



海通证券
HAITONG



2022 | CSR Report

Haitong Securities Co., Ltd.

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ESG Statement of the Board of Directors

The Communist Party of China pointed out in the *Report to the 20th National Congress of the CPC* that high-quality development is the top priority of building a modern socialist country on all fronts, that it is important to build a modern industry system and that economic development should focus on the real economy. Bearing the country's mission in mind, Haitong Securities Co., Ltd. (hereinafter referred to as "Haitong Securities" or "the Company") focused on developing main businesses and strived to promote synergy among "investment, financing, sponsor and research" and wealth management with a good grasp of the key links of the industry chain and the core position of the value chain. It endeavored to boost high-quality development of the capital market with its own high-quality development and better serve the new pattern of high-quality development of the real economy.

Haitong Securities adheres to the operational philosophy of "pragmatism, development, prudence and excellence", upholds the idea that "finance builds a beautiful future" and works with main stakeholders including shareholders and investors, customers, employees, the environment and the public to jointly construct an eco-circle of responsibility characterized by prudent operation, professional service, people-orientedness, green development and mutual prosperity. The Company made concerted efforts to build a beautiful future with its partners in the eco-circle. To further promote systematic advancement of ESG management, in 2022, the Company set up the ESG Development Leading Group and the ESG Workforce at the operational management level in addition to the Development Strategy and ESG Management Committee under the Board of Directors so as to facilitate rule-based and orderly implementation of ESG work. The Board of Directors supervises and takes overall responsibility for the Company's ESG work, deliberates the ranking of material ESG topics (please see "Identification and Analysis of Material Topics" for more details) and instructs the Development Strategy and ESG Management Committee and the ESG Development Leading Group in the management of material topics.

Serving the carbon peaking and carbon neutrality goals through utilizing financial spring.

The Company continuously fueled green transformation of the real economy development mode and accelerated pushing forward green investment and financing. In 2022, it released the Action Plan on Carbon Peaking and Carbon Neutrality during the 14th Five-Year Plan Period of Haitong Securities in line with China's de-carbonization strategy and high-quality development goal, and fully integrated the ESG concept into its development strategy and routine operation by means of ESG risk management, responsible investment and so on. Throughout the year, it underwrote 39 green bonds totaling RMB84,257 million; raised RMB7,766 million through green equity financing services for 6 green enterprises engaged in new energy battery, photovoltaic industries; and cumulatively offered ESG research consultation services to 420 large and medium-sized enterprises. As at the end of 2022, its subsidiary HFT Investment Management recorded a size of RMB941 million of the HFT Carbon Neutrality Fund; another subsidiary Fullgoal Fund obtained the official approval for the Fullgoal CSI SEEE carbon neutrality ETF.

Going steadily to reach far through developing quality services.

In accordance with the industry culture concept of "compliance, integrity, professionalism and prudence", the Company strengthened the finance's capability of serving the real economy, improved customer service quality and continuously enhanced the availability, coverage and satisfaction of its financial services. In 2022, the Company insisted on development led by Party building and made concrete efforts to develop corporate culture to build a clean company in line with the principles of "compliance first and risk management first". It rendered equity financing services to 42 real economy enterprises with a financing amount of RMB53.3 billion; it offered bond financing services to 287 real economy enterprises with an underwriting amount of RMB274.1 billion; guided by the "technology-led development" strategy, it pressed forward with the Digital Haitong 2.0 Initiative to provide high-quality technology-grounded financial services for customers; taking investor protection as its responsibility and starting with "customer eligibility", it stepped up the "investment threshold" education with a view to continuously improving customer service quality.

Spreading the warmth of finance while bearing in mind its mission.

The Company is dedicated to building people advantages and creating a talent ecosystem where "everyone aspires to succeed, everyone is possible to succeed and everyone gives full play to talent". In 2022, it successfully convened the first talent work meeting, and input RMB7.15 million into staff training that covered 348,177 persons. By tapping into its resources endowment and advantage in financial professionalism, the Company earnestly carried out projects on the "Love in Haitong" list and continued efforts in comprehensive assistance and paired assistance between Party units in rural and urban areas. In 2022, the Company cumulatively input assistance money of over RMB14 million and stepped up efforts in rural revitalization and philanthropic charity, further spreading the philanthropic concept of "Love in Haitong".

In the future, Haitong Securities will always bear in mind "Matters of great importance to the country", focus on developing main businesses and building up advantages, continuously enhance the effectiveness of serving state strategies and the real economy, and push forward green development for bigger strides. With more resolute steps towards fulfillment of social responsibility, the Company will better its modern corporate governance structure and mechanism building, and contribute its strength to building a beautiful China.

About Haitong Securities

Company profile

Haitong Securities Co., Ltd. was established in 1988 with registered capital of RMB13,064.2 million. The Company has always followed the operation principles of “pragmatism, development, prudence and excellence” and conducted risk control under the philosophy of “being prudent and even conservative”. Over more than three decades of operation, Haitong Securities successfully went through numerous market and business cycles, regulatory reforms, and industry transformation and development periods.

Under the context characterized by changes unseen in a hundred years, the Company, actively integrated into the national high-quality development and the construction of Shanghai International Financial Center, with the vision of building into a domestic first-class modern financial service company with international influence, based on the foundation of its 30-year development. It accurately identified changes, responded to changes in a science-based manner and took the initiative to seek changes so as to make positive contributions to healthy development of the real economy.



Note 1: Number of employees is consistent with *Haitong Securities Co., Ltd. Annual Report 2022*

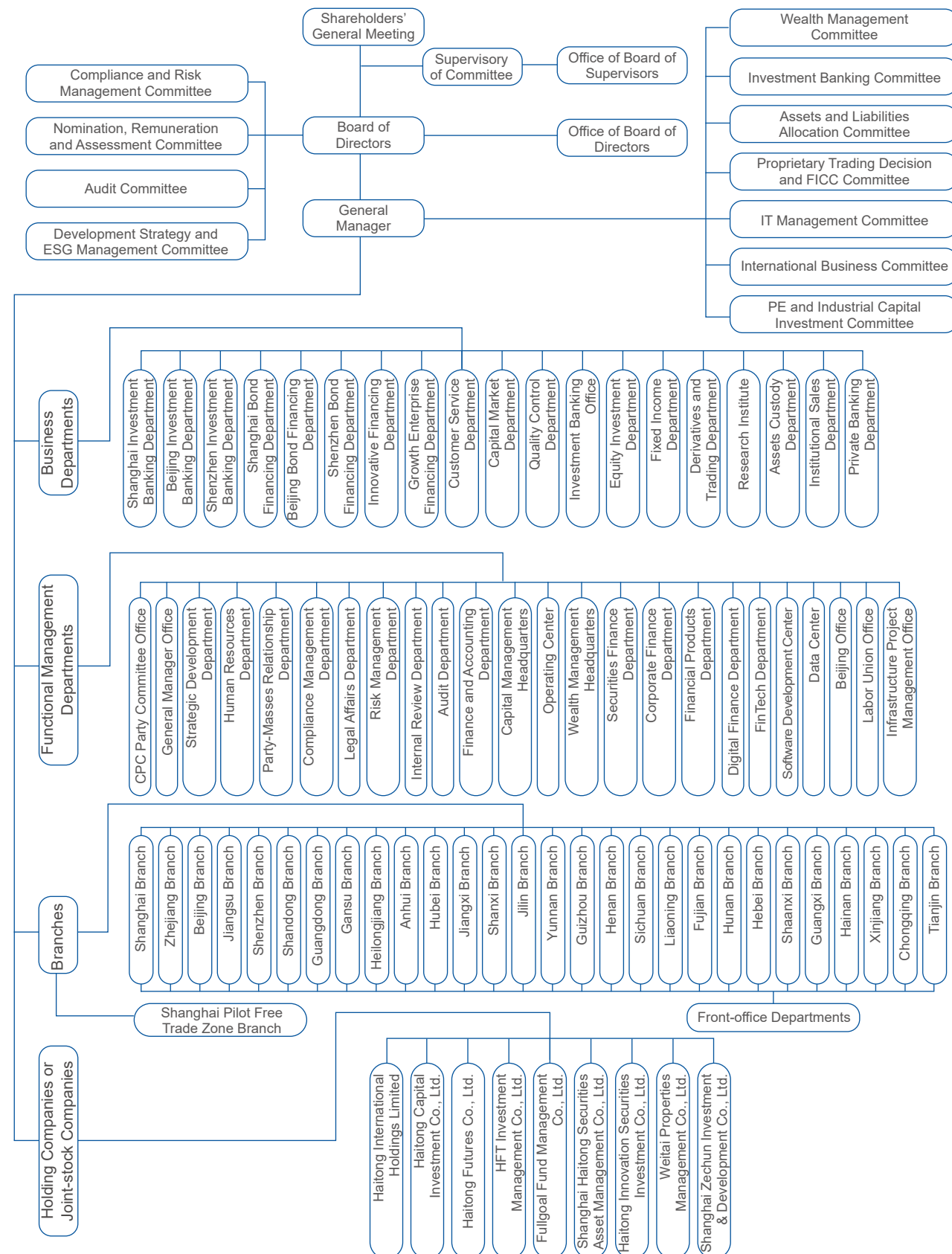
Business layout

Haitong Securities is engaged in securities and futures brokerage, investment banking, proprietary business, asset management, private equity investment, alternative investment, financial leasing, overseas investment banking, etc. with a business network covering the six international financial centers of New York, London, Hong Kong, Singapore, Shanghai and Tokyo. As at the end of 2022, Haitong Securities’ principal holding subsidiaries or joint-stock subsidiaries were Haitong Innovation Securities, Haitong International Holdings, Haitong Capital, HT Asset Management, Shanghai Zechun, Weitai Properties, Haitong Futures, HFT Investment Management and Fullgoal Fund.

As at the end of 2022, Haitong Securities had established branches, representative offices or subsidiaries in 16 countries and regions across 5 continents. It had 337 securities and futures branches in the PRC and over 21 million domestic and overseas customers.



Organizational structure



Honors and recognitions



MSCI ESG rating

In 2022, the MSCI ESG rating of Haitong Securities was raised to A, the highest among all Chinese securities companies as at the end of 2022.



CDP rating

In 2022, Haitong Securities completed the CDP Climate Change Questionnaire for the first time, and was rated B among the top range of Chinese securities companies.



恒生可持续发展企业指数系列成份股

HSSUS evaluation

In 2022, Haitong Securities was rated A in the HSSUS evaluation, and selected into HSCASUSB, HSCASUS and HSMHSUS.



Wind ESG rating

In 2022, Haitong Securities was rated AA on the top of Wind ESG ratings of listed securities companies in the Mainland China.

Huangpu District People's Government of Shanghai

2021 Outstanding Social Responsibility-Related Contribution Award

people.cn

Green Development Award

Takungpao

Best Listed Company in ESG Practices

China Securities Journal

Social Responsibility-Related Golden Bull Award for Securities Company

National Business Daily

Securities Company ESG Pioneer Award

Sina Finance

China ESG Golden Awards 2021 Outstanding Corporate Governance (G) Enterprise Award

Communication with Stakeholders and Analysis of Material Topics

Communication with stakeholders

Based on its own business features and operation characteristics and drawing on the advanced experience and practices of peers, Haitong Securities has identified its main stakeholders and responded actively to the concerns of its stakeholders through various channels and in many ways.

Topics of Stakeholders' Concerns and Responses

Key stakeholders	Topics of concern	Methods and channels of communication
 <p>Shareholders and investors</p>	<ul style="list-style-type: none"> Corporate governance Comprehensive risk management ESG risk management Compliant operation Business ethics Responsible investment 	<ul style="list-style-type: none"> Shareholders' General Meeting The Company's official website Regular information disclosure Investor communication meeting
 <p>Customers</p>	<ul style="list-style-type: none"> FinTech empowerment Customer service improvement Investor education Information security and customer privacy protection Serving the real economy 	<ul style="list-style-type: none"> e-HaitongCai APP Customer inquiries and complaints Customer satisfaction surveys Investor education activities
 <p>Employees</p>	<ul style="list-style-type: none"> Employee equality and diversity Employee rights and benefits Employee training and development 	<ul style="list-style-type: none"> Routine communication and feedback Discussion meeting with employees Employee training Employee recreational activities
 <p>Environment</p>	<ul style="list-style-type: none"> Climate change and the carbon peaking and carbon neutrality goal 	<ul style="list-style-type: none"> Release of an action plan on carbon peaking and carbon neutrality Promotion of energy conservation and emissions reduction
 <p>Government bodies and regulators</p>	<ul style="list-style-type: none"> Comprehensive risk management Progress in cultural advancement Compliant operation Investor education Climate change and the carbon peaking and carbon neutrality goals 	<ul style="list-style-type: none"> Regular information disclosure Development of corporate culture Cooperation in regulators' inspections Participation in government surveys Climate change risk management
 <p>Suppliers and partners</p>	<ul style="list-style-type: none"> Supplier management Business ethics 	<ul style="list-style-type: none"> Routine communication Bidding activities Anti-commercial bribery
 <p>Community and the public</p>	<ul style="list-style-type: none"> Philanthropy and volunteer services Promotion of rural revitalization Climate change and the carbon peaking and carbon neutrality goals 	<ul style="list-style-type: none"> "Love in Haitong" series public welfare programs Employee volunteer services Green office

Identification and analysis of material topics

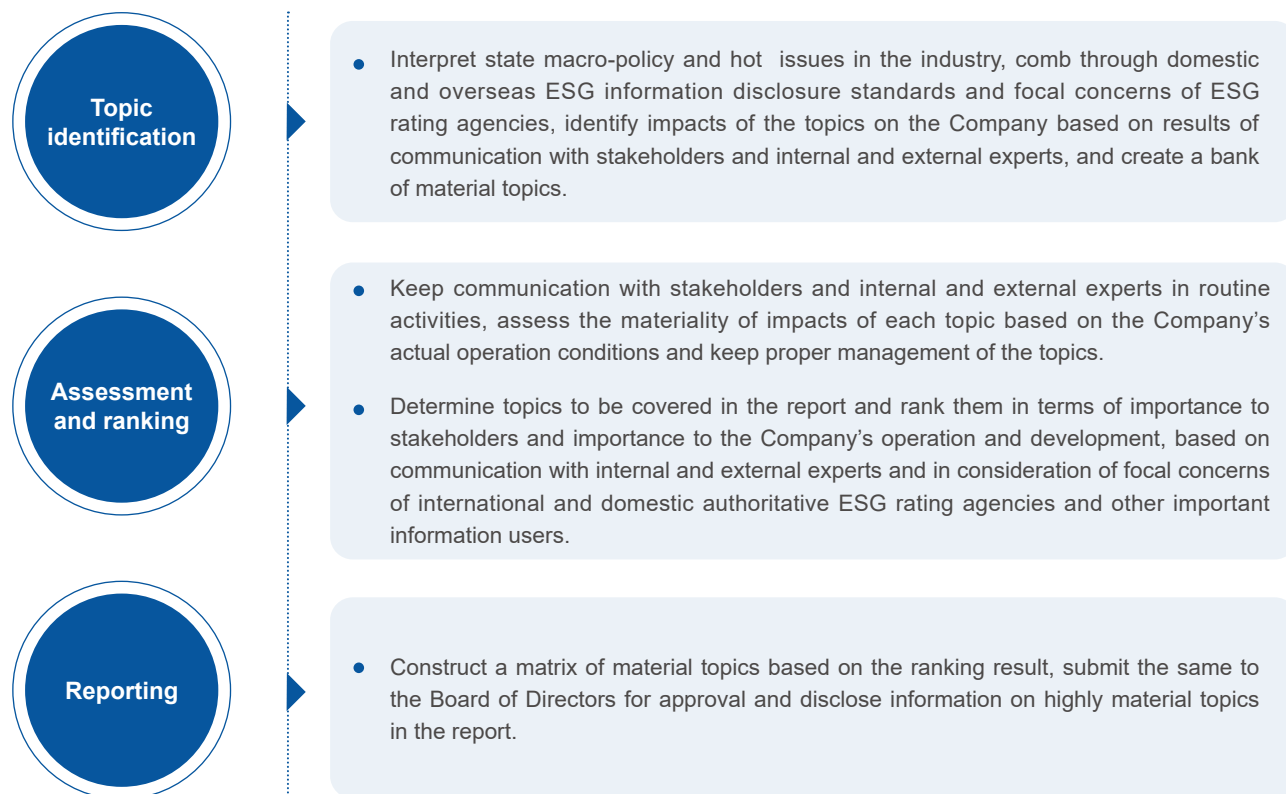
The identification and analysis of material topics are beneficial to resources allocation and efficient management. In 2022, Haitong Securities created a bank of material topics in line with the regulators' information disclosure and CSR requirements for the securities industry and by drawing on material topics identified by peers. Based on experts' judgment, it identified 19 material topics which were of importance to itself and its stakeholders, and subjected these topics to the final review and confirmation of the Board of Directors to ensure that important CSR topics were covered.

It was found through analysis that the material topics identified for 2022 are consistent with those for 2021, with higher importance attached to climate change and the carbon peaking and carbon neutrality goals, ESG risk management, information security and customer privacy protection.

Changes of Material Topics

Material topics	Changes in 2022	Reason for changes
Climate change and the carbon peaking and carbon neutrality goals	Increased importance to Haitong Securities	In 2022, Haitong Securities released the <i>Action Plan on Carbon Peaking and Carbon Neutrality during the 14th Five-Year Plan Period of Haitong Securities</i> , including carbon peaking and carbon neutrality into the big picture of development.
ESG risk management	Increased importance to Haitong Securities	In 2022, relevant investment and financing business departments and subsidiaries conducted ESG due diligence on the existing projects and new projects in alignment with the ESG risk management measures and ESG due diligence guidelines. The Company started to pay full attention to the management of ESG risk.
Information security and customer privacy protection	Increased importance to Haitong Securities	In 2022, ESG rating agencies increased attention to the topic, so the Company strengthened disclosure and management of information in this regard.

Analysis Process of Material Topics



Matrix of Material Topics



The analysis of material topics serves as an important basis for confirming the disclosure focus of this report, as topics with higher scores in the two dimensions of "Significance to the Business Development of Haitong Securities" and "Significance to Stakeholders" will become the disclosure focus. The Company will present a comprehensive view of its management on the major topics concerned by stakeholders from such aspects as concepts, management systems, key actions, and action performance.

