportunities and effectively stimulating the rapid development of the local economy.

## Securities + Intellectual Poverty Alleviation

In the process of targeted poverty alleviation, Everbright Securities recognized the importance of "teaching a man to fish" and emphasized the realization of sustainable development in impoverished regions through capacity building. Everbright Securities paid close attention to "intellectual poverty alleviation". By using incentive plans, professional training and enlightenment counseling, we aimed to enhance the development awareness of the local government and the masses, strengthen the hematopoietic function, and fundamentally help the local people out of poverty.

## Securities + Developing Intellect

As an important participant in the capital market, Everbright Securities has rich knowledge and experience in capital market operation. Throughout the poverty alleviation work, Everbright Securities has consciously transformed its professional output into poverty alleviation achievements. We invite the leaders and relevant personnel of the partnered regions to take temporary posts in the Company, therefore we can help cultivate financial talents and lay a foundation for the long-term financing capacity of the partnered regions. To achieve the goal of "developing intellect" in an all-round way, Everbright Securities have used internal resources and external forces to set up a "professional lecturer group" to provide governments, enterprises and farmers in the partnered regions with training and guidance, covering financing project connection, issuance of corporate bonds, vocational skills training for employees, agricultural refinement training and so on. During the reporting period, Everbright Securities organized 5 training sessions in the partnered counties of Xunwu County, Wan'an County and Xingguo County of Jiangxi Province and Xintan County of Hunan Province with more than 700 participants.

## Securities + Cultivating Motivation

Everbright Securities takes " stimulating the ambition to fight against poverty, carrying forward the spirit of the Times" as the focus of "securities + cultivating motivation", puts forward "labor income incentive plan", "poverty alleviation and ambition promotion exhibition base" and other innovative means, by which we have achieved certain responses in the pilot regions.

### New Ambition of Xintian

Everbright Securities cooperated with Southwestern University of Finance and Economics to establish the "Labor Income Reward Program" and the "Xintian County Poverty Alleviation and Ambition Promotion Exhibition Base", with registered 74 poor households in Xiaoshuigan Village of Xintian County, Hunan Province as the pilot targets. On the one hand, it fully stimulated the endogenous poverty alleviation drive of poor households, on the other hand, enriched the cultural life of poor people and instilled the "Xintian Striving Spirit".

## Securities + Public Charity

Relying on the Everbright Sunshine Public Welfare Fund, Everbright Securities continued to invest in "Securities + Public Charity" and launched several "Sunshine" charity projects to deepen poverty alleviation practices in education and medical care.

## Securities + Education

Educational poverty alleviation is of great significance in blocking the inter-generational transmission of poverty. Therefore, Everbright Securities makes full efforts to create diversified educational poverty alleviation projects.

During the reporting period, Everbright Securities participated in the "Mingde" student assistantship program organized by Everbright Group, and called on employees of the Company to donate a total of 183,000 yuan to support 269 students to continue their studies. We also continued last year's "One-on-One Student Assistantship" activity in Everbright Daozhu Elementary School. In the "Everbright Inspiring Summer Camp", 35 teachers and students from schools in the partnered regions were invited to visit and study in Beijing. Through this activity, children in the impoverished regions had a chance to learn about the world.

In order to increase the diversity of forms of poverty alleviation through education, this year we launched a "mini-wish" campaign to care for left-behind children, participated in the construction of the "love book house" of Everbright Group, and purchased teaching materials for orphans and poor students. With these deeds, we fully support children in the impoverished regions mentally and materially and help them grow up and develop healthily and happily.

## Securities + Medical Care

"Illness caused by poverty, poverty resulted by illness" is a major problem in the goal of poverty alleviation. In order to solve this problem, Everbright Securities started with the construction of medical insurance, and strived to improve medical level. The former tackled the problem of "poverty resulted by disease", while the latter dealt with the backward medical risks of poverty.

During the reporting period, Everbright Securities continued to cooperate with Sun Life Everbright Life for "Security and Insurance Linkage" and set up a "Sunshine Caring" charity program with 4 million yuan. Under this program, a "Sunshine Nursery" project was customized for students in the impoverished regions and a "Sunshine Gardener Worry-free" project, covering all kinds of major diseases, was established for teachers, thus providing practical guarantee for teachers and students in the impoverished regions. Meanwhile, Everbright Securities cooperated with Shanghai East Hospital to carry out the "Everbright • East Sunshine Physician Training Program", providing high level and high quality training to 25 general specialists from 15 hospitals in 6 targeted regions, so as to improve the medical level and provide solutions to the problem of medical difficulties in the impoverished regions.

## Securities + Consumption Poverty Alleviation

Consumption drives economic development. Everbright Securities focuses on the market, excavates the market supply potential of the partnered regions by means of "securities + consumption poverty alleviation", connects the partnered regions with the vast consumer groups, precisely promotes the products from the impoverished regions, and opens up an incomegenerating road for them.

