



**2019**

**Environmental, Social and  
Governance Report**

Everbright Securities Company Limited







# About the Report

## Report Description

This report is the tenth annual Environmental, Social and Governance (CSR) 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 ESG in 2019 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 the Renminbi ("RMB").

## Scope of the Report

Time duration: from January 1, 2019 to December 31, 2019 (hereinafter referred to as "the reporting period"). This report is prepared on an annual basis, part of which is concerned with information of 2018 and 2020.

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 published by the Chinese Academy of Social Sciences, and the ISO26000: 2010 Guidance on Social Responsibility published by the International Organization for Standardization ("ISO").

## Confirmation and Approval Access

This report is confirmed by the management and approved by the board of directors on March 27, 2020.

## Access to 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](http://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.

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# Key Performance in 2019

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## Service Upgrade

- ✓ Upgraded Golden Sunshine APP for **71** times; Since September 2019, the number of monthly active users has exceeded **1.6 million**, a record high in the recent three years.
- ✓ Comprehensively centralized operation of counter business of 14 branches and 266 business departments. On its first business day, it has handled **1,734** transactions smoothly with an increase of **60%** in overall efficiency.
- ✓ Organized **5,480** investor education events, including more than **1,600** STAR (Sci-Tech innovation board) Market events.

## Targeted Poverty Alleviation

- ✓ Continued the "One Two Three Four and Five" poverty alleviation approach, and put into place the poverty alleviation models represented by "Securities +".
- ✓ Securities + Consumption Poverty Alleviation: The procurement of agricultural products areas were worth **1.52 million** yuan; the sales of agricultural products climbed to **8.57 million** yuan.
- ✓ Securities + Industrial Poverty Alleviation: We invested another **1 million** yuan in Xiji County, Ningxia, which has benefited **1,678** registered poor farmers.
- ✓ Securities + Medical Poverty Alleviation: We helped nearly **400 thousand** teachers and students by setting up the "Sunshine Caring" charity program.
- ✓ Securities + Education Poverty Alleviation: We actively engaged in the Everbright "Mingde" One-to-One Poverty Alleviation and Aid Activities, donating **160 thousand** yuan with a pledge for **220** students; invest about **580 thousand** yuan to repair and renovate and assist local schools.
- ✓ Securities + Infrastructure: A total of about **3.89 million** yuan was invested in the form of "securities + infrastructure" to construct infrastructure such as pensions, transportation, safe drinking water, and cultural and tourist facilities.

## Employee Care

- ✓ Created the recruitment platform "Recruitment Hall", introduced **4** investment bank teams, broadened internal promotion channels and mobilized **131** people; used online presentation for our branding and received over **20,000** resumes from fresh graduates.
- ✓ Provided training programs for a total of **9,031** employees, with a coverage rate of 100%; **56** hours trained per person, a rise of **12%** compared with the last year.
- ✓ Launched the "Solving Difficulties for Employees" activity and did **216** good things for employees.

# Key Performance in 2019



## Environment Protection

- ✓ As a joint leader underwriter, we assisted China Three Gorges Corporation in issuing green exchangeable bonds with a quota of **20 billion** yuan and the actual underwriting amount was **2.25 billion** yuan. No less than **70%** of the raised capital of the current phase was used for the construction of the Wudongde and Baihetan hydropower stations, contributing to expanding the generation scale of hydropower and generating green and clean energy.



## Enhance the Construction of Industrial Culture

- ✓ In the Mobilization Meeting for Cultural Construction of Securities and Funds held in 2019, Chairman Yi Huiman put forward the philosophy **“Compliant, Faithful, Professional, Prudent”** for the cultural construction in the industry. Attaching great importance to the concept, Everbright Securities takes swift actions by formulating Supporting Systems and Improvement Plans for Cultural Construction of Everbright Securities in order to convey the spirit of the Chairman’s address in the first place. With the aim of thoroughly applying the core vision **“Compliant, Faithful, Professional, Prudent”**, Everbright works to carry out its priorities from the following ten aspects and at the same time publishes related news in these aspects since December, 2019,
  - ✓ Carrying out workable and overall educational activities, creating new styles of thinking
  - ✓ Removing blind spots of risk control, laying a solid foundation for steady development
  - ✓ Well defining corporate development strategies, staying true to the origin of investment banks
  - ✓ Actively promoting craftsmanship spirits, strengthening compliant management concepts
  - ✓ Intensifying ideological and political leading roles, improving professional ethics
  - ✓ Starting in-depth warning education, raising the awareness of incorruptibility and self-discipline
  - ✓ Achieving solid progress in targeted poverty alleviation, providing full support for overcoming difficulties
  - ✓ Making good use of **“insurance+futures”**, better serving to address problems about **“agriculture, rural areas, and rural residents”**
  - ✓ Creating a professional system, enhancing specialization construction of staff
  - ✓ Reinforcing financial and technological application, improving capacity for serving people

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# 01

## Responsible Governance

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# Company Profile

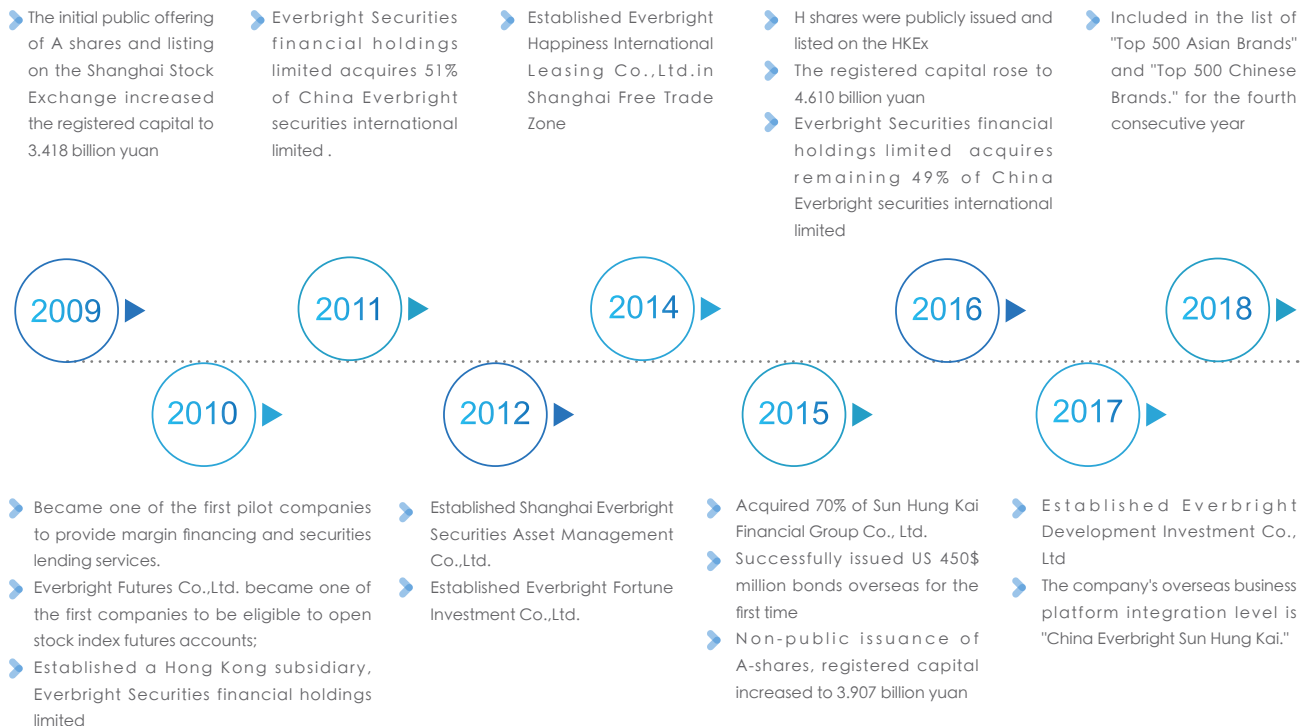
Established in 1996 and headquartered in Shanghai, Everbright Securities Company Limited is one of China's first three securities firms licensed to engage in "innovative" business approved by the China Securities Regulatory Commission (the "CSRC") and the core financial service platform of Everbright 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".

2019 marks the 10th anniversary since Everbright Securities listed its A-shares. During ten years after it made its debut at the Chinese capital market, Everbright Securities has developed from a securities company subordinate to a central enterprise mainly engaged in brokerage business to a listed A+ H-share securities Company covering brokerage and wealth management, credit business, institutional securities business, investment management as well as overseas business. We strike a balance and synergy between all business lines and departments. Therefore, a relatively complete product chain has been formed with the improvement of scale, quality and efficiency at the same time.

## History

Since 2019, the Company has been targeting at "building a first-class investment bank in China." We abide by the principle of "value creation," actively seize the good opportunity of market recovery so as to develop our main businesses. We build consensus guided by value; we strive for development through reform and innovation; we guard against risks through control and management. Therefore, all businesses are keeping in steady and sound growth.

### The 10-year History of Everbright Securities' Listing





# Company Profile



## Main Business

As a large securities and financial group with a full license in the securities field, the Company provides services to retail clients, institutional clients, the financial industry, strategic customers, and other entities. The main business of the Company includes brokerage and wealth management, credit business, institutional securities business, investment management and overseas markets. We are committed to offering diversified and high-quality financial services.

### Main Business of Everbright Securities:

#### Brokerage and Wealth Management Business

- Retail economy
- Regal club
- Futures brokerage business
- OTC business  
(Over-the-counter, OTC market)

#### Institutional Securities Business

- Investment bank
- Institutional business
- PB business
- Everbright Research
- Asset custody
- Fixed income
- Options business

#### Credit Business

- Margin financing
- Stock pledge
- Agreed redemption
- Finance lease

#### Investment Management

- Asset Management
- Private Equity Management
- Fund Management
- Alternative Investment

#### Other Business

- Internet banking
- PPP finance

With investment banking as its main body, the Company has specialized subsidiaries in asset management, public funds, private equity funds, alternative investments, futures, financial leasing, government and social capital cooperation and other business. We expanded our coverage in mainland China, Hong Kong China, Macao, England and other countries and regions. Supervised by the Hong Kong Securities and Futures Commission and legal institutions globally, we abide by the internal management methods and requirements formulated by the parent company, the Everbright Group. By the end of December of 2019, we have had a total of 14 branches and 266 business departments.

### Overseas Business

- Wealth Management and Brokerage
- Corporate Finance and Capital Markets
- Asset management
- Investment and Structured Finance

# Company Profile



## Development Strategy

2019 marks the first year of the Everbright Securities' new strategic plan. We continue to follow the principle of "making progress while maintaining stability and seeking opportunity in changes." We seek to undertake and integrate the strategy of the Company guided by "value creation." To achieve the marketization, specialization and intensification, the Company strives to strike the balance between quality, efficiency and scale, building it into a leading investment bank in China.

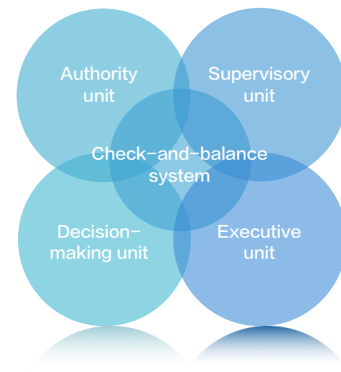
On a meeting held on November 26, 2019, the Everbright Securities revealed our mid-to-long-term strategy. Units were organized to have a comprehensive and multifaceted discussion over strategic plans, internal and external value contribution and strategic measures from different perspectives through the "strategy publicity month" activity, detailing the general strategy to specific indicators and moves. This paves the way to achieve a vital breakthrough in 2020.

### Mid-to-long term Strategic Plan of Everbright Securities:



# 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 among the authority unit, the decision-making unit, the supervisory unit and the executive unit for a high level of corporate governance.



Corporate Governance Overview

According to the governance system, the General Meeting of Shareholders, as the highest authority of the Company, makes resolutions on significant 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. Meanwhile, to fully protect the legitimate rights and interests of the Company, shareholders and creditors, we continue to optimize the *Articles of Association* to standardize the operation of the corporate governance system and improve the level of corporate governance.

For further information, please check "Corporate Governance" in the Annual Report 2019.

