

# 恒投证券

HENGTOU SECURITIES

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

Stock Code: 1476

**2019 Environmental, Social  
and Governance Report**

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## 1. About This Report

Hengtou Securities (“HENGTOU SECURITIES” in English), a joint stock company incorporated in the People’s Republic of China with limited liability under the Chinese corporate name “恒泰证券股份有限公司” (the “Company”) and its subsidiaries (the “Group” or “we”), are pleased to publish our fourth Environmental, Social and Governance Report (the “Report”). The Report describes the Group’s sustainability concepts and reports on our performance of corporate social responsibility.

### Reporting standard

The Report is prepared in accordance with the reporting principles of the “Environmental, Social and Governance Reporting Guide” (the “Guide”) set out in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and also covers the disclosure obligations in the Guide.

### Reporting scope

The Report focuses on the Group’s performance in practicing the concept of sustainable development from 1 January 2019 to 31 December 2019 (the “Year” or the “Reporting Period”). Unless otherwise stated, the content pertains to businesses directly controlled by the Group. For details on corporate governance, please refer to the “Corporate Governance Report” section of the Group’s 2019 annual report or visit the Group’s official website (<https://www.cnht.com.cn/htzq/>).

### Reporting language

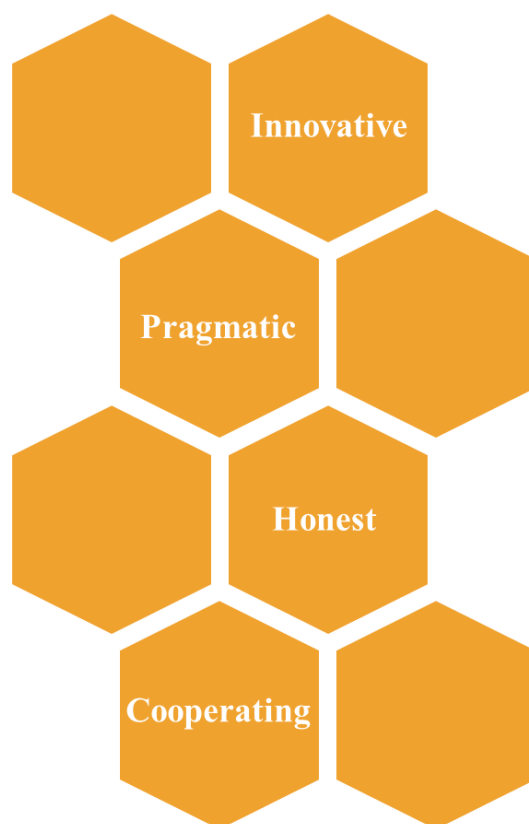
The Report has traditional Chinese and English versions. In the event of inconsistency, the traditional Chinese version shall prevail.

### Feedback on the Report

We value your comments on this Report. If you have enquiries and suggestions about this Report or the Group’s sustainability strategy, please feel free to contact us by email ([dongban@cnht.com.cn](mailto:dongban@cnht.com.cn)).

## 2. Group Profile

The Company is a full-service securities firm with its headquarters registered in Hohhot, Inner Mongolia Autonomous Region and subsidiaries in Shenzhen and Changchun, the People's Republic of China. The Company has a total of 144 securities operation branches in China. Its various wholly-owned subsidiaries include Hengtai Changcai Securities Co., Ltd. (恒泰長財證券有限責任公司), Hengtai Futures Co., Ltd. (恒泰期貨股份有限公司), Hengtai Pioneer Investment Co., Ltd. (恒泰先鋒投資有限公司) and Hengtai Capital Investment Co., Ltd. (恒泰資本投資有限責任公司). The Company also holds the equity interest of New China Fund Management Co., Ltd. (新華基金管理股份有限公司).



**Core Values**

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The Group has always adhered to its core values of “Innovative, Pragmatic, Honest and Cooperating”. It is mainly engaged in brokerage and wealth management, investment banking, investment management and proprietary trading, and is committed to creating benefits for all stakeholders. During the Year, we actively worked on the transformation of our brokerage business to wealth management, deepened technological empowerment, provided customers with asset allocation and personalised financial services, strengthened the sales of financial products, developed quantitative business, actively increased market share and established a new profit model under transformation. We reinforced our wealth management service capacity, improved the quantity and quality of research tools, developed a proprietary quantitative backtest transaction platform, steadily promoted quantitative strategy research, provided customers with diversified financial planning and wealth management allocation services, enriched financial product lines and optimised the structure of agency sales products. Our Internet finance business also continued to deepen its technology empowerment, actively promoted the development of key projects, improved the capability of product research and development, and realised the optimisation and transformation of operation models in an orderly manner.

During the Reporting Period, the Group actively promoted the sustainable development of its business and won the following awards and honours.

Awardee	Award or honour	Awarding organisation
Hengtai Securities Co., Ltd (恒泰证券股份有限公司)	“Outstanding Securities Company from Investor Surveys” by the Securities Investor Protection Fund Corporation (投保基金「投資者調查優秀證券公司」稱號)	China Securities Investor Protection Fund Corporation Limited
Hengtai Securities Co., Ltd (恒泰证券股份有限公司)	“Best APP for Innovation Breakthrough” award (「最佳創新突破 APP」獎項)	Sina Finance
Hengtai Securities Co., Ltd (恒泰证券股份有限公司)	“Tax Payer with Grade A Ratings in 2018” (「2018 年度納稅信用 A 級納稅人」稱號)	Inner Mongolia Autonomous Region Tax Service, State Taxation Administration
Hengtai Securities Co., Ltd (恒泰证券股份有限公司)	“Inner Mongolia Most Influential Inclusive Financial Institution in 2019” award (「2019 內蒙古最具影響普惠金融機構」獎)	www.nmgjrw.com, Inner Mongolia New Finance Institute