In the meanwhile, Everbright Securities maintained a strategic partnership with the "media hub", an omnimedia platform of People's Daily, to jointly operate the "People • Everbright" e-commerce platform for featured targeted poverty alleviation. Internally, it combined with Everbright Bank's "wonderful purchase" e-commerce platform to expand the coverage of targeted poverty alleviation via Internet. By virtue of "Sunshine Farm", its own consumer brand for poverty alleviation, the Company continued to purchase Xiangxi Dark Tea, Xintian Se-Enriched Rice, Ganzhou Navel Orange and other distinctive agricultural products, to provide consumers with high-quality, natural and organic agricultural products and create a transparent and responsible consumption chain, while building leading enterprises for the targeted regions.

During the reporting period, our dedication was widely praised and recognized. In return, Everbright Securities won the 2018 China Securities and Futures Industry Outstanding Innovation Poverty Alleviation Award, Best "One Company and One County" Twinning Assistance Project Award, 2018 China The honors of the Securities and Futures Industry Poverty Alleviation People Awards, etc., which encouraged Everbright Securities to continue to optimize and strengthen the "Securities +" model in the future by further identifying the nodes, focusing on the key points, breaking through the difficulties and innovating the highlights, thus sharing the worries of the country and benefiting the people.

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## **Employee** Overview



Talent is the core competitiveness of today's society. Employees are one of the Company's most valuable assets. The Company actively practices the concept of "people-oriented", strives to make employees live more decently and work more respectfully, turns employees' wisdom and loyalty into productivity, regards employees as the capital of enterprise development, and does its utmost to protect the rights and interests of employees, improve the treatment of employees and maintain fairness within the Company. To be specific, we have made great efforts to optimize human resources, improve employee welfare programs, optimize employee promotion system and training system, and pay more attention to hot issues related to diversity and equality.

## **Employee Overview**

The Company has strictly complied with the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China, the Women's Rights and Interests Protection Law of the People's Republic of China, the Provisions on the Prohibition of Using Child Labor and other relevant laws and regulations. Furthermore, the Company has established a series of proper policies including recruitment, remuneration and welfare system to safeguard the legitimate rights and interests of employees. The Company resolutely puts an end to the use of child labor and forced labor, and verifies the identification of employees and signs the labor contract on a voluntary basis for the introduction of personnel. For the mean time, there was no child labor or forced labor in the Company.

During the operation, the Company strictly enforces and abides by national and local laws and regulations. We firmly oppose discrimination and treat each applicant and employee equally in terms of recruitment and career development, regardless of their nations, races, nationalities, genders, religions, ages, sexual preferences, political factions, or marriage situations.

During the reporting period, we revised and improved the *Management Measures of Salary and Welfare* and the *Management Measures of Employee Training*, and hired external lawyers to comprehensively sort out the *Employee Handbook* and the rules and regulations and procedures of labor management, so as to strengthen the management of labor contracts and avoid labor risks.

Meanwhile, we developed the Detailed Implementing Rules for Promoting the Reform of "De-administration" of the Company's Organizational Structure to promote the "flattening" transformation of the Company's organizational structure. After "de-administration", we simplify the selection process of team leaders, focus on the professional and management ability requirements of team leaders, implement all-round evaluation talk and democratic evaluation based on the development direction, and conduct comprehensive evaluation from the perspective of personnel and post matching.

## Employee Overview

As of December 31, 2018, there were a total of 9,004 staff members (including brokers), with a turnover rate of 12.9% (excluding brokers). The categories of employees are as follows:



Professional structure of employees	Proportion of employees by professional structure		
Brokerage business	6,159	68%	
Other business and administration	1,072	12%	
Investment banking	674	7%	
Information technology	250	3%	
Research	189	2%	
Asset management	178	2%	
Compliance/risk/audit management	171	2%	
Finance department	167	2%	
Securities investment	144	2%	
Age of employees	Proportior	Proportion of employees by	

Educational background of employees	Proportion of employees by educational background	
Bachelor's degree	4,660	52%
Master's degree	2,247	25%
Others	2,021	22%
Doctorate degree and above	76	1%

Gender of employees	Proportion of employees by gender	
Male	5,128	57%
Female	3,876	43%

Age of employees	Proportion of employees by age		
Aged 30-40	3,793	42%	
Aged 30 and below	2,718	30%	
Aged 41-50	1,864	21%	
Aged 51 and above	629	7%	
## Development and Training of Employees

We stick to the concept of common development of employees and the Company constantly improves the talent recruitment, assessment and incentive and other employee development management system. Meanwhile, we provide employees with a wealth of training and learning opportunities, help them with continuous growth in personal literacy, professional skills and management ability, and enhance their occupational competitiveness.