## Comprehensive Reform of the Risk Management System

During the reporting period, the Company forged ahead the establishment of seven significant systems and continuously reduced dead zones of risk control. Meanwhile, we established and issued several management systems. We carried out comprehensive risk investigations for all business departments, branches and subsidiaries, analyzed the potential risks comprehensively, gradually rectified of the issues of weak links, effectively improved the risk management and control system and secured the risk hedge. After hard works for over half a year, we have reduced risk exposure and steadily improved our asset quality, thus laying a solid foundation for the operation and development of the Company. Meanwhile, we formulated and released multiple policies on risk management, meticulously analyzed potential risks and thoroughly reformed the risk management system. During the reporting period, our reform on risk management system is based on the following five aspects with multiple new policies for control concerning each aspect::

### Newly Added or Revised Risk Control System:



#### Stress risk appetite and limit management to play the role of limits

· Issued *Interim Measures for Risk Appetite Management*



# Corporate Governance

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## ✓ Strictly prevent risks in critical areas, and strengthen vertical management and credit management of subsidiaries

- Formulated *Control List for Investment and Credit Business of Subsidiaries*
- Issued *Regulations on Further Strictly Perfecting the Company's Credit Management Mechanism*
- Issued the *Notice of the Ministry of Risk Management and Internal Control on the Implementation of the Blacklist Management Mechanism for Debt Subjects*
- Formulated the *Measures for the Administration of White Lists and Quotas for Bond Investment Trading Business Counterparties*
- Formulated the *Project of the Risk Management and Internal Control Department on Establishing an Internal Rating Model and Risk Limit System for the Counterparty of Bond Investment Trading Business*
- Issued the *Regulations on Establishing a Pre-Inspection Mechanism for the List of Unreliable Subjects of Companies*

## ✓ Delineate the runways of each line of business and strengthen the risk prevention and control of the company's various businesses

- Submitted and approved the *Proposal on sorting out and determining the business scope of the company's various business lines.*
- Release of the *"Notice on Further Improving the Company's Innovative Business and Product Review Mechanism"*

## ✓ Increase risk assessment and compact the primary responsibility of business units

- Formulated *Regulations on the Implementation of Credit Risk Valuation Assessment Adjustment*
- Formulated *Several Provisions on the Initiation of the Internal Responsibility of Non-performing Assets*
- Revised *Risk Management Assessment Measures (Revised Draft)*

## ✓ Establish and improve a scientific decision-making system and improve professional decision-making

- Formulated *Regulations on the Implementation of Credit Risk Valuation Assessment Adjustment*
- Formulated *Several Provisions on the Initiation of the Internal Responsibility of Non-performing Assets*
- Revised *Risk Management Assessment Measures (Revised Draft)*

In addition to developing and releasing risk control systems, the Company conducts comprehensive risk investigation and hidden risks analysis in all functional departments, branches and subsidiaries guided by the "origin-based, foundation-solid, consistent, regulated, principled" policy, and pushes forward time-bound rectification of issues. Meanwhile, by taking the opportunity of the investigation and correction, the Company strengthens the construction of the "three lines and four walls" system, consolidates the foundation for risk management and enhances the ability to manage and control internally. During the reporting period, we advanced many reforms in the risk management mechanism and the compliance of each line generally remains stable without any major regulatory penalties happened.

# Corporate Governance

## Measures for Reforming Risk Management Mechanism:

### Comprehensively strengthening the assessment and accountability of risks

Embracing the way that the risk cost directly affects the assessment results and promptly initiates the responsibility system.

### Focusing on deepening internal control management

Pressing ahead with the construction of internal control systems through appointing suitable special administrators, comprehensive inspections at key links and deepening the accountability of internal control management.

### Establishing a specialized risk decision mechanism

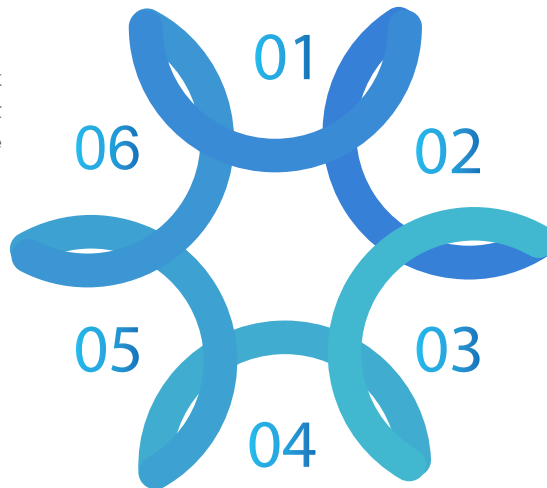
Establishing Project Review Committee, introducing expert members, and setting up an parent-subsidary companies integrated project decision review platform.

### Strengthening risk control of subsidiaries

Clearly defining the business lines of subsidiaries, standardizing review process of innovative businesses, implementing the unified risk management and control requirements on parent and subsidiary companies, and conducting a rigorous review of subsidiary project applications by comprehensively tightening the business authorization of subsidiaries.

### Highlighting risk appetite execution

Establishing regular monitoring and re-examination mechanisms for risk appetite of parent and subsidiary companies.



### Reinforcing credit risk control

Strengthening management mechanisms such as concentration control, blacklist of debtors, unified credit, and unreliable list foresight to strictly control risks.

We continue to innovate the labor-skill-competition model and raise front-line staff's risk compliance awareness of "Risk is above everything".

## Holding Competition of Compliance and Risk Control Skills to Carry forward Craftsmanship

On December 8, 2019, the final of Compliance and Risk Control Skills Competition 2019 (securities session) hosted by the Labor Union of Everbright and co-organized by Everbright Securities was successfully held in Shanghai. This competition fully displayed how our employees strive to make progress, which also inspired staff to be a "financial craftsman," keep the bottom line of compliance risk control and create an atmosphere of "working harder for excellence."



# Corporate Governance

## Increasing Resources Allocation for Anti-Money Laundering

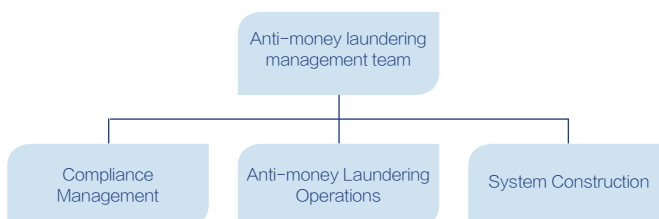
During the reporting period, we increased the resource allocation for anti-money laundering according to business development. To achieve this, we established the anti-money laundering management team in Legal and Compliance Department, and divide the posts into Compliance Management, Anti-money Laundering Operations and, System Construction from the perspective of institutional improvement, business review, risk

assessment, system construction, monitoring analysis, compliance sanctions and, case management. All the measures are taken to enhance anti-money laundering and risk prevention capabilities.

At the same time, the Company restructured the risk management framework of money laundering and standardized the responsibilities of the board of directors, the board of supervisors, senior executives, business units, anti-money laundering management teams, functional departments, domestic and overseas branches and subsidiaries in the risk management of money laundering by the latest regulatory requirements. At the beginning of 2019, the Company released seven regulations, including *The Basic Management System for Anti-Money Laundering*, *Risk Management Strategies for Anti-Money Laundering*, and *Administrative Measures for Internal Control of Anti-Money Laundering*, based on which we guided business departments to establish anti-money laundering work rules and helped branch companies and business departments to amend anti-money laundering work rules. So far, a multi-level anti-money laundering system at the headquarters, branches and business departments have taken shape.

When implementing anti-money laundering work, we upgraded and continuously optimized the anti-money laundering system. By focusing on the customers to monitor suspicious transactions and classify levels of money laundering risk, we reset indicators and processes of monitoring and identifying suspicious transaction monitoring to make anti-money laundering more efficient. Meanwhile, we combined regulatory inspection and industry experience to summarize the indicators for customer identification and quality analysis and independently develop data quality analysis functions. In this way, we can have multi-dimensional statistical analysis on the Company's overall customer identification and quality analysis and anti-money laundering procedures, making the list management systems of anti-money laundering more intelligent. The intelligent operation of anti-money laundering helps the Company's headquarters know and control the anti-money laundering work under its entire management, and it is beneficial to the daily supervision and rectification of the anti-money laundering work of the unit by the branch and business departments.

Anti-Money Laundering Management Team Framework:





# Corporate Governance

## Anti-Money Laundering Activity

During the reporting period, the Company actively participated in anti-money laundering training organized by the People's Bank of China and the China Financial Training Center for financial institutions in the securities and futures industry, focusing on strengthening internal training for middle and senior managers and new employees:

- ▶ First specialized training on anti-money laundering for middle and high managers was held: we invited senior experts in anti-money laundering to give lectures and conducted in-depth analysis from multiple dimensions of anti-money laundering situation at home and abroad, regulatory requirements, anti-money laundering laws and regulations, effectively improving the awareness anti-money laundering among middle and senior managers;
- ▶ New employees training: We developed special online learning course of anti-money laundering for new employees and made it compulsory, which requires new employees to study and pass the exam within the given time; meanwhile, we updated the course content in time and integrated the latest regulations and the Company's internal control system of anti-money laundering into the course. That is how we strengthened the new employees' knowledge of anti-money laundering and improved their anti-money laundering skills and awareness;
- ▶ Business departments and branches: We've conducted many internal training on anti-money laundering and put emphasis on combining the latest anti-money laundering regulatory requirements with daily anti-money laundering work focus. By doing so, we comprehensively improve employees' anti-money laundering knowledge, skills and awareness to ensure that they can be well qualified to work on anti-money laundering.

## 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 "*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 selecting employees, trade union funds and business reception; defined the treatment method and procedure of disciplinary violation; always actively fulfilled its obligations against corruption and commercial bribery.

During the reporting period, we added 7 regulations, including *Several Opinions on Further Strengthening Discipline*, *Regulations on the Integrity of Everbright Securities and Its Employment*, *Notice on Further Strengthening Discipline for Company Information Secrecy*, *Notice on Reaffirming the Strict Discipline for Company Information Secrecy*, *Notice on Prohibitions for Illegal Profit Making of Employees* and other regulations. The Company enhanced the violations awareness of employees, reduced the possibility of corruption and commercial bribery, and ensured the compliance management, quality and effectiveness through improving system and detailing management. During the reporting period, there were no corruption lawsuits.

# Corporate Governance



During the reporting period, the Company organized the events named Caution Education Month in each department and branch, enabling all employees, brokers and labor dispatchers of the Company to study the laws, regulations, internal mechanism and warning cases for integrity practices including the *Criminal Law of the People's Republic of China*, the *Law of the People's Republic of China Against Unfair Competition*, the *Regulation on the Integrity of Securities and Futures Business Institutions and Employment*, *Regulations on the Integrity of Everbright Securities and Its Employment*. Through these actions, the Company publicized the integrity culture, clarified the requirements and improved the awareness of employees.

Meanwhile, all business departments and branches are required to sign a *Commitment for Integrity*, promising not to engage in any form of commercial bribery, benefit transferring or integrity violation practices including business contract, undertaking, sales, trades, settlement, delivering, investment, procurement, commercial cooperation, personnel recruitment, administrative permits application, supervision by law enforcement and self-regulation.

## Caution Education Month for All Employees

During the reporting period, a series of events named Caution Education Month for all employees themed by Cases as lessons, Cases for changes are launched in Everbright Securities including public notice of disciplinary violation cases, Party lectures by the secretary, discussions in WeChat groups by all above middle-level managers, writing self-examination comments and delivering lectures on integrity to the grassroots. All employees are guided to form correct views of values, risks and development, creating a healthy cultural atmosphere.

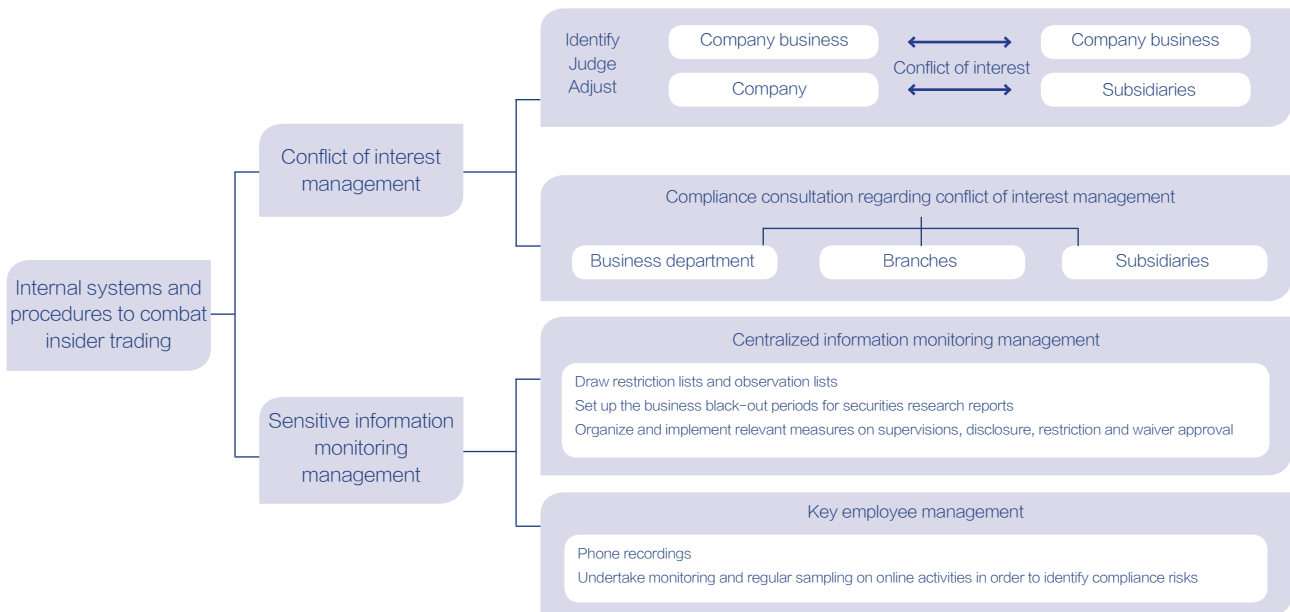


# Corporate Governance

## 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:



## Strengthening Information Disclosure

As a responsible listed company, Everbright Securities sets up and strictly abides by the *Information Disclosure Management System of Everbright Securities Company Limited* and the *Insider Information Registration System of Everbright Securities Company Limited* and other regulations, ensures the real, accurate, integrated and fair information disclosure, earnestly protects the rights and interests of minority shareholders and guarantees their full right to know.