Deepening the concept of ESG

Upholding the idea that "finance builds a beautiful future", Haitong Securities has been committed to enhancing its ability to create comprehensive value for its stakeholders by tapping into its professionalism in financial services. In the meantime, it has been working hard to build an eco-circle of responsibility characterized by prudent operation, professional service, people-orientedness, green development and mutual prosperity in synergy with its shareholders and investors, customers, employees, the environment, the public and other major stakeholders, in a concerted effort to jointly develop and share a bright future with partners in the circle.

Model of Haitong Securities' ESG Concept



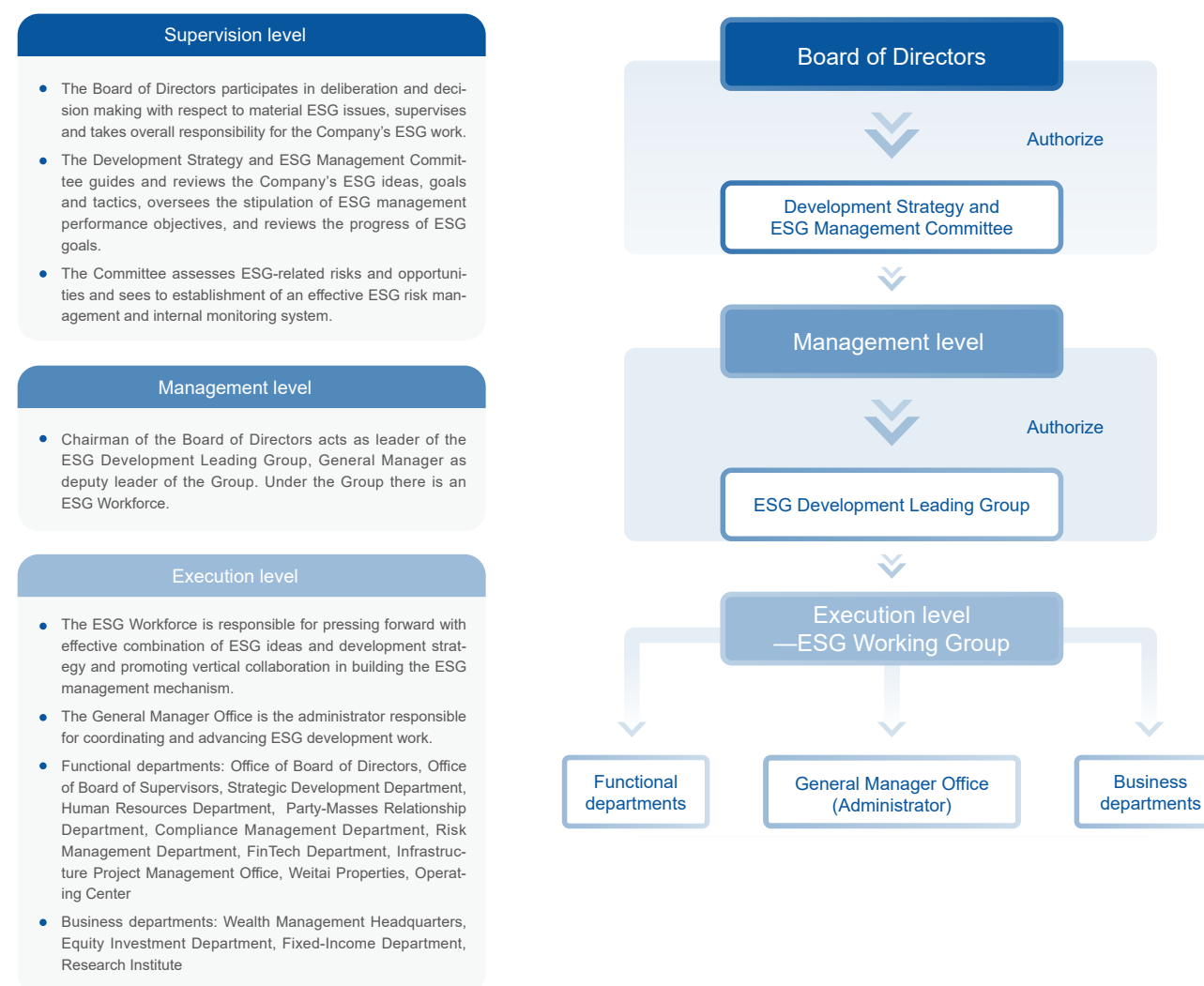
Explanation to the Model of Haitong Securities' ESG Concept



Refining ESG governance

Haitong Securities fully integrates the ESG concept into its development strategy and routine operation, continuously improves ESG governance and enhances ESG work. In 2021, the Company set up the Development Strategy and ESG Management Committee under the Board of Directors to further systematic advancement in ESG management. In 2022, it established the ESG Development Leading Group and the ESG Workforce at the operational management level to promote rule-based, efficient ESG management work.

ESG Governance Structure of Haitong Securities



In 2022, the Development Strategy and ESG Management Committee, ESG Development Leading Group and the ESG Workforce actively stepped up overall planning of ESG work, and guaranteed rule-based and orderly advancement in ESG management. The Company released the Action Plan on Carbon Peaking and Carbon Neutrality during the 14th Five-Year Plan Period of Haitong Securities in July 2022 that includes carbon peaking and carbon neutrality into the big picture of development, demonstrating its confidence and resolution in terms of sustainable development to internal and external stakeholders.

In addition, the Company created three sections for ESG management system, ESG dynamics and CSR report on the official website ([Haitong Securities ESG Column](#)). It will irregularly update information on social responsibility and regularly disclose CSR report in these sections to increase communication with stakeholders and enhance the transparency of ESG information.

Implementing the carbon peaking and carbon neutrality strategy

According to the *Report to the 20th National Congress of the CPC*, efforts should be made to accelerate the transition to a model of green development. Fiscal, taxation, financial, investment, and pricing policies and systems of standards should be improved to support green development. Green and low-carbon industries should be boosted, and green and low-carbon ways of production and life should be promoted. In recent years, Haitong Securities has actively practiced the concept of green development, focused on the fundamental mission of serving the real economy, and provided financial support for the realization of the carbon peaking and carbon neutrality goal.

In July 2022, to fully implement the major decisions and arrangements of the Party Central Committee and the State Council on carbon peaking and carbon neutrality and play its function of resource allocation in the capital market, the Company issued the [Action Plan on Carbon Peaking and Carbon Neutrality during the 14th Five-Year Plan Period of Haitong Securities](#). The Company incorporated the carbon peaking and carbon neutrality strategy into its overall development and kept enhancing its green management and green development. By doing so, the Company contributed to China’s carbon peaking and carbon neutrality endeavors and global climate governance.

Main Content of Action Plan on Carbon Peaking and Carbon Neutrality during the 14th Five-Year Plan Period of Haitong Securities

Basic Principles

- Take target-oriented pragmatic actions
- Build a market-oriented green ecosystem
- Promote innovation-driven green development

Action Targets

- 1 Focus on the needs of major national green and low-carbon strategies, follow the guidance of “One Haitong”, give play to the advantages in the collaboration among “investment, financing, sponsor and research”, and coordinate the resources of all parties to guide targeted financial resources to green industries and practice the low carbon and environmental protection concept.
- 2 Building a diversified investment and financing system with more innovative financial services while keeping improving the carbon governance capacity.
- 3 Help establish and refine the green financial standard and evaluation mechanisms and explore sustainable business models.
- 4 Facilitate the development of the carbon trading market and improve its pricing authority and transaction efficiency.
- 5 Help refine the risk control system and strengthen the investor protection mechanism.
- 6 Enrich carbon peaking and carbon neutrality practices and undertake responsibilities in education, training and other aspects of green finance.
- 7 Strengthen international exchanges and cooperation and increase investments in green projects under the “Belt and Road” initiative.
- 8 Actively guide capital to the fields contributing to the implementation of the carbon peaking and carbon neutrality strategy, play the role of an intermediary agency, drive all stakeholders to explore carbon management experience and exchange carbon research results, and build a good ecosystem where all parties work towards the carbon peaking and carbon neutrality goals and practice green development.

Green Financing

In terms of the business layout of green finance, Haitong Securities actively responded to the call of national policies. For green industries such as energy conservation and environmental protection, clean energy and clean transportation, the Company continued to offer multi-channel and multi-variety green financing tools such as equity financing, debt financing and financial leasing, and guided and motivated more social capital to invest in green industries. By doing so, the Company supported the vigorous development of green industries and projects.

In 2022, in domestic green financing, Haitong Securities provided green equity financial services for six real-economy enterprises, raising a total of RMB7.766 billion, and acted as lead underwriters for 39 green bonds, raising RMB84.257 billion. Among these green bonds, eight were low-carbon transition and sustainability-linked bonds, with RMB13.2 billion raised. In overseas green financing, Haitong International provided green equity financial services for two real-economy enterprises, raising a total of RMB5.8 billion, and underwrote 24 green and sustainable bonds, raising a total of USD8 billion.

Typical Green Financing Cases of Haitong Securities in 2022

Case Name	Project Content and Significance
Bond financing—supporting the issuance of the world’s first green ESG dual-currency free-trade-zone bonds (pearl bonds)	In October 2022, Haitong Securities and Haitong International acted as the general coordinator and the green rating consultant respectively for the issuance of the world’s first green dual-currency free-trade-zone bonds (pearl bonds) by Shanghai Lingang Economic Development (Group) Co., Ltd., with an issue scale of RMB1 billion oversubscribed by 2.06 times and an issue scale of EUR50 million oversubscribed by 2.94 times. The issuer would mainly use the funds raised to develop and invest in domestic projects in line with the green financial framework. This program is a typical example of how the Company practiced the carbon peaking and carbon neutrality strategy.
Bond Financing—supporting the first blue bond issuance on the Shenzhen Stock Exchange	In March 2022, Haitong Securities acted as the lead underwriter for the first blue bonds on the Shenzhen Stock Exchange, completing the bookkeeping for the issuance of the green corporate bonds (Phase I) (blue bonds) by China Merchants Financial Leasing Co., Ltd., with an issue scale of RMB1 billion and a subscription of 2.55 times. The funds raised would be used for the construction of offshore wind power installation ships, which would have positive impacts on the sustainable development of blue ocean resources.
Equity financing—supporting the listing of QC Solar on the ChiNext of the Shenzhen Stock Exchange	In August 2022, Haitong Securities acted as the sole sponsor and lead underwriter for the listing of QC Solar (Suzhou) Co., Ltd (“QC Solar” hereinafter) on the ChiNext of the Shenzhen Stock Exchange, raising a total of RMB557 million. QC Solar’s main products, photovoltaic junction boxes and connectors, are at the industry-leading level in terms of main technical indicators.
Financial leasing—Haitong Unitrust facilitating the flourishing of the sanitation industry	A certain environmental company in Zhejiang, established in 2008, is a comprehensive environmental service provider focusing on sanitation operations. Under the carbon peaking and carbon neutrality strategy, this company developed rapidly with a large funding gap. Due to a lack of collateral, it faced restrictions in bank financing. After an in-depth investigation on its situation, Haitong Unitrust offered a cooperation on financial leasing. As at the end of August 2022, Haitong Unitrust granted this company a total credit line of nearly RMB80 million in three times. That helped to make the city more beautiful and livable and supported the transformation and upgraded green environmental protection industries.

Green Investment

Under the requirements of high-quality and sustainable economic development, the carbon peaking and carbon neutrality goal has brought more zero-carbon technology application scenarios and more green investment opportunities. Seizing the opportunity of green development, Haitong Securities conducted equity investment, fixed income investment and the like to drive enterprises to improve environmental performance, develop green industries and reduce environmental risks. By doing so, the Company supported green and sustainable economic growth.



Haitong Capital Invested in New Energy Unicorn—Gokin Solar

Guangdong Gokin Solar Technology Co., Ltd. (“Gokin Solar”) is a professional and leading manufacturer of silicon rods, ingots and wafers in the upstream photovoltaic industry chain. Its large-sized and thin silicon wafers have become the mainstream silicon wafer products that reduce the cost per kilowatt of photovoltaic power generation.

In September 2022, Haitong Capital provided Gokin Solar with a series B funding of RMB2.515 billion, bringing the company’s cumulative financing to more than RMB5 billion and latest value to RMB20 billion. By this investment, Haitong Capital financially served the real economy, promoted technological development, facilitated the realization of the carbon peaking and carbon neutrality goal.



Fullgoal CSI SSEE Carbon Neutral Index ETF Got Officially Approved

Established in July 2022, the Fullgoal CSI SSEE Carbon Neutral Index ETF managed by the subsidiary Fullgoal Fund is among the first batch of CSI SSEE Carbon Neutral Index ETFs. It is a typical organic combination of a public fund and the carbon market. More importantly, it is a major tool and carrier to implement the carbon peaking and carbon neutrality strategy and promote sustainable practices in the capital market. In November 2022, this innovative product was included in the “Financial Innovation Cases in Shanghai Free Trade Zone” by the Shanghai Municipal Financial Regulatory Bureau. In addition, the Fullgoal Carbon Neutralization 1-year Regular Open Bond Launched Fund was officially incorporated in June 2022.



Green research consulting

With the proposal of the carbon peaking and carbon neutrality strategy, ESG investment has boomed faster in the Chinese capital market. In ESG research, the Haitong Securities Research Team focused on carbon neutrality and other green topics and continued to track and study cutting-edge and key ESG issues. By ESG practices such as writing research reports, launching research projects, and offering consulting services, the team promoted ESG ecosystem development, provided information disclosure basis for enterprises and relevant regulators and investment reference for institutional and individual investors, and supported the high-quality national economic development. In 2022, Haitong Securities served 420 large and medium-sized clients with ESG research consulting.

Research Consulting Services of Haitong Securities

Research reports or services

- *What Else Can We Expect For Carbon Neutrality?*
- *The Green Energy Revolution in Progress*
- *Insights into Carbon Neutral Investment (Part 1)*
- *Insights into Carbon Neutral Investment (Part 2)*
- ESG Monthly Report (11 released)
- Research on How to Design ESG-related Products?

Research projects

- Consulting and research on the decision of Shanghai Municipal Government — *Building Shanghai into An Internationally Influential Carbon Pricing and Financial Center*
- Research on the policies of the PBOC Head Office in Shanghai for the second half of 2022 — *Developing Carbon Finance and Improving Risk Management of the Carbon Trading Market*

Research institutes

- [ESG Research Institute](#) co-established by the subsidiary Fullgoal Fund and Shanghai University of Finance and Economics

Strengthening ESG risk management

ESG risk management

Haitong Securities has attached great importance to ESG risk management on the business level and fully included ESG risks into its development strategy and daily operation. The Company has established a four-level ESG risk management structure, namely, the Board of Directors, the management, the Risk Management Department, and relevant business operation and management departments, branches and subsidiaries, and defined the specific duties of each level, to provide systematic, standardized management of ESG risks on the business level. For details of the specific responsibilities of each department, see the [Statement of Haitong Securities on ESG Risk Management](#) in the ESG zone at the Company's official website.

The Company formulated the *ESG Risk Management Measures of Haitong Securities Co., Ltd. (Trial)* and the *Guidelines of Haitong Securities Co., Ltd. for Client ESG Due Diligence*. They standardize the ESG risk management mechanisms and procedures for investment transactions, credit businesses, investment banking, customer asset management and other business activities among customers engaged in high ESG risk industries and activities and customers with the records of material negative ESG events, making sure all business activities are operated in an orderly manner within their respective acceptable ESG risk limits.

In 2022, Haitong Securities further refined the ESG risk management system. The Company revised the *Guidelines of Haitong Securities Co., Ltd. (Group) for Client ESG Due Diligence*, and relevant business departments and subsidiaries formulated their own ESG risk management measures and due diligence guidelines based on the overall requirements for the company-wide ESG risk management. In the ESG risk management regulations, Haitong Securities also specified that efforts should be made to prevent credit business customers' ESG risks from converting into its own credit risks and that ESG due diligence and risk assessment should be carried out before the processing of credit businesses such as stock pledged repurchase and standardized debt asset investment.

ESG Risk Management Regulations of Subsidiaries of Haitong Securities

Subsidiary Name	Document/File Name
Haitong-Fortis PE	<i>ESG Risk Management Measures of Haitong-Fortis Private Equity Fund Management Co., Ltd. (Trial)</i> <i>Guidelines of Haitong-Fortis Private Equity Fund Management Co., Ltd. for Client ESG Due Diligence</i>
Haitong Capital	<i>ESG Risk Management Measures of Haitong Capital Co., Ltd. (Trial)</i> <i>Guidelines of Haitong Capital Co., Ltd. for Client ESG Due Diligence (Trial)</i>
HT Asset Management	<i>ESG Risk Management Measures of Shanghai Haitong Securities Asset Management Co., Ltd.</i>
HFT Investment Management	<i>ESG Risk Management Measures of HFT Investment Management Co., Ltd. (Trial)</i>
Haitong Innovation Securities	<i>ESG Risk Management Measures of Haitong Innovation Securities Investment Co., Ltd. (Trial)</i>
Haitong UniTrust	<i>ESG Risk Management Measures of Haitong UniTrust International Leasing Co., Ltd. (Trial)</i>
Haitong Futures	<i>ESG Risk Management Measures of Haitong Futures Co., Ltd. (Trial)</i>
Haitong International	<i>Group Risk Management Policy, Chapter.12 ESG Risk Management</i>
Haitong Bank	<i>ESG Risk Regulation of Haitong Bank S.A.</i>

In terms of ESG risk management at the business level, the Company has established a complete ESG risk management process covering three aspects: ESG risk identification and assessment, ESG risk control and monitoring, and ESG risk reporting and response. Under this process, the Company carried out accurate identification, careful review, dynamic monitor, timely response and overall management for ESG risks in business activities. By doing so, the Company ensured that all businesses operate in an orderly manner within their acceptable ESG risk limits and promoted their sustainable and healthy development.

ESG Risk Management Process of Haitong Securities



ESG risk identification and assessment

- All departments of the Company conduct ESG risk assessments for projects being proposed and reported for review and fill in the *Form of Identification of Potential High ESG Risk Customers*.
- All departments of the Company examine if their customers have potential high ESG risks based on the customers' industries, business activities and relevant negative events. For potential high ESG risk customers, their evidence should be collected through direct or indirect due diligence, their ESG negative events and management capabilities should be rated, and their risk assessment results should be given.