## Talents Recruitment

As a comprehensive securities firm, Everbright Securities carries out recruitment across the world and introduces talents with international and diversified backgrounds. In terms of talent recruitment, we adhere to the high-end leadership, and take multiple measures to continuously create a talent highland:



In line with the Company's business development needs and with the purpose of "introducing a talent, improving a business", we closely follow the high-end talent market, lock the required talent resources, establish a high-end talent pool, lock the required talent resources, establish a high-end talent pool, and expand the introduction channels of high-end talents.



Expand the scope of school-enterprise cooperation, covering more than 50 colleges and universities across the country, supply basic talents according to the needs and lines, and inject new strength into the talent pool of the Company. Meanwhile, cooperate with some key universities to build internship bases to provide internship opportunities for students at school.



Make great effort to in external headhunting, actively explore the internal headhunting channels, face the national market, successfully introduce management and high-end talents, enrich and adjust the existing team size and results, quickly make up for the project reserves and innovative business shortcomings, strengthen the "Catfish Effect", and strive for new profit growth points.

In combination with the recruitment process outsourcing (RPO) method, we will complement the skilled and key talents in a targeted manner to further optimize the Company's talent structure and boost the strategic innovation business.

In addition, we continue to improve the recruitment standards and procedures, to improve the scientific talent selection. First, improve the talent evaluation system based on competency, introduce professional tools such as post competency test, semi-structured interview and psychological risk assessment, and improve the scientific selection of talents. Second, optimize the recruitment system and process, utilize a third-party recruitment system, and realize real-time tracking of recruitment needs and processes, integrated management of recruitment channels and in-depth analysis of recruitment data.

## Assessment and Motivation

In order to improve the employee assessment and incentive system, we set key performance indicator (hereinafter referred to as "KPI") and management KPI for each employee, and evaluate and score each employee's KPI. The overall yearend evaluation of employees of Everbright Securities is made up of three parts based on the weight: KPI evaluation score, evaluation score of team members and democratic evaluation result. It comprehensively evaluates the performance of employees and encourages them to make breakthroughs.

## **Employee Training**

During the reporting period, we empowered the training team to improve the professionalization of training. We developed course materials for branches, trained seed teachers, established a mechanism for course evaluation and teacher certification, and enriched the number of courses and lecturers in the branches. We set up a branch training manager team, and guided the branches to improve the professional level of training via regular meetings, WeChat group communication, training dynamics and other ways. During the reporting period, we organized a total of 7,879 employees for training, with a coverage rate of 87.5% and the total of 450,449 training hours, and the average training hours per employee of 50 training hours.

We continued to strengthen the training of employee development, organized the "Sail Plan – New Cadre Leadership Development Project" for the new cadres who have taken up managerial posts in various departments, subsidiaries and branches for the first time in the past two years, and adopted the model of "pre-test + face-to-face training + on-the-job practice case follow-up + post-test" to help new cadres to quickly change their management roles. The new cadre training of "Sail Plan" of Everbright Securities was selected into the Selection of Reform and Innovation Methods of Cadre Education and Training prepared by the Cadre Education Bureau of the Organization Department of the CPC Central Committee.

During the reporting period, we expanded our coverage to carry out special training, and integrated internal and external resources and online and offline forms to built a communication platform.

- > To recruit leaders of new branches
- >> To recruit management trainees (hereinafter referred to as the "management trainees") for the reservation of new strength in branches
- >> To launch the "Sail Plan" for new branch leaders
- >> To launch the "Soaring Plan" for reserve cadres
- >> To launch the "Foundation Evergreen Plan" for management trainees
- To launch the "Innovation Lecture" and "New Accounting Standards Training" for business backbones

## "Soaring Plan" for Reserve Cadres Training of Branches

In order to meet the needs of talent echelon construction and enhance the ability of reserve cadres of branches, we organized the "soaring plan" of branches for reserve cadre training in 2018, and the trainings were arranged in stages: online self-study, centralized training and on-job communication. Focusing on the goal of strengthening party spirit cultivation, improving marketing skills and enhancing experience exchange, we organized business introduction, group discussion, visit and study, arranged a micro-meeting for the leaders of the new business department during the post exchange, and continued to extend classroom learning.

## "Foundation Evergreen Plan" for Management Trainees Training

According to the "Foundation Evergreen • Management Trainees Training Plan", we customized the training program for management trainees, and paid attention to the improvement of the ability of management trainees from pre-employment to regular employment. In 2018, the activity of Open Day helped management trainees to integrate into the company as soon as possible, and accelerated the role change from campus people to professionals through promotion of corporate management trainees training program, introduction of retail business, sharing of growth experience of excellent management trainees, visit of benchmark business department, orientation of headquarters and other teaching and team activities. After the activity, we arranged an 8-month online study to expand the channels for the management trainees to learn systematic knowledge of the securities industry and the retail sector. Meanwhile, we also arranged the management trainees to participate in the Company's new employee recruitment training, and built a cross-department exchange learning platform for the trainees.