During the reporting period, the Company disclosed all major information in strict accordance with laws and regulations. The Company disclosed 72 interim announcements, 4 regular reports, and 12 monthly financial data briefings on the website of SSE with exact published contents and standard disclosure process. All the published materials are correct 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. Since its establishment, Everbright Securities has always adhered to the philosophy of dedicating to the society, strived to create social benefits and kept pace with the society. Believing that lawful taxes payment is a basic requirement for enterprises to fulfill their social responsibilities and benefit the society, Everbright Securities has always truthfully and timely declared and paid various taxes.



# ESG Management

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## Taking the initiative in Investor Relations Management

Everbright Securities attaches great importance to communication with investors and continues to further improve the investor relations management to ensure the effectiveness of communication. We have set up an "Investor Services Column" on the official website of Everbright Securities, providing investors with telephone, fax, e-mail and headquarters addresses to consult. The Company communicated with investors about the Company situation promptly, gave feedback 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. During the reporting period, Everbright Securities adhered to the orientation of "cross-market and cross-category asset allocation driven by macro data," committed to "developing Everbright products", strengthened communication with investors and established harmonious and long-lasting investor relations.

## Continuously Returning 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 abided by the Company Law and related regulations and clarified the dividend management measures in the Articles of Association. The profit distribution policy of the Company values the reasonable investment returns to investors while taking the sustainable development of the Company into account.

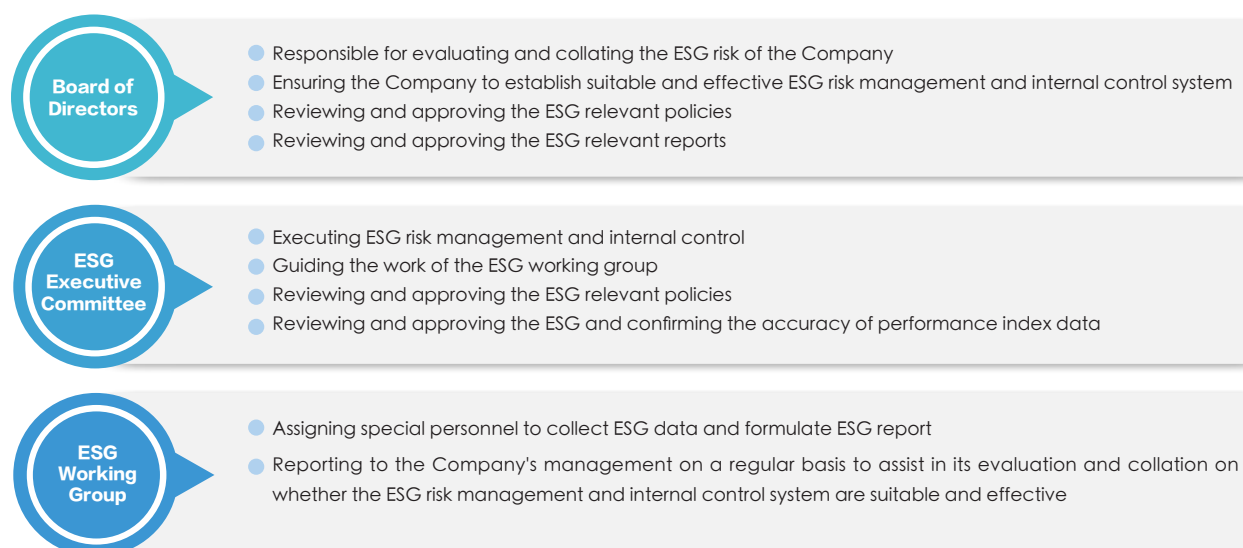
# ESG Management

Everbright Securities is deeply aware that while creating economic benefits, it is important to undertake corresponding social responsibilities and conscientiously do an excellent job of a social citizen, thus winning social respect. In combination with our own business and development, the Company constantly optimizes management in areas of services innovation, targeted poverty alleviation, employee development and green operations. Through active communication with stakeholders and continuously strengthening corporate governance, the Company strives for sustained economic, social and environmental development.

To better coordinate social responsibilities of the Company and further spur various departments to fulfill their responsibilities, 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 a sustained and effective ESG responsibility governance of Everbright Securities under this framework.

# ESG Management

## Everbright Securities' ESG Governance Framework:



## Communication with Stakeholders

Everbright Securities attaches great importance to good communication with stakeholders. We build an effective mechanism to communicate regularly with groups such as stakeholders, clients, employees, governments and regulatory institutions. These groups are of great importance to the sustained development of the Company. By communicating with stakeholders, we have a deep understanding of their needs, opinions, and suggestions, which helps us to operate and make decisions. As a result, the Company achieves sustained development by creating shared value and combining social responsibility with regular operations.

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:

### Key stakeholders:

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 the effectiveness of the actions to improve communication channels and fully reflect the views of the stakeholders. The following table lists problems 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 Employee performance assessment	The regular edition of the internal journal Irregular union welfare and activities Annual employee performance assessment

# ESG Management

Groups of stakeholders	Issues of concern	Communication channels/ Feedback forms	Frequency/Number of times
Shareholders/investors	Business development Corporate governance Economic performance	General Meeting/Extraordinary General Meeting of Shareholder Investors Conference Results Announcement Press release/announcement On-site investigation	The General Meeting of Shareholders is held once a year. In case of particular circumstances, the Extraordinary General Meeting of Shareholders shall be held. Irregular investor meetings and site surveys Annual results announcement Irregular press releases and announcements
Government and regulators	Compliance management Risk management Investor education	On-site investigation Talks Investors education activities	Irregular on-site investigation and talks Annual activities for investor education
Clients	Information secrecy Product innovation Service quality	Investor education activities Client satisfaction survey Client service line Official media platform	Annual irregular investor education activities and client satisfactory survey Constant client service line and official media platform
Community	Targeted poverty alleviation Community contribution Anti-corruption	Press release/announcements Various poverty alleviation activities	Regular "Securities+" poverty alleviation project Regular communication activities Irregular Volunteer activities

## Materiality Analysis

Everbright Securities identifies materiality issues regularly to better respond to the needs and expectations of the stakeholders. During the reporting period, the Company further specified social responsibilities and development opportunities based on the Everbright Securities' development strategy and operational priority. The issues are ordered by their importance for stakeholders and the influence on the economy, environment, and society. We drew up a matrix of materiality issues through stakeholders' feedback and will disclose the relevant content in detail in this report.

### Evaluation Process of Materiality Issues:

#### 1. Identifying potential materiality issues:

Through a 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 problems that can influence the evaluation and decision-making of stakeholders.

#### 2. Sorting out potentially significant 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 re-examine the matrix of materiality.

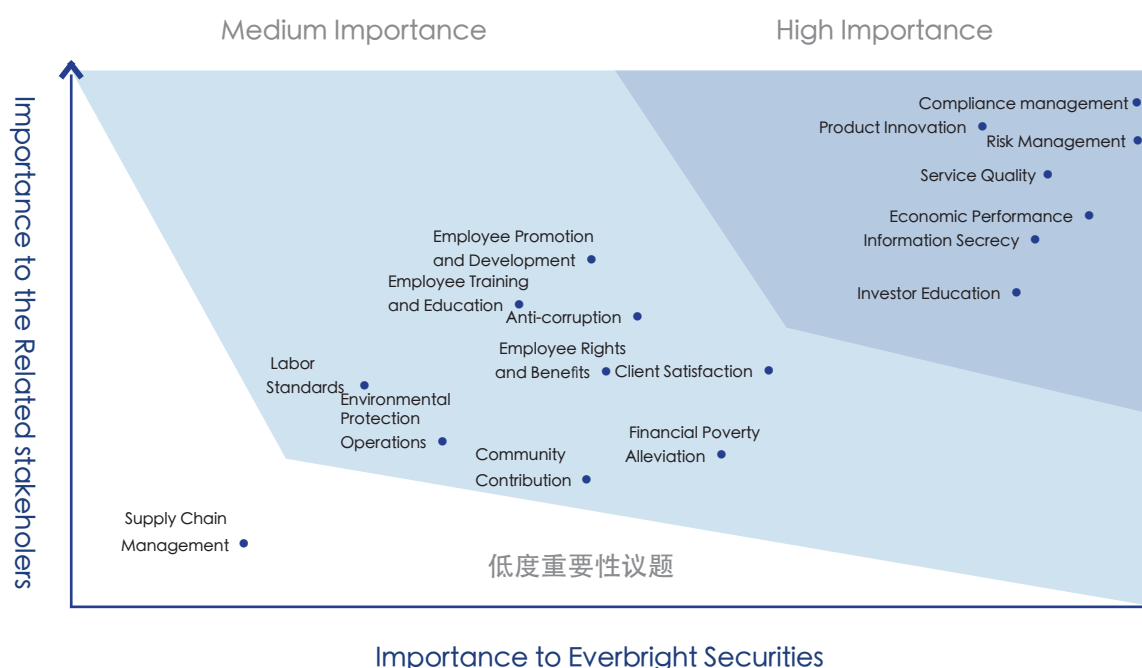
#### 3. Reviewing:

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.



# Company Honors

## Everbright Securities 2019 Materiality Matrix:



## Company Honors

During the reporting period, Everbright Securities is committed to the principle of "making progress while maintaining stability, seeking opportunities in changes." With good work, we earn a high social reputation.

Honors and Awards	Awarding Organization
Outstanding Issuer Award / Top 100 Settlement-Outstanding Self-employed	Central Government Bonds Registration and Clearing Co., Ltd.
New Fortune Local Best Investment Bank / Best Debt Underwriting Investment Bank / Best Refinancing Project / Best Corporate Bond Project	New Fortune
Junding Award for China's Securities Brokerage Business Service Brand / Junding Award for Asset Securitization Projects in China / Hong Kong Almighty Securities Broker Junding Award	Securities Times
TOP15 Chinese Brand List of Listed Companies	Tsinghua University School of Economics and Management, China Enterprise Research Center and NBDThinktank
Outstanding Underwriter / Outstanding Trustee of Bonds Issued	Shanghai Stock Exchange
2017-2018 National Financial System Culture Construction Advanced Unit	Research Association of Ideological and Political Work of China Financial Institutions
Shanghai Ping An Demonstration Unit	Political and Legal Committee of the Shanghai Municipal Committee of the CPC
Special Contribution Agency of the Year	Executive Committee of China Asset Securitization Forum
China's Top 100 Most Valuable Brands	China Brand Value Research Institute
"Top 10 Best Clouds" Excellent Case	China Academy of Information and Communications Technology

# Company Honors



Honors and Awards	Awarding Organization
Everbright Securities AI basic service platform won the "Top Ten Securities Industry Innovation Award"	Heng Seng Electronics Co., Ltd.
Bronze Medal for the Management and Maintenance Finals of the "Guan'an Cup" 2019 ISG Cyber Security Skills Competition	Office of Shanghai Municipal Committee of Cyber Security and Information Technology
Top 100 financial innovations of 2019	China Economic Net
New Fortune Best Investment Advisor / Best Analyst	New Fortune
Wealth Management Broker of the Year / Most Influential Research Institution of the Year / Best Brokerage Asset Management / Best Brand Image Fund Company of the Year / Best Fixed Income Investment Team of the Year	Oriental Fortune / Tiantian Fund
Subsidiary Company, Everbright Pramerica Fund Management Co. Ltd. ("Everbright Pramerica") won the "Best Progress Award" in the interbank local currency market	National Interbank Funding Center
Subsidiary Company, Everbright Pramerica was awarded the "Emerging Fund Company"	Ant Wealth
Subsidiary Company, Everbright Sun Hung Kai Co., Ltd. ("Everbright Sun Hung Kai"), a subsidiary, won the "Excellent Securities Investment Service" award from banks and financial institutions	Hong Kong authoritative financial media Hong Kong Economic Journal
Subsidiary Company, China Everbright Futures Co., Ltd. ("Everbright Futures") won the Junding Award of China's Outstanding IT Service Futures Company	Securities Times
Subsidiary Company, China Everbright Securities Asset Management Co., Ltd. won the Most Powerful Brokerage Asset Management of China Jinding Award 2019	Daily Economic News

# 02

## Services Innovation

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# Service Upgrade



Adhering to the philosophy of "client-orientation," Everbright Securities strives for the deep synergy of finance and technology, drives business development by virtue of financial technology, and improves financial service efficiency by advancing the transition and update of wealth management. At the same time, the Company pays attention to protect clients' rights and interests, actively shoulder the responsibility of protecting investors. This secures a sound investment environment while offering optimum services to clients.



# Service Upgrade

The Company is committed to the idea that trust is the foundation of survival and development. Only if we meet clients' needs and improve service quality can we earn long-term trust and appreciation from clients. During the reporting period, we made strategies for upgrading services targeted at three client groups, improved the counter service efficiency of business institutions. We prioritized financial technology to build an efficient, intensive and intelligent "Smart Support System," thus empowering clients, industry, business operation and management. This tech-led business offers clients with excellent and reliable financial services.

Everbright Securities provides services mainly for retail clients, institutional clients and industrial clients. Among them, retail clients, in the majority, are core client group for whom client service is improved.