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Awardee	Award or honour	Awarding organisation
Hengtai Securities Co., Ltd (恒泰证券股份有限公司)	“2018 Bole Star Product and Service Competition for Supporting the Development of County Private Economy” award (「支持縣域民營經濟發展產品及服務大賽 2018 年度伯樂之星」獎)	Finance Office, Securities Regulatory Bureau, Science and Technology Department, and Industry and Information Department of Inner Mongolia Autonomous Region
Hengtai Securities Co., Ltd (恒泰证券股份有限公司)	“2019 Broker APP Digital Wealth Management Award” (「2019 券商 APP 數字化財富管理獎」)	Securities Times · China Broker
Hengtai Securities Co., Ltd (恒泰证券股份有限公司)	Finalist of Excellent Securities Company APP (優秀證券公司 APP 入圍獎)	Securities Times · China Broker
Hengtai Securities Co., Ltd (恒泰证券股份有限公司)	“Outstanding Competitiveness Award of China Securities Company” (「中國證券公司傑出競爭力獎」)	JRJ.com, a domestic mainstream financial portal
Hengtai Securities Co., Ltd (恒泰证券股份有限公司)	Outstanding Big Data Application Award of China Securities Company (「中國證券公司傑出大數據應用獎」)	JRJ.com, a domestic mainstream financial portal
Hengtai Securities Co., Ltd (恒泰证券股份有限公司)	“Most Potential Team” award (「最具潛力團隊」獎)	Straight Flush Internet Investment Advisory
Hengtai Futures Co., Ltd. (恒泰期貨股份有限公司)	Growth Futures Company of 2019 (2019 年度成長性期貨公司)	The 17th China’s Financial Annual Champion Awards
Hengtai Futures Co., Ltd. (恒泰期貨股份有限公司)	2019 Gold Medal Service Award for the Futures Industry (2019 年度期貨業金牌服務獎)	The 17th China’s Financial Annual Champion Awards
Hengtai Futures Co., Ltd. (恒泰期貨股份有限公司)	Pudong New Area Guangcai Star of 2019 (2019 年度浦東新區光彩之星)	China Society for Promotion of the Guangcai Program (Shanghai Pudong New Area)
Hengtai Futures Co., Ltd. (恒泰期貨股份有限公司)	Excellent Investor Service Award of the 13th National Futures Trading Competition (第十三屆全國期貨實盤交易大賽優秀投資者服務獎)	Futures Daily, Securities Times

### 3. Sustainable Development Strategy

While promoting sustainable business development, the Group pays attention to the impact of its operations on the environment and society, and actively fulfils its corporate social responsibilities. The board of directors of the Company (the “**Board**”) bears all responsibility for environmental, social and governance (“**ESG**”) strategies and reporting, assessing and determining relevant risks, strengthening risk management and internal control, and supervising the management in reviewing the performance of relevant risk management and internal control systems, in order to implement the sustainable development policies. The management of the Company has provided confirmation to the Board on the effectiveness of the Company’s ESG-related risk management and internal control systems.

#### 3.1. Stakeholder engagement

The Group values communication with various stakeholders to understand their views on ESG issues. During the Year, we contacted stakeholders from different sectors, including customers, employees, shareholders/investors, business partners, suppliers, regulators, media, professional organisations (associations such as Securities Association of China, China Futures Association and Asset Management Association of China), and social/non-governmental organisations.

Stakeholder	Major Concerns	Communication Channels
Customers	<ul style="list-style-type: none"><li>• Customer Services</li><li>• Information Security</li><li>• Complaint Handling</li></ul>	<ul style="list-style-type: none"><li>• Daily operation/communication</li><li>• Customer services centre</li><li>• Customer satisfaction survey and opinion form</li><li>• Customer consultation groups</li><li>• Customer relations manager visits</li><li>• Online services platform</li><li>• Phone</li><li>• Email</li></ul>

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Stakeholder	Major Concerns	Communication Channels
Employees	<ul style="list-style-type: none"> <li>• Remuneration and Welfare</li> <li>• Occupational Safety and Health</li> <li>• Training and Development</li> </ul>	<ul style="list-style-type: none"> <li>• Performance interview/evaluation</li> <li>• Group discussions/meetings</li> <li>• Employee suggestion box</li> <li>• Employee communication conferences</li> <li>• WeChat group for work</li> <li>• Publications/business presentations</li> <li>• Employee intranet</li> </ul>
Shareholders/Investors	<ul style="list-style-type: none"> <li>• Economic Performance</li> <li>• Compliance Operation</li> <li>• Information Transparency</li> </ul>	<ul style="list-style-type: none"> <li>• Annual general meetings</li> <li>• Investors meetings</li> <li>• Interim reports and annual reports</li> <li>• Corporate communications</li> <li>• Announcement of results</li> <li>• Visiting activities for shareholders</li> <li>• Establishment of investor education base</li> </ul>
Business Partners	<ul style="list-style-type: none"> <li>• Compliance Operation</li> <li>• Mutual Development</li> </ul>	<ul style="list-style-type: none"> <li>• Reports</li> <li>• Meetings</li> <li>• Visits</li> <li>• Talks</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>• Transparent procurement</li> <li>• Sustainable supply chain</li> </ul>	<ul style="list-style-type: none"> <li>• Management process for suppliers</li> <li>• Assessment system for suppliers/contractors</li> <li>• Tendering system and tendering process</li> <li>• Meetings</li> <li>• Site inspection</li> </ul>
Regulators	<ul style="list-style-type: none"> <li>• Information transparency</li> <li>• Compliance operation</li> </ul>	<ul style="list-style-type: none"> <li>• Compliance report</li> <li>• Daily submission of regulatory documents</li> <li>• Written response to public enquiries</li> <li>• Meetings</li> </ul>
Media	<ul style="list-style-type: none"> <li>• Information transparency</li> </ul>	<ul style="list-style-type: none"> <li>• Press release</li> <li>• Interview on senior management</li> <li>• Announcement of results</li> <li>• Official website</li> <li>• WeChat Official Accounts</li> </ul>