## "Innovation Lecture" for Business Backbones

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In terms of the business training for employees, the headquarters of the Company used a variety of methods to create a learning organization, organized "Innovation Lecture" innovation case sharing meeting, and invited business department guests to share business innovation hotspots such as investment banking, fixed income, private equity, options and futures, so as to quickly share internal experience and promote business synergy. Each branch participated in the training synchronously through two-way videos.



## Course Materials Development Project of Branches

In order to solve the problem of lecturer shortage in the Company and respond to the requirements of employees suggestions, we held the "branch wealth manager marketing course development and lecturer training project" to develop course materials, cultivate seed lecturers for the branches, and establish the mechanism of course evaluation and teacher certification. The project recommended and selected a total of 31 seed lecturers, and produced 11 courses for the training of middle and senior wealth managers in the business department. The business experience was standardized into replicable knowledge and skills courses, which saved training costs for the company and improved the market competitiveness of branches.





## Options Business Training

Promoting grading training, deepening hierarchical construction, and effectively promoting options business

Through various forms and multiple times of intensive training on options, as well as the sharing of options strategy experience among excellent options service personnel in different branches, the overall service ability of options business personnel has been improved. With professional backbone of options business emerging in a number of sales departments, it plays a more important role in promoting the completion of business indicators.

During the reporting period, we actively carried out various options training activities for business personnel, and held 3 video training sessions with more than 4,500 trainees and 25 in-depth trainings for branch offices and business department with more than 2,100 trainees.

We actively took part in the training of options strategy consultants held by the stock exchange, with a total of 145 people granted the primary qualification of Shanghai Stock Exchange, 41 people given the senior qualification, and 7 people obtaining the lecturer examination of options strategy held by Shenzhen Stock Exchange.

# Welfare and Care for Employees



During the reporting period, according to the Implementing Rules on the Trial Measures for the Management of Labor Union Funds, issued by Chinese Financial Workers' Union combined with the Company's actual situation, we revised and issued the Executive Measures for the administration of the revenue and expenditure of primary trade union funds in the financial system and the Measures for the Establishment, Management and the Use of the Employee Assistance Fund of Everbright Securities Company Limited (2018 revised Edition), to lay a solid foundation for the comprehensive security and continuous improvement of employee rights.

## **Employee Communication**

In terms of employee communication, we actively advocate for advice and inspire the employees' confidence and the sense of responsibility towards Everbright Securities. We strive to create a good atmosphere of "thinking reform, discussing innovation and promoting development", set up a working group, widely collect suggestions and translate them into a timely manner to form a corrective implementation plan. We realize the linkage of all levels of the whole company, insomuch that senior management take the lead in grass-roots investigation, subordinate units pool efforts to reform, and each employee can proactively respond to and speak up for company affairs. All these endeavors provide significant support to the strategic development of Everbright Securities.

To normalize the Suggestion-and-Advice-Making mechanism, we have set up columns at the Company's OA system home page, official websites and collaborative mobile platforms. Simultaneously, we strengthened the implementation of supervision by setting up an e-mail box and entitative suggestion box. Moreover, we utilized quarterly grassroots business and party building survey, quarterly business situation analysis meeting and "Feedback Form of Suggestions Rectification". During the reporting period, we made the following progress through Suggestion-and-Advice-Making activities:



## Health and Safety of Employees

Pursuant to the laws and regulations, Everbright Securities provides employees with health and welfare insurance, as well as a healthy and safe working environment. The decoration materials used by the Company are all environment-friendly, and the indoor air is regularly tested. All renovation works will be monitored by the designated organization after completion, and will be used only after the test is passed. In addition, we also carry out fire protection inspection of decoration materials according to fire protection requirements, and the materials can be used only after passing the test. During the reporting period, there were no work-related injuries in the Company.

## **Employees Assistance**

We established a mechanism for providing emergency relief and long-term assistance to employees in need, and implemented it based on the principle of "across-the-board, follow-up and service-oriented" to help them in a timely and sincere manner. During the reporting period, we revised the *Measures for the Establishment, Management and Use of the Fund for Employee Assistance of Everbright Securities* by combining the collection, management, use and balance of the fund with the actual working and living conditions of employees, and supplemented the provisions for the use of the fund by the immediate family members of employees, thus comprehensively enhancing the employees assistance.

During the reporting period, the Company gave 232,000 yuan of consolation money to a total of 60 employees in need at the grass-roots level, and assisted the labor union of Everbright Group and Shanghai Financial Workers' Union to gave 26 employees with consolation money of 121,000 yuan; during the reporting period, we assist 6 employees (including their immediate family members) with 300,000 yuan, and subsidized 4 employees in need of 150,000 yuan.