## Service Upgrade for Three Client Group:

<b>Retail Clients</b>	Advance retail clients service quality and provide differentiated services by improving the investment advisory system to retain clients with high net-worth
<b>Institutional Clients</b>	Offer one-stop financial services for institutional clients by investment research services and sales transaction
<b>Industrial Clients</b>	Expand client drainage through the coordination between the Strategic Account Department, subsidies, and other brother companies of the group

On the one hand, Everbright Securities constantly improves the customer layering in the direct wealth line. A refined customer layered system is established from headquarters to branches to improve sales service and management support, enhancing the resilience of the system. On the other hand, the Company continuously optimizes the product system, builds a diversified product matrix, including four core product divisions of the headquarters and subsidiaries of Everbright Asset Management, Everbright Pramerica, Everbright Futures, Everbright Sun Hung Kai. The "one-stop financial supermarket" service meets the needs of clients of the full chain business. We have been taking clients' needs as a driving force to create products and services. We make efforts to build a precise, efficient, and open-ended financial service platform, showing unlimited possibility of financial services to clients.

## Digital and Intelligent Financial Services

Everbright Securities aims to build a mobile financial terminal as a core strategy. To achieve this, we strive to establish a digital and intelligent integrated financial service platform. The digital delivery of products and services as well as the digital bearing of various businesses allow the clients to have a more convenient and smart service experience.

During the reporting period, the Company centered at the Golden Sunshine Application to promote functions of the Internet Platform in a consistent manner, to improve user experience, and to launch an online "brand product" with abundant features and targeted services. In 2019, products were introduced successively: smart tracking, investment consulting shops, Guangzheng Information, video-on-demand, gamification operations, along with nearly 20 business processing functions. These products and features lead to innovation genes on the Internet platform and the promotion of "Intelligent Investment Rubik's Cube."

## Service Upgrade

## Golden Sunshine Application

Everbright Securities Golden Sunshine Application is centered at users, focused on financial technology, and supported by data-based operations. It serves as a comprehensive Internet finance service platform, featured by platform, scenario, social media, and ecology.

During the reporting period, Everbright Securities Golden Sunshine Application had upgraded 71 times. With the design and development of functions such as Treasury reverse repurchases area, one-click renewal, and fixed fund investment, we continuously improve users' experience.



- ✓ In terms of intelligent service:

» Intelligent Investment Rubik's Cube of the Golden Sunshine Application, with over 40,000 clients making contracts and experiencing, offers clients with various smart functions such as smart optimization, asset allocation, smart stock picking, individual stock diagnosis, account diagnosis, strategy backtests and one-click optimization.

» Update AI services: 70% of investment advisors offer services online, supported by improved financial community services system. The registered users now amount to 1.45 million.

- ✓ In terms of users' experience:

» Golden Sunshine strengthens its ability in data analysis. It has overall functions reordered and integrated based on user data behavior analysis. A scenario-based and simplified interaction design was adopted with interactive map, clear layout, and smooth operation, allowing users to have high-quality trading experience.

- ✓ In terms of user operations:

» Golden Sunshine provides multi-files, real-time, and personalized financial services, and products thanks to the machine learning technology, online artificial services along with accurate and comprehensive user analysis. Besides, based on changes in behavior trajectory, investment preference, and risk preference, the Application is able to tailor financial products and services supply so as to achieving data-based and intelligent user operations.

- ✓ In terms of adequate business functions:

» Nine business processing functions are added; 62 different tasks are changed and updated; new services such as the signing of STAR Market, signing of Shanghai-Hong Kong Stock Connect, freezing of customer certificate updates, resetting transaction passwords, and binding WeChat messages are added.

» The off-site business handling makes up over 60% on average. The percentages of off-site processing of STAR Market, Hong Kong Stock Connect, Quoted Repurchase, Shenzhen Stock Options Account Opening are all over 90% of total business handling.

Since September 2019, the monthly active users of Golden Sunshine Application have been over 1.6 million for three months in a row, a record high in recent three years. During the reporting time, it was rewarded "The Most Valuable Investment Advisor Award of the Brokerage App" selected by Brokerage China, "Outstanding Securities Company APP Finalist Award," and "Excellent App for Securities Companies of the 17th Annual Financial Summit" by Hexun.com.

# Service Upgrade

## Fast and Efficient Business Platform

Against the backdrop of the integration of the global economy, the financial market becomes increasingly competitive in upgrading clients' demands with more detailed regulatory requirements. That necessitates a new front-back office separation operation model featured by centralized processing and review as well as efficient and safe management. To follow the trend of operation development and industrial changes, Everbright Securities actively reforms the operational management model so as to improve the operational management model.

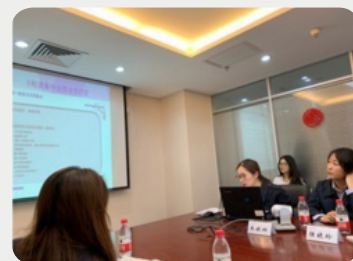
During the reporting period, Everbright Securities built a one-stop, paperless, process-oriented counter business platform where centralized review and operation of the counter business was finished on schedule. The counter business platform "e-Counter" improves productivity greatly, leading to a simplified and efficient teller operation in the sales department. Customers are served better and front desk business is supported while counter business quality is secured and operational error rate decreased. In branches, two or three centralized operations staff can run the counter business for 30 to 40 departments within its audit jurisdiction. Therefore, back-office staff in the sales department increased efficiency, leading to better customer service.

### Everbright Securities Centralized Operation of Counter Business by e-Counter

On July 1, 2019, Everbright Securities achieved comprehensive centralized operation of counter services in domestic branches and business departments. On its first operation day, it handled 1,734 transactions smoothly. The average business duration was 1.05 minutes, a 60% increase in overall efficiency.

The launch of "e-Counter" marks the digital operation era of Everbright Securities' counter business. As a result, operating systems are connected to reduce operational risks; customers are able to enjoy paperless services. One-stop processing covers 337 functions, winning many industry records. The system lays the foundation for a completely online operation.

Furthermore, to solve the most important problem of "unified business processing and review standards," Everbright Securities took existing business, rules and business guidelines into account, making a unified and reader-friendly operation manual for all branches. At the same time, relevant departments hold a number of videos or on-site training constantly so as to enhance the business processing capabilities of offices.



# Service Upgrade

## Clients Service Upgradation

Everbright Securities values every customer and firmly believes that starting from the actual needs of customers, we can effectively solve their problems and difficulties. During the reporting time, the Company took advantage of technology and created mobile counters to help the elderly. To put it simply, the on-site caring service is a practice of inclusive finance under the premise of ensuring compliance.

### Empowered by Technology, Upgrade Client Services by Mobile Counters



The 93-year-old Mrs. Fu was a client of the Everbright Securities Hefei South First Ring Road Sales Department. In 2019, in the visit to the elderly, our staff was told Mrs. Fu had always wanted to revoke specific high-risk business permissions. However, it was difficult for her to travel long distances to the business department without any companionship.

Workers of the business department immediately consulted the application process and usage with headquarters over the phone. Once learned about the situation, the headquarter gave full support by achieving synergy between departments and help the sales department to have the business permissions for mobile counters. On July 28, 2019, the business department employees took the portable counter to Mrs. Fu and handled some services such as transaction authorization revocation and account information updates. Mrs. Fu was grateful for the on-site service and thus cooperated with employees in procedures such as taking photos, recording videos and signing signatures.

Everbright Securities meets customers' needs of this kind by undertaking in-depth research about the "Internet+" application. A mobile counter with 67 functions was developed based on the one-stop, paperless e-Counter. This was a breakthrough in the counter-service model, providing caring and convenient, comprehensive on-site services for senior and special customers.

Everbright Securities conducts its business in a controlled and orderly manner, adequately protecting clients' legitimate rights and interests. During the reporting period, we continued the institutional documents such as the "*Working Methods for Letters and Calls*" and "*Implementation Rules for the Handling of Customer Complaints*" which have explicit provisions on the division of responsibilities, principles for handling complaints, channels for complaints and filing of complaint materials.

During the reporting period, we undertook research and experience on online account opening, optimized the existing video testimony utterances and processes. As a result, we are able to offer the customer a good account opening experience and improve customer satisfaction.



# Service Upgrade

## Video Witness the Measures and Effects of Special Optimization

In terms of optimization for account business, the Company creates different scenarios and templates for customers phoning to cancel accounts. Through updated utterance and processing, we try our best to retain customers as soon as possible and strive to provide more satisfactory services.

In terms of online account opening, the Company does research from various perspectives, including risk disclosure regarding the risks of manually opening accounts and investor education, safekeeping of account password reminders, recording videos throughout the process, reminders of avoiding lending accounts or using other people's accounts. We analyzed and optimized our existing video witness speech and to remind customers of operating securities accounts under real names as a way to protect customer rights and provide a good experience.



Everbright Securities attaches great importance to customer communication and satisfaction. We provide customers with multiple channels of feedback. With 95525 as customer service number and on-site sales offices as the two major complaint channels, the Company also accepts complaints from industry associations. In accordance with the quality inspection standard requirements of Everbright Securities Customer Service Center, our customer service center has established a complete index system. The voice agent actively invites customers to evaluate the service for customer satisfaction evaluation. There are five levels of customer evaluation: excellent, good, average, relatively weak and terrible. A special person was named to analyze the evaluation results and had a clear mind of the five evaluation ratios in real-time. During the reporting period, Everbright Securities' excellent service evaluation rate for the whole year reached 99.15% and the complaint handling rate was up to 99.4%, maintaining a very high standard.

Meanwhile, the Company screens the negative evaluation one by one. This is undertaken regularly so that reasons for customer dissatisfaction are discovered in time to solve problems and improve customer experience. We also learn about customers' needs from various channels such as daily traffic monitoring, customer evaluation, work order processing, customer complaints, agent, and branches to promote customer service satisfaction.

# Safeguarding Rights and Interests



Everbright Securities continues to educate investors and manage client's competence. While providing financial services, we promote the consciousness of rational investment and the building of an excellent investment environment. During the reporting period, the Company established a relatively comprehensive and multi-layered system for investor education, actively launched a number of relative activities. At the same time, we seek to protect clients' private information with responding information safety systems, thus managing clients' information applications. Furthermore, we endeavor to strengthen information operation and maintain operation stability to safeguard individual information as possible as we can.

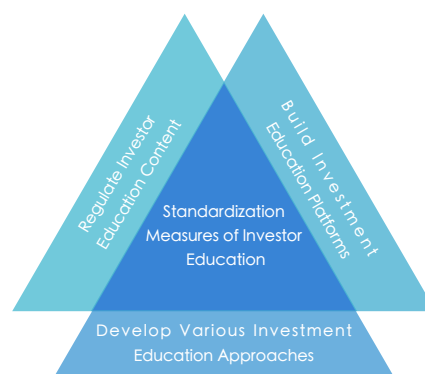
## Investor's Competence Management

Investors are what securities market relies on for survival and prosperity. During the reporting period, to meet the requirements of China Securities Industry and Association and the Stock Exchange, Everbright Securities revised the investor education management and work implementation system based on the relevant regulations of *Guidelines for the Education of Investors in Securities Business Institutions*, *the Guidelines for the Education of Investors in Shanghai Stock Exchange*, and *Shenzhen Securities Exchange*. In February 2020, the Company formally issued the *Interim Measures for Investor Education Work (Revised in January 2020)* and *Detailed Implementing Regulations on Interim Measures (Revised in January 2020.)*, which required full implementation among departments of the headquarters, branches and business departments.

During the reporting period, Everbright Securities revised the regulations on investor education in the following aspects: to have a deep understanding of investor' needs and offer a multi-layered investor education service; to strengthen headquarters' on-site or off-site inspection and evaluation towards branches' investment education; have a more definite division of labor in internal liaison mechanism. We hold that a tailored investment education regulation paves the way for better implementation, which leads to rational, long-term and valuable investment consciousness. The capital market, therefore, can develop in a stable and sound manner.

## Regulate Investor Education Content

The basics and case study materials of investment education are supplemented and improved based on multiple channels such as the Regulation and the Stock Exchanges. The contents cover ten aspects, including company introduction, laws and regulations, risk reminders, expenditure account procedures, knowledges of securities, information disclosure, complaints, rectification and anti-money laundering, fees, activities with specific topics.



# Safeguarding Rights and Interests

## Build Investment Education Platforms

Create WeChat official account for investment education to publish rules and risk tips in time, along with websites and trading client-side services; inform classified risk warnings to clients through multiple online channels simultaneously.

Teach and spread business knowledge including STAR Market, automatic investment, specific bond transfer risks and abnormal bond trading tips;

Organize National Security Day propaganda, crackdown and prevention of illegal activities, and warning against securities lawbreaking behaviors; engage in themed activities on the National Investor Protection Day on May 5th, Financial Literacy Month, and World Investor Week.

## Develop Various Investment Education Approaches

Under the guidance of "going out and inviting in," the Company organizes exchanges with universities and colleges as well as listed companies. Investors learn from ETF forums (ETF means Exchange-traded Fund, trading open index funds), investment education bases, and the securities museum. They also engage in the targeted investment teaching activities, relay promotion, China clearance insurance promotion, walking events, theme lectures, and other various forms of activities.

### Investor Education Activities

In October 2019, Everbright Securities (includes Golden Sunshine Investment education base) co-organized the event of Rational Investment Education among Campus themed at Investor Services along Silk Road in Qinghai", guided by Shenzhen Stock Exchange and the China Securities Regulatory Commission and the Qinghai Supervision Bureau with the strong support of Qinghai Normal University.