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Stakeholder	Major Concerns	Communication Channels
Professional Organisations	<ul style="list-style-type: none"> <li>Information communication</li> </ul>	<ul style="list-style-type: none"> <li>Meetings</li> <li>Regular visits</li> <li>Membership</li> <li>Work groups</li> </ul>
Social/Non-governmental organisations	<ul style="list-style-type: none"> <li>Social Charity</li> </ul>	<ul style="list-style-type: none"> <li>Seminars/talks/workshops</li> <li>Meetings</li> <li>Promotional activities for investment education</li> </ul>

With reference to the issues of concern of various stakeholders, we formulate the Group's sustainable development strategy. During the Year, the Group's sustainable development strategy centres on "Compliance Operation", "Professional Team", "Environmental Protection" and "Social Welfare", covering various aspects such as business operation, employee, the environment and community.



## **4. Compliance Operations**

The Group regards “integrity” as its core value and adheres to compliance operations. We continue to improve the system of compliance management and risk prevention to ensure the testability, controllability and affordability of the Group’s overall compliance risks, and to maintain our corporate reputation and brand.

### **4.1. Integrity and compliance**

The Group strictly complies with laws and regulations concerning operation integrity, including the Supervision Law of the People’s Republic of China, the Securities Law of the People’s Republic of China, the Company Law of the People’s Republic of China, the Securities Investment Fund Law of the People’s Republic of China, the Criminal Law of the People’s Republic of China, the Regulation on Supervision and Administration of Securities Companies of the People’s Republic of China, the Regulation on the Administration of Futures Trading, the Measures for the Compliance Management of Securities Companies and Securities Investment Fund Management Companies, the Guidelines for the Compliance Management of Securities Companies, the Anti-Money Laundering Law of the People’s Republic of China, the Guidelines for the Assessment of Money Laundering and Terrorism Financing Risks and Categorised Management of Customers of Financial Institutions. We have formulated a Compliance Manual (《合規手冊》), Compliance Management Measures (《合規管理辦法》), Anti-Money Laundering Work Management Measures (《反洗錢工作管理辦法》), and Management Regulations on the Reporting and Asset Freezing of Suspicious Transactions Involving Terrorist Financing (《涉嫌恐怖融資可疑交易報告及資產凍結管理規定》), which explicitly prohibit any acts of favouritism and irregularities.

The Group's internal control and risk management are based on the principles of soundness, rationality, balance, compliance and independence. We have formulated the Internal Control Outline (《內部控制綱要》) and Comprehensive Risk Management Measures (《全面風險管理辦法》) to clarify the rights and responsibilities of each unit in terms of risk management, with a view to identifying, assessing and addressing risks in a timely manner. The Group has also formulated the Management Regulations on Integrity of Employee Business Behaviours (《員工廉潔執業行為管理規定》) and the Administrative Measures on Supervision of Visits and Reporting for the Commission for Discipline Inspection (《紀律檢查委員會紀檢監察信訪舉報工作管理辦法》) which regulate employees' individual behaviour with high professional ethical standards. Employees and people with business contacts with the Group are encouraged to report possible fraud within the Group through letters, visits, phone calls, e-mail, etc. During the Reporting Period, we received no lawsuits against the Group or its employees pertaining to corruption, bribery, extortion, fraud or money laundering.

#### **4.2. Customer service**

The Group endeavours to create value for customers. To keep improving our customer service, we have formulated the Management Regulations on Customer Complaints of Sales Departments (《營業部客戶投訴管理規定》), which standardises the procedures for handling complaints and requirements for filing complaints. Customers may express their views on our services in person or by telephone, fax, letter or e-mail or via our website. Complaints would be categorised according to their nature, scope, frequency and severity, before submission to the Sales Department, Brokerage Management Headquarters, Compliance Management Department and Corporate Complaint Handling Committee for follow-up. After completion of processing the complaint, we would pay return visits to customers as appropriate and inquire whether the customer is satisfied with the complaint handling. During the Reporting Period, the Group received a total of 30 service-related complaints, and all of them were properly handled in accordance with procedures and requirements as stipulated in the Management Regulations on Customer Complaints of Sales Departments.

### 4.3. Information security

The Group carefully handles the disclosure of business information, safeguarding data and legitimate rights and interests of the Group and its customers in all aspects, such as marketing activities, customer services, customer management and back-office system support. We strictly abide by laws and regulations including the Privacy Law of the People's Republic of China, the Implementation Measures of the Privacy Law of the People's Republic of China, the Advertising Law of the People's Republic of China, the Patent Law of the People's Republic of China, the Implementation Rules of the Patent Law of the People's Republic of China, the Trademark Law of the People's Republic of China and the Intellectual Property Law of the People's Republic of China. Apart from that, we have formulated the Code of Practice for Confidentiality of Sales Departments (《營業部保密工作守則》), the Administrative Measures for Office Automation Systems (《辦公自動化系統管理辦法》), the Working Manual of Sales Departments and Computer Department (《營業部電腦部工作手冊》), the Management Authority of Counter Operation of Sales Departments (《營業部櫃檯操作管理權限》), and the Customs Archives Management Regulations for the Securities Business Department (《證券營業部客戶檔案管理規定》). Through various measures such as reviewing information access applications, MAC addresses, dynamic verification codes, account passwords and minimum permissions, the Group seeks to standardise the management of customer files and strengthens the monitoring of its information system. At the same time, we safeguard all legal rights of the Group and its business partners, such as intellectual property rights, patent rights, trademark rights and copyrights. We incorporate the awareness of intellectual property protection into all aspects of business management, and constantly improve the organization and procedures of intellectual property management. We closely monitor the registration and use of all intellectual property rights and assess the possible risks arising from potential infringement and/or passing off claims to formulate and adopt corresponding mitigation measures. We also ensure that we deliver true, accurate and complete information to the public, and eliminate all instances of false or misleading merchandise descriptions.