ESG risk control and monitoring

- All departments of the Company review their customers' ESG risk assessment results and conduct regular or irregular ESG risk reassessments on the customers' ESG risk changes, at an interval of less than one year. Any high ESG risk should be timely evaluated based on its negative impacts on relevant existing businesses and mitigated with countermeasures.

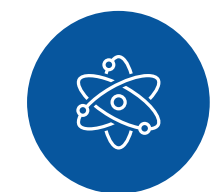


ESG risk reporting and response

- When finding a customer with a high ESG risk during the business period, the department should timely formulate an ESG risk response plan and record relevant information in its High Risk Customer Book.
- The Risk Management Department of the Company regularly or irregularly reports its ESG risk identification, assessment, monitoring and responses to the management so that they can timely and fully understand the ESG risk management in business activities.

To fully understand the customers' ESG risk exposure levels, ESG management capabilities, ESG compliance and other information, Haitong Securities has formulated the *Guidelines of Haitong Securities Co., Ltd. for Customer ESG Due Diligence* to identify and evaluate relevant ESG risks. In addition, the Company has required all business departments, business management departments, branches and subsidiaries to formulate ESG due diligence systems and processes matching the risk characteristics of specific businesses. In 2022, the business departments and subsidiaries of Haitong Securities conducted ESG due diligence mainly on existing projects. Specifically, the Investment Banking Department carried out ESG risk assessment on (roughly 150) existing projects, and no high ESG risk customers were found.

Main Content of Client ESG Due Diligence by Haitong Securities



ESG due diligence assessment dimensions

The ESG due diligence system has two dimensions, evaluation of negative events and assessment of management capability. The assessment of management capability involves 11 topics in Environmental, Social and Governance and 34 primary indicators. The ESG topics covered by the system include:

- **Environmental:** environmental management, response to climate change, etc.
- **Social:** employee management, supply chain management, etc.
- **Governance:** corporate governance, business ethics, etc.



Main industries involved in ESG due diligence

- The Guidelines for Due Diligence specifies that customers engaged in mining, raw material processing and manufacturing, pharmaceutical manufacturing, electricity, thermal power, gas and water production and supply, paper packaging and paper products should be subjected to ESG due diligence and risk assessments.
- In 2022, based on the existing general ESG due diligence evaluation form, the Company released specific ESG due diligence evaluation forms for mining, raw material processing manufacturing and pharmaceutical manufacturing.



ESG risk trigger and response

- **Involved stages:** Due diligence and project duration stages.
- **Risk trigger:** If the customer's score in the ESG due diligence form is lower than the accreditation criterion or he has had a major negative ESG event over the past two years, he is identified as a customer with high ESG risks. In 2022, the Company was building an intelligent risk early warning center that could cover all the business lines. This center can provide early warnings against default, public opinion risks, financial report credibility, financial health, risk transmission analysis and other scenarios. By building this early warning center, the Company strives to perceive all risks including ESG ones and relevant changes and present accurate risk information and real-time early warning.
- **Risk response:** All departments should formulate ESG risk response plans, urge the customers to improve their ESG management, track and assess their improvement measures, and regularly monitor and evaluate their ESG risk changes. If the customers' ESG risks continue to deteriorate, the departments should promptly terminate, control or reduce the risk exposure of relevant businesses or take effective risk mitigation measures.

Typical Cases of ESG Due Diligence by Haitong Securities in 2022

Case Name	Methods and Content of Due Diligence	Results of Due Diligence
ESG due diligence by Haitong Securities on bond investment	On September 28, 2022, Haitong Securities purchased bonds issued by a coal company in Shanxi from the secondary market. Before the purchase, the business department collected the quarterly, semi-annual and annual reports of this coal company and its listed subsidiaries, and referred to relevant announcements, the websites of Credit China and the Ministry of Ecology and Environment and other information sources	This company scored 77 in ESG management capabilities. According to the relevant ESG due diligence regulations issued by the Company, it was not a high ESG risk customer and the investment was thus operated.
ESG due diligence by Haitong Securities on stock pledge repurchase in pharmaceutical manufacturing	In July 2022, Haitong Securities received a stock pledge financing application from a controlling shareholder of a listed pharmaceutical manufacturing company, which served as a shareholding platform for its actual controllers and involved no other actual business activities. The business specialists of Haitong Securities conducted ESG risk due diligence on this project. According to public information inquiries and on-site interviews, the listed company had passed the EHS management system certification and established and implemented a sound safety management system as well as management systems for the health, training development, assessment and promotion of employees. In addition, the company had built a complete governance structure and systems of internal control, shareholder rights protection, information disclosure, etc.	This company scored 75 in ESG evaluation with no high ESG risk. Therefore, its controlling shareholder could engage in the stock pledge financing service.
ESG due diligence by a subsidiary on a private equity project	A subsidiary of Haitong Securities invested in the private equity of a pesticide manufacturing company in Jiangsu. Before the investment, the subsidiary conducted on-site due diligence from April 1 to April 27, 2022. The subsidiary obtained the customer's evidence on environmental topics such as the environmental management system, the IOS14001 certificate, the sewage permit, and energy consumption statistics; evidence on social topics such as employee labor contracts, salary sheets and social security payment vouchers, performance appraisal and promotion systems; evidence on governance topics such as the governance structure, the internal control system, the articles of association, and anti-corruption and anti-monopoly control procedures.	This company scored 91 in ESG due diligence and risk assessment. According to the relevant ESG due diligence regulations issued by the Company, it was not a high ESG risk customer and the business was thus operated.
A subsidiary's reduction of investment in a project with ESG risks	In existing fund investment projects of a subsidiary of Haitong Securities, there is a listed company in the special chemical industry. According to the relevant ESG due diligence regulations, the listed company belongs to a high ESG risk industry, with an ESG rating of BBB, which is lower than the standard stipulated by the ESG due diligence regulations. Therefore, a comprehensive assessment shows that the listed company may have ESG risks. From the perspective of prudence, the subsidiary continuously monitors the ESG risk profile of the listed company while determining to control ESG risks through shareholding reductions.	In 2022, the funds managed by the subsidiary continuously reduced its share capital of the listed company's stocks. As at December 1, 2022, the holdings were reduced to approximately 3,025,500 shares, and the corresponding investment amount dropped to approximately RMB40 million. It is expected that in 2023, the investment will be closed and will no longer hold any shares.



Industry-specific ESG Due Diligence Evaluation Form for Mining, Raw Material Processing Manufacturing and Pharmaceutical Manufacturing

Considering ESG risks varied with industries, in 2022, Haitong Securities developed ESG management capability scorecards for investment and financing businesses in the three industries of mining, raw material processing manufacturing and pharmaceutical manufacturing. These scorecards can better reflect enterprises' actual ESG management capabilities and thus prevent the ESG risks of customers from high ESG risk industries.

After referring to the industry-specific material topics and weights of domestic and foreign ESG ratings or information disclosure standards, Haitong Securities added industry-specific topics, increased the weight of key topics, refined the scoring of indicators, and finally produced the ESG management capability scorecards for three specific major industries based on the general ESG due diligence evaluation form.



The Training on ESG Risk Management Cases

To fully manage ESG risks and help all departments understand and master the key points of ESG risk management, Haitong Securities has selected 36 typical companies to establish an ESG risk management case library. In addition, in July 2022, the Company carried out the "Training on the ESG Risk Management Case Library" for the Head Office and subsidiary employees on the business lines of risk management, investment and financing.

At the case training session, the Company summarized and answered the questions on ESG risk identification all departments had faced in their previous ESG due diligence practices and shared ESG risk management experience. That would help the departments better assess ESG risks in their future ESG due diligence practices. After the training, all relevant departments organized specific training for their employees on all business lines. In 2022, these departments carried out a total of nearly 20 training sessions on ESG risk management, ESG due diligence, etc.



Haitong Securities carries out the training on the ESG risk management cases

Management of climate change risks

Haitong Securities was fully aware of the severity of the climate change issues and the urgency of climate actions. Based on the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD) of the Financial Stability Board (FSB), Haitong Securities carried out climate change risk management in terms of the perspectives of governance, strategy, risk management, indicator and objective.

Climate Change Management System of Haitong Securities

Governance

- The Board of Directors gets involved in the deliberation and decision-making process of major ESG matters including climate change. It supervises climate change matters and takes overall responsibility for them.
- The Development Strategy and ESG Management Committee of the Board of Directors guides the development of climate change related management objectives, reviews disclosed information of climate change related topics, assesses climate change risks, etc.

Strategy

- Fully analyse and assess the potential financial impacts of climate related risks and opportunities on the Company's operation and business, and reduce climate change risks and seize opportunities by conducting low-carbon operations, supporting the development of the new energy industry, etc.
- In July 2022, the Company released the [Action Plan on Carbon Peaking and Carbon Neutrality during the 14th Five-Year Plan Period of Haitong Securities](#), incorporate the carbon peaking and carbon neutrality strategy into its overall development.

Risk management

- Identify climate change risks and opportunities relating to the Company based on the TCFD framework, and determine their materiality.
- Build the client ESG due diligence system, take into account customers' climate change factor, and include customers' climate change related management such as energy management, carbon emission management and energy conservation and carbon emission reduction measures in business activities such as investment transaction business, credit business, investment banking business and customer asset management business and their negative environmental events into due diligence.
- In terms of asset management business, in the stock investment framework, the subsidiary HFT Investment Management has considered the impacts of climate change-related risk factors on investment and incorporated WIND ESG environment-related data into the factor system. In bond investment, the subsidiary strictly follows high climate risk targets and timely assesses whether the relevant risks are controllable.
- In terms of investment banking business, the subsidiary Haitong International has established a climate risk quantitative analysis framework based on the temperature-change-oriented climate scenarios recommended by the United Nations Intergovernmental Panel on Climate Change (IPCC). The Company has classified and summarized its assets by industry in accordance with the MSCI ESG rating criteria, and conducted scenario analysis and climate risk stress testing. Based on the climate sensitivity of different industries, the Company will continue to monitor and respond to the impacts of climate change on its business. To gradually give up the investment and financing business for high-pollution and high-energy-consuming industries, the Stock Research Department of the Company scores the ESG performance of all research subjects on a scale of 1 to 5 (5 is the highest), and includes and presents such scores on the first page of the research report.

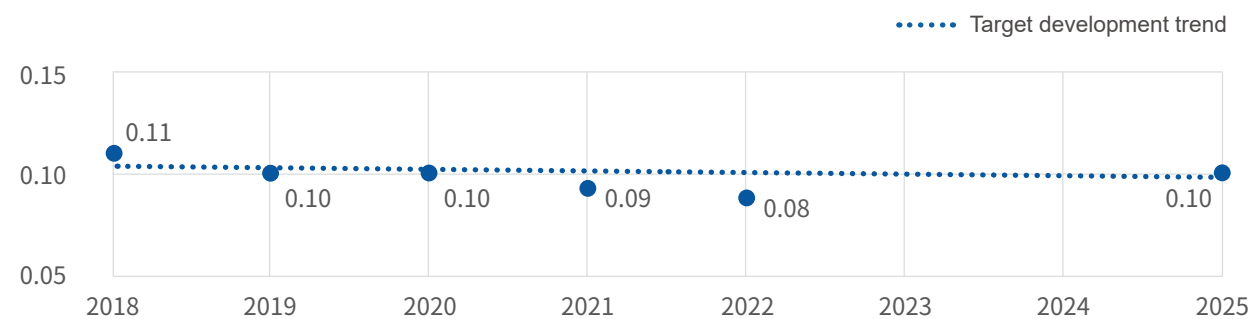
Metrics

- Make statistics of, analyse and disclose such indicators as greenhouse gas emissions, greenhouse gas emissions per unit area, etc. every year, evaluate the Company's management level of the climate change topic using those indicators, and develop an improvement plan based on the evaluation results, so as to promote energy conservation and emission reduction.
- Regularly monitor the development of green finance business.

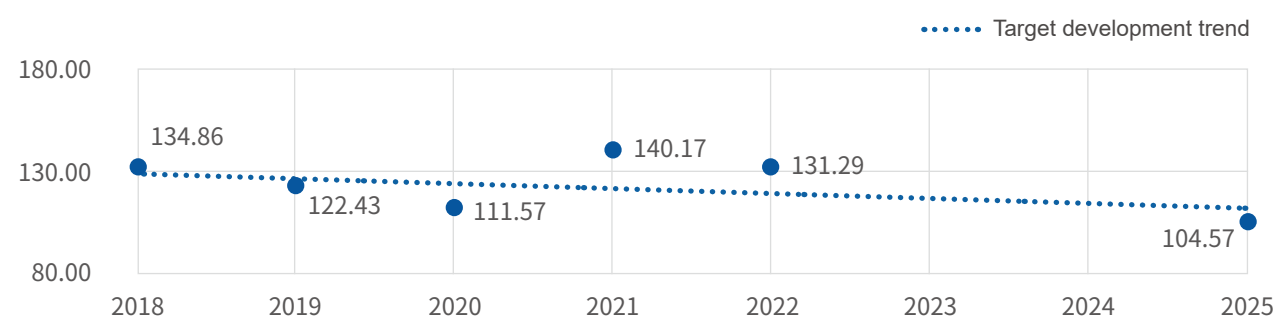
Targets

- Greenhouse gas emission and energy management objectives¹, that is, with 2020 data as the benchmark, greenhouse gas emissions per unit area should be maintained below 0.1tCO₂e/m² by 2025, and with 2020 as the benchmark, power consumption per unit area should be reduced by 6% by 2025. In 2022, Haitong Securities' greenhouse gas emission per unit area was 0.08tCO₂e/m², and power consumption per unit area was 131.29kWh/m².
- In 2020, the subsidiary Haitong International issued a statement, promising to provide or assist in providing a total of USD20 billion in financing and investment funds by the end of 2025 to support ESG and sustainable development.

Trend of greenhouse gas emissions per unit area of Haitong Securities (tCO₂e/m²)



Trend of power consumption per unit area of Haitong Securities (kWh/m²)



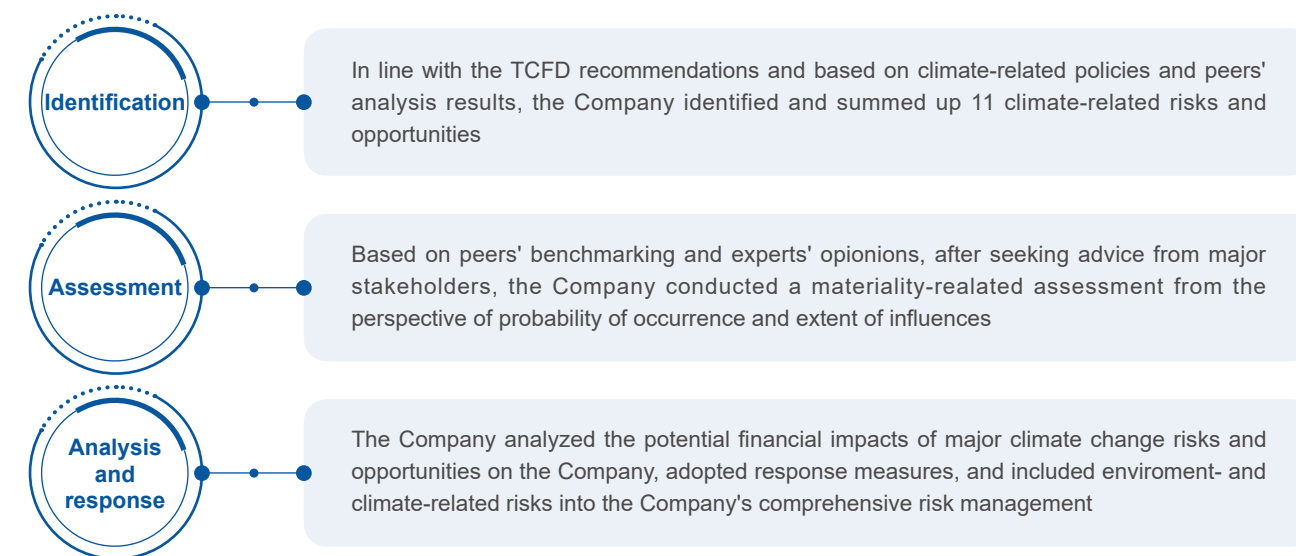
Note 1: The range of GHG emissions includes Scope 1, Scope 2 and Scope 3 GHG emissions. In 2022, the statistics data on Scope 1 (gas and gasoline consumption of own vehicles) and Scope 2 (electricity consumption of office) cover the headquarters and branches and the Business Department of the parent company of Haitong Securities, Haitong International Securities and its consolidated subsidiaries (only in Hong Kong), Haitong UniTrust and its consolidated subsidiaries, as well as six subsidiaries, namely Haitong Capital, Haitong Futures, Haitong-Fortis Private Equity Fund Management, HFT Investment Management, Haitong Securities Asset Management, and Haitong Innovation Securities, and their branch institutions; the statistics data on Scope 2 (electricity consumption of own data center) cover the parent company of Haitong Securities only; the statistics data on Scope 3 (electricity consumption of leasing data center) cover the parent company of Haitong Securities; the statistics data on Scope 3 (staff's business trips) cover the headquarters of parent company of Haitong Securities, Haitong International Securities and its consolidated subsidiaries (only in Hong Kong), and six subsidiaries, namely Haitong Capital, Haitong Futures, Haitong-Fortis Private Equity Fund Management, HFT Investment Management, Haitong Securities Asset Management, and Haitong Innovation Securities, and their branch institutions.

Note 2: In 2022, the calculation method and coefficients for Scope 1 are based on the *How to Prepare an ESG Report? Appendix 2: Reporting Guidance on Social KPIs* (May 2021) issued by the SEHK, the *Guidelines on GHG Emissions Accounting Method and Reporting for Enterprises Power Generation Facilities* (2022) issued by the Ministry of Ecology and Environment, and the *Yearbook on China Energy Statistics for 2021* (2022) issued by the National Bureau of Statistics. The calculation method and coefficients for Scope 2 are based on the *Notice on the Management of GHG Emissions Reporting by Enterprises in the Power Generation Industry for 2023-2025* issued by the Ministry of Ecology and Environment. The calculation method and coefficients for Scope 3 are based on the calculation tool for Scope 3 estimation in the Greenhouse Gas Protocol.