In 2019, in the context of "3.15 International Consumer Rights Day", branches of Everbright Securities organized specialized investor education events themed on "Understanding STAR Market " making information of securities investment open to the public. As a result, the public has a better understanding of the establishment of the STAR Market and the reform of the pilot registered system. Also, investors were able to have steady expectations on the market, engage in STAR Market investment rationally and put rational investment ideas into practice.



"Rational Investment Education" Entering Qinghai Normal University



"Understanding STAR Market" Investor education activities

# Safeguarding Rights and Interests

During the reporting period, through unremitting efforts, the Company was included in the list of securities of *Investor Education in 100 schools and Sailing Plan of Securities*. The Company also won the "2019 Model Investor Education Model Securities in Shanghai-Hong Kong Stock Connect Program" awarded by the Hong Kong Stock Exchange.

## Investor Education on STAR Market

After the establishment of the STAR Market in 2019, Everbright Securities formulated the *Investor Appropriateness Management Regulations for STAR Market Brokerage (Interim)*, in accordance with relevant regulations such as the *Measures for the Investor Appropriateness Management*, *Special Regulations for Stock Trading of STAR Market* and *Measures for the Appropriateness of Securities and futures Investors*.

On the one hand, the Company organized eight internal training for employees at branches to fully comprehend concepts such as STAR Market business rule, precise services and appropriateness management. It lays a solid foundation for providing high-quality services to investors.

On the other hand, the Company organized the "STAR Market Forum" series that provides specified and targeted education to potential clients and contracted clients. It was undertaken both online and offline. In terms of online learning, the retail business of the headquarter makes the materials including texts and videos, which are then published through Golden Sunshine and WeChat Official Account; in terms of offline education, branches organized on-site lecture, one-on-one exchanges, salons in various forms based on the needs and features of investors. The combined "online + offline" advocacy model helps clients to be better informed about the trading information and risks, thus safeguarding their rights and interests.



Investor Education  
Advertisement "STAR  
Market Forum"

## Securing Clients' Privacy

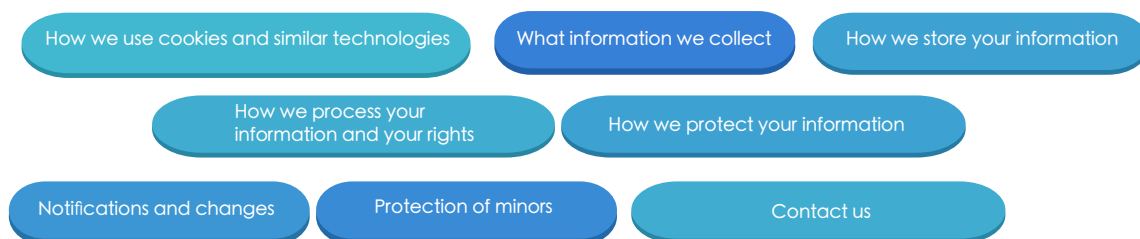
In the age of the Internet, personal information becomes particularly important. That is why Everbright Securities pays much attention to protecting clients' privacy and personal information. We formulate the Guidelines for the Classification Management of Customer Identity and Transaction Records and firmly abide by relevant rules and regulations such as the Management Measures on Customer Identity Identification and Preserving Customer Identity Data and Transaction Records of Financial Institutions as ways to keep customers' private information in safety. During the reporting time, no leakage of customers' personal information happened.

During the reporting period, the Company established a special team to learn and research on the security management specifications of mobile financial clients, right after we received the Notice of the People's Bank of China Shanghai Branch on Forwarding the Notice of the People's Bank of China on Issuing the Financial Industry Standards and Strengthening the Security Management of Mobile Finance Client Application Software. We strived to amend and improve the user privacy policy of Golden Sunshine after following suggestions given by the special team. Based on the original customer privacy operations, we added a number of approaches for management customer privacy protection. For example, customers are provided the Golden Sunshine User Service Agreement when using the application. In this way, their right to know about the use of information is secured to further protect customer information security.



# Safeguarding Rights and Interests

Main aspects of Golden Sunshine User Privacy Policy:



In order to ensure the safe operation of the trading system and prevent the information leakage, Everbright Securities built an IT-driven operation and maintenance system, achieving comprehensive monitoring of the operating status of the trading system. During the reporting time, the company had 152 information technology emergency drills internally, involving a total of 76 sets of application systems, including centralized trading, margin financing, stock options, and broker-dealers.

## Information Technology Emergency Drills

On February 23, 2019, the Company was selected for emergency treatment for large-scale outbreaks of new worms in the tenth cybersecurity emergency drill organized by the China Securities Regulatory Commission. In the face of emergencies, departments joined hand in hand and tackled problems efficiently with the aid of precise reporting level where managers could identify problems quickly. The drill served as a test of the safety, integrity and reliability of Everbright Securities' trading system. It improved the Company's emergency response-ability to guard against risks of information systems.



# Safeguarding Rights and Interests

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## Protection of Intellectual Property Rights

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In accordance with realities, Everbright Securities formulated *Administrative Measures for Information Release and Rules for the Work of Internet Platform Information Services*, based on relevant rules and regulations such as the *Copyright Law of the People's Republic of China's* and the *Trademark Law of the People's Republic of China* to further strengthen the Internet platform management on information services, improve relevant services of Everbright Securities' Internet platform and prevents corresponding risks.

All materials published on the Internet shall comply with relevant laws, administrative regulations, and relevant information confidentiality requirements, as stipulated in the *Rules for the Work of Internet Platform Information Services*. For unauthorized materials, the company will deal with them through accountability mechanisms and relevant management systems. At the same time, the client-side service (including Application and Personal computer) provided by Everbright Securities were developed independently or developed in cooperation with developers who have authorized software copyrights.

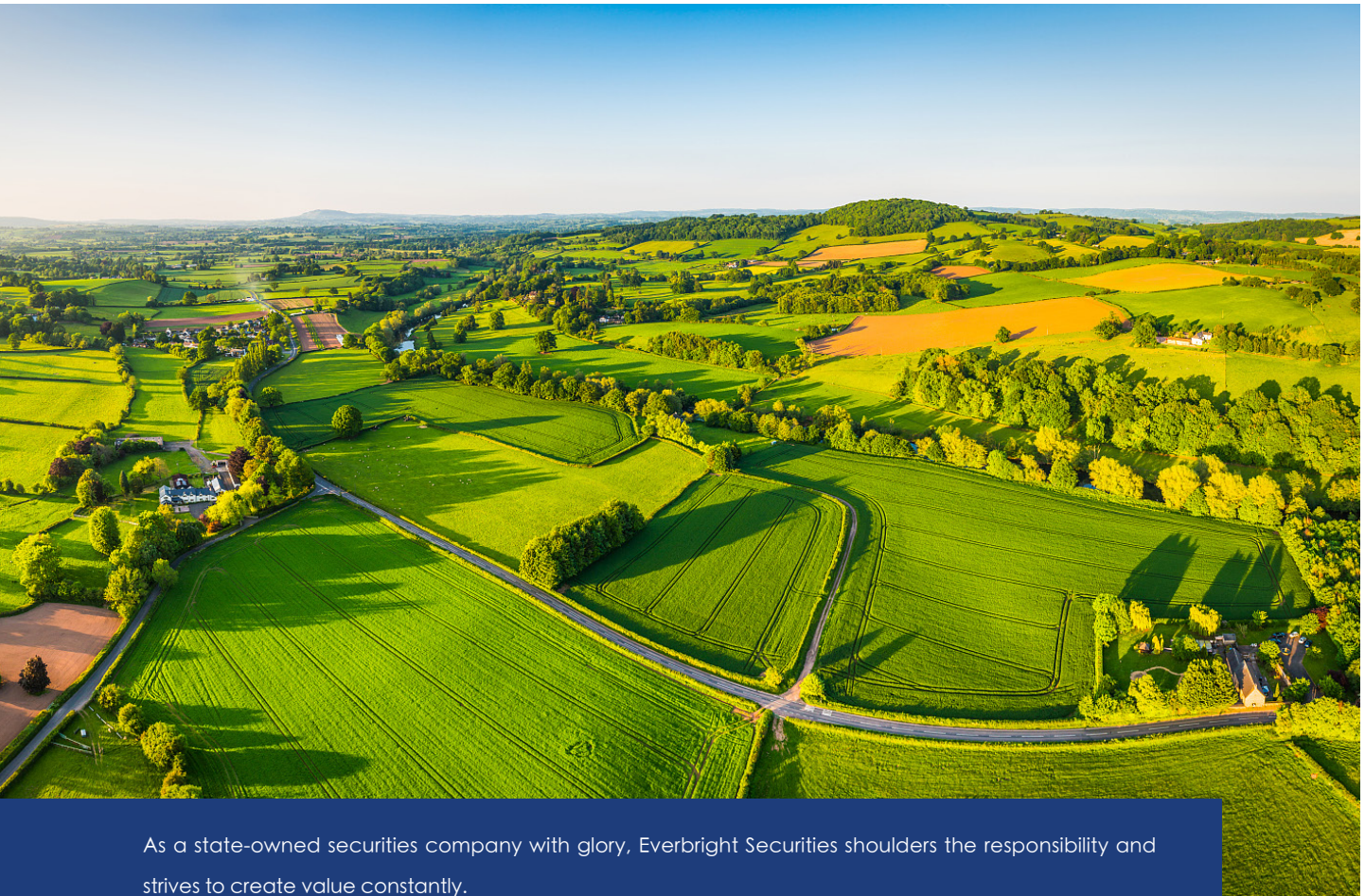
In March 2019, Everbright Securities carried out presentations along with the issue of Notice on the Verification of Font and Picture Infringement Risks and organized all employees to learn *Administrative Measures for Information Release*. During the same period, the Company checked the use of pictures, articles, fonts and other materials, cleaned up all that risks that will violate copyright and portraiture as a way to secure a legal promotion.

# 03

## Social Care

- 36 Securities + Consumption Poverty Alleviation
- 37 Securities + Industrial Poverty Alleviation
- 38 Securities + Medical Poverty Alleviation
- 38 Securities + Education Poverty Alleviation
- 39 Securities + Infrastructure
- 40 Securities + Public Charity

# Social Care



As a state-owned securities company with glory, Everbright Securities shoulders the responsibility and strives to create value constantly.

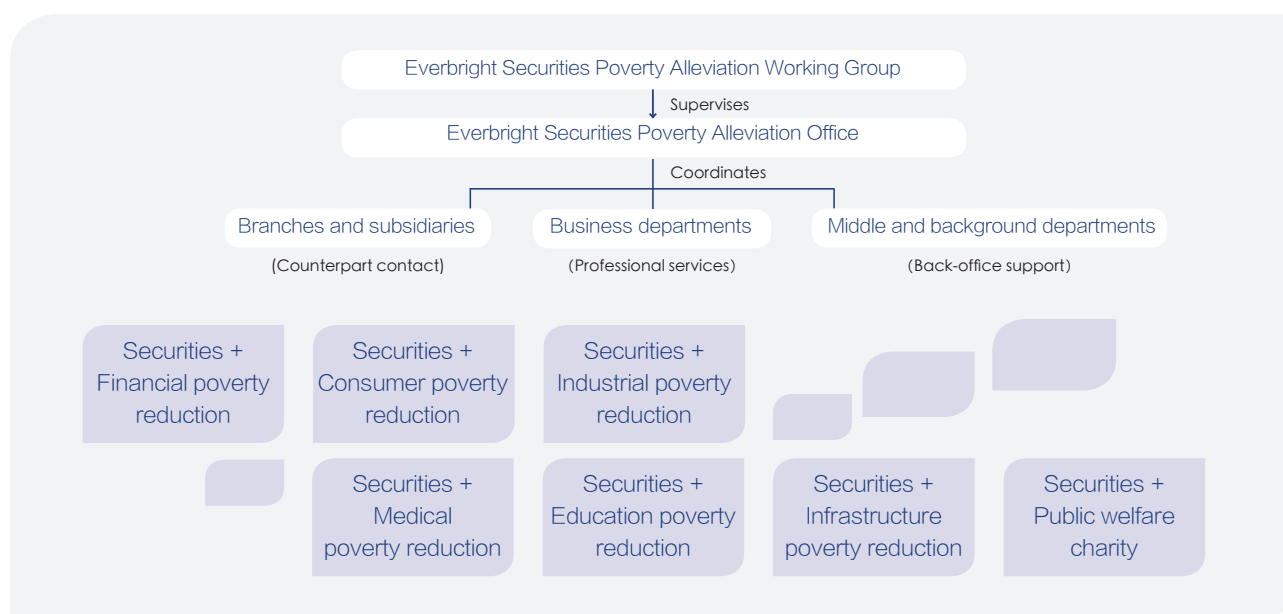
During the reporting period, Everbright Securities followed the footsteps of the China Securities Regulatory Commission and the China Securities Association to alleviate poverty. We engaged in the "One Division for One County" and "One County by One Enterprise" pairing assistance initiative, and unwaveringly forged ahead with targeted poverty alleviation. We have taken full advantages of professional resources to improve the poverty alleviation system with our characteristics. We continued the "One, Two, Three, Four and Five" poverty alleviation approach and innovatively implemented the "securities +" targeted poverty alleviation model of "finance + consumption + industry + medical + education + infrastructure + public welfare", which has contributed to the fight against poverty.