#### **4.4. Supply chain management**

The Group, concerned with the sustainability of its supply chain, strives to establish long-term, mutually beneficial cooperation relations with suppliers. We have prepared the Centralised Procurement Management Measures (《集中採購管理辦法》) in accordance with laws and regulations such as the Tendering and Bidding Law of the People's Republic of China and in the principles of fairness, impartiality, openness, economy, efficiency and effectiveness. In terms of supplier selection, we choose law-abiding suppliers who have compliance operation, tax payment according to law, a good business reputation, sound financial and accounting systems, provision of products or services in line with national or industry standards and requirements, and the ability to perform contracts, having regards to the social responsibility performance of suppliers. The Group's accounting and auditing department also conducts regular audit checks on centralised procurement to prevent moral and operational risks and improve the Group's procurement system.

## 5. Professional Team

The Group regards employees as our important assets and is dedicated to creating development opportunities for them. We have formulated our Employee Handbook (《員工手冊》) to actively build a standardised and efficient human resource management system. As at 31 December 2019, the Group had a total of 2,021 employees.

### 5.1. Employment practices

The Group complies fully with employment-related laws and regulations of the People's Republic of China, including the Labour Law, the Labour Contract Law, the Law on the Protection of Minors and the Provisions on the Prohibition of Using Child Labour, to create a harmonious and diverse working atmosphere. We have adopted the board diversity policy to ensure a proper balance of the Board members in terms of skills, experience and diverse perspectives, so as to promote the effective operation of the Board and maintain a high standard of corporate governance.

We implement the principles of “careful organisation, comprehensive assessment, fairness, justness and merit-based recruitment” to recruit employees. Candidates’ academic qualifications, skills, work experience and conduct are the main considerations for recruitment, whereas gender, age, ethnicity and family background do not affect their employment prospects. We verify the identity of applicants to prevent hiring child labour. If any false or forged information is provided during the employment process, the Group can terminate the labour relationship according to the terms of the labour contract. In addition, we implement a standard working hour system, which requires all employees to work for no more than 40 hours a week to prevent forced labour or exploitation. Regarding employee dismissal, we would make arrangements according to the Employee Dismissal Management Measures (《員工離職管理辦法》) and the related labour contracts. The Human Resources Department would also interview personnel in key positions to understand the reasons of their resignation to identify and manage the issues related to employee turnover. During the Reporting Period, the Group was not found to violate any laws and regulations relating to remuneration, dismissal, recruitment, promotion, working hours, equal opportunities, diversity, anti-discrimination and prevention of child or forced labour. No incidents of child or forced labour were found within the Group.

## **5.2. Remuneration and welfare**

The Group has a market-oriented employee compensation structure based on risk management and performance appraisal, coupled with a standard review mechanism to ensure reasonable remuneration for employees. Employees' fixed salaries include position salary, fixed subsidy, special allowance and other components, while variable salary includes annual performance bonuses, special awards and other rewards. We would adjust staff remuneration as appropriate and according to the regional economic development, the rates of the labour market and the results of annual work performance assessment, to enhance the Group's competitiveness in the market. In addition, we implement the principle of dual-track employee promotion, providing employees with the career development methods of vertical promotion and horizontal development. By conversion of career development channels, employees can choose to develop in a management sequence or a professional sequence according to their own development needs, and seek more suitable career development opportunities.

In terms of welfare, the Group has its Measures on Welfare Management (《福利管理办法》) in place to attract and retain talents with such benefits that exceed statutory minimum requirements. In addition to statutory holidays, our employees are entitled to sick leave, work injury leave, casual leave, annual leave, marriage leave, bereavement leave, parental leave, maternity leave and family planning leave. We also maintain basic medical insurance, basic endowment insurance, unemployment insurance, work-related injury insurance, maternity insurance and housing provident fund for qualified employees in accordance with national regulations; and we offer special benefits such as fees for heating, heat stroke prevention and cooling, holidays and team activities according to actual situations to accommodate all the needs of our employees.

## **5.3. Health and safety**

The Group cares about the physical and mental health of its employees and strictly complies with laws and regulations pertaining to occupational safety and health, including the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases, the Production Safety Law of the People's Republic of China, the Regulations on the Supervision and Administration of Occupational Health in the Workplace, and the Regulation on Work-Related Injury Insurance. We organise various activities for employees from time to time, such as Healthy Run with Ice and Snow activity, badminton competition, walking activity and fun sports games, to allow them to relax physically and mentally.

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### Walking activity

To commemorate the 70th anniversary of the founding of the People's Republic of China and help protecting investors' rights and interests in the jurisdiction, the Inner Mongolia Securities Regulatory Bureau guided the Inner Mongolia Securities and Futures Association and the Listed Companies Association of Inner Mongolia to organise, and the Company to hold, the Hengtai Securities Cup Investor Protection Walk themed "Led by National Flag and Accompanied by Investor Protection" on 15 June 2019, an event participated by more than 150 employees of the Company.



### Healthy Run with Ice and Snow activity

On 21 December 2019, the Company organised a Healthy Run with Ice and Snow activity jointly with the Securities Association of China, the Inner Mongolia Regulatory Bureau of the China Securities Regulatory Commission, the Inner Mongolia Securities and Futures Association and the internet investor education base of "SAC Investors' Home" (中证协投资者之家) in Hohhot. Themed "Identifying the Essence and Staying Away from Over-the-counter Financing and Illegal Securities Activities", the activity aimed to further promote investor protection and education in Inner Mongolia and urge institutions to establish a sound long-term mechanism to combat illegal securities activities and optimise the development ecology of the capital market.