In addition, we continued to improve the management services of the youth apartment including check-in management, property security, rent remittance, data processing, etc., strengthening the dynamic management of the apartment. We earnestly implemented the advice and suggestions from employees. After coordination and preparation by various parties, starting from August 2018, we introduced a commuter bus from the youth apartment to the headquarters of the Company to facilitate the transportation of young employees.

## 🗹 Sports Activities

- >>> "Walking ten thousand steps per day, keeping the doctor away" activities (season 5, season 6)
- >> Everbright Securities staff Poker team competition
- >>> Sports Meeting for Branch Employees
- >> Everbright Securities Staff Basketball Game
- "Everbright Coordinates" City Orienteering Challenge
- Green March for Public Good"

## Culture Activites

- -----
- >>> Everbright Securities Staff Photography Competition
- Famous Masters' lecture
- Everbright Hand-in-hand Summer Camp
- Reading for You Recitation Meeting
- Music Party Class: Never forget the original heart, remember the mission
- >>> Speech contest, micro-video

## Cultural and Sports Activities: "Everbright Coordinates" City Orienteering Challenge

On April 21, 2018, Everbright Securities teamed up with the branches and subsidiaries of Everbright Group in Shanghai to hold a series of activities themed "Everbright Family". The special feature of the so called "Everbright Coordinates" City Orienteering Challenge is to set up mission points for each company. Players can complete the whole competition by answering relevant questions to obtain task point infor-mation, such as "what is the strategic goal of Everbright Group in the new era?", "What is the Top Three of China?" and so on. From obtaining task information to specific challenge locations, all of them are closely related to the history, culture and business development of Everbright Group. Through this cultural and sports activity, every team member can feel and witness the development and changes of Everbright Group, enhance mutual understanding and deepen friendship with each other.





## Cultural Festival: Master's Lecture

On September 7, 2018, Everbright Securities successfully held the "Master's Lecture" of the second Everbright Securities cultural festival at its headquarters. We invited a famous writer to give a keynote speechby vividly narrated the life of the local people in Shanghai based on a literature, presenting a unique and wonderful speech for the audience. Nearly 200 employees from various departments of Everbright Securities attended the lecture, and employees from 14 branches and various business departments watched the lecture through live video.

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## Promoting the Development of Green Finance



Everbright Securities regards green operation as one of the important contents of its corporate social responsibility and is constantly committed to promoting the process of the society toward the sustainable development goal. With a focus on challenges such as climate change, energy shortages, natural resource depletion and environmental pollution, we continue to improve measures for green operation and responsible procurement, explore more ways and channels for energy use, and make greater contributions to environmental protection in our operations.

## Assisting China Three Gorges Corporation in Issuing Green Exchangeable Corporate Bonds

During the reporting period, Everbright Securities continued to actively promote the development of green finance, and actively met the personalized green financing needs of enterprises. We have participated in a number of projects on green financial innovation products, including:

### Assisting China Three Gorges Corporation in Issuing Green Exchangeable Corporate Bonds

In 2018, China Three Gorges Corporation issued green exchangeable corporate bonds to public investors, with its A-share shares held in China Yangtze Power as the target. The total amount of exchangeable bonds issued this time was no more than 20 billion yuan (including 20 billion yuan). The bonds were approved by the China Securities Regulatory Commission (CSRC) on September 3, 2018, with a quota of 20 billion yuan and a maturity of no more than five years. The funds raised from the bonds will mainly be used for the construction of Wudongde and Baihetan hydropower stations, in line with the requirements of the Notice on the Pilot Programs of Green Corporate Bonds issued by Shanghai Stock Exchange and the Green Bond Endorsed Project Catalogue (2015 Edition) prepared by the Green Finance Committee (GFC) of China Society for Finance and Banking. As the co-lead underwriter, Everbright Securities has played a positive role in supporting the improvement of domestic environmental benefits and promoting the transformation from development to greening under the support and guidance of the green bond policies issued by the People's Bank of China, CSRC, Shanghai Stock Exchange and Shenzhen Stock Exchange successively.

## Assisting Everbright Water in Publicly Issuing the Issue II Panda Bond

On August 20, 2018, China Everbright Water Co., Ltd. (hereinafter referred to as the "Everbright Water") issued RMB-denominated corporate bonds (namely, "Panda Bond") with a principal amount of RMB 800 million yuan to qualified investors in China, and ended this issue of Panda Bond (Issue II) on August 17, 2018. Everbright Securities acted as the lead underwriter and bookrunner of this issue of Panda Bond. The funds raised for this issue will be used for green industry projects in line with the Green Bond Endorsed Project Catalogue (2015 Edition) prepared by the Green Finance Committee (GFC) of China Society for Finance and Banking, and will be used for repaying the debts of the subsidiaries and supplementing the general working capital of the subsidiaries.