During the reporting period, we pooled 15.99 million yuan from Special Poverty Alleviation Funds and 16 million yuan from Party-driven Poverty Alleviation Funds based on the Sunshine Public Welfare Fund. With the funds, five poverty-stricken counties, including Xintian County, Hunan; Xiji County, Ningxia ; Wanan County, Jiangxi; Xingguo County, Jiangxi; Wuxian County, Jiangxi, gradually overcame poverty.



# Social Care

## The "Securities +" Poverty Alleviation Structure of Everbright Securities:



## Poverty Alleviation Data of Everbright Securities in 2019:



Special poverty alleviation funds **1,599** million yuan



Connect with **5** national poverty counties



Party-building poverty alleviation fund of **16** million yuan



Help **3** poverty schools

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



### One platform

Everbright Sunshine Foundation

### Two requirements

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

### Combat the Epidemic by Financial Force

Since the outbreak of COVID-19, Everbright Securities have lost no time in donating 6 million yuan to Hubei Province. Everbright Securities formed the Leading group to respond to the outbreak and held an online meeting for 9 times consecutively. The Company took various measures to secure our employees, clients and production, aiming to fight against the virus. In order to help prevent and control the epidemic by financial force, we took advantage of our resources and launched ten financial services, including providing 15.6 billion yuan in individual bonds for epidemic prevention, prioritizing application approval of investment banking in critical areas, taking special emergency measures, offering guidance to clients in time, creating financial products hand in hand, informing governments with the severe epidemic, cooperating with the watchdog, operating online, assisting companies in purchasing materials for epidemic prevention and helping other companies to raise charitable trusts.



Prepared Anti-epidemic Materials  
for Employees



Donated Anti-epidemic Materials  
for Companies in Shanghai

## Securities + Consumption Poverty Alleviation

Everbright Securities fully taps the potentials in poverty alleviation. Instead of adopting an extensive assistance method, we have been exploring the vast consumer market in poverty-stricken areas and have built a sustainable assistance model of securities + consumption poverty alleviation.

During the reporting period, Everbright Securities focused on consumption poverty alleviation. We donated in various ways, such as donating by purchase and helping by shopping. Our procurement of agricultural products in underdeveloped areas is worth 1.52 million yuan. At the same time, we engaged in clearing up obstacles in circulation for Xintian County to help targeted groups. The sales of agricultural products climbed to 8.57 million yuan. Local agricultural products brought benefits and incomes to those needy people after going out to cities.

## Securities + Financial Poverty Alleviation

### Consumption Poverty Alleviation in Everbright Securities

To broaden selling channels, on June 3, 2019, Everbright Securities held the Xintian Poverty Alleviation Agricultural Products Promotion Conference and Launching Ceremony of Xintian Food Week in its headquarter based in Shanghai. In collaboration with leaders of Xintian County, we organized nearly 30 companies of agricultural products in the county to exhibit as many as 50 kinds of agricultural products on display, and the on-site turnover exceeded 10,000 yuan. This event provides an opportunity for the Company's staff to engage in poverty alleviation. With various vegetables, employees have upgraded their consumption and improved their lives. This move is also in the interest of companies in southern Hunan with broadening markets and a bright future.



## Securities + Industrial Poverty Alleviation

Agriculture is the foundation of a country. Agriculture, rural areas, and farmers are the top priority of the work of the party and the nation. To help overcome those issues, Everbright Securities is committed to developing the industry from a long-term perspective as a way of alleviating poverty. We take featured trades as the priority to help and take social responsibility in the central business as a way to inject energy into poverty alleviation.

### Relieve Farmer's Concern by "securities + futures + insurance" Model

Everbright Securities gives full play to the advantages as a financial institution, and continues to develop "securities + futures + insurance" agricultural protection project based on local agricultural features to help Xiji County, Ningxia in consecutive three years. During the reporting period, we invested another 1 million yuan in Xiji County, Ningxia to maintain local potato prices in the form of insurance, which was beneficial to 1,678 registered poor farmers. Along with the help to increase the income of products, we paid much attention to education. We taught farmers to use professional financial quantitative tools to enhance their ability with increasing awareness to resist market risks and then to undertake, transfer and hedge agricultural risks. Our financial poverty alleviation innovation has set a benchmark in the local and even the national securities poverty alleviation field.

## Securities + Medical Poverty Alleviation

Medical poverty alleviation is where poverty alleviation makes significant progress and what it takes to establish a moderately prosperous society in an all-round way. Everbright Securities improves medical insurance and medical quality at the same time as a way of enhancing people's well-being and health condition.

### Sunshine Caring Insurance Poverty Alleviation Plan

Everbright Securities has been involved in the "Sunshine Caring insurance poverty alleviation" plan for three consecutive years since 2016, which carries out specified major illness insurance programs in Xintian County of Hunan, Xiji County of Ningxia, and Xingguo County of Jiangxi, Wan'an County, and Xunwu County of Jiangxi, as well as three schools in Yan'an, Zunyi, and Anyuan regions. This plan has helped nearly 0.4 million teachers and students to get rid of problems caused by getting or returning to poverty due to illness.

### 8.18 Everbright Telemedicine Free Consultation Day

Everbright Securities aimed at improving the quality of and access to health care services in the rural area. In August 2019, the Company invited experts from Shanghai Huashan Hospital to provide health assistance in Xintian County of Hunan province. We also used technology to carry out telemedicine projects, free remote consultations and rural doctor training so that more people can enjoy convenient and quality medical services.



## Securities + Education Poverty Alleviation

The priority of poverty alleviation should be on education. A high-quality education can end the intergenerational poverty and lead to complete and long-term poverty alleviation. During the reporting period, we actively engaged in the Everbright "Mingde" One-on-One Poverty Alleviation and Aid Activities, donating 160 thousand yuan, pleading 220 students. We paid much attention to building infrastructure in poverty-stricken regions, repairing Yao School in Menlouxia Country and the All Free Boarding Private Charity Primary School in Xintian County for needy students with a donation of 480 thousand yuan and 10 thousand yuan, respectively.

### Everbright Love Summer Camp

We firmly believe the key to alleviating poverty through education is to cultivate relationships, which is our focus. We pay close attention to the healthy growth of poor students. During the reporting period, we held the Everbright Love Summer Camp, invited 58 registered poor teachers and students to come to Beijing from remote areas for exchange study. We hoped to help those students build confidence and stimulate their motives to work hard and give back to their hometown.

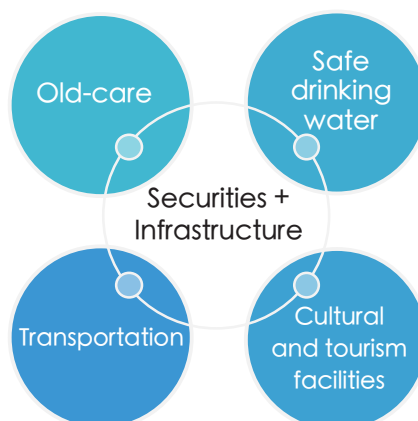


## Securities + Infrastructure

The priority of poverty alleviation should be on education. A high-quality education can end the intergenerational poverty. Inadequate infrastructure is one of the biggest challenges of poverty alleviation. As such, Everbright Securities targets on the pain points of the counterpart support regions. We made efforts to improve the infrastructures such as old-age care, transportation, safe drinking water, cultural and tourism facilities, enabling residents to have a better life.

Supported 2 million yuan to build a Central Support Complex based on Xintian Mitsui Town Retirement Home, covering 3,150 square meters, adding 150 new beds, benefiting 4 towns nearby

Supported 20 thousand yuan for natural village production lane in Zhulinping Village, Xintian County



Supported 373.6 thousand yuan to launch Xintian Zutingxia Village Power Drainage Project, improving the farm irrigation conditions of over 1,600 villagers.

Supported 1.5 million yuan to renovate Heshanyan Ancient Village and Xiao Rongfang's Former Residence in Xintian County for the boom of its cultural and tourism industry



## Securities + Public Charity

As a responsible corporate citizen, Everbright Securities pays attention to people's livelihood. We proactively carry out public charity activities of all kinds. Our mission is to shoulder social responsibility as we are moving forward.

### Caring Clothing Donation

In January 2019, Everbright Securities held the Caring Clothing Donation activity at headquarter, aiming to spread the caring through clothing. The idea started with the suggestion of employees. All donations from employees of the Company would be delivered to poverty-stricken people and students in beneficiary areas of the Company's paired targets in Xintian County, Hunan province, as a way to send warmth and support.



# 04

## Employee Management

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# Employee Overview

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Collaborative and efficient teams as well as competitive talents continuously fuel the sustainable development of enterprises. Everbright Securities regards employees as the most precious assets of the Company. Always mindful of the "people-oriented" principle, we spare no effort to safeguard rights and interests of employees. Moreover, we respect the individuality and cherish the contribution from every one of them. Through adopting pluralistic recruitment policies, providing diversified development channels, establishing scientific incentive mechanisms and offering a wide array of cultural activities, we strive to transmit employees' wisdom and loyalty into productivity and realize joint development of employees and the Company.

## Protection of Intellectual Property Rights




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Everbright Securities 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. The Company treats each applicant and employee equally in terms of recruitment and career development. We forbid all forms of discrimination based on race, gender, religion, age, social background and other factors. Furthermore, the Company has established a series of internal policies for recruitment, remuneration and welfare system, among other aspects, to safeguard the legitimate rights and interests of employees. During the reporting period, we revised the *Administrative Measures for Labor Contracts*, *Labor Contract (Standard Version)*, *Labor Contract (For Foreign Employees)* and *Confidentiality Agreement*, which clearly defined the meaning of "incompetence for work", improved relevant contract clauses as well as management powers and obligations. By doing so, we strived to adequately protect the legitimate rights and interests of the Company and employees.

The Company prohibits all forms of illegal employment, including child labor, forced labor and restrictions on employee freedom. We have adopted an employee identity verification procedure. Moreover, we revised the *Administrative Measures for Employee Joining and Resignation* and added the process of background check for all new hires in the file during the reporting period. There was no child labor and forced labor in the Company during the reporting period.

Based on the working principle of "Six Capabilities", we realized market-oriented upgrading of human resources during the reporting period. Meanwhile, we conducted work according to Everbright Group's requirement of "creating value". The Company has further reformed our structure of human resources, optimized the design of our organizational structure, improved our flat management structure and enhanced measures to increase young talents.

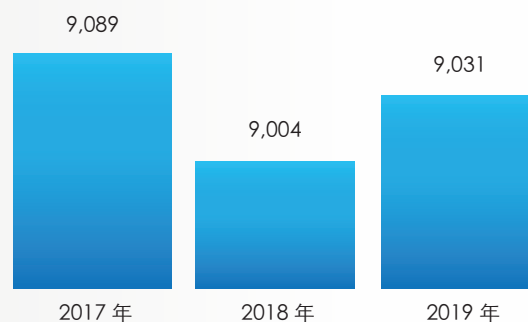
## Further Reform Human Resource Structure and Optimize the Organizational Structure Design:

-  We arranged and deployed employees and divisions in a comprehensive way, gave play to the role of specialists in decision-making, and established working committees of human resources and other divisions, thus efficiently improving work related to human resources.
-  We tapped into an agile and fluid organizational structure model and form a team for the in-depth reform of the CPC committee. We further promoted the reform and development of the Company and ensured the effective implementation of major decisions and deployment of Everbright Group and the Company. Meanwhile, we finished the reform in streamlining the organization of the third phase, thus optimizing the management of supporting and improving the empowering mechanism.
-  With the principle of division based on professions, we effectively integrated resources and subdivided the head office of Financial Markets, thus boosting the efficiency of operation and management.

# Employee Overview

By December 31, 2019, the employees of the Company totaled 9,031 (including brokers), and the employee turnover rate was 14.05% (excluding brokers). The categories of our employees are as follows:

## Total Number of Everbright Securities' Employees Between 2017 and 2019



## Overview of Everbright Securities' Employee Numbers in 2019:

Professional structure of employees	Number	Proportion
Brokerage business	6,213	69%
Other business and administration	1,081	12%
Investment banking	637	7%
Information technology	257	3%
Asset management	180	2%
Research	180	2%
Compliance/risk/audit management	179	2%
Finance department	158	2%
Securities investment	146	2%

Educational background of employees	Number	Proportion
Bachelor's degree	4,823	53%
Master's de-gree	2,263	25%
Doctorate degree and above	72	1%
Others	1,873	21%

Gender of employees	Number	Proportion
Male	5,093	56%
Female	3,938	44%

Age of employees	Proportion of employees by age	
Aged 30-40	2,570	28%
Aged 30 and below	3,957	44%
Aged 41-50	1,847	20%
Aged 51 and above	657	7%

# Employee Development

## Recruitment of Talents

As a comprehensive securities firm, Everbright Securities has long been a pool of talents from all over the world. We created a culture of recommending worthies and talents and are eager to attract the talents of various professions in the world to aid us in reforming and developing the Company. During the reporting period, we revised *Recruitment Management Measures and Intern Recruitment and Management Measures*. After further standardizing recruitment standards and procedures, we have been able to meet the company's continuous development needs for various talents.