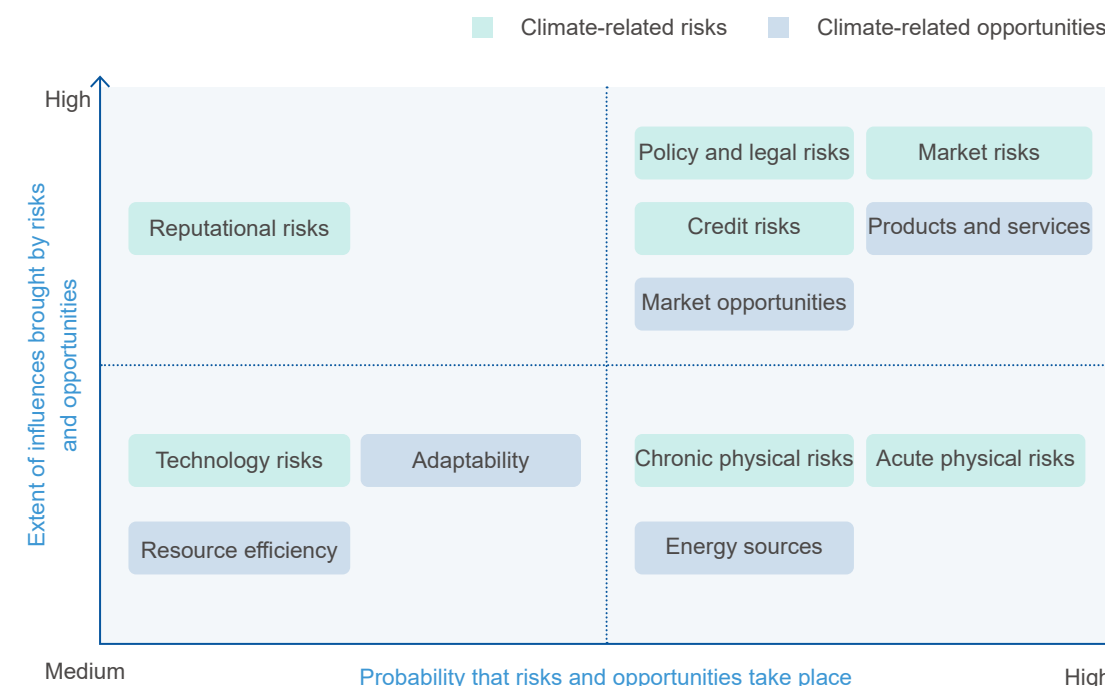
Note 3: Due to the migration of applications in the mega data center in Zhangjiang Hi-tech Park, the IT load in 2022 was significantly higher than in 2021, resulting in a great change in electricity consumption throughout the year.

To better identify the risks and opportunities in Haitong Securities' business activities and operations brought by climate change, the Company conducted identification, assessment and analysis of climate-related risks and opportunities. By combining expert opinions, the Company identified material risks and opportunities and disclosed them in the report.

Identification, Assessment and Analysis of Climate-related Risks and Opportunities






Climate-related Risks and Opportunities of Haitong Securities (Matrix)





Based on the matrix of climate-related risks and opportunities, Haitong Securities analyzed three highly material climate-related risks (market risks, policy and legal risks and credit risks) and two highly material climate-related opportunities (market opportunities and products and services), and assessed their potential financial impacts, so as to take appropriate management measures.

Analysis of Climate-related Risks and Financial Impacts of Haitong Securities

Risk type	Risk description	Potential financial impact	Management measure
 Market risks	With the launch of the goal of "peaking carbon emissions before 2030 and achieving carbon neutrality before 2060" and green financial policies, there has been growing concern over green financial products and services in the capital market. If the Company fails to proactively develop green financial products and tap into relevant market opportunities, it will be in a disadvantageous position in the competitive market, which is detrimental to its business income growth.	Decreased operating income Reduced value of investment portfolio	<ul style="list-style-type: none"> Establish a climate change risk management mechanism, which is supervised by the Board of Directors, guided by the Development Strategy and ESG Management Committee
 Policy and legal risks	As climate-related policies come out successively, the Company, customers and investment targets may face defaults, penalties, lawsuits and other loss-caused events due to their failure to meet policy and regulatory requirements.	Decreased operating income Reduced value of investment portfolio	<ul style="list-style-type: none"> Identify climate-related risks and opportunities relating to the Company's operations according to the TCFD framework
 Credit risks	Climate change risks may impact the customers the Company guarantees, bringing it more losses. Climate change risks may impact the bonds the Company has invested in, reducing its investment income. Climate change risks may impact the customers for whom the Company has provided securities margin trading and equity pledge services, increasing its risk exposure. Climate change risks may impact the Company's credit rating, as rating agencies may lower its rating for the reason that it fails to fully consider climate change risks.	Decreased operating income Increased operating cost	<ul style="list-style-type: none"> Pay attention to ESG risks including environment- and climate-related risks in the customer due diligence process

Analysis of Climate-related Opportunities and Financial Impacts of Haitong Securities

Opportunity type	Opportunity description	Potential financial impact	Management measure
 Market opportunities	Under a background of low-carbon economy, there will be a growing demand for green finance products (such as green bonds, green investment) in the market. Therefore, developing innovative climate-friendly products and services will win the Company more space for the future revenue growth.	Increased operating income Increase in the value of investment portfolio	<ul style="list-style-type: none"> Develop green finance business and provide financial services for energy conservation, environmental protection, new energy and other green industries
 Products and services	Providing financial services to, or investing in, climate-friendly companies that develop innovative low-carbon products and technologies can help the Company win more space for revenue growth.	Increased operating income Increase in the value of investment portfolio	<ul style="list-style-type: none"> Develop green financial products such as energy conservation, environmental protection and carbon neutrality funds Adhere to the principle of energy conservation and environmental protection, carry out energy-saving transformation, and actively create a green data center.

Promoting responsible investment

As green and sustainable development concepts are becoming more and more popular in the financial sector, investors are paying more attention to the impacts of ESG factors on listed companies' long-term investment. Haitong Securities has actively responded to domestic and international development trends. It has developed an ESG investment system and ESG-related investment products to help build a new high-quality development ecosystem in the capital market.

In 2022, Haitong Securities released the [Responsible Investment Statement of Haitong Securities Co., Ltd.](#) The statement indicates that the Company has established a complete three-level ESG management structure, namely, the Development Strategy and ESG Management Committee of the Board of Directors, the Leading and Working Groups of ESG Development, and the Competent Department of ESG Development, to fully integrate ESG and responsible investment activities. In addition, asset management-related departments or subsidiaries have set up full-time positions responsible for ESG research and investment.

Responsibilities of Responsible Investment-Related Departments of Haitong Securities

Department Name	Responsibilities/Relevant Content
Equity Investment Department	Designate specific researchers to timely follow the dynamics of the new energy industry and the listed companies that contribute to the realization of the carbon peaking and carbon neutrality strategic goals.
HFT Investment Management	Designate two employees from the Quantitative Investment Department to concurrently work on ESG strategy research and affairs, and have the Marketing Department arrange for another two employees to concurrently assist in ESG-related affairs.
Haitong-Fortis PE	The Board of Directors approved a proposal promising to annually allocate funds of not more than 0.5% of the annual operating income and not more than RMB500,000 for ESG-related investment and governance.

In the investment decision-making process, the Company has taken into account ESG factors and applied responsible investment strategies such as negative screening, ESG integration, sustainability themed investing, etc., to organically integrate responsible investment concepts in investment businesses. In 2022, focusing on the quantification of ESG investment rules and the updates of ESG strategies, the Company tried as much as possible to apply these strategies into the management of larger-scale assets while ensuring they could create excess returns.

Negative screening

Applicable products	Equity of listed companies, fixed income, private equity, hedge funds and alternative investments.
Applications	<ul style="list-style-type: none"> Based on the <i>ESG Risk Management Measures of Haitong Securities Co., Ltd. (Trial)</i>, the <i>Guidelines of Haitong Securities Co., Ltd. (Group) for Client ESG Due Diligence</i> and relevant supporting documents, all business departments and subsidiaries conducted prior investigations on their investment targets through ESG due diligence, ESG rating inspections and other means, and controlled investment limits for the targets that might have high ESG risks. The Equity Investment Department of the Company has set strict criteria for the access to the “stock pool” to exclude high-risk stocks in advance. The excluded investment targets include those with too a high proportion of goodwill assets and those whose major shareholders have too many pledged stocks.

Positive screening

Applicable products	Equity of listed companies, fixed income, private equity
Applications	<ul style="list-style-type: none"> According to the <i>Risk Management Measures of Haitong Securities Co., Ltd. for Self-operated Businesses of Equity Securities and Their Derivatives</i> and the <i>Management Measures of Haitong Securities for Investment Trading Business of Non-equity Securities and Their Derivatives</i>, the Equity Investment Department and Fixed Income Department of the Company require that the targets in the investment pool must meet the regulations of the <i>ESG Risk Management Measures of Haitong Securities Co., Ltd. (Trial)</i>. In the scoring model for the assets to be admitted to the pool, the subsidiary HFT Investment Management has set up ESG evaluation entries including but not limited to corporate governance, the stability of the management, environmental protection compliance, and social responsibility performance. In the quantitative and qualitative scoring for the admission to the pool, the subsidiary gives bonus points to the entities with good ESG performance to promote the investment in high-quality ESG-related entities.

ESG factor integration

Applicable products	Equity of listed companies
Applications	<ul style="list-style-type: none"> According to the <i>Risk Management Measures of Haitong Securities Co., Ltd. for Self-operated Businesses of Equity Securities and Their Derivatives</i>, the Equity Investment Department of the Company takes ESG factors into consideration in the selection of investment targets. Targets with a high concentration of ESG risk are subjected to ESG risk inspection before being invested. The subsidiary HFT Investment Management incorporated third-party ESG public opinions into its multi-factor model. It took into account comprehensive ESG scores based on CSI 300 and other benchmarks in the optimizer, which made the optimized comprehensive scores of the portfolios better than the benchmarks in the corresponding period. In the establishment of actively managed investment portfolios, the subsidiary Haitong International integrated ESG factor analysis, excluded stocks that did not meet ESG standards, and increased the weight of companies with outstanding ESG performance. The scale of relevant funds under management has grown compared with the scale of the Initial Offering and won much praise.

Sustainability themed investing

Applicable products	Equity of listed companies, fixed income, hedge funds, alternative investments and private equity
Applications	<ul style="list-style-type: none"> As at the end of 2022, the Fixed Income Department of Haitong Securities and the subsidiary HFT Investment Management invested RMB1.97 billion and RMB3.497 billion, respectively, in green bonds. To respond to the national carbon peaking and carbon neutrality strategic goals and meet customers’ diversified financial needs, the Equity Investment Department of the Company issued capital-guaranteed snowball coupon notes linked to carbon-neutral ETFs to further guide investors’ attention to green financial products. As at the end of 2022, 164 tranches of the notes were issued, with the nominal principal totaling RMB59.62 million. Among them, 61 tranches were knocked out and completed in advance, bringing investors better investment experiences. The Subsidiary HFT Investment Management has launched multiple carbon neutral themed funds. For instance, the HFT Carbon Neutral Themed Fund, established in 2021, had a total scale of RMB941 million as at the end of 2022. The subsidiary Haitong International issued the first ESG-themed A-share ETF in the Hong Kong stock market and the world’s first Asia (ex-Japan) HY Corp USD Bond ESG ETF, covering stocks, bonds and other assets in different regions. The subsidiary tracked indices and integrated ESG factors to drive investors and listed companies to focus more on corporate governance, environmental and social responsibilities.

Impact investing

Applicable products	Fixed income
Applications	<ul style="list-style-type: none"> As at the end of 2022, Haitong Securities invested a total of RMB1.7 billion in rural revitalization bonds, poverty alleviation bonds, etc. On December 15, 2022, the ChinaBond Haitong Securities Shaanxi-Sichuan-Chongqing Region State-owned Enterprise Credit Enhancement Bond Select Index co-prepared by Haitong Securities and ChinaBond Pricing Center Co., Ltd. was officially released, providing high-quality and convenient investment tools for regional state-owned enterprise credit markets. This index product reduced the financing costs of local state-owned enterprises and supported the high-quality economic development of Shaanxi, Sichuan and Chongqing.

Positive Ownership

Applicable products	Equity of listed companies, private equity
Applications	<ul style="list-style-type: none"> The Company actively exercised its rights as a shareholder. It proactively and regularly communicated with the share-controlled enterprises on ESG topics. By dialoguing with their management, submitting proposals at the stockholders’ meetings, and voting by proxy, the Company guided these companies to positively impact the environment and society and helped improve their ESG performance.

01

Laying a Solid Governance Foundation through Stable Operation

In 2022, the Party Committee of Haitong Securities won the title of **“Party Building Brands of State-owned Enterprises in Shanghai”** for “Four Haves and Four Creates” and other **3** Party building brands, and the title of **“Party**

Building Culture Brands of State-owned Enterprises in Shanghai” for “Shenzhen Party Building Station” and other **3** Party building brands.

The Company determined the year 2022 as the “Development Year of Compliance and Internal Control Culture”, carrying out group-wide analysis and publicity activities on new laws, regulations and policy orientation for more than **40,000** people in total.

In 2022, the Company carried out **8** training sessions on integrity practices for **264** employees in total.

In 2022, the Company released **26** issues of *Financial Regulation Trends* and **4** issues of Trends of the *Development Year of Compliance and Internal Control Culture*.



Enhancing cultural development

Making progress in Party building leadership

In 2022, Haitong Securities followed the guiding principles of the 20th National Congress of the Communist Party of China and the 12th Shanghai Municipal Party Congress. With a deep understanding that cultural development was a strategic task of overall importance, the Company continuously enhanced its political stance and big-picture thinking and worked on cultural development under the leadership of Party building. The Company promoted the organic combination of Party leadership and corporate governance and the deep integration of corporate development and cultural advancement. The Company kept consolidating and deepening its cultural progress achievements, boosting cultural awareness, building reform consensus, stimulating development momentum, and cultivating a good ecosystem. In doing so, the Company led high-quality development with high-quality Party building, and strove to build a domestic first-class modern financial service enterprise with international influence.

On July 1, 2022, following the guiding principles of the 12th Shanghai Municipal Party Congress, the Party Committee of the Company officially released the *Action Plan for Leading High-Quality Development with High-Quality Party Building*. It introduced a new model of “Four Haves” and “Eight Actions” for Party building, focusing on transforming the Party’s political, organizational and mass-based advantages into strong drivers for the Company’s high-quality development.

The New Model of “Four Haves” and “Eight Actions” for Party Building



In terms of information system development, the Company’s Party building information platform has been growing towards an “intelligent” and “penetrative” Party building management system. In 2022, the platform optimized and transformed more than 100 functions, including one-click import and export of Party member information, supervision of Party members and organizations, statistics of Party members and organizations, and advanced search of Party member information. Thus, primary-level Party building became more standardized.

As at the end of 2022, the Company had **8** primary-level Party committees, **30** general Party branches, **301** Party branches, and **3,571** Party members including **80** probationary Party members. **1,744** of the Party members were aged below 35, accounting for **48.83%** of the total. In terms of the education structure, **1,837** Party members held master’s degrees and **1,584** held bachelor’s degrees, both of which accounted for **95.8%** of the total.

In October 2022, at the second press conference of Party building brands of state-owned enterprises under the Shanghai State-owned Assets Supervision and Administration Commission, the Party Committee of Haitong Securities won the title of “Party Building Brands of State-owned Enterprises in Shanghai” for “Four Haves and Four Creates” and other **3** Party building brands, and the title of “Party Building Culture Brands of State-owned Enterprises in Shanghai” for “Shenzhen Party Building Station” and other **3** Party building brands.


Promoting corporate culture development

In 2022, Haitong Securities further integrated the industry culture of “compliance, integrity, professionalism, and prudence” and the core values of state-owned enterprises in Shanghai “keeping in mind the mission, deepening reform, keeping integrity and pursuing innovation, and serving development” with the concept of “one Haitong”. The Company built its culture based on the five-pronged annual cultural development plan. First, the Company carried out comprehensive inspections to find problems and break bottlenecks, emphasizing that compliance and risk control must consistently run throughout the operation and management process. Second, the Company required all employees to conscientiously work with integrity and honesty. Third, the Company cherished talents, emphasizing that it must consistently pursue professionalism in the high-quality development. Fourth, the Company spared no efforts to rectify its internal performance and enhance soft power and hard power with equal importance attached to each. Fifth, the Company committed its heart and soul to sustainable public welfare, emphasizing that its brand image must be based on corporate social responsibility performance.

“Haitong Home” Corporate Culture System



Important Measures of Haitong Securities for Industry Cultural Building in 2022

 Promoting the corporate culture renewal project	<ul style="list-style-type: none"> • More than 100 senior executives, leaders of departments, branches and subsidiaries, and business backbones of the Company were organized for in-depth interviews. • 6,521 employees and 1,228 customers, peers, shareholders, social representatives participated in the questionnaire survey. • The project team sorted out, compared and analyzed 83 issues of <i>Haitong Magazine</i>, the cultural values of the securities industry, and the cultural development achievements of key securities firms, and carried out seven in-depth two-way discussions. • The Company's leading group for cultural development held three thematic sessions to study the corporate cultural system. • On the occasion of the Company's 34th anniversary, 3,972 employees took part in the activity of "offering cultural advice to Haitong". That greatly enriched the meaning and building of the consensus of Haitong culture.
 Promoting coordinated industry cultural building	<ul style="list-style-type: none"> • The Company completed the annual cultural development report of the Securities Association of China and evaluated relevant cultural development practices and their quality. • The Company fully inspected the effectiveness of its corporate culture development. • The Company recorded cultural development training courses for the Securities Association of China. • The Company actively joined in collecting opinions on the evaluation indicators and methods of cultural development practices for the Securities Association of China.
 Playing a cohesive role in the Company's reform and development	<ul style="list-style-type: none"> • The Party leadership of the Company visited primary-level organizations and attended the meetings on the reform related to primary-level Party organizations. The primary-level Party organizations focused on central tasks and served the overall situation, fully acting as fortresses in stabilizing the team, attracting talents, promoting reform, and strengthening management.
 Highly valuing integrity in practice and keeping strengthening personnel management	<ul style="list-style-type: none"> • Haitong Securities continued to strengthen employee management. The Company focused on improving the employees' professional abilities and ethics, regulating their behaviors, establishing and refining a long-term incentive mechanism, and creating an environment conducive to their development. The Company established and refined the mechanism of incentives, restraints and internal accountability, continued to strengthen the management of the employees' investment behaviors, and strictly implemented the integrity management system in practice.