## **Responsible Procurement Practice**

Everbright Securities has always adhered to the responsible procurement, and taken good supplier business credit and social responsibility performance as the important premise for cooperation. We have formulated and issued the Interim Measures for the Examination and Management of Suppliers' Qualifications for Large-sum Procurement Projects of Everbright Securities Company Limited, revised the Code of Conduct for Purchasing Staff, further standardized the examination of suppliers' qualifications for large-sum procurement projects, promoted fair and orderly competition, and improved the level of procurement management.

In the bidding document of Everbright Securities for large-sum procurement management, we require partners to make commitments to intellectual property rights, legal compliance of information dissemination and safe production. During the reporting period, there were no disputes or accidents arising from intellectual property rights, illegal speech and information and violation of production safety management caused by partners.

In 2018, Everbright Securities introduced the Regulations on the Negative List Management System for Procurement (Trial), which fulfilled the following social and environmental values:

Under the premise of meeting the compliance requirements, we will activate the institutional vitality to fully tap the potential of "market" and "competition" and effectively transform it into visible and tangible management benefits by means of "streamline administration and institute decentralization, delegating power and strengthening regulation, optimizing services".

The establishment of the regulations on negative list management keeps the Company's procurement system in line with the latest procurement management concept of the state, which not only encourages competition, avoids artificially high thresholds, but also supports small and medium-sized enterprises with skills and capabilities to participate in procurement competition fairly.

The construction of the regulations on negative list management effectively ensures a fair, just and open procurement environment for "sunshine procurement". Detailed and clear provisions have been made on matters such as supplier qualification restrictions, substantive demand response and quantitative evaluation criteria in the procurement process.



For the project responsibility definition, quantifiable acceptance standards, project implementation evaluation and other matters, the Company uses "top prohibitions" and "required topics" to standardize and restrict the preparation of procurement documents and the development of selection criteria with a system, which standardizes the procurement behaviors from the procurement source.

## Green and Environmental Operation

The company abides by the Environmental Protection Law of the People's Republic of China, the Energy Conservation Law of the People's Republic of China and other laws and regulations, and actively promotes the maintenance of environmental health while developing the economy. During the reporting period, we advocated the concept of energy conservation and environmental protection and implemented a number of environmental protection measures.

## Reasonable Emission :

In terms of reasonable emission, the waste we produce is mainly living waste and office waste, the latter including waste ink boxes, waste toner cartridge, waste fluorescent tubes and waste computers during the working period. In addition, there is also some household garbage. The office waste we produce is sorted by the cleaners every day. The recyclable waste will be recycled, and the non-recyclable waste will be entrusted to qualified companies for disposal according to the regulations. Through the recycling of waste, Everbright Securities reduces the emissions of waste to a large extent.

>>>>	Envi	ronmental Protection Measures:	
	<ul> <li>Image: A start of the start of</li></ul>	We issued a notice on energy conservation and consumption reduction (including water, electricity, office paper and waste battery, etc.). During the reporting period, we have recycled up to 33 tons of office paper. Besides, the property management department has recycled mercury-containing lamps and other wastes.	
	<b>v</b>	The Company introduced a policy of paper saving, requiring double-sided printing of paper. At present, most of the work in Everbright Securities has been carried out in the office automation (hereinafter referred to as "OA") system	
	<b>I</b>	The Company is moving toward a paperless office, purchases office supplies as required, and carries out environmental protection assessment before procurement (priority should be given to resources that can be allocated, such as reuse of laptop,,etc.). The company will carry out environmental protection bidding assessment if the required procurement exceeds a certain amount	
	•	The purchasing of a vehicle shall meet the displacement requirements of Everbright Group	
>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>	Act	ions of Energy Conservation and Emission Reduction :	
>>>>	Act	ions of Energy Conservation and Emission Reduction : The company has significantly reduced the emission amount of greenhouse gas by using a video conferencing system. During the reporting period, we have hold 1,427 video conferences in total, showing an outstanding result list of emission reduction and cost saving;	
>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>>	Act	The company has significantly reduced the emission amount of greenhouse gas by using a video conferencing system. During the reporting	
>>>	Act	The company has significantly reduced the emission amount of greenhouse gas by using a video conferencing system. During the reporting period, we have hold 1,427 video conferences in total, showing an outstanding result list of emission reduction and cost saving;	
>>>>	Act	The company has significantly reduced the emission amount of greenhouse gas by using a video conferencing system. During the reporting period, we have hold 1,427 video conferences in total, showing an outstanding result list of emission reduction and cost saving; The company sets up a waste battery recycling bin, which is used to collect waste batteries and transfer them to relevant units for processing	
>>>	Act	The company has significantly reduced the emission amount of greenhouse gas by using a video conferencing system. During the reporting period, we have hold 1,427 video conferences in total, showing an outstanding result list of emission reduction and cost saving; The company sets up a waste battery recycling bin, which is used to collect waste batteries and transfer them to relevant units for processing In order to reduce waste, the Company gives priority to the use of idle telephone sets and office furniture etc. The Company set up a vertical advertising machine to run promotional electronic materials such as energy saving, environmental protection	