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The Group has established a comprehensive early safety warning system and implemented work safety emergency measures. We strictly prohibit smoking in the workplace and provide employees with the necessary protective gears. In order to strengthen employees' capability responding to accidents and emergencies, we regularly conduct rescue and fire drills, and provide employees with occupational safety education to enhance their occupational safety awareness. In addition, we purchase group commercial insurance for employees based on actual conditions, providing accidental injury protection and hospitalisation subsidies for accidents and diseases. The Group also contacts professional medical institutions to organise annual occupational health checks for employees, maintains health records for all employees based on the results of their health checks, and reports health information to the employees in a timely manner. During the Reporting Period, the Group was not found to violate any laws or regulations relating to provision of a safe working environment and protection of employees from occupational hazards, with no working days lost due to work-related injuries or any serious work-related accidents causing employee casualties.

### **5.4. Training and development**

The Group highly values staff training. We conducted the 2019 training demand survey in consideration of industry regulatory requirements, strategic development requirements of the Company and post ability improvement requirements of employees. Through researching and analysing the training demand survey results, we have formulated the 2019 annual training plan of Hengtai Securities, and arranged the following types of trainings to promote the publicity and guidance of compliance and risk management, the retention and sharing of training resources, and the establishment of internal instructor and curriculum systems, in an attempt to improve the construction of talent echelon.

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Type of training	Training curriculum/content
Internal face-to-face training	<ul style="list-style-type: none"> <li>• Regional marketing training</li> <li>• Training on new asset management regulations</li> <li>• Options training</li> <li>• Training for reserved talents on brokerage business</li> </ul>
Internal online training	<ul style="list-style-type: none"> <li>• New employee training</li> <li>• Qualification management training</li> <li>• Marketing case explanation and training</li> </ul>
External face-to-face training	<ul style="list-style-type: none"> <li>• Asset management business</li> <li>• Derivatives business</li> <li>• Margin financing and securities lending business</li> <li>• Investment research business</li> <li>• Financial management</li> <li>• Risk management</li> <li>• Human resource management</li> <li>• Anti-money laundering</li> </ul>

During the Reporting Period, all the Group's employees received various levels of training, with the average training hours by gender and employee category stated as follows:

Employee	Average training hours
<b>By gender</b>	
Female	21.5 hours
Male	22.5 hours
<b>By employee category</b>	
Junior staff	20.6 hours
Intermediate management	38.3 hours
Senior management	36.9 hours

## 6. Environmental Protection

The Group pays attention to the impacts of its daily operation on the environment and natural resources, and works proactively to become a green financial enterprise. We fully complied with the Environmental Protection Law of the People's Republic of China, formulated the Regulations on the Management of Office Environment (《辦公環境管理規定》), and practiced the concept of environmental protection while operating our business, so as to continuously improve the overall environmental performance of the Group. During the Reporting Period, the Group was not aware of any violation of environmental protection laws or any major accidents affecting the environment and natural resources, or received any penalties and litigation notices regarding environmental issues.

### 6.1. Managing greenhouse gas (GHG) emissions

In order to cope with climate change, China has issued the National Plan to Address Climate Change (2014-2020) (《國家應對氣候變化規劃(2014-2020年)》), the National Climate Change Adaptation Strategy (《國家適應氣候變化戰略》) and the 2019 Annual Report on China's Policies and Actions to Address Climate Change (《中國應對氣候變化的政策與行動 2019 年度報告》), and recognised the importance of promoting energy revolution in the Outline of the Thirteenth Five-Year Plan for Economic and Social Development of the People's Republic of China (2016-2020) (《中華人民共和國國民經濟和社會發展第十三個五年規劃綱要(2016-2020)》).

In line with China's climate change strategy, we work proactively to manage GHG emissions. The Group promotes green and low-carbon lifestyles from time to time through emails, posters, internal networks and other media, which include using public transport and video conferencing instead of unnecessary business travel abroad if possible, to raise employees' awareness of environment protection. Moreover, in accordance with the Greenhouse Gas Protocol developed by the World Resources Institute and the World Business Council for Sustainable Development and ISO14064-1 standards from the International Organization for Standardization, the Group conducted a GHG emission inventory of its Hohhot office and disclosed GHG emissions and energy consumption by referring to the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). Below sets out our GHG emissions during the Reporting Period:

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GHG emissions		Unit	2019
Scope 1	Direct GHG emissions	tonnes of carbon dioxide equivalent (tCO <sub>2</sub> e)	32.2
Scope 2	Indirect GHG emissions	tCO <sub>2</sub> e	1,432.0
Scope 3	Other indirect GHG emissions	tCO <sub>2</sub> e	45.3
Total GHG emissions		tCO <sub>2</sub> e	1,509.5
GHG emission intensity		Unit	2019
Per square metre (Scope 1, 2 and 3)		tCO <sub>2</sub> e/m <sup>2</sup>	0.1

Scope 1: The direct GHG emissions generated from sources owned and controlled by the Group.

Scope 2: GHG emissions indirectly generated by electricity generation, heating and cooling or steam purchased by the Group.

Scope 3: Emissions include GHG emissions indirectly generated by sources that are not owned or directly controlled by the Group but related to the Group's business activities.

Based on the results of the GHG emission inventory, the Group's GHG emissions can be categorised as direct (Scope 1) and indirect (Scopes 2 and 3) emissions. Emissions in each scope derive from the fuel consumption of the Group's fixed equipment and vehicles (Scope 1), electricity usage (Scope 2) and water consumption, sewage discharge, flight emissions from business trips, waste disposal at landfill and paper consumption during business operations (Scope 3). During the Reporting Period, the Group's Hohhot office emitted a total of 1,509.5 tCO<sub>2</sub>e, while GHG emission intensity was 0.1 tCO<sub>2</sub>e per square metre. In the coming years, we will consider gradually expanding the coverage of our GHG emission inventory so as to strengthen the management of such emissions.