Risk compliance management

Comprehensive risk management

With a consistent focus on risk prevention and control, the Company has established the business concept of "pragmatic, pioneering, prudent, and excellent" and the risk control concept of "prudent and even conservative", and implemented the principles of compliance and risk management priorities for management of operation and risks, respectively. In strict accordance with the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, the *Guidelines for Internal Control of Securities Companies*, the *Standards for Comprehensive Risk Management of Securities Companies* and other laws and regulations, the Company has been constantly improving its multi-level risk management system based on its reality.

The Company has created a clear organizational structure of risk management that consists of the Board of Directors, the Board of Supervisors, the Management, Chief Risk Officer, risk management departments, business and management departments, branches and subsidiaries. The Company has appointed risk control specialists for all business, business management departments and branches, as well as risk managers for all subsidiaries. In addition, the Company identified the specific responsibilities of all levels in risk management.

For liquidity risks, market risks, credit risk, operating risks, compliance risks, money laundering and terrorist financing risks, information technology risks, reputation risks and others in business activities, the Company carried out accurate identification, careful review, dynamic monitor, and timely response and resolution. It strengthened the prevention, real-time control and follow-up management of various risks by means of assessment, examination and auditing. In 2022, the risk management departments of the Company continued to deepen the comprehensive risk management system according to the *Standards for Comprehensive Risk Management of Securities Companies* and other regulations.

Key Points of Management Upgrade of Risk Management Department in 2022

Building a matrix management system	To support the company-wide business transformation and upgrading and improve its organizational agility, the Risk Management Department established, under the risk-oriented principle and the labor division based on risk categories, eight specialized teams to manage the cross-business-line risks of specific major businesses and another eight specialized teams to manage those risks of major subsidiaries. By doing so, the Department developed a preliminary internal matrix management system.
Optimizing the organizational structure of the department	The Risk Management Department continued to optimize its organizational structure and increase its personnel number. The personnel number of the Risk Management Department was dynamically adjusted according to the ratio of 2.5% of that of the headquarters.
Adjusting the risk management and assessment methods	The "year-end risk assessment" for front-line business departments, was adjusted into "dynamic deduction and year-end summary of points". With the combination of daily and year-end assessments, the business departments' daily performance and risk management were monthly recorded or evaluated, and such assessments were subjected to dynamic adjustment.
Monitoring compliance and internal control culture development	Taking advantage of the "Development Year of Compliance and Internal Control Culture", the Risk Management Department developed the Group's compliance and internal control culture on all fronts. It practices a prudent and even conservative risk culture, and promoted the risk culture by holding various training sessions, thematic meetings and publicizing journals.

The Company closely followed the FinTech development trend and continued to improve its risk management capabilities. The Company's case of *Building a Comprehensive Credit Risk Management System Based on Big Data and Artificial Intelligence Platforms* was included in the *New Engine for Digital Economy — Development Report of Shanghai Financial Data Port 2022*. In 2022, the Securities and Futures Industry Fintech Research and Development Center (Shenzhen) announced the list of outstanding research projects of 2021, where the Company's project, *Research on Key Technologies in the Application of Intelligent Credit Risk Early Warning in Securities Company* won the second prize.

Promoting compliance management

Strengthening compliance management is an inevitable requirement to respond to internal and external risk challenges and an important cornerstone of high-quality corporate development. The Company has improved the compliance management system in strict accordance with the requirements of the *Measures for the Compliance Management of Securities Companies and Securities Investment Fund Management Companies*, the *Guidelines for Implementation of Compliance Management of Securities Companies* as well as the *Compliance Management Measures* and *Compliance Evaluation Measures* of the Company. The Company has carried out compliance management in decision-making, execution, supervision, feedback and other links, to develop an all-round compliance system featuring vertical and horizontal integration and close coordination.

To implement the requirements of the China Securities Regulatory Commission on building an industry culture featuring "compliance, integrity, professionalism, and prudence" and deepen the concept of "active, continuous and comprehensive compliance with total involvement", the Company established the year 2022 as the "Development Year of Compliance and Internal Control Culture" and developed the Group-wide development of compliance and internal control culture on all fronts. At the same time, the Company further strengthened the performance of compliance functions, improved the compliance management system, intensified the building of compliance teams, and took multiple measures to cultivate compliance culture.

Key Compliance Management Measures of Haitong Securities in 2022

Performance of compliance responsibilities

- The Company consolidated the performance of all responsibilities before, during and after the event in compliance management and carried out efficient review, inspection, monitoring, assessment and accountability investigation on compliance.

Compliance management system

- The Company built a Group-wide compliance management system. With independent development technologies, the Company established a compliance management platform with newly developed functions such as compliance assessment and employee investment behavior reporting and integrated existing functions such as anti-money laundering, information isolation, and monitoring of customers' abnormal transactions.
- The Company built a Group-wide central compliance control room system to promote the unified control of information isolation walls, optimize the compliance review on the interest conflicts of investment banks, release research reports overseas and verify the interest conflicts across the Group.

Compliance managers

- The Company established a system of three-level compliance management teams, namely, the compliance director, compliance departments, and compliance managers of subordinates. By setting requirements on ranks and qualifications, the Company ensured the basic quality of front-line compliance managers and made them more professional and authoritative.

Cultivation of compliance culture

- The Company established the year 2022 as the "Development Year of Compliance and Internal Control Culture" and developed the Group-wide development of compliance and internal control culture on all fronts.
- Through special campaigns, on-site training, policy interpretation, regular publicity and other activities, the Company analyzed and publicized new laws and regulations, policy orientations, and punishment trends to more than 40,000 people in total. In 2022, the Company released 26 issues of *Financial Regulation Trends* and four issues of *Trends of the Development Year of Compliance and Internal Control Culture*.

In addition, as the primary-level legislative contact point of the Standing Committee of the Shanghai Municipal People's Congress, the Company gave full play to its own characteristics and kept enriching working modes and smoothing public opinion feedback and communication channels. It worked from reality, heard the people's voices, and widely collected opinions and advice on legislation and relevant work. By doing so, the Company facilitated the development of people's democracy throughout the process and provided useful explorations for state-owned enterprises to practice people's democracy throughout the process.

In 2022, the Company optimized the practice path of the Contact Point and organized five opinion collecting symposiums through the coordination with multiple sides such as Subdistrict Offices, Federations of Industry and Commerce, Lawyers Associations, universities, the Shanghai Municipal People's Congress, the Law and Regulation Division of the State-owned Assets Supervision and Administration Commission, and the Financial Bureau. The Company organized the Legislative Opinion Collection Meeting for the *Company Law (Revised Draft)*, involving the coordination among domestic-, foreign-, Hong Kong-, and Taiwan-invested institutions. That became a model case in "people's democracy throughout the process" and drew national attention.

Focusing on major strategic opportunities such as building Pudong into a leading socialist modernization zone, the Company, as a large state-owned financial enterprise group, contributed its wisdom and strength to meeting the legislative needs in the high-level reform and opening up in Pudong New District. The primary-level legislative contact point proposed to the Shanghai People's Congress to more than ten projects to meet the legislative needs in Pudong New District. Some of these needs had been quickly "incubated" in the "Pudong Legislative Test Field" and rose to the legal level. During the collection of opinions on *Several Provisions on Green Finance in Pudong New District in Shanghai (Draft)*, the Company widely collected public opinions and wisdom from primary-level communities, and supported the green financial legislation in Pudong Legal in an innovative and efficient way.



The Company Acted as the Primary-level Legislative Contact Point to Smooth Public Opinion Feedback Channels

In 2022, the Company organized five symposiums to collect opinions for the enactment of one national law and 13 Shanghai regional laws in finance and economy. It submitted a total of 457 suggestions, with 99 adopted.

On September 28, 2022, Chairman Zhou Jie attended the "Building into the Best Practice Base of People's Democracy throughout the Process — The Reporting Conference on Active Explorations and Practices of People's Democracy Throughout the Process in Regional Legislation" held by the Standing Committee of the Shanghai Municipal People's Congress. At the conference, he received the certificate confirming that the legislative suggestions submitted by the primary-level legislative contact point were adopted.



Chairman Zhou Jie receives the certificate confirming that the legislative suggestions submitted by the primary-level legislative contact point were adopted

Abiding by business ethics

Anti-money laundering

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

In 2022, the Company revised the *Implementation Rules for Hierarchical Management of Corporate Customers' Money Laundering Risks*, the *Management Measures of Haitong Securities Co., Ltd. on the Freezing of Assets Involved in Terrorist Activities*, the *Guidelines for the Identification of Beneficial Owners of Non-Natural Person Customers* and other internal control regulations on anti-money laundering and refined the requirements of hierarchical management of customers' money laundering risks, the management of freezing of terrorist-related assets, and identification and management of beneficial owners of non-natural person customers.

The Company has built up a sound AML organizational structure in the charge of the Board of Directors. In this AML management system, the Company's leading group on AML is responsible for overall planning and coordination of AML work, the Compliance and Legal Department is responsible for leading the implementation of AML work, and relevant business departments and branches are responsible for implementing AML work. In 2022, to improve the employees' AML awareness and performance, the Company organized seven AML training sessions for the Board of Directors, senior executives, anti-money laundering specialists, business specialists, new employees and the like.

The Company actively performed the obligation of AML publicity by constantly displaying AML information on its website, the market software, and the e-Haitongcai App. In 2022, the Company released the *Notice on Strengthening Anti-Money Laundering Publicity*, and posted three AML promotional materials on its WeChat official account, receiving a total of over 8,000 hits. At the same time, the Company organized branches to keep strengthening AML publicity in popular forms with the consideration of industrial, regional and ethnic characteristics, regulatory cooperation and other factors. By doing so, the Company allowed the public to better identify illegal and criminal activities and built a solid social defense line against preventing money laundering risks and cases.

Working with integrity

The Company endeavors to maintain a corruption-free working environment, enhances the self-discipline awareness of employees, and prevents staff from violating laws and regulations. It formulated and implemented the *Supervision Plan for the Rectification of Problems Found in the Inspection by CPC Party Committee of Haitong Securities Co., Ltd.*, the *Conference System for the Disciplinary Inspection and Supervision Team Stationed by the Shanghai Municipal Commission for Disciplinary Inspection and Supervision in Haitong Securities*, the *Administrative Measures of Haitong Securities Co., Ltd. for Integrity in Practice*, the [Anti-corruption and Integrity Management Statement of Haitong Securities Co., Ltd.](#), and the *Implementation Measures of Haitong Securities Co., Ltd. for Establishing and Improving the System of Talking with Officials*, to set strict integrity requirements for daily work and promote the management of corruption-free practice on all fronts.

The Company has formulated the *Administrative Measures for Integrity in Practice*. According to this document, the corruption-free practice management of the Company is directly led by its CPC Party Committee Office, and overseen and guided by the stationed disciplinary inspection and supervision team; the Board of Directors should nail down the objectives of corruption-free practice management and assume responsibility for the effectiveness of such management. For the corruption-free practice management, the main leader of the Company holds primary responsibilities, and other senior executives hold responsibilities within the scope of their duties. The Company supports internal and external audits, and incorporates integrity in practice into the scope of audits.



The Company Conducted Audit Supervision to Build a Solid Defense Line for Compliance Management

To standardize business activities, the Company hires external auditors every year to conduct internal control audits and issue audit opinions. External auditors test the Company's control on the internal environment including corporate culture, ethical standards and integrity practice. In previous years, external auditors issued standard internal control audit reports with unqualified opinions on the Company. The Audit Department conducts regular or irregular internal audit supervision over relevant departments, branches and subsidiaries. The audit supervision is based on integrated audit, and the auditee's compliance with the regulations on integrity in practice is also within the scope of audit.

Regarding the protection of whistleblowers, the Company has formulated multiple regulations to protect whistleblowers' rights and interests. The *Implementation Measures for the Management of Letters and Visits for Whistle-blowing to the Disciplinary Inspection and Supervision Team Stationed by the Shanghai Municipal Commission for Disciplinary Inspection and Supervision* stipulates the rights of whistleblowers, clearly stating that the Company will seriously investigate and penalize institutional violations and the infringements of whistleblowers' legitimate rights and interests in accordance with regulations, disciplines and laws. According to Article 33 of the *Compliance Management Measures of Haitong Securities Co., Ltd.*, the Company establishes a violation reporting system to ensure all the employees can normally exercise their rights to report violations. The Company and all of its departments are obliged to keep the whistleblower confidential and protect him/her from being retaliated against.

Whistleblowing Ways and Whistleblower Protection Measures



Whistleblowing ways

- External stakeholders can make complaints or blow the whistle by letter, email, telephone, fax, visits, internet, etc.
- Employees have access to the discipline inspection and supervision platform through the OA system.



Whistleblower protection measures

- The whistleblowing contents and the personal information of whistleblowers are kept strictly confidential;
- It is strictly forbidden to forward or notify the whistleblowing materials or whistleblower information to the organization or person being reported against;
- The whistleblowing cases are verified and handled on the premise of not revealing the identity information of whistleblowers; and
- The prior consent of whistleblowers should be obtained, if the publicity and coverage of whistle-blowing case entail the disclosure of their identity information.

In addition, with great importance attached to the development of corruption-free culture, the Company has carried out integrity education among the functional departments of the Head Office, branches and subsidiaries. A series of courses on integrity in practice has been developed for employees and listed as online required courses in the training for officials and new employees. In 2022, the Company held 8 training sessions on integrity in practice for a total of 264 employees.

02 Developing Quality Services through Technology Empowerment

- As at the end of 2022, the installed capacity of e-HaitongCai APP has exceeded **45.83** million, and the average number of monthly active users has been nearly **5.58** million.
- As at the end of 2022, the Company has served **42** enterprises in the real economy through equity financing, with equity financing amounting to RMB **53.3** billion; and **287** enterprises in the real economy through bond financing, with underwriting amounting to RMB **274.1** billion.
- In 2022, the investment education bases nationwide received a total of **20,522** investors and achieved **98.9%** investor satisfaction; a total of **2,653** investment education activities were completed throughout the year, covering **2,450,800** investors.



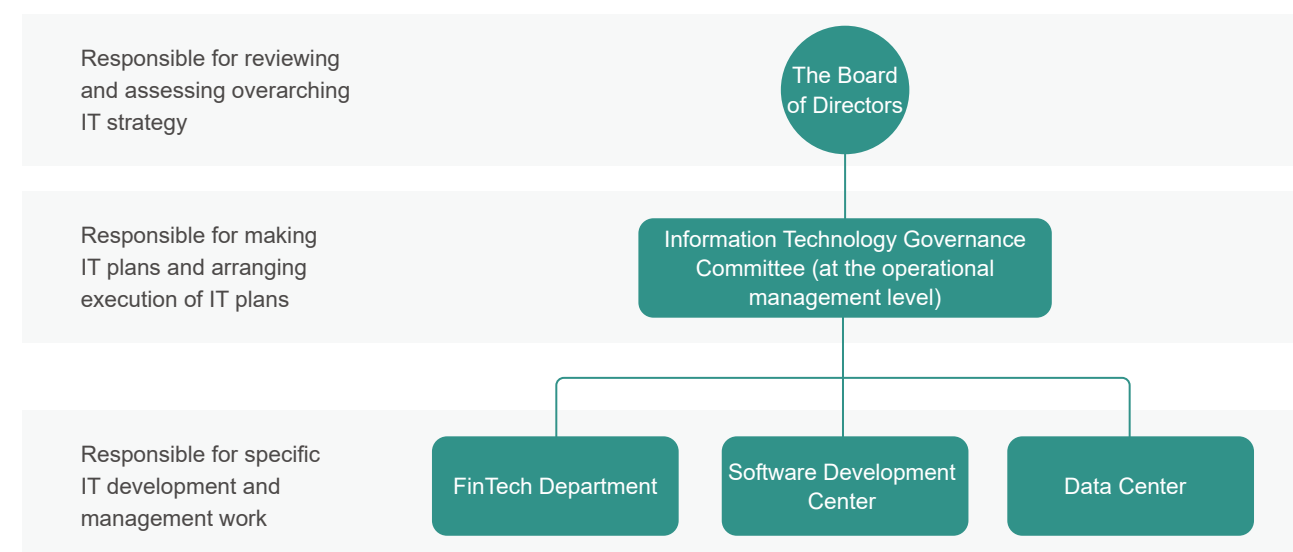
Developing FinTech

Stepping up top design of FinTech

The in-depth integration of emerging technologies such as AI, big data, cloud computing, the Internet of Things, etc. and financial business offers opportunities and vitality for digital transformation of securities companies. As an explorer and pioneer of digital transformation in the industry, Haitong Securities released the *14th Five-Year Plan of Haitong Securities Co., Ltd. for Technology Development (2021-2025)* in active response to the *Financial Technology Development Plan (2022-2025)* and the *14th Five-Year Plan for Technology Development in the Securities and Futures Industry* of the People’s Bank of China (PBC) and advanced the development of “Digital Haitong 2.0” that is “agile, platform-based, intelligent and eco-systematized” in an all-round manner.

The Company has put in place a three-level organizational structure for information technology management consisting of “Board of Directors--Information Technology Governance Committee (at the operational management level)--information technology management department” as well as a sophisticated architecture of IT management regimes. In 2022, the Company released 32 technology procedures and rules, basically establishing a three-level institutional system of IT management. Moreover, it completed an inspection on the implementation of 16 technology procedures and rules and offered training on 24 newly released ones. At present in place are two rule bodies centering on the *Measures for Information Technology Management* and the *Measures for Information Security Management*.

Organizational Structure of IT Management



Moreover, the Company has always attached great importance to the cultivation of FinTech talents. In April 2022, the Company set up the first batch of business and technology infusion teams composed of people from seven lines, namely, wealth management, operation, institutional business, proprietary business, investment banking, finance & accounting and risk management, under the guidance of the tenet of “customer-oriented, technology-led, innovative and efficient, integrated development”. Besides, it released the *Management Measures for Two-Way Integration of Business and Technology (Trial)* and built teams beneficial to developing cross-discipline talents who are equipped with business knowledge and IT skills and have creative thinking and practical capability.