We spare no effort to realize Everbright Group's goal of making this year a year of "value

creation" and implement the strategic plan of becoming China's top-notch investment bank. During the reporting period, we launched the Talent Recruitment program with principles of "adopting strict criteria to recruit talents in an open and transparent way". We have long dedicated to improving our talent pool and allocation efficiency of human resources. This program includes four distinctive plans, namely, Sustainable Talent Cultivation Plan, Talent Scout Plan, Elite Plan and Young Shining Star Plan. This program is going to enliven the Company and earn a reputation for an excellent employer for us. The Talent Recruitment program is an important measure to appoint cadres in an open, transparent and standardized manner. It not only expands our employees' career development path but also institutionalizes and standardizes the mechanism for introducing outstanding talents.

### Four Distinctive Plans of the Talent Recruitment Program:

#### Internal recruitment

Flexibly adjust positions of internal employees  
Provide opportunities for multiple positions

#### Society recruitment

High-level guidance  
Improve our talent pool



#### Internal headhunting

Provide internal recommendation posts in proper time  
Create an atmosphere of recommendation

#### Campus recruitment

Enhance school-enterprise cooperation  
Form a reserve force of young talents

### The Achievements in Human Resources of Everbright Securities During the Reporting Period:



We strictly adopt a market-oriented approach in recruiting talents, including the procedure of online comprehensive capability tests in our system, and keep improving our talent selection process.



We are always mindful of our purpose to "improve our business by introducing relevant talents". Up till now, the head office has introduced 4 investment teams; talents with positions of senior manager and above account for 35% of all the introduced personnel.



We expand the career development path for internal employees. We flexibly adjusted the positions of 131 employees by using methods, including internal recruitment and internal allocation.



# Employee Development

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- ✓ We expand the scope of school-enterprise cooperation and introduce basic-level talents according to our needs and lines of business. Meanwhile, we built an internship base to inject new strength into the talent pool of the Company.
- ✓ In our campus recruitment in 2020, we first used online presentations for our branding. Views of our online presentation reached 39,000 and we received over 20,000 resumes. In the end, we gave tentative job offers to 145 talents (including internships before recruitment).

## Career Development

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The Company always takes measures to bring the value of talents into full play and provides our employees with opportunities for a promising career. We adopt the MD (Managing Director) job title hierarchy, put in place a career fluid development system for professional employees according to their performance and capabilities. During the reporting period, we optimized the measures for the *MD Job Title Hierarchy Management*, the *Interim Measures for Professional Sequence Management* and the *Official Management Measures*, among other internal policies. By doing so, we intended to improve the career development system for our employees, expand their career development path and encourage them to continuously hone their professional skills.

During the reporting period, we have continuously improved the cadre evaluation system to enhance the market-oriented allocation of human resources. Moreover, we revised the plan for assessing employees' performance. Besides evaluating KPI, we also released "quarterly rankings and monthly performance", correlated performance with remuneration, and implemented policies of "red and yellow cards" and "elimination of the least competent". Meanwhile, we started to assess responsibilities annually and renew labor contracts every three years to enhance the management of official tenures. Besides, we attach importance to the development and promotion of outstanding young officials. We keep accelerating the progress of the "7,8,9" young talents program and have multiple times of open competitive employment. Moreover, we have revised the *Official Management Measures*. By doing so, we will provide an institutional guarantee for the young talents to stand out and expand their official development path.

## Employees Training

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Everbright Securities believes that employees are the foundation of the Company. We strive to implement our policies for the strategic talent pool, establish and keep improving the training system based on the responsibilities and development growth of employees. During the reporting period, we focused on key groups, launched distinctive training programs and provided targeted training for employees. We hope to build a competitive team of talents to promote the sustainable development of the Company.

In order to further standardize the training administration and promote employee development, we revised our *Management Measures of Employee Training with reference to the Measures for the Administration of Training Fees of Central and State Organs* and training requirements of Everbright Group during the reporting period. Meanwhile, we also revised the Measures for Internal Lecturer Administration to improve our training system to create an atmosphere for learning and formed a team of internal lecturers.

# Employee Development

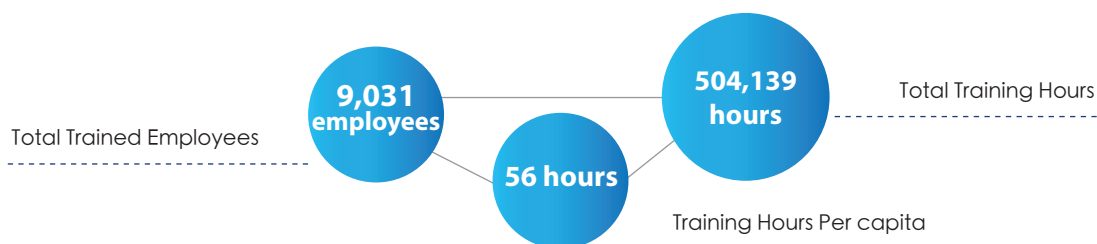
We focused on key groups and launched distinctive training programs. Firstly, we provided targeted training for top-notch department managers to improve their understanding of theories and execution. Secondly, we provided sales office directors with training on improving the performance of the sales offices so as to transform their mindset, thus increasing the effectiveness of management and boosting the performance of sales offices. Thirdly, we offered targeted training of different levels for new team leaders, outstanding young talents of subdivisions and new employees (including management trainees). Moreover, we also designed themed training programs for general skills, specialized businesses and compliance risk control, including using office software, understanding STAR Market, asset securitization and anti-money laundering. We have both offline and online training with videos, audios, and texts. By doing so, we will increase the effectiveness of employee training, offer employees more channels for learning, thus stimulating employees' willingness to learn.

## Training System:



During the reporting period, we provided training programs for a total of 9,031 employees, covering 100% of our staff. The total training time amounted to 504,139 hours, increasing 11.92% compared with 2018. On average, the training time of each employee was 56 hours, increasing 12.00% compared with 2018.

## Training Data of Everbright Securities During the Reporting Period:



# Employee Development



## "Navigator Program" Management Cadre Training Seminar

In November 2019, we cooperated with Shanghai Jiao Tong University to hold a five-day seminar for "Navigator" management officials. Participants included members of the leading group of top-notch departments and management officials of branches and subsidiaries. The contents of the seminar included interpreting insights from the fourth plenary session of the 19th Central Committee of the Communist Party of China, learning mid-term and long-term strategic plans of Everbright Group and the Company, enhancing Party's value in the mind of officials, challenges and risks from China-US trade friction as well as the latest trends of the capital market. By doing so, we improved management officials' capabilities so that they can better shoulder responsibilities and reach new heights.



## Everbright Securities' Lecture on Stress Management

During the reporting period, Everbright Securities has been aimed at improving performance. We launched a three-month "Navigator" Program for improving performance of sales department. This program includes three phases as pre-learning, training and performance improvement. After over three months of trial, all pilot groups of branches reached their targets and some of them did even better. This program effectively helped sales department to improve its performance.

# Care for Employees

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## Employee Communication

Everbright Securities is always ready to listen to employees' opinions and take measures to enhance their confidence in and support for the Company. We set columns for gathering opinions on our official website, the front page of the OA (Office Automation) system, and mobile clients of the collaboration platform. We also have e-mails and physical opinion boxes to communicate with employees. We always respond to issues of employees' concerns on a timely basis. During the reporting period, management staff took the lead and conducted surveys and research. They made four times of basic-level research on 10 important topics concerning the reform and development of the Company. Through these surveys and research, they spotted problems and then found solutions for enhancing the development of basic-level CPC party organization and for other aspects. Departments of the head office, branches, and subsidiaries drafted research reports concerning key issues and difficulties, and thus laid a solid foundation for releasing policies and regulations in the Company.

Moreover, we implemented the program of "Solving Difficulties for Employees", holding seminars to communicate with our employees. After this, we understood our employees' demands for work and life, and did 216 good things for them.

## Health and Safety

Everbright Securities attaches importance to the physical and mental health and safety of our employees. We strictly abide by the *Law of the People's Republic of China on Work Safety*, the *Labor Law of the People's Republic of China* and other laws and regulations. We would offer our employees' health and welfare insurances and create healthy and safe working conditions.

During the period for preventing and treating the COVID-19, we prioritized the health of our employees. We swiftly released information about the epidemic via official WeChat, Golden Sunshine APP and customer service hotline 95525. We also procured and allocated masks, thermometers, disinfectants and other materials for epidemic prevention. We also disinfected our offices and operations. Moreover, we timely released the *Letter of Appeal to All Employees* and monitored employees' health status on a daily basis. We also launched a column named Epidemic Prevention Psychology on the Company's WeChat page and provided an online seminar about epidemic prevention for all employees. We purchased exclusive insurances of epidemic prevention for our employees. Besides, we organized online lectures on epidemic prevention and adopted the policy of rotating employees in the office.

## Care for Employees

We respect and care for every employee. We have well managed the check-in management of youth apartment, head office shuttle buses, property management and security guard, rent payment, and material compilation, among other management services. We have effectively improved the dynamic management of the apartment, made coordinated arrangements for canceling the lease and check-in and maximized room turnover rate, thus well meeting employees' needs. During the reporting period, we provided training for management trainees, job rotation programs and well managed the check-in of supporting staff of the Yangtze River Delta project. We have reviewed 31 people of 6 batches. Up till December 31, 2019, a total of 150 youth apartment houses were occupied.

# Care for Employees

## "Sunflower" Care Program

We encourage our employees to work happily and live a healthy life. During the reporting period, the Company organized "Sunflower" Care Program with the theme of "Love Everbright and Love Yourself" on Everbright Day. We organized a series of activities, including a lecture on stress management, a mental health development salon with "OH card MIX psychological drama", and Datura painting with music. We hope to provide guidance for each employee so that they can be optimistic about physical and mental health and can always feel the power of love.



Everbright Securities' Stress Management Lecture

## Improve Food Quality for Our Employees

We intend to improve food quality for our employees. During the reporting period, the Company's catering committee was designated to evaluate our canteen, give feedback and require the canteen to take corrective measures accordingly. By doing so, we hope to ensure that our employees can enjoy diversified, sanitary and safe meals. Moreover, we have regularly organized World Food Festival events since May 2019 and have offered specialties every Thursday. This way, our employees can taste delicious food all over the world in our Company.

We also hope our employees strike a balance between work and life. We always encourage our employees to attend various activities the Company organized for them. During the reporting period, we organized a wide array of cultural and sports activities such as Everbright Securities Sports Activities and Culture Activities, aiming to enhance communication among employees, increase team cohesion and promote the development of our corporate culture.

### ✓ Sports Activities



- ▶ "Go for it! Everbright" Walkathon in Spring
- ▶ The seventh and eighth "Daily Walk for Healthy" Walkathon
- ▶ Everbright Coordinates — City Orienteering Challenge
- ▶ Games for Everbright Group Employees in Shanghai & the Seventh Everbright Employee Games
- ▶ The Second Badminton Match for Everbright Securities Employees
- ▶ The Second Table Tennis Game for Everbright Securities Employees

### ✓ Cultural Activities



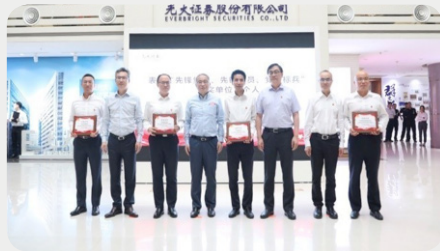
- ▶ Soliciting article themed on "My Motherland And I"
- ▶ Speech Contest themed on "My Motherland And I"
- ▶ Shanghai Financial System's Choir Competition themed on "Sing for the People's Republic of China"
- ▶ "Everbright Securities Cup" Online Knowledge Quiz
- ▶ Watch Movies on A Better Life by Joint Efforts



# Care for Employees

## Become the Role Model who Carries Forward Everbright's Values

In order to promote Everbright's culture of valuing "home, sunshine, commerce, and responsibility", Everbright Securities organized the activity of becoming the Role Model who Carries Forward Everbright's Values on August 14, 2019. We held the meeting for commending outstanding teams and individuals who won the recognition as "Outstanding Entity, Outstanding CPC Party Member, and CPC Party Role Model". Meanwhile, the Everbright Securities Sunshine Choir sang the song called Founding New China is not Possible Without the Communist Party on Everbright Day. This event reflected Everbright's shared values and spirits and encouraged every employee to take up the mission and rise to the challenge.



## Everbright Coordinates — City Orienteering Challenge

We hope to build the culture brand of "Everbright Family" together with other companies of Everbright Group, promote the synergy of the Group's offices in Shanghai, and increase the cultural and sports activities for employees. During the reporting period, Everbright Securities held the activity of Everbright Coordinates—City Orienteering Challenge. This activity factored in elements of the development history and cultural connotation of Everbright Group. During the match, participants visited the places for Red Culture Education and companies of Everbright Group, put together the development coordinates of the Everbright Group with footsteps, experienced the "Everbright Family" culture, and witnessed the development and changes of Shanghai.



# 05

## Environmental Protection

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# Green Finance



Bearing the concept of sustainable development in mind, Everbright Securities always cares for the environment during its process of creating wealth. By developing and implementing Green Finance projects and the Company has channeled funding to environmentally friendly enterprises. Moreover, we always fulfill our environmental responsibilities. Meanwhile, the Company conserves resource and energy during its operations and also includes the concept of energy-conserving and emission-reducing into its daily operations to reduce its impact on the environment

The report of the Nineteenth CPC National Congress explicitly stated that we need to "accelerate the reform of the ecology development system and build China into a beautiful country". And the report also regarded the "development of green finance" as one of the methods to "promote green development". During the reporting period, the Company had continuously promoted the development of green finance and take active measures to meet needs concerning green finance of individual enterprises.