## **6.2. Energy management**

The Group carries out energy management measures in various aspects. We use energy-efficient luminaires and regularly measure the brightness of different locations in offices to reduce the number of luminaires in areas where excessive illumination is identified. To reduce the demand for air conditioning systems, the Group uses curtains to block ultraviolet rays that generate heat. We have also adopted a centrally monitored air conditioning system and stipulate that the air conditioning temperature in office area should not be lower than 26 degrees Celsius in summer or higher than 22 degrees Celsius in winter. In addition, we allow employees to wear casual clothing to work provided that the corporate image is not affected, to ensure rational use of air conditioning system. We regularly clean lighting fixtures and air filter screens of air conditioning systems, and frequently remind our employees to turn off unnecessary electronic equipment to improve energy efficiency. Besides, the Group timely eliminates vehicles that do not meet environmental protection standards through managing the use, quality and allocation of our car fleet to improve fuel efficiency.

During the Reporting Period, the Group's Hohhot office consumed an aggregate of 1,479.3 MWh of electricity, with a power consumption intensity of 105.7 kWh per square metre. Its fixed equipment and fleet of motor vehicles consumed a total of 13,483.0 cubic metres of natural gas and 1,060.0 litres of petrol. The Group will continue to monitor its fuel and electricity consumption during the operation, so as to adjust energy management measures promptly.

### **6.3. Water resources management**

The Group supports proper use of water resources. We encourage employees to wash their items in containers rather than keep flushing them under running water, and wash cars with high-pressure atomising faucets. Whenever condition permits, we install and use sensor-type faucets, and lower the water pressure to facilitate water consumption according to actual needs. The Group also posted labels of cherishing water in its washrooms to remind employees to make good use of dual-button flush toilets. At the same time, we strengthen the management of routine maintenance, with regular checks of the readings on water meters and leakage tests on concealed water pipes, to facilitate arrangement of repair works and reduce wastage.

During the Year, the Group's Hohhot office consumed an aggregate of 5,662.0 cubic metres of water, with a water consumption intensity of 0.4 cubic metre per square metre. We do not have any issues in sourcing water that is fit for purpose. In the coming year, we will continue to monitor our water consumption in the course of business operations and cultivate the habit of saving water among employees.

### **6.4. Paperless office**

The Group makes good use of the “Hengtai Integrated Office Secretary” system to replace the traditional paper-based office administration system, and allows users to access and store data on the e-office network based on their access authorisation, which reduces the need for documentation delivery and storage facilities. In addition, the Group encourages employees to maximise their application of electronic communications technologies such as WeChat and email to transmit information. We also preset our printers to double-sided printing in ink saving mode, and post a notice in a prominent place next to printers to remind our employees of maximising double-sided photocopying and paper reuse, in an active attempt to promote paperless office. During the Year, the Group's Hohhot office consumed an aggregate of 1,881.3 kg of paper, with a paper consumption intensity of 5.0 kg per employee. In the coming year, the Group will continue to monitor its office paper consumption and improve the e-office system, to realise green paperless office.

## **6.5. Waste management**

The Group advocates reducing waste at the source. We fully comply with the Environmental Protection Law of the People's Republic of China on Solid Waste Pollution and implement waste management in the principle of "reduction, harmlessness and utilisation of resources". We prioritise the purchase of environmental-friendly products, cherish the use of office supplies, and reduce the use of disposable and non-recyclable products. The Group often reviews the inventory of various types of materials to avoid excessive purchase. For used computers and other electronic waste, we have continued to implement internal recycling measures and centralised the treatment using environmental protection methods. In addition, we have also signed agreements with designated kitchen waste collection and transportation service providers to collect and transport kitchen waste in a centralised manner to strengthen pollution prevention.

During the Reporting Period, the Group's Hohhot office generated an aggregate of 5,000.0 kg of non-hazardous waste, with a generation intensity of 13.2 kg of such waste per employee; hazardous waste included 232 batteries and 300 used ink cartridges/toner cartridges. In the coming year, the Group will continue to monitor its generation of non-hazardous and hazardous waste to strengthen waste management.

## 7. Contribution to Society

The Group leverages on its professional edge to actively provide investor education services, stress on “Targeted Poverty Alleviation” and fulfill its corporate social responsibilities with concrete actions. During the Year, we organised a number of public welfare projects and made charitable donations totaling approximately RMB10.48 million.

### 7.1. Investor education

The Group regards investor education as an important part in protecting the legitimate rights and interests of investors and in promoting sound and orderly market development, as it strives to cultivate rational and qualified investors to build a well-regulated, transparent, open, dynamic and resilient capital market. We have an investor education base that works in the principle of professionalism, specialty, diversity and public welfare, to offer investors a systematic learning platform to improve their financial literacy and risk prevention awareness.



Investor Education Base



During the Reporting Period, the Group was actively engaged in investor education activities that centred on spreading securities knowledge, establishing rational investment concept and promoting risk prevention. We held financial knowledge training activities at Chahar Right Middle Banner and Siziwang Banner of Ulanqab City, which revolved around government financing, listing of enterprises, bond issuance and financial poverty alleviation. In addition, we held investor education and training activities in Taibus Banner of Xilingol League and Ongniud Banner of Chifeng City to promote investor education in poverty-stricken areas, so as to strengthen the popularisation of financial knowledge, prevent illegal financial activities such as financial fraud, illegal fund-raising, illegal securities investment consulting, and protect the legitimate rights and interests of investors in such areas.