In 2022,
Haitong Securities
recorded
904
IT employees

The parent company of
Haitong Securities input
a total amount of RMB
1,479
million into the IT field

Advancing innovative application of FinTech

In 2022, Haitong Securities continuously pressed forward with research and application with respect to state-of-the-art financial technologies in terms of AI, big data, block chain, cloud computing, etc. and explored the building of intelligent platforms and innovation in intelligent application to improve its online, automatic and smart operation.

Achievements in FinTech Innovation in All Fields

In the field of big data and AI

- Haitong Securities was the first in the industry to set up an enterprise-level data warehouse with an independent and controllable whole-stack framework covering all from chips to applications, and took the lead to build a big data platform featuring “lakehouse, integration of stream processing and batch processing, independent controllability, and dual cores of innovative application of IT technology”.
- It developed a one-stop machine learning development platform based on the big data platform, and provided model application supports and algorithm supports in various business areas by integrating data, algorithms and computing resources.

In the field of block chain

- Based on the full-stack environment for innovative application of IT technology, the Company built an independently controllable financial platform of group block chain, developed important applications such as electronic data depository, self-assessment data submission for the investment banking business and high-risk customer sharing, thereby effectively addressing reliable traceability of industry data management, privacy security of data sharing and other issues.
- The Company’s block chain project has been extended in over 20 application scenarios, covered customer eligibility management, customer protection, risk management and other various aspects, and been used by 14 business departments and two subsidiaries. The project ranked in the front of the industry with a total amount of data management on the chain of over 20 million.

In the field of cloud computing

- The Company actively built a financial cloud platform for innovative application of IT technology, developed an infrastructure platform of enterprise-level hybrid cloud architecture, and launched an overall solution of innovative IT technology application cloud that realized the changes from a single CPU architecture to a multi-core one, which enables agile self-service delivery of infrastructure resources.
- As at the end of 2022, the business cloudification reached 56%, of which desktop cloudification reached 100%, R&D test running cloudification over 90% and production cloudification over 42%.



Major Updates of e-HaitongCai APP and Outcomes in 2022

In 2022, Haitong Securities continued iteration and optimization of e-HaitongCai APP. As at the end of December, the APP had 50 versions released with an improvement in Internet service platform, digital operation and technology architecture, offering diversified financial services to customers.

As at the end of 2022, over 45.83 million cellphones had e-HaitongCai APP installed with an average monthly active user base of close to 5.58 million.

Major Updates of e-HaitongCai APP in 2022

Internet service platform

- It completed 13 major task overhauls of the Financial Product Committee on the Wealth Management Mall, involving the launch of 12 special columns and 17 features.
- It launched the around-the-clock fund share booking feature, the special column of services for the elderly and paid services for dehydrated research report information, and allowed third-party payment for Level-2.

Digital operation

- It completed the requirement for monitoring the product purchase process and launched the "buried point" management module.
- It launched the product operation feature on the Wealth Management Mall to support product operation of the wealth management business.
- It completed the development of "Message Box" and added a new feature that allows users to withdraw operation message apart from message feeds.
- It started the development of a wealth management service platform named "Tong Cai Hao" and launched two phases of requirement technology.

Technology architecture

- It continued to improve the security and compliance of e-HaitongCai APP, completed security certification and pressed forward with the upgrade of mobile application structure for better user experience.

Serving the real economy

Real economy industries are important pillars of a country's economy. Haitong Securities earnestly implemented the important guidelines and instructions laid down at the central economic work conference, continuously deepened the supply-side structural reform in the financial industry and enhanced the capability of serving the real economy so as to promote high-quality development of the real economy.

In 2022, the Company insisted on implementing state strategies and serving the real economy as the mainline, and upheld the general development ideas of "deepening the service value chain and constructing an eco-circle of customers". With a good grasp of the key links of the industry chain and the core position of the value chain, it channeled more social resources into key areas, important regions and weak links through connecting wealth management with investment, financing, insurance and research.

As at the end of 2022,

the Company rendered equity
financing services to

42 real economy enterprises

with a financing amount of RMB

53.3 billion

it offered bond financing services to

287 real economy enterprises

with an underwriting amount of RMB

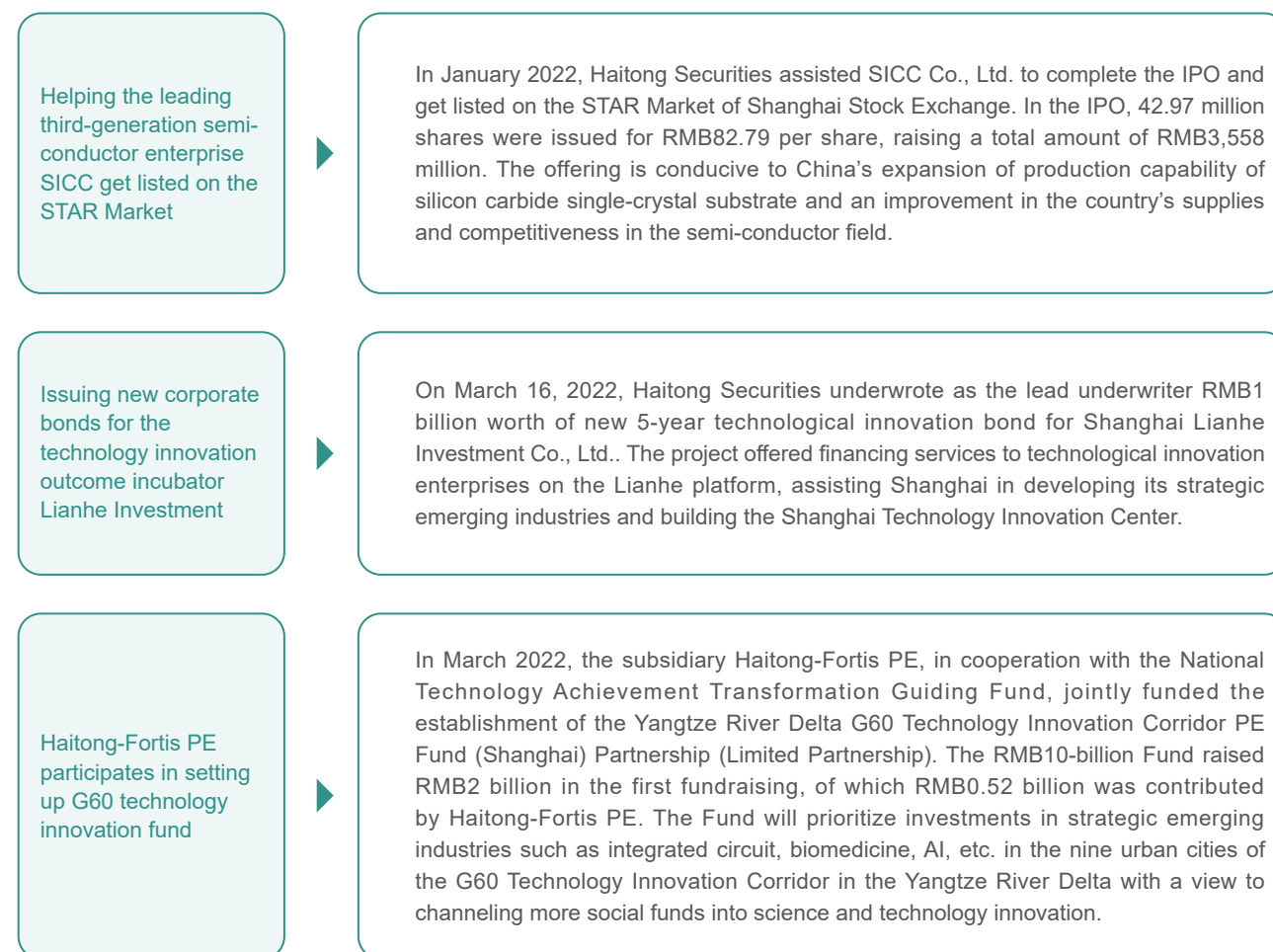
274.1 billion.



Supporting strategic emerging industries

Strategic emerging industries involving state-of-the-art technology play a role in driving and leading economic and social development. Based on its industry and geographic advantages, Haitong Securities focused on industry frontiers of integrated circuit, biomedicine, artificial intelligence, etc. and served to promote virtuous cycle of "technology-industry-finance" in execution of the innovation-driven development strategy.

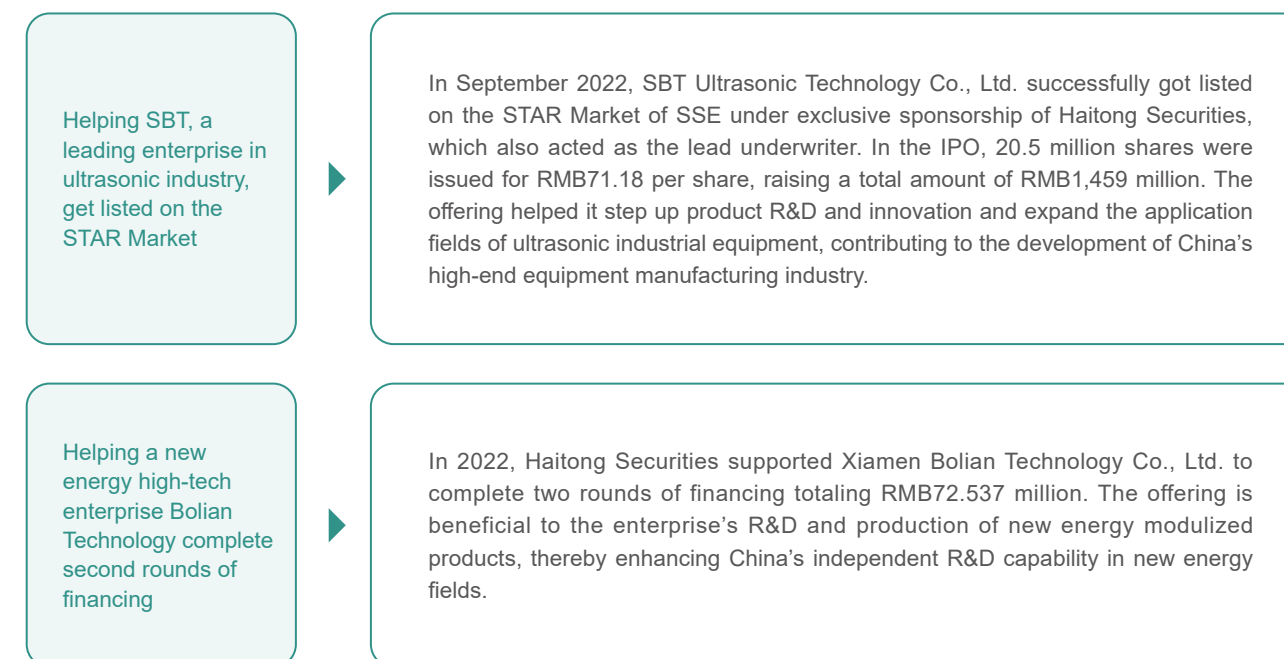
Typical Cases of Haitong Securities Supporting Strategic Emerging Industries in 2022



Supporting advanced manufacturing industry

Insisting on serving state strategies and the real economy, Haitong Securities focused on addressing the characteristics and appeals of advanced manufacturers, especially "Specialized, Fined, Peculiar, Innovative" enterprises, and formed a development mode featuring "big platform + fined operation", contributing to China's industrial transformation and upgrading and realization of the goal of becoming a manufacturing power. In 2022, the Company supported new technology R&D in such fields as energy chemical industry and new energy through supporting the listing of technology innovation enterprises and others, thereby promoting optimization and upgrade of manufacturing.

Typical Cases of Haitong Securities Supporting Advanced Manufacturing in 2022



Pushing forward inclusive finance

Deepening inclusive finance is an issue that China must address on the way to mutual prosperity as well as a necessary path to high-quality economic development. Haitong Securities has been exploring modes of inclusive financial services in active response to the country's requirements for financial institutions to support micro-, small- and medium-sized enterprises to support healthy development of private economy. In 2022, the Company deployed diverse measures to support the growth of private enterprises through Asset-Backed Securities (ABS) Special Plan, the Private Enterprise Development Support Fund and so on.



In 2022, Haitong Securities helped **2** enterprises get listed on NEEQ; listed enterprises on NEEQ under its constant supervision totaled **83**, including **24** at the innovation plane.

As at the end of 2022, Haitong Securities had founded **18** sub-funds/sub-programs with state-owned vehicles in Shanghai, Anhui, Xiamen, Shaanxi, Hebei, Hubei, Liaoning, Qingdao, etc. (referred to as "Private Enterprise Development Support Fund" together with the FoFs) totaling about RMB**53.7** billion, with an initial subscribed amount of RMB**22.1** billion and a paid-in amount of RMB**12.3** billion. The Private Enterprise Development Support Fund covered wide ranges and featured in-depth cooperation. It has released **77** projects involving **69** private enterprises from liquidity difficulty.

Typical Cases of Haitong Securities' Inclusive Finance Operation in 2022

Issuing ABS Special Plans in the "underwriting plus protection" mode

In 2022, Haitong Securities underwrote "Haitong UniTrust No.17 Asset-Backed Securities Special Plan for Small and Micro-enterprises (Advanced Manufacturing) & 2022 Phase-I Asset-Backed Securities Special Plan for SANY High-end Manufacturing" in the mode of "underwriting plus protection", and created credit guarantee instruments for the two projects simultaneously. The two products recorded total amounts of RMB1.2 billion and 1,292 million, respectively, and were underlined by 5,905 leasing contracts that involved over 5,400 micro-, small- and medium-sized enterprises from construction machinery, medical treatment, construction and other sectors.

The underlying assets of these two ABS plans were of small amounts and distributed. The business mode "underwriting plus protection" embedded credit guarantee instruments into the products to enhance supports, which was conducive to attracting more investors to financing activities of leasing companies.

Empowering Zhezhong's strategic upgrade

In January 2022, Guosheng-Haitong Fund in the Private Enterprise Development Support Fund transferred by agreement its 9.96% holding in Shanghai Zhezhong Group Co., Ltd. ("Zhezhong" hereinafter) to the latter, thereby effectively reducing Zhezhong's liabilities and optimizing its financial structure and equity structure. Moreover, as Zhezhong actively set foot in the semi-conductor field, Guosheng-Haitong Fund assisted its high-quality development with financial capital, thereby actively empowering Shanghai's strategic transformation and earnestly implementing the strategy of integrated development in the Yangtze River Delta.

Transferring the holding in Baolong Automotive to implement the requirements for stabilizing employment and guaranteeing supply chain of the auto industry

In July 2022, Guosheng-Haitong Fund transferred its holdings in listed companies by means of block trade, lowering the listed companies' pledges and liabilities and promoting their healthy development. To relieve de-facto controllers' liquidity pressure, Guosheng-Haitong Fund provided timely support that allowed them to operate their main business without much pressure, thus guaranteeing stability of the auto supply chain and realizing steady operation of auto enterprises.

Stepping up investor education

Always taking investor protection as its own responsibility, Haitong Securities has been actively carrying out investor education activities that aim at helping investors develop accurate understandings of their own risk tolerance and investment objectives and advocating sensible investment.

As national-level securities and futures investor education bases, the Company's investor education bases have upheld the tenet of "being grounded on philanthropy, oriented to professionalism and characterized by Culture", and centered on investment knowledge and investment ideas. In the meantime, the Company organized all sorts of online and offline charitable investor education activities with rich contents and distinct features at school, community, the investor education bases and its branches, where professional inclusive finance knowledge and services in all aspects were widespread to people of all age groups.

Moreover, the Company carried out investor education activities on campus of the "Investor Education in 100 Schools" series to push forward the inclusion of investor education into the national education system in line with the guidelines set forth in the *Memorandum of Cooperation on Strengthening the Popularization and Education of Securities and Futures Knowledge* jointly released by the China Securities Regulatory Commission (CSRC) and the Ministry of Education and in response to the requirements of the *Notice on Starting the 2022 Investor Education in 100 Schools Campaign* of the Securities Association of China.

In 2022, its investor education bases across China received 20,522 persons with an investor satisfaction rate of 98.9%. The Company completed 2,653 investor education activities including "Haitong Securities-Rainbow Classroom", "Investor Education in 100 Schools" and financial knowledge popularization in higher learning institutions, covering 2,450,800 investors.



"Investor Education Campaign in 100 Schools" — Lanzhou University of Finance and Economics

To implement the regulators' requirements for "Investor Education in 100 Schools", Haitong Securities' investor education base, in cooperation with its Gansu branch, carried out a themed activity in Lanzhou University of Finance and Economics on May 24, 2022.

The base offered a lecture on anti-legal financial activities to close to 200 students of the university, introducing characteristics of illegal securities and futures behaviors and commonly seen money laundering methods and disclosing main characteristics and identification methods of illegal activities with real-life cases. The lecture centered on the topic "choose legitimate institutions, stay away from illegal entities, make sensible investment and guard against frauds", which was also the topic of the Publicity Month of Preventing Illegal Securities and Futures in 2022.



Group photo of employees with faculty and students of Lanzhou University of Finance and Economics

03 Spreading Warmth of Finance in a People-oriented Way

- In 2022, the employee training coverage rate reached **100%**, and the training hours per employee is **42.00** hours.
- In 2022, the Company invested a total of more than RMB **14** million in helping funds.



Attaching great importance to talent development

Building platforms for talent development

Haitong Securities has always adhered to the people-oriented talent development tenet, attached strategic importance to team building for its development and continuously refined the top design of employee development. In July 2022, the Company convened the first meeting on talent work, where important tasks and specific measures designed to further refine the talent development work mechanism were put forward regarding four aspects: advancing the implementation of the strategic talent plan, continuously improving the market-oriented talent environment, accelerating talent development at all levels and continuously stepping up measures for talent services.



Talent Work Meeting Held to Empower Talent Development

During the meeting period, the Company extensively held surveys and discussion meetings to listen to opinions from management members, employees and young representatives for collective wisdom with a view to continuously improving the HR management system and the structure of the team and to invigorating the team. The Company held two discussion meetings for branches in Nanjing and Changsha and five meetings for business departments, functional management departments, branches, subsidiaries and young representatives, where over 100 representatives actively offered suggestions and opinions.

After the meetings, the Company released the *Implementation Opinions on Further Strengthening Team Building* for implementation, and concurrently formulated or revised 10 HR management rules or procedures concerning staff remuneration and employment, recruitment and promotion, equality, diversity and anti-discrimination.