## Green March for Public Good

On May 4, 2018, the third "Green March for Public Good" competition sponsored by Alashan Ecological Foundation and co-organized by China Association for Public Companies and Securities Association of China officially started in Shanghai. By combining the online and offline models, the activity encourages participants, by walking or running for 100 days, to exchange the linage accomplished for the same amount of tree seeds with the standard of RMB 10 yuan/ 10km/ 1 sapling. The fund raised has been used for the forest planting and ecological construction in the West, blazing a new trail for enterprises to fulfill their social responsibility.

In the afternoon of May 4, the offline activity of Shanghai Station started at the Shanghai Securities Regulatory Bureau. 40 employees of Everbright Securities participated in the offline activity. In an environment close to nature, together with friends from China Securities Regulatory Commission, Shanghai bureau and Shanghai Commissioner bureau, Shanghai Stock Exchange, Shanghai Futures Exchange and China Securities Depository and Clearing Corporation, we contributed to the first day's hiking mileage of the "Green Walk for Public Good" by low-carbon walking for 5 kilometers in the nature. Meanwhile, a total of 146 employees participated in the online all-member points race. Currently, the Company ranked the third in points among the running groups.

# Appendix

Usage of Resources	Total	Intensity
Electricity	25,203,722kilowatt hour	2799.17kilowatt hour /capita
Water	206,764tons	22.96tons/capita
Unleaded Petrol	289,382 litre	32.14litre/ capita
Diesel Oil	543 litre	0.06litre/ capita
Paper	123tons	0.01 tons/capita
Waste	Total	Intensity
Office Waste	608tons	0.07tons/capita
Waste Ink Box	3,007units	0.33units/capita
Waste Cartridge	2,507 units	0.28units/capita
Waste Fluorescent Tube	4,084units	0.45units/capita
Waste Computer and Waste Fixed Assets worth more than 5000 yuan	2,852units	0.32units/capita
Energy Consumption and Greenhouse Gases Emission	Total	Intensity
Direct Energy Consumption	2,499,840kilowatt hour	277.64kilowatt hour /capita
Indirect Energy Consumption	25,203,722kilowatt hour	2799.17kilowatt hour /capita
Scope 1 of Greenhouse Gases Emission	635tons	0.07tons/capita
Scope 2 of Greenhouse Gases Emission	17,157tons	1.91 tons/capita
Total of Greenhouse Gases Emission	17,792tons	1.98tons/capita

While building the Company into a leading investment bank in China, we will continue to promote green finance, practice responsible procurement, adhere to green and environmental operation, reduce the impact on the environment from our own, enhance the core competitiveness of the Company, thus achieving the sustainable development.

# Appendix 1: List of Policies

ESG Indexes	Policies
A1: Emissions	Environmental Protection Law of the People's Republic of China
A2: Usage of Resources	Energy Conservation Law of the People's Republic of China
A3: Environment and Natural Resources	Environmental Protection Law of the People's Republic of China
	Energy Conservation Law of the People's Republic of China
B1: Employment	Labor Law of the People's Republic of China
	Labor Contract Law of the People's Republic of China
	Trade Union Law of the People's Republic of China
	Hong Kong Employment Ordinance
B4: Labor Standards	Labor Law of the People's Republic of China
B5: Supply Chain Management	Bidding Law of the People's Republic of China
B6: Product Responsibility	Measures for the Compliance Management of Se-curities Companies and Securities Investment Fund Management Companies
	Measures for the Suitability Management of Secu-rities and Futures Investors
	Detailed Implementing Rules for the Suitability Management of Securities Institutional Investors (Trial)
B7: Anti-corruption	Criminal Law of the People's Republic of China
	Bidding Law of the People's Republic of China
	Prevention of Bribery Ordinance of the Hong Kong Special Administrative Region
	Measures for the Administration of Financial Institutions' Reporting of High-Value Transactions and Suspicious Transactions
	Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) Ordinance of Hong Kong