## **7.2. Poverty alleviation through industrial development**

The Group actively responds to the industry call to carry out poverty alleviation projects through industrial development in a professional way. During the Reporting Period, we completed the listing of Hebei Wuhuatou Ecological Agriculture Development Co., Ltd. (河北五花頭生態農業開發股份有限公司) on the National Equities Exchange and Quotations. We also assisted in the financing through additional issuance of shares by Gansu Kaikai Agricultural Science and Technology Development Co., Ltd. (甘肅凱凱農業科技發展股份有限公司), raising RMB53.9 million, to achieve poverty alleviation through industrial development and contribute to society.

## **7.3. Poverty alleviation through public welfare undertakings**

The Company assisted the national poverty-stricken counties in Taipusi Banner of Xilin Gol League, Wengniute Banner of Chifeng City, Arxaan City, Siziwang Banner in Ulanqab City and Chayouzhong Banner in Ulanqab City, and actively implemented poverty alleviation in various forms of assistance, a total of RMB9.58 million was invested to help public welfare projects such as education, medical care, party culture, infrastructure construction, breeding industry, tourism poverty alleviation industry, etc. in the above-mentioned impoverished areas.

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The Company contributed RMB100 thousand in cooperation with the Hohhot Municipal Party Committee Organization Department to jointly build a street lamp solar cell installation project for poor villages in Qingshuihe County. In addition, the Company also contributed RMB300 thousand in purchasing farm and sideline products of relevant companies and poverty-stricken family in Taipusi Banner, Wengniute Banner and Arxan City to help support the development of local industries by purchasing.

A subsidiary of the Group entered into a support framework agreement with the Education and Sports Bureau of Eryuan County, Dali Prefecture, Yunnan Province, and made a targeted donation to the Eryuan County Cibihu Town Fengyuan Center Wan Elementary School (洱源縣茈碧湖鎮豐源中心完小) and Eryuan County Xishan Junior High School (洱源縣西山初中), with a total amount of RMB200 thousand for renovation of campus education facilities.

The Group donated RMB200 thousand to Chongqing Youth Development Foundation to carry out public welfare undertakings for teenagers in Fengdu County and Wulong District of Chongqing. In Hualian village, Longtan town, Youyang county of Chongqing, New China Fund launched counterpart activities of Jiangbei District Finance Office and the Financial Institutions in the area, donated RMB100 thousand, and carried out on-site condolences and material assistance to six poor families in the village.

## Appendix 1: Sustainability Data Statements

The following is a summary of the sustainability data in the subject area of environment of the Group's headquarters office in Hohhot this Year:

Environmental	Unit	2019
<b>GHG emissions</b>		
Direct GHG emissions (Scope 1)	tCO <sub>2</sub> e	32.2
Indirect GHG emissions (Scope 2)	tCO <sub>2</sub> e	1,432.0
Other indirect GHG emissions (Scope 3)	tCO <sub>2</sub> e	45.3
Total GHG emissions (Scope 1, 2 & 3)	tCO <sub>2</sub> e	1,509.5
GHG emission intensity (Per square meter) (Scope 1, 2 & 3)	tCO <sub>2</sub> e/m <sup>2</sup>	0.1
<b>Energy consumption</b>		
Natural gas consumption	m <sup>3</sup>	13,483.0
Unleaded petrol consumption	litre	1,060.0
Purchased electricity consumption	MWh	1,479.3
Purchased electricity consumption intensity	kWh/m <sup>2</sup>	105.7
<b>Water consumption</b>		
Total water consumption	m <sup>3</sup>	5,662.0
Water consumption intensity	m <sup>3</sup> /m <sup>2</sup>	0.4
<b>Paper consumption</b>		
Total paper consumption	kg	1,881.3
Paper consumption intensity	kg/capita	5.0
<b>Waste generation</b>		
Non-hazardous waste generation	kg	5,000.0
Non-hazardous waste generation intensity	kg/capita	13.2
Hazardous waste generation (battery)	piece	232
Hazardous waste generation (ink cartridge and toner box)	piece	300

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The following is a summary of the Group's human resource data for the Year:

<b>2019</b>		
<b>Total workforce</b>	no. of people	2,021
<b>Workforce by gender</b>		
Female	no. of people	997
Male	no. of people	1,024
<b>Workforce by employee category</b>		
Junior staff	no. of people	1,575
Intermediate management	no. of people	403
Senior management	no. of people	43
<b>Workforce by age group</b>		
Aged below 30	no. of people	547
Aged 30 to 40	no. of people	861
Aged above 40	no. of people	613
<b>Workforce by geographical region</b>		
Inner Mongolia	no. of people	616
Beijing	no. of people	487
Shanghai	no. of people	281
Jilin	no. of people	235
Guangdong	no. of people	148
Zhejiang	no. of people	73
Chongqing	no. of people	43
Shandong	no. of people	34
Liaoning	no. of people	27
Jiangsu	no. of people	19
Sichuan	no. of people	13
Guangxi	no. of people	6
Fujian	no. of people	6
Hubei	no. of people	6
Tianjin	no. of people	5
Henan	no. of people	5
Hebei	no. of people	4
Shanxi	no. of people	4
Shaanxi	no. of people	4
Hunan	no. of people	4
Other regions	no. of people	1

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	<b>2019</b>
<b>Employee turnover rate*</b>	12.0%
<b>Employee turnover rate by gender*</b>	
Female employee turnover rate	10.9%
Male employee turnover rate	13.0%
<b>Employee turnover rate by employee category*</b>	
Junior staff	14.4%
Intermediate management	3.2%
Senior management	4.7%
<b>Employee turnover rate by age group*</b>	
Aged below 30	16.5%
Aged 30 to 40	13.8%
Aged above 40	5.4%
<b>Employee turnover rate by geographical region*</b>	
Inner Mongolia	6.2%
Beijing	15.2%
Shanghai	19.6%
Jilin	5.1%
Guangdong	22.3%
Zhejiang	11.0%
Chongqing	0.0%
Shandong	8.8%
Liaoning	7.4%
Jiangsu	15.8%
Sichuan	76.9%
Guangxi	16.7%
Fujian	0.0%
Hubei	0.0%
Tianjin	20.0%
Henan	0.0%
Hebei	0.0%
Shanxi	0.0%
Shaanxi	25.0%
Hunan	25.0%
Other regions	0.0%

\*The employee turnover rate is calculated by dividing the number of employees lost by the number of employees at the end of the Year.