Jiangsu Branch of Haitong Securities convenes a survey meeting on talent work

In terms of talent development, the Company stipulated the *Management Measures of Haitong Securities Co., Ltd. for Training Work* to standardize the management of employee training. At the same time, by relying on the online learning platform of Haitong Wealth Training Institute, it constructed a whole-process, systematized and multi-dimension employee training system featuring tiered and classified training, combination of online and offline training and cooperation with external institutions, realizing all-staff coverage at the company level. This training system is beneficial to enhancing the staff's professional quality and work skills and spurring talent development.



Haitong Wealth Training Institute Empowers Employee Development

Haitong Wealth Training Institute offered rich learning resources and sound online learning experience to employees, while expanding the coverage of employee training and enhancing the activeness of online learning by making the learning platform more intelligent and scenario-based.

As at the end of 2022, the Institute had released 516 courses, created 137 learning maps, completed 83 livestreaming shows for sharing, established 81 online training cohorts and released 138 training sessions on basic knowledge and basic know-how. 249,973 persons have cumulatively participated in course learning on the platform, up 78% YoY; learning hours per capita increased by 52% over 2021 to 32.



Stepping up specialist training

Grounded on a talent development system covering the whole growth cycle of an employee, the Company has founded and executed a series of professionals training schemes such as "Dolphin Plan", "Starfish Plan", "Sea Swallow Plan", etc. that are designed to offer tiered and classified training projects and activities for employees with different development requirements at different stages so as to empower their growth.

Talent Development Program Targeted at Employees at Different Stages

Dolphin Plan	Starfish Plan	Sea Swallow Plan
Interns <ul style="list-style-type: none"> Objectives: To reserve excellent interns, discover and lock up quality prospective employees in advance through carrying out online training camp for interns. Contents: Courses in different modules about corporate culture, financial analysis, investment analysis, wealth management, data analysis and macro perspectives. 	New employees <ul style="list-style-type: none"> Objectives: To help new employees quickly adapt to the Company, corporate culture, the team and the profession. Contents: A diversity of training on core competencies required for new employees 	Backbone employees <ul style="list-style-type: none"> Objectives: To motivate employees and stimulate their innovation, enhance their business competences and operational skills and improve the overall quality of backbone employees Contents: The Company has launched the marketing service online training camp that integrates learning map, class management, community-based learning and other features, where contests are organized to press for learning and further for practice, aiming at improving employees' selling skills and service methods.

With importance attached to targeted business training for employees, the Company offered special training programs on online customer service & marketing, mutual fund selling skills, HR business, etc. to enhance the overall business quality in an all-round manner. Meanwhile, the Company started the "Dandelion Project" lecturer empowerment training program designed to develop training courses and educate lecturers so as to truly enhance the staff's business capability and level.



Special HR Training Organized to Enhance Professionalism in HR Management

To enhance the professional competence of the HR line, the Company launched a special training session on HR business in the "online + offline" form in July 2022, where close to 80 trainees from the headquarters, branches and subsidiaries attended the training on site and others attended via the livestreaming platform of Haitong Wealth Training Institute. Composed of three parts, that is, theoretical knowledge, special topics and practice enhancement, the training offered detailed interpretations on policies and rules on position system, remuneration, recruitment, labor contract and staffing quota as well as opportunities for hand-on operation. The training covered policy advocacy, policy interpretation, business explanation, Q&A, etc. Upon completion, the training was uploaded in the electronic form on the platform of Haitong Wealth Training Institute together with a Q&A booklet for inquiry and learning by employees working in HR positions.



The HR training session in 2022

Since its launch in 2017, "Dandelion Plan" has centered on "carrying on business skills, spreading successful experience and passing on win-win spirit", and realized "standardized training operation for individualized training requirements" through course development jointly by the headquarters, branches and subsidiaries and free choice by each. As at the end of 2022, a total of 30 high-quality courses had been developed under the Plan covering various aspects including Party building work, compliance management, investment banking, channel exploration, product selling, customer service, services of subsidiaries, etc.; 124 authorized lecturers had been trained under the Plan; 64 training cohorts had been organized by branches. Dandelion Plan has effectively facilitated business execution and boosted professionalism of the staff.



"Dandelion Plan" Empowers Lecturers and Offers Training on Course Development

To further enrich contents of the courses and lecturer resources, ensure cross-department resources integration and experience exchanges, coordinate and promote business development and project cooperation, Haitong Securities launched a lecturer empowerment & course development training activity under Dandelion Plan in 2022. 19 internal trainers and backbone business personnel from the departments of the headquarters, branches and subsidiaries attended the training.

Based on recommendations from internal units, the training offered a diversity of 6 high-quality face-to-face courses on services for high-net-worth customer, services for shareholders of listed companies, derivatives, BSE business, bank-entrusted business and collaboration in financing leasing, which were designed to further empower employee training.



Group photo of participants of the "Dandelion Plan" training

- | | |
|---|------------------------------------|
| high-net-worth customer | BSE business |
| services for shareholders of listed companies | bank-entrusted business |
| derivatives | collaboration in financing leasing |

In addition to internal training, the Company also actively cooperated with professional external advisory institutions or education institutions in employee training projects. By tapping into external institutions, it launched training activities meeting business requirements to enhance professional quality of the staff.

Major Training Projects Launched in Cooperation with Specialized External Institutions in 2022

Training topic	External institution	Contents and outcomes
“Sifting the True from the False-- Risk of Enterprise Financial Frauds”	KPMG	<ul style="list-style-type: none"> From the end of November to the beginning of December 2022, the Company, in collaboration with a team from KPMG, held seven Haitong Wealth Lectures designed to help employees identify the risk of financial frauds and enhance their capabilities of discriminating, coping with and managing the risk. Over 50 people from the risk management line of the headquarters and subsidiaries attended the training on the site, while a total of 5,080 persons from branches, all departments and subsidiaries participated via livestreaming on the platform of Haitong Wealth Training Institute.
Online certification training	New York Institute of Finance	<ul style="list-style-type: none"> To increase employees’ understanding of modern statistical tools and risk measurement for investment portfolio, Haitong Wealth Training Institute launched a serial course--<i>Investment Portfolio Management</i>, and together with New York Institute of Finance, carried out online certification training covering 19 courses in two modules--<i>Stock Investment Portfolio Management</i> and <i>Investment Portfolio Management Theory and Practice</i>. A total of 480 persons participated in online certification learning.

Apart from that, the Company has encouraged employees to devote themselves to their work and improve their business skills. For all employees who have obtained technical or professional certification in investment analysis, wealth management, information technology, risk management, auditing and taxation and other categories stipulated in the *Regulations of Haitong Securities Co., Ltd. for Professional and Technical Qualification Certificate Award Winners*, the Company has reimbursed them 50% of their test registration fees.

In 2022, 8 employees applied for professional certificate rewards including CFA (Chartered Financial Analyst), FRM (Financial Risk Manager) and PMP (Project Management Professional).

Stepping up leadership training

Attaching great importance to enhancing employees’ management capability and leadership, Haitong Securities capitalized on various training projects and the online platform of Haitong Wealth Training Institute to improve the management’s operation capability and professionalism.

It has launched a series of management training programs including “Light House Plan”, “Prairie Fire Plan” and “Spark Plan” targeted at institution heads, newly appointed management members and management reserves. The training programs, short-term or medium- and long-term, centering on four dimensions of “enhancing quality, broadening horizon, sharpening skills and consolidating professionalism”, offer risk learning contents in innovative ways to management members.



Leadership Training Launched to Promote Ability Building of the Management

The Company authorized Haitong Wealth Training Institute to offer management members with targeted, professional and systematic training on capability development and improvement with respect to Party history education, decision making capability, management skills, interpersonal relationship, etc. in the form of “learning map”, aiming at enhancing their overall leadership.

As at the end of 2022, a total of 144 people, including 23 newly appointed Party Committee members, 87 backup leaders and 34 newly appointed management members of Front-office departments attended online learning.



a total of
144 organizational
management member



23 newly appointed Party
Committee members



87 backup leaders



34 newly appointed management
members of Front-office departments

Promoting rural revitalization

Coordinating west-east paired assistance

The *Report to the 20th National Congress of the CPC* pointed out that rural revitalization on all fronts requires prioritizing the development of agriculture and rural areas, consolidating the achievements made in poverty alleviation, accelerating agricultural development and making concrete efforts in rural revitalization in terms of industry, talent, culture, ecology and organization. In 2022, under the leadership the Shanghai Municipal Party Committee and Shanghai Municipal Government, Haitong Securities continued to provide paired assistance programs of “One Company Assisting One County” and “One Hundred Enterprises Assisting One Hundred Villages” in execution of the work requirements for east-west collaboration. The Company supported the five counties to consolidate achievements in poverty alleviation, namely, Xichou in Yunnan, Yecheng in Xinjiang, Ningdu in Jiangxi, Lixin in Anhui and Shucheng in Anhui by trying the best to solve real problems for the local masses, thereby pushing forward high-quality development in the rural areas.

Moreover, the Company took an active part in assistance for Yunnan, Xinjiang and Tibet through fueling agricultural development with finance, improving services for the aged and satisfying real demands for pension service, in frontier minority areas and in the education field of rural areas, thereby boosting high-quality development and enhancement and upgrade in education and cultural advancement in regional economy. Haitong Securities cumulatively input assistance funds of RMB14 million in 2022.

Important West-East Paired Assistance Initiatives in 2022



Fueling industry revitalization in rural areas

- Haitong Securities invested RMB1.6 million as special-purpose funds for supporting cultural tourism projects and rural revitalization demonstration projects of the three paired villages in Xichou County, Yunnan Province. The projects were designed to develop rural tourism characterized by eco-sightseeing, farming experience and entertainment.
- Haitong Securities invested RMB1 million in Lixin County, Anhui Province to support it to build a planting and sorting workshop for its edible fungus industrial park in Zhonghua Village, Ruji Town and develop the Shipeng eco-farm tourism project in Fatang Community, Yongxing Town.
- HFT Investment Management provided targeted assistance for Xinghe County, Inner Mongolia Autonomous Region in the “Radish Processing Project” by donating RMB100,000 to the county for building a ready-to-eat radish production line and purchasing production equipment.



Shaping green lifestyle in rural areas

- Haitong Securities invested RMB1 million to support the beautiful village project of Xiaoyuan Village, Ningdu County, Jiangxi Province, and the money was used to build and renovate the government-subsidized canteen for aged citizens and the “Rule by Law Square”, repair the boardwalk and beautify the environment so as to build a livable, harmonious and beautiful village.
- Haitong Futures input special-purpose funds for cultural square building and installation of energy-saving streetlights in Taipingchuan Town, Tangyuan County, Jiamusi City, Heilongjiang Province, and actively pushed forward local low-carbon environment-friendly projects such as PV project, small hydropower project, etc. in rural areas.



Improving services for the elderly in rural areas

- Haitong Securities input RMB1 million to support the building of the “old people & children” care service center in Wuxian Town, Shucheng County, Anhui Province, the project designed to satisfy villagers’ aspiration for and pursuit of a good life.
- HFT Investment Management participated in the “targeted assistance project for the elderly” by providing RMB100,000 for Xinghe County, Inner Mongolia to fund the repair of “Home of Happiness”, an establishment of mutual aids for old people in rural areas, as well as a pilot program on building an elderly service station in rural areas.



Finance empowers rural revitalization

- Haitong Securities, as the lead underwriter, successfully issued the first bond for Ningdu County, Jiangxi Province 2022 corporate bond for Ningdu Urban Development Investment Co., Ltd. With an issuing size of RMB400 million, the bond raised money for developing key modern agricultural projects of Ningdu, promoting structural upgrade of local industries related to agriculture, rural areas, and farmers.
- In 2022, Haitong Futures conducted “insurance + futures” projects covering live pig, rubber and other product varieties in Ruili, Cangyuan, Yongsheng, Yunnan Province, which guaranteed planting areas of over 34,000 mu, covered close to 2,300 farmer households and avoided over RMB51 million worth of nominal principals in risk. The projects truly helped farmers stand the risk of price volatility of agricultural products and thus protected their income.
- Moreover, the Company also successfully issued the first corporate bond for Jiangxi Ganzhou Jiankong Group, which raised RMB1.6 billion; it also issued the first rural revitalization corporate bond on SSE for Jiangxi Transportation Investment Group; it helped HaoLebaoji-Ji’an Railway Company successfully issued the first bond with three themes of “green + rural revitalization + revitalization of the former revolutionary bases”.



“Haitong Securities-Rainbow Classroom” Investor Education Program Launched

From November 10 to 14, 2022, Haitong Securities launched the “Haitong Securities-Rainbow Classroom” investor education program which comprised various measures for rural revitalization in Xinxu Town, Lingshan County, Qinzhou City, Guangxi Province.

The Company organized financial security promotion activities with the topic “guarding against illegal securities activities, enhancing the awareness of risk prevention” to help villagers increase the consciousness of guarding against risks. In cooperation with Haitong Futures, it popularized knowledge of agricultural product futures to farmers in a campaign named “Finance Class in Rice Aroma”. Moreover, it donated a public library to students of Xiacun Primary School, and offered lectures on “Doctrines of Business”. Through combination of investor education and rural revitalization, the Company practiced philanthropy on the one hand and enhanced villagers’ awareness of preventing financial risks and enriched their basic financial knowledge on the other.



Employees introduce the investor education program



Group photo of employees with teachers and students of Xiacun Primary School

Continuing urban-rural paired assistance initiatives

In the process of supporting urban and rural development, the Company actively implemented the guiding opinions of Shanghai Municipal Party Committee and Shanghai Municipal Government on deepening comprehensive assistance for rural areas and carrying out the campaign of “Pairing with Towns and Villages to Promote Rural Revitalization”. The Company worked hard and sincerely to provide comprehensive assistance for three villages with weak economy in Chongming District, Jinshan District and Pudong New District, Shanghai.

The Company has signed paired assistance framework agreements with three entities, and will provide paired assistance activities through joint building of Party organizations, joint education of Party members, joint organization of activities, joint utilization of resources and joint delivery of services in an assistance mode featuring “mutual benefits, two-way benefits, mutual enhancement and win-win cooperation”.

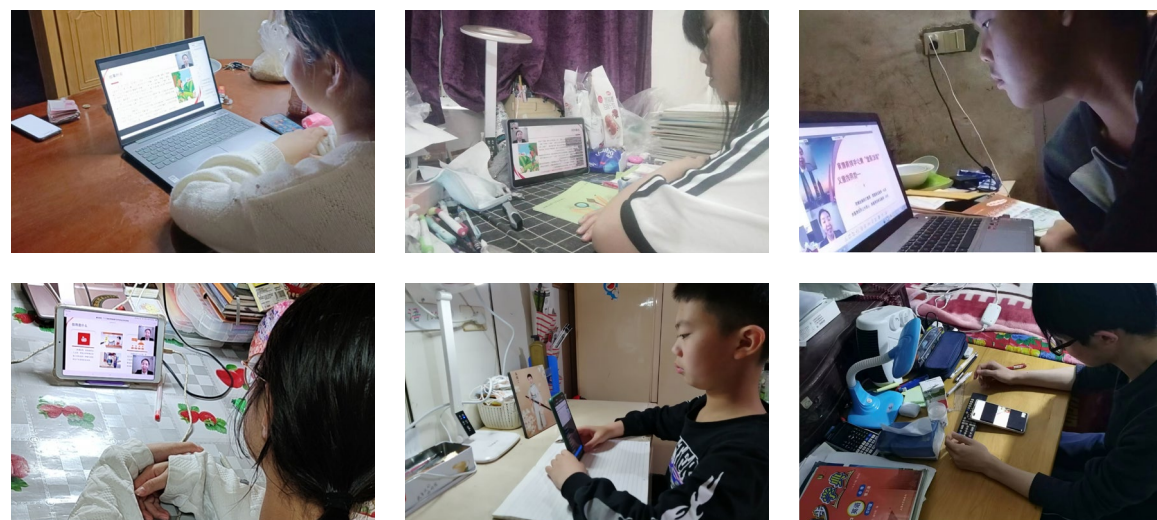
Important Urban-Rural Paired Assistance Initiatives in 2022

Fueling Chongming's development with support for industries

- Since 2013, the Company has input assistance funds of RMB50 million to support Chongming District's important “blood-making” projects such as Changxing Marine High-Tech Port and equity investment in Zhengda Chongming 3-million feathered hen farm.

Delivering sincere assistance by household visits

- In February 2022, Deputy Secretary of the Company's Party Committee led a team to send monetary gifts and presents to needy families in Fu'an Village, a village in the paired assistance program, and deliver gift packages and greetings to social worker representatives in long-term cooperation with the Company and young people receiving paired assistance.
- In 2022, the Company invited 100 troubled youngsters from Jinshan District and Chongming District to an online psychological health lecture, “Rainbow Classroom” financial quotient lectures, etc. to help them lessen pressure and accumulate knowledge.

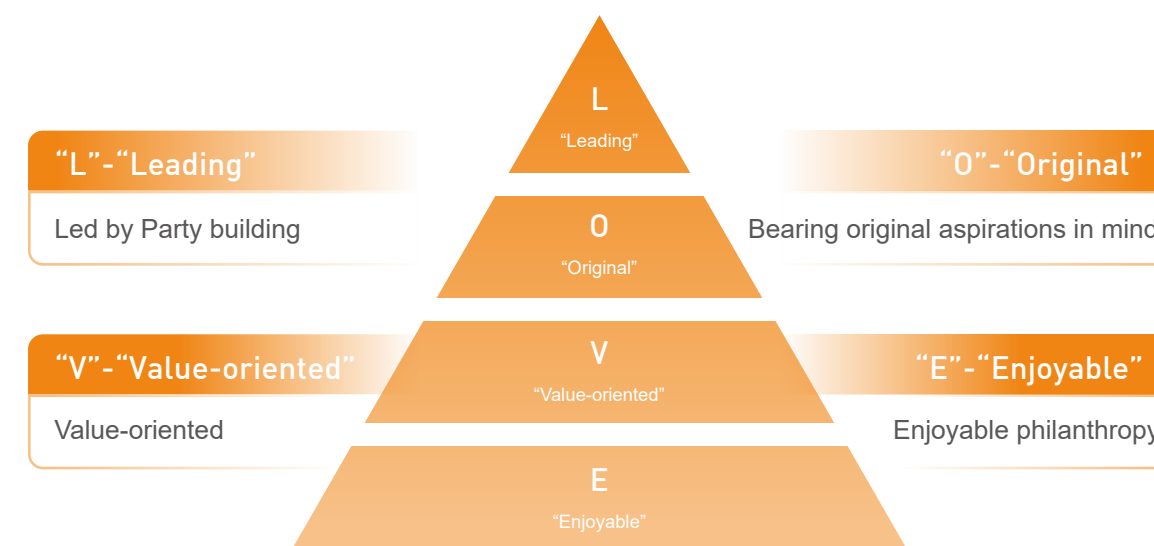


Supporting philanthropy

Developing the philanthropic brand “Love in Haitong”

In 2015, the Party Committee of Haitong Securities put forward the watchword for philanthropic work “Love in Haitong” for the first time, calling for all Party members and employees to involve in day-to-day philanthropy so that small loving actions can be pooled into a “Sea of Love in Haitong”, which represents efforts to serve state strategies and practice social responsibility. Loving philanthropy has become a distinct feature of Haitong people.