# Appendix

# Appendix 2: Index of ESG Reporting Guide of HKEx

Indicator	Description	Indexes
A.Environmental		
A1.Emissions		
General Disclosure	nformation on the policies and 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.	5.3 Green and Environmental Operation
A1.1	The types of emissions and respective emission data	5.3 Green and Environmental Operation
A1.2	Greenhouse gas emissions in total (in tonnes) and, (if applicable) intensity (e.g. per unit of production volume, per facility)	5.3 Green and Environmental Operation
A1.3	Total hazardous waste produced (in tonnes) and, (if applicable) intensity (e.g. per unit of production volume, per facility)	5.3 Green and Environmental Operation
A1.4	Total non-hazardous waste produced (in tonnes) and, (if applicable) intensity (e.g. per unit of production volume, per facility)	5.3 Green and Environmental Operation
A1.5	Description of measures to mitigate emissions and results achieved	5.3 Green and Environmental Operation
A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiates and results achieved	5.3 Green and Environmental Operation
A2.Usage of Resc	purces	
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials	5.3 Green and Environmental Operation
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)	5.3 Green and Environmental Operation
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility)	5.3 Green and Environmental Operation
A2.3	Description of energy use efficiency initiatives and results achieved	5.3 Green and Environmental Operation
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives ad results achieved	The Company's business operation does not involve significant use of water resources, and the stakeholders in this issue do no express excessive concern.
A2.5	Total packaging material used for finished products (in tonnes) and, (if applicable), with reference to per unit produced	Not applicable due to business nature
A3.Environmenta	l and Natural Resources	
General Disclosure	Policies on minimizing the issuer's significant impact on the environmental and natural resources	5.1 Promoting the Development of Green Finance
		5.2 Responsible Procurement Practice
		5.3 Responsible Procurement Practice
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	5.1 Promoting the Development of Green Finance
		5.2 Responsible Procurement Practice
		5.3 Responsible Procurement Practice

## Appendix 2: Index of ESG Reporting Guide of HKEx

Indicator	Description	Indexes
B.Society		
B1.Employment		
General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, leave periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare	4.1 Employee Overview
B1.1	Total workforce by gender, employment type, age group and geographical region	4.1 Employee Overview
B1.2	Employment turnover rate by gender, age group and geographical region	Employment turnover rate has been disclosed, and the Company plans to make detailed disclosure in the future
B2.Health and Sc	afety	
General Disclosure	Information on the policies and 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	4.3 Welfare and Care for Employees
B2.1	Number and rate of work-related fatalities	There were no work-related fatalities during the reporting period
B2.2	Last days due to work injury	4.3 Welfare and Care for Employees
B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	4.3 Welfare and Care for Employees
B3.Development	t and Training	
General Disclosure	Policies on improving employees' knowledge and skills for dis-charging duties at work; description of training activities	4.2 Development and Training of Employees
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management)	The Company plans to make detailed disclo-sures in the future
B3.2	The average training hours completed per employee by gender and employee category	The Company plans to make detailed disclo-sures in the future
B4.Labor Standa	rds	
General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor	4.1 Employee Overview
B4.1	Description of measures to review employment practices to avoid child and forced labor	4.1 Employee Overview
B4.2	Description of steps taken to eliminate such practices when discovered	4.1 Employee Overview
B3.Supply Chain	Management	
General Disclosure	Policies on managing environmental and social risks of the supply chain	5.2 Responsible Pro-curement Practice
B5.1	Number of suppliers by geographical region	The Company plans to make detailed disclosures 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	The Company plans to make detailed disclo-sures in the future

# Appendix 2: Index of ESG Reporting Guide of HKEx

Indicator	Description	Indexes
B6.Product Respo	pnsibility	
General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labeling and privacy matters with regard to products and services provided and methods of redress	2.2 Optimizing Quality Service
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	Not applicable due to business nature
B6.2	Number of products and service related complaints received and how they are dealt with	2.2 Optimizing Quality Service
B6.3	Description of practices relating to observing and protecting intel-lectual property rights	5.2 Responsible Pro-curement Practice
B6.4	Description of quality assurance process and recall procedures	Not applicable due to business nature
B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	2.2 Optimizing Quality Service
B7.Anti-corruptior	n	
General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer to prevent bribery, extortion, fraud and money laundering	1.2 Corporate Govern-ance
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	1.2 Corporate Govern-ance
B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	1.2 Corporate Govern-ance
B8.Community		
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	3.1 Securities + Financial Poverty Alleviation
		3.2 Securities + Real Economy
		3.3 Securities + Intellectual Poverty Alleviation
		3.4 Securities + Public Charity
		3.5 Securities + Consumption Poverty Alleviation
B7.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	3.1 Securities + Financial Poverty Alleviation
		3.2 Securities + Real Economy
		3.3 Securities + Intellectual Poverty Alleviation
		3.4 Securities + Public Charity
		3.5 Securities + Consumption Poverty Alleviation
B7.2	Resources contributed (e.g. money or time) to the focus areas	3.1 Securities + Financial Poverty Alleviation
		3.2 Securities + Real Economy
		3.3 Securities + Intellectual Poverty Alleviation
		3.4 Securities + Public Charity
		3.5 Securities + Consumption Poverty Alleviation