## Appendix 2: Content Index of Hong Kong Stock Exchange ESG Reporting Guide

			Related Section(s)/ Remark	Page(s)
<b>A. Environmental</b>				
<b>A1 : Emissions</b>	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Environmental Protection – Managing greenhouse gas (GHG) emissions; – Waste management	P. 19-20, 23
			The Group's business does not involve significant direct air emissions, nor discharges into water and land	
	A1.1	The types of emissions and respective emissions data.	Not applicable, the Group's business does not involve significant direct air emissions	
	A1.2	Greenhouse gas emissions in total and, where appropriate, intensity.	Environmental Protection – Managing greenhouse gas (GHG) emissions; Sustainability Data Statements	P. 19-20, 27-29
	A1.3	Total hazardous waste produced and, where appropriate, intensity.	Environmental Protection – Waste management; Sustainability Data Statements	P. 23, 27-29
	A1.4	Total non-hazardous waste produced and, where appropriate, intensity.	Environmental Protection – Waste management; Sustainability Data Statements	P. 23, 27-29
	A1.5	Description of measures to mitigate emissions and results achieved.	Environmental Protection – Managing greenhouse gas (GHG) emissions	P. 19-20
	A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Environmental Protection – Waste management	P. 23

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			<b>Related Section(s)/ Remark</b>	<b>Page(s)</b>
<b>A2 : Use of Resources</b>	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Environmental Protection – Energy management; – Water resources management; – Paperless office; – Waste management	P. 21-22
	A2.1	Direct and/or indirect energy consumption by type in total and intensity.	Environmental Protection – Energy management; Sustainability Data Statements	P. 21, 27-29
	A2.2	Water consumption in total and intensity.	Environmental Protection – Water resources management; Sustainability Data Statements	P. 22, 27-29
	A2.3	Description of energy use efficiency initiatives and results achieved.	Environmental Protection – Energy management	P. 21
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Environmental Protection – Water resources management	P. 22
	A2.5	Total packaging material used for finished products and, if applicable, with reference to per unit produced.	Not applicable, the Group's business does not involve packaging materials	
<b>A3 : The Environment and Natural Resources</b>	General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	Environmental Protection	P. 19-23
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environmental Protection	P. 19-23

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			Related Section(s)/ Remark	Page(s)
<b>B. Social</b>				
<b>B1 : Employment</b>	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Professional Team – Employment practices; – Remuneration and welfare	P. 14-15
	B1.1	Total workforce by gender, employment type, age group and geographical region.	Sustainability Data Statements	P. 27-29
	B1.2	Employee turnover rate by gender, age group and geographical region.	Sustainability Data Statements	P. 27-29
<b>B2 : Health and Safety</b>	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Professional Team – Health and safety	P. 15-17
	B2.1	Number and rate of work-related fatalities.	Professional Team – Health and safety	P. 15-17
	B2.2	Lost days due to work injury.	Professional Team – Health and safety	P. 15-17
	B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Professional Team – Health and safety	P. 15-17
<b>B3 : Development and Training</b>	General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Professional Team – Training and development	P. 17-18
	B3.1	The percentage of employees trained by gender and employee category.	Professional Team – Training and development	P. 17-18
	B3.2	The average training hours completed per employee by gender and employee category.	Professional Team – Training and development	P. 17-18



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			Related Section(s)/ Remark	Page(s)
<b>B4 : Labour Standards</b>	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Professional Team – Employment practices	P. 14
	B4.1	Description of measures to review employment practices to avoid child and forced labour.	Professional Team – Employment practices	P. 14
	B4.2	Description of steps taken to eliminate such practices when discovered.	Professional Team – Employment practices	P. 14
<b>B5 : Supply Chain Management</b>	General Disclosure	Policies on managing environmental and social risks of the supply chain.	Compliance Operations – Supply chain management	P. 13
	B5.1	Number of suppliers by geographical region.	Due to the nature of the business, the Group has no major suppliers.	
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Compliance Operations – Supply chain management	P. 13
			Due to the nature of the business, the Group has no major suppliers.	
<b>B6 : Product Responsibility</b>	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Compliance Operations – Customer service; – Information security	P. 11-12
			Health and safety of products advertising, labelling and privacy matters relating to products: Not applicable to the Group's business	
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not applicable to the Group's business	
	B6.2	Number of products and service related complaints received and how they are dealt with.	Compliance Operations – Customer service	P. 11
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	Compliance Operations – Information security	P. 12
	B6.4	Description of quality assurance process and recall procedures.	Not applicable to the Group's business	
	B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Compliance Operations – Customer service; – Information security	P. 11-12

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			Related Section(s)/ Remark	Page(s)
<b>B7: Anti- corruption</b>	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Compliance Operations – Integrity and compliance	P. 10-11
	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.	Compliance Operations – Integrity and compliance	P. 10-11
	B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Compliance Operations – Integrity and compliance	P. 10-11
<b>B8: Community Investment</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.	Contribution to Society	P. 24-25
	B8.1	Focus areas of contribution.	Contribution to Society	P. 24-25
	B8.2	Resources contributed.	Contribution to Society	P. 24-25