## Green Exchangeable Bonds

As one of the leading underwriters, the Company finished the public offering of China Three Gorges Corporation in April 2019. In 2019, the issuance of green exchangeable corporate bonds (the first phase) totaled RMB 20 billion and the actual underwriting amount was RMB 2.25 billion. No less than 70% of the raised capital of the current phase will be used for the construction of the Wudongde and Baihetan hydropower stations, and the remaining amount after deducting the issuance costs will be used as supplementary working capital. The raised capital of the current phase will help expand hydropower generation capacity, generate electricity through green and clean energies and facilitate green and sustainable development.



# Fair Procurement

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Everbright Securities strictly abide by the *Procurement Law of the People's Republic of China* and the *Bidding Law of the People's Republic of China* when we procure office supplies and decoration accessories in a standardized way. We revised the *Measures for the Administration of Large-Sum Procurement (2019)* and the *Detailed Implementation Plan of the Measures for the Administration of Large-Sum Procurement (2019)*. After revising relevant policies, the Company had regulated its administration of large-sum procurement, accelerated the effective implementation of the latest procurement administrative regulations and ordinances of the state and relevant ministries and commissions. By doing so, we also leveled the playing field for bidders.

## Revision of Procurement System Documents:

### ✓ *Measures for the Administration of Large-Sum Procurement (2019)*

- Added the requirement that projects must go through open bidding process according to laws
- Clarified the detailed standards for procurement model of Request for Quotation
- Added main responsibilities of parties of the demand and parties of the projects
- Added contract management, challenging handling and procurement work file management content
- Clearly include the blacklist of penalties for companies and dynamic management of supplier blacklist and orary releases

### ✓ *Detailed Implementation Plan of the Measures for the Administration of Large-Sum Procurement*

- Added the usages of bid-winning results
- Added articles concerning bidders' appeal, execution of follow-up maintenance plan and winning bidder obligations among others

In order to ensure fairness, openness and justice in the procurement process, Everbright Securities has spurred project managers to earnestly implement the *Interim Measures for the Examination and Management of Suppliers' Qualifications for Large-sum Procurement Projects* and the *Interim Provisions for the Administration of Supplier Qualification Examination*, to assure suppliers to compete equally. Meanwhile, we have set a mailbox for complaints and appointed staff for "standardized administration" to collect various complaints and oversee the procurement process. Thus, the project managers are independent from the internal supervisors. Moreover, we will caution project managers to avoid cooperation with suppliers who have corruption records.

The Company factors requirements for suppliers' environmental and social responsibilities into the process of supplier management and spurs suppliers to improve their performance on environmental and social responsibilities. During the reporting period, the Company's *Interim Provisions for the Administration of Supplier Eligibility Examination* further clarified the principles of different departments for supplier eligibility examination and the basic requirements for suppliers to bid for large-sum procurement projects. We valued suppliers' social responsibilities, such as intellectual property protection and environmental protection of their products. We will require business partners to sign relevant letters of commitment or provide proof of eligibility.

Furthermore, we canceled redundant paper assessment and approval procedures in the procurement process and reduced steps, thus boosting procurement efficiency; we welcome competition of multiple brands in the server procurement project. We also adopted digital tools such as video and procurement management platforms to conduct remote acceptance and video negotiation, among other new measures.

# Green Office Practices

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.

## Energy Conservation and Emission Reduction

During the reporting period, the Company had actively responded to the Shanghai Municipal Government's proposal for garbage classification and set up separate garbage bins on each floor of the head office building to make wet and dry garbage classification. And we implemented the layered distribution of hazardous and recyclable garbage and covered all four categories of garbage. The property company would collect the classified garbage and transport them to the park's dump site for classified garbage. During the reporting period, our office paper recycling reached 35.5 tons, an increase of 7% over the previous year.

In addition, the Company optimized the vehicle management system and re-drafted the internal vehicle management plan. We conducted comprehensive correction measures concerning vehicle dispatch, the receipt of fuel cards and fueling (designated sites), parking fee management, and vehicle parking management in the garage. With the optimization and management of the vehicle management system, we have enhanced vehicle use efficiency and saved energy and reduced emission to some extent.

## Earth Hour Activity

In March 2019, Everbright Securities and WWF (World Wide Fund for Nature) official partners jointly organized the activity of Earth Hour for the public good. We used this green initiative to demonstrate our concern for global climate change. We proposed that our employees turn off the lights for an hour at 8: 30-9: 30 pm on March 30, 2019, and we also hope they continuously pursue a sustainable way of living and consumption.



## Emergency Drill

During the reporting period, Everbright Securities have signed the *2019 Letter of Responsibility for Security* with various departments, branches, sales offices and subsidiaries. By doing so, we laid stress on security and clarified the responsibilities of every level.

During the reporting period, the Company released requirements for security and fire prevention inspection on branches for major events such as the 70th anniversary of the founding of the People's Republic of China in 2019, NPC&CPPCC and China International Import Expo. We also conducted selective inspections. Throughout the year, the Company conducted selective inspections on the sales office under the jurisdiction of some branches, thus effectively ensuring that all parties' preparedness in security and fire protection.



# Green Office Practices

## Emergency Drill

On September 19, 2019, the Company's head office sent employees to participate in the fire-fighting drill held on Jiangling Road in Shanghai. This was a practice drill in preparation for the 70th anniversary of the founding of the People's Republic of China and this was done before the China International Import Expo. The purpose is to improve the emergency response capability of the public.

This drill included activities from the start of the fire to rescue, evacuation and firefighting. During the drill, our participating employees were calm and effectively grasped the basic standard skills to deal with the fire and well improved their emergency response capability.

## Appendix: Environmental Performance in 2019

Usage of Resources	2017		2018		2019	
	Total	Intensity	Total	Intensity	Total	Intensity
Electricity	17,078,103 kilowatt hour	1,878.99 kilowatt hour/capita	25,203,722 kilowatt hour	2,799.17 kilowatt hour/capita	28,035,385 kilowatt hour	3,200.75 kilowatt hour/capita
Water	115,649 tons	12.72 tons/capita	206,764 tons	22.96 tons/capita	118,549 tons	13.53 tons/capita
Unleaded Petrol	362,843 liter	39.92 liter/capita	289,382 liter	32.14 liter/capita	351,463 liter	40.13 liter/capita
Diesel Oil	597 liter	0.07 liter/capita	543 liter	0.06 liter/capita	435.19 liter	0.05 liter/capita
Paper	143 tons	0.02 tons/capita	123 tons	0.01 tons/capita	148 tons	0.02 tons/capita
Waste						
Office Waste	299 tons	0.03 tons/capita	608 tons	0.07 tons/capita	451 tons	0.05 tons/capita
Waste Ink Box	1,513 units	0.17 units/capita	3,007 units	0.33 units/capita	2,620 units	0.30 units/capita
Waste Car-tridge	3,040 units	0.33 units/capita	2,507 units	0.28 units/capita	2,693 units	0.31 units/capita
Waste Fluo-rescent Tube	9,502 units	1.05 units/capita	4,084 units	0.45 units/capita	6,797 units	0.78 units/capita
Waste Com-puter and Waste Fixed Assets worth more than 5,000 yuan	4,255 units	0.47 units/capita	2,852 units	0.32 units/capita	2,587 units	0.30 units/capita
Energy Consumption and Greenhouse Gases Emission						
Direct Energy Consumption	3,046,509 kilowatt hour	335.19 kilowatt hour/capita	2,499,840 kilowatt hour	277.64 kilowatt hour/capita	3,033,925 kilowatt hour	346.38 kilowatt hour/capita
Indirect Energy Consumption	17,078,103 kilowatt hour	1,878.99 kilowatt hour/capita	25,203,722 kilowatt hour	2,799.17 kilowatt hour/capita	28,035,384 kilowatt hour	3,200.75 kilowatt hour/capita
Greenhouse Gases Emission (Scope 1)	774 tons	0.09 units/capita	635 tons	0.07 units/capita	771 tons	0.09 units/capita
Greenhouse Gases Emission (Scope 2)	11,353 tons	1.25 units/capita	17,157 tons	1.91 units/capita	19,115 tons	2.18 units/capita
Total of Greenhouse Gases Emission	12,127 tons	1.33 units/capita	17,792 tons	1.98 units/capita	19,881.20 tons	2.27 units/capita

The data above does not include Wuhan Branch and its 9 sales offices.

## Appendix 1: List of Policies

ESG Indexes	Policies
A1: Emissions	<i>Environmental Protection Law of the People's Republic of China</i>
A2: Usage of Resources	<i>Energy Conservation Law of the People's Republic of China</i>
A3: Environment and Natural Resources	<i>Environmental Protection Law of the People's Republic of China</i>
	<i>Energy Conservation Law of the People's Republic of China</i>
B1: Employment	<i>Labor Law of the People's Republic of China</i>
	<i>Labor Contract Law of the People's Republic of China</i>
	<i>Trade Union Law of the People's Republic of China</i>
	<i>Hong Kong Employment Ordinance</i>
B4: Labor Standards	<i>Labor Law of the People's Republic of China</i>
	<i>Women's Rights and Interests Protection Law of the People's Republic of China</i>
	<i>Provisions on the Prohibition of Using Child Labor</i>
	<i>Law of the People's Republic of China on Work Safety</i>
B5: Supply Chain Management	<i>Bidding Law of the People's Republic of China</i>
B6: Product Responsibility	<i>Measures for the Compliance Management of Securities Companies and Securities Investment Fund Management Companies</i>
	<i>Measures for the Suitability Management of Securities and Futures Investors</i>
	<i>Detailed Implementing Rules for the Suitability Management of Securities Institutional Investors (Trial)</i>
B7: Anti-corruption	<i>Criminal Law of the People's Republic of China</i>
	<i>Bidding Law of the People's Republic of China</i>
	<i>Prevention of Bribery Ordinance of the Hong Kong Special Administrative Region</i>
	<i>Measures for the Administration of Financial Institutions' Re-reporting of High-Value Transactions and Suspicious Transactions</i>
	<i>Anti-Money Laundering and Counter-Terrorist Financing (Financial Institutions) Ordinance of Hong Kong</i>

# Appendix

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

Indicator	Description	Indexes
<b>A.Environmental</b>		
<b>A1.Emissions</b>		
General Disclosure	Information 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 Office Practice
A1.1	The types of emissions and respective emission data	5.3 Green Office Practice
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 Office Practice
A1.3	Total hazardous waste produced (in tonnes) and, (if applicable) intensity (e.g. per unit of production volume, per facility)	5.3 Green Office Practice
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 Office Practice
A1.5	Description of measures to mitigate emissions and results achieved	5.3 Green Office Practice
A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	5.3 Green Office Practice
<b>A2.Usage of Resources</b>		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials	5.3 Green Office Practice
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 Office Practice
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility)	5.3 Green Office Practice
A2.3	Description of energy use efficiency initiatives and results achieved	5.3 Green Office Practice
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved	The Company's business operation does not involve significant use of water resources, and the stakeholders in this issue do not express excessive concern, so this indicator is not disclosed.
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
<b>A3.Environmental and Natural Resources</b>		
General Disclosure	Policies on minimizing the issuer's significant impact on the environmental and natural resources	5.1 Green Finance 5.2 Fair Procurement 5.3 Green Office 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 Green Finance 5.2 Fair Procurement 5.3 Green Office Practice

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

Indicator	Description	Indexes
<b>B.Society</b>		
<b>B1.Employment</b>		
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
<b>B2.Health and Safety</b>		
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 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	The Company plans to make detailed disclosure in the future
B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	4.3 Care for Employees
<b>B3.Development and Training</b>		
General Disclosure	Policies on improving employees' knowledge and skills for dis-charging duties at work; description of training activities	4.2 Employee Develop-ment
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
<b>B4.Labor Standards</b>		
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
<b>B5.Supply Chain Management</b>		
General Disclosure	Policies on managing environmental and social risks of the supply chain	5.2 Fair Procurement
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

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

Indicator	Description	Indexes
<b>B6.Product Responsibility</b>		
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 Safeguarding Rights and Interests
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	2.1 Service Upgrade
B6.3	Description of practices relating to observing and protecting intellectual property rights	2.2 Safeguarding Rights and Interests
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 Safeguarding Rights and Interests
<b>B7.Anti-corruption</b>		
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 Governance
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 Governance
B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	1.2 Corporate Governance
<b>B8.Community</b>		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests	3.1 Securities + Consumption Poverty Alleviation 3.2 Securities + Industrial Poverty Alleviation 3.3 Securities + Medical Poverty Alleviation 3.4 Securities + Educational Poverty Alleviation 3.5 Securities + Infrastructure 3.6 Securities + Public Charity
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	3.1 Securities + Consumption Poverty Alleviation 3.2 Securities + Industrial Poverty Alleviation 3.3 Securities + Medical Poverty Alleviation 3.4 Securities + Educational Poverty Alleviation 3.5 Securities + Infrastructure 3.6 Securities + Public Charity
B8.2	Resources contributed (e.g. money or time) to the focus areas	3.1 Securities + Consumption Poverty Alleviation 3.2 Securities + Industrial Poverty Alleviation 3.3 Securities + Medical Poverty Alleviation 3.4 Securities + Educational Poverty Alleviation 3.5 Securities + Infrastructure 3.6 Securities + Public Charity