Since 2015, guided by Party building, the Company has launched a series of “Love in Haitong” philanthropic programs, which further deepened and enriched the connotation of “Love” in the brand and continuously expanded the influence of the brand “Love in Haitong”.



In 2022, Haitong Securities was selected as the “**Benevolent Enterprise of 2021**” by the national charity system.



Supporting educational causes

Haitong Securities has set up the philanthropy mode “1+1+X” under the framework of the philanthropic brand “Love in Haitong”. It fully tapped into its wide-coverage, densely distributed network to work on charitable education activities in minority-inhabited areas in Xinjiang, Tibet and Yunnan to improve learning and growing environments for students in the poverty-stricken areas, contributing to China’s educational cause.

Series of Charitable Educational Activities



- In June 2022, the Company donated 500 “Haitong · Love Reading” blind boxes and 1,100 Mandarin magic boxes to primary school children of Shanghai Experimental School in Rikaze City.
- In October 2022, the Company initiated the fourth “Boundless Voice of Children” reading activity in frontier areas under the Haitong · Love Reading program, aiming to encourage children to develop good reading habits and help to enhance kindergarten teachers in the areas to use new media for picture book teaching.



- 20 more Tibetan university students were newly added to the paired assistance program in 2022. The Company relied on Party organizations and CYLC (Communist Youth League of China) organizations at all levels to provide “companion” volunteer services, helping them better adapt to college life.



- In 2022, the Company provided financial aid of RMB600 each for 100 primary school children in Langan Village and Zhagunairike Village, Tagaerqi Town, Shache County to purchase school supplies or daily necessities.
- The Company funded 6 teachers from Langan Village and Zhagunairike Village, Tagaerqi Town, Shache County as well as Yingyeer Village, Xiyitidunxiangyingyeer Village, Maigaiti County to give lectures on Mandarin and Chinese culture and knowledge in the venues of the Party Committees of the villages every week.



- The Company, in collaboration with the “Pomegranate Seed Plan”, offered online training to over 1,400 kindergarten heads and teachers across Yecheng County, Xinjiang that aimed at improving their Mandarin teaching level and professional competency, contributing to Mandarin popularization and promotion of cultural exchanges among ethnic groups.



“Love in Haitong · Aids for Growth” Program Promotes Cultural Exchanges among Ethnic Groups

In August 2022, Haitong Securities, together with the “Pomegranate Seed Plan”, officially launched an online training class on Mandarin popularization and kindergarten teacher empowerment for all kindergartens across Yecheng County, Xinjiang. Under the “Love in Haitong · Aids for Growth” program, the training class was attended by more than 1,400 kindergarten heads and teachers. The activity was designed to help kindergarten heads and teachers in the county improve their Mandarin teaching level and professional competency, and contribute to Mandarin popularization, promotion of cultural exchanges among ethnic groups and higher consciousness of a community for the Chinese nation.



Online training class for Yecheng County, Xinjiang, under the “Love in Haitong · Aids for Growth” program

04 ESG Management and Performance

- Refining corporate governance
- Promoting green operation
- Improving staff management
- Safeguarding customers' rights and interests
- Guaranteeing information security
- Protecting intellectual property rights
- Standardizing procurement management



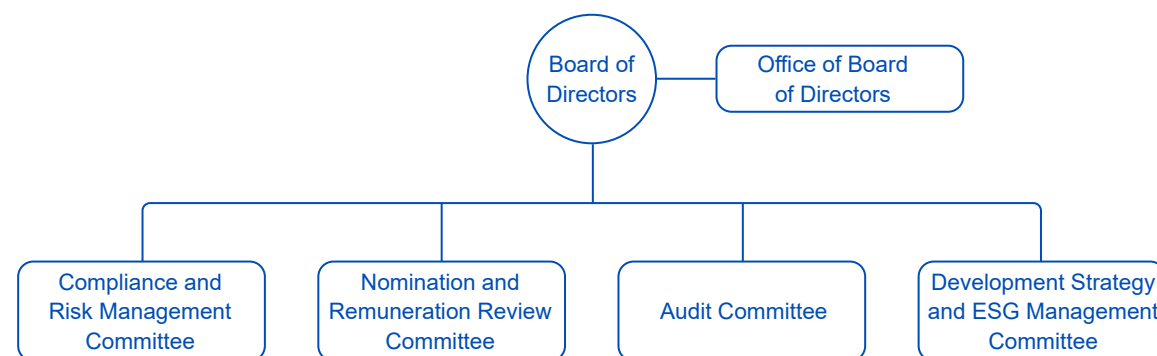
Refining corporate governance

Optimizing the corporate governance regime

In strict accordance with the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, relevant rules of the CSRC and SEHK and other applicable regulations and based on its real conditions, the Company has developed a corporate governance structure where the Shareholders' General Meeting, the Board of Directors, the Board of Supervisors and the Management operate with transparent powers and responsibilities and checks and balances.

In 2022, based on the governance structure, authorization system and business management, the Company amended its *Articles of Association*, the *Management Measures for Information Disclosure*, the *Measures for Investor Relations Management*, the *Rules for Registration of People with Access to Insider Information* and the *Management Measures for Related-Party Transactions* with a view to cementing the institutional foundation of rule-based governance and enhancing governance efficacy and the high-quality development capability.

Governance Structure of the Board of Directors



Composition of the Board of Directors and Supervisors and Meetings Held in 2022



Improving the quality of information disclosures

In terms of information disclosure, the Company performed the obligation of information disclosure as a listed company in an authentic, accurate, complete, timely and fair manner in strict accordance with governing provisions to satisfy investors' information needs, and effectively responded to key concerns of domestic and overseas capital markets, thereby protecting legal rights and interests of investors, especially small and medium-sized investors.

In 2022, to push forward voluntary information disclosure in a high-quality manner, the Company formulated and started to execute the *Implementation Measures of Haitong Securities Co., Ltd. for Information Publication*, which further regulates the Company's behaviors related to information publication for greater transparency. In the meantime, the Company also fully upgraded the layout of the disclosure report templates to create better reading experience for investors, trying to tell Haitong stories through voluntary disclosures and demonstrating its comprehensive strength through high-quality disclosures.

- Haitong Securities has been graded **A** in terms of information disclosure of SSE listed companies for seven consecutive years.
- The Shanghai Municipal Assets Supervision and Administration Commission granted Haitong Securities **full marks** for information disclosure.

Strengthening investor relations management

With great importance attached to investor relations management, the Company actively developed two-way communication channels for investors, through which it timely transmitted its strategic plans, business performance and investment highlights to investors. At the same time, the Company timely informed the Board of Directors and the management of views and expectations of the capital markets and effectively enhanced exchanges and interactions with the capital markets.

In 2022, it revised the *Measures for Investor Relations Management*. It has established a management echelon with directors, supervisors, senior management members and the Office of the Board of Directors as the vertical axis through rule-based regulation and the building of work systems, so as to ensure effective and orderly work in investor relations management.

The Company employed various channels and platforms for broadcasting including investor hotline, online interaction and communication, email, telephone conference, field visit by investors, business performance briefing, meeting with investors, roadshow and the SSE e-interaction platform, which helped improve its transparency and establish a sound image on the capital market. Moreover, the Company launched systematic training on investor relations management on a regular basis and encouraged senior management members to attend training activities organized by regulators so as to improve the professional quality of investor relations management members and deepen the senior management's consciousness of the value of proactive market management.

In 2022, the Company organized several field surveys and telephone conferences, attended well-known investment banking tactics fairs at home and abroad, received several analysts and investors on survey or field trips, answered a number of hotline calls from investors and responded to 205 questions on the SSE e-interaction platform.

Promoting green operation

Carbon emission management

In compliance with such laws and regulations as the *Environmental Protection Law of the People's Republic of China*, the Company insisted on energy conservation and environmental protection and pressed forward with green operation to implement the country's carbon peaking and carbon neutrality strategy. In the reporting period, the Company found no confirmed environmental violations with a significant impact on the Company.

In 2022, the Company vigorously advocated the concept of environment-friendly office and tried to reduce wastes of resources in the office through calling for paperless office, temperature caps of air conditioners, green travel and green meeting.

Green Office Measures



Active efforts in energy conservation

- The Company capped temperature of air conditioners within a reasonable range in winter and in summer; employees were required to switch off all lights before leaving the office.
- The Company rebuilt power switch circuits in kitchen to make energy use more reasonable. Large kitchen equipment is now powered off during lunch break to reduce energy consumption.



Advocacy for green travel

- The Company advocated “green travel”, reinforced the management of corporate vehicle use and encourage employees of opting for public transport means on business errands.



Promotion of paperless office

- The Company made a plan on office supplies recycling for energy saving and environmental protection to encourage paperless office.
- The Company popularized electronic meetings to reduce paper use for meeting materials.
- In 2022, the Company recorded 300,000 paperless office incidences, saving about 1.5 million sheets in total.

The Company currently has five data centers (computer rooms), including the self-owned data center in Zhangjiang High-tech Park and the computer room at the headquarters building Haitong Tower, and the rented computer room in the SSE Waigaoqiao Satellite Earth Station, the computer room at the SSE Jinqiao, and the remote disaster recovery computer room in the SZSE Southern Centre. In 2022, the Company made active efforts to make its data centers greener, trying to reduce energy consumption of the data centers by installing PV equipment, prolonging natural cooling and so on.



Greening the Data Center in Zhangjiang Hi-tech Park

In 2022, the data center in Zhangjiang High-tech Park, in addition to employing various energy-saving equipment such as natural cooling plate heat exchanger, variable-frequency water pump and LED lighting, introduced clean energy, installed PV equipment, and at the same time, prolonged the service time of natural cooling and optimized air distribution in the computer rooms, thereby effectively improving the utilization of energy consumption of infrastructure in the dynamic environment of the data center.

Deploying clean energy

- The data center in Zhangjiang High-tech Park has installed PV power generation equipment with an installed capacity of 64.31kW, covering 301.34 m². The equipment has been connected to the power supply of Building D and DET computer rooms. Specifically, electricity consumption of powered equipment and facilities in the DTE computer rooms has been fully covered by PV energy.
- The PV equipment installed in the data center is expected to generate 51,475kWh of electricity each year, equivalent to 18.5 tons of standard coals, reducing carbon dioxide emissions by 51 tons, nitrogen oxides emissions by 0.769 tons and carbon dust emissions by 0.15 tons.

Optimizing air distribution

- In 2022, the data center in Zhangjiang High-tech Park reduced energy consumption of precision air conditioners by 1,285,665kWh about 67.9% from 1,892,371kWh in 2021 to 606,706kWh by optimizing air distribution in the computer rooms.

Prolonging natural cooling

- In December 2022, the average monthly PUE of the data center in Zhangjiang High-tech Park dropped remarkably from 2.03 in 2021 to 1.34 as a result of the use of natural cooling.



PV power equipment in the data center in Zhangjiang High-tech Park



Energy-Saving Design of the Haitong Bund Finance Plaza

The design and construction of the Company's new office building, Haitong Bund Finance Plaza, are in strict conformity with the *Design Standard for Energy Efficiency of Public Building*, the *Thermal Design Code for Civil Building* and the *Assessment Standard for Green Building*, so it has received the "Certificate of Green Building Design Label" and the LEED (Leadership in Energy and Environmental Design) certificate in 2022.

The headquarters building was adopt high energy efficiency and environment-friendly construction. For example, natural inorganic materials, such as natural inorganic paint, natural wood veneer, etc., were used for fitting up, which can effectively reduce pollutant emissions and extend the service life of the materials. LED lighting has been installed to reduce energy consumption of lights; intelligent lighting control system and intelligent air conditioning control system have also been installed to reasonably control use status of lighting and air conditioners in all areas, thus effectively reducing energy consumption.



Certificate of Green Building Design Label for the Haitong Bund Finance Plaza



LEED certificate for the Haitong Bund Finance Plaza

Water resources management

As the Company is a financial enterprise, water is mainly consumed in office, and water consumed is mainly from municipal water supplies. The Company has set a quantitative target for water resources management: reducing water consumption per unit area by 38.64% in 2025 as compared to that in 2020. In 2022, it actively pressed forward with water resources management towards the 2025 target through smart water conservation facilities, water saving advocacy and wastewater management.

Water Resources Management Measures

Water usage reduction design

- The Haitong Bund Financial Plaza is equipped with motion sensing faucets, motion sensing closetool, etc., as well as intelligent water meters to monitor water consumption in each area so that targeted measures tailored to different situations can be taken to save water.
- The data center in Zhangjiang High-tech Park continued to use the circulating water system with advanced technology to effectively control the floating rate and evaporation rate of the circulating cooling water. At the same time, when the overall IT load was quite low at the beginning of 2022, air-cooled water chillers were used to reduce water usage without increasing power use based on tests.

Strengthening water use management

- Water-efficient apparatuses were preferred in procurement; water-consuming equipment was maintained regularly to avoid waste of water resources.
- Intelligent water meters were used for smart water conservation management.

Advocating for water conservation

- Employees were advocated to reduce water consumption by sending emails and new media promotions to bring water conservation into their awareness.

Standardizing wastewater management

- Sticking to the environment-friendly operation concept, the Company had wastewater produced in office processed by the urban sewage processing plant.

Wastes management

As a financial enterprise, the Company's main waste generated is non-hazardous wastes such as kitchen waste, office paper, express box and glass, and some hazardous wastes like old computer and toner cartridge. The Company has set work objectives for continuously improving its waste management, and in the future it will gradually refine identification and statistics of waste sources, with an aim to keep unit area productions of both hazardous and non-hazardous wastes at a low level.

Wastes Management Actions

Waste sorting

The Company sorted wastes in strict accordance with the *Administrative Regulations of Shanghai on Domestic Garbage*. Office and domestic garbage were collected and shipped away by the property management company. Electronic wastes such as computer, printer, server and exchanger were stored in a place and regularly disposed of by qualified companies as authorized by the Company.

Waste reduction action

The Company actively advocated for waste management, and popularized such environment-friendly ideas as garbage sorting and food saving through putting up posters and so on. At the same time, it optimized its OA system, financial text review system, etc. to reduce paper use and waste in office.

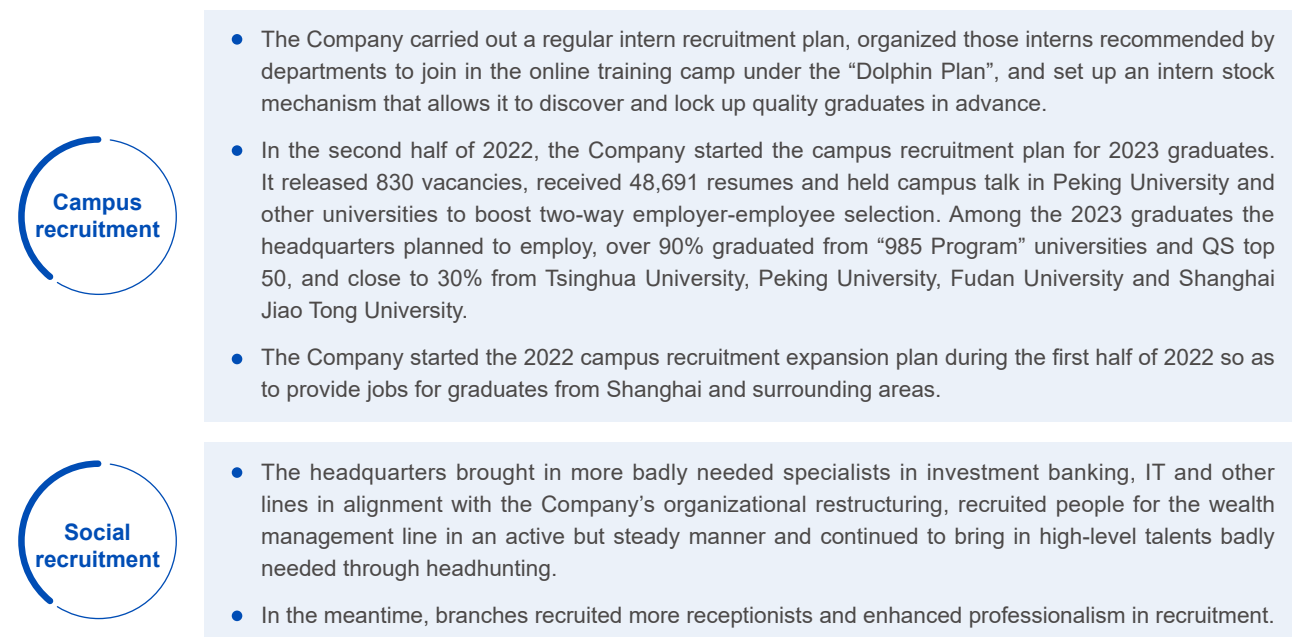
Improving staff management

Employment and employee diversity

The Company has always adhered to the people-oriented talent strategy, attached importance to recruitment of competent people, stepped up efforts in structural optimization and development of the team, and widely pooled excellent employees through diverse recruitment channels including campus recruitment, social recruitment, headhunting recruitment and so on to gradually optimize its talent reserves of different categories.

In response to the call for “stabilizing growth and promoting employment”, the headquarters, in collaboration with branches and subsidiaries, gave full play to the Group’s advantage in synergy, stepped up resources sharing, made integrated plans and carried out campus recruitment in an orderly manner. Close to 80 “recruitment promotion ambassadors” from across the Group, guided by the concept of “One Haitong”, narrated stories of young people working for Haitong from the perspective of young people and in their favored ways in a promotional video shot for campus recruitment. The video established the brand image of the employer as “One Haitong”.

Recruitments in 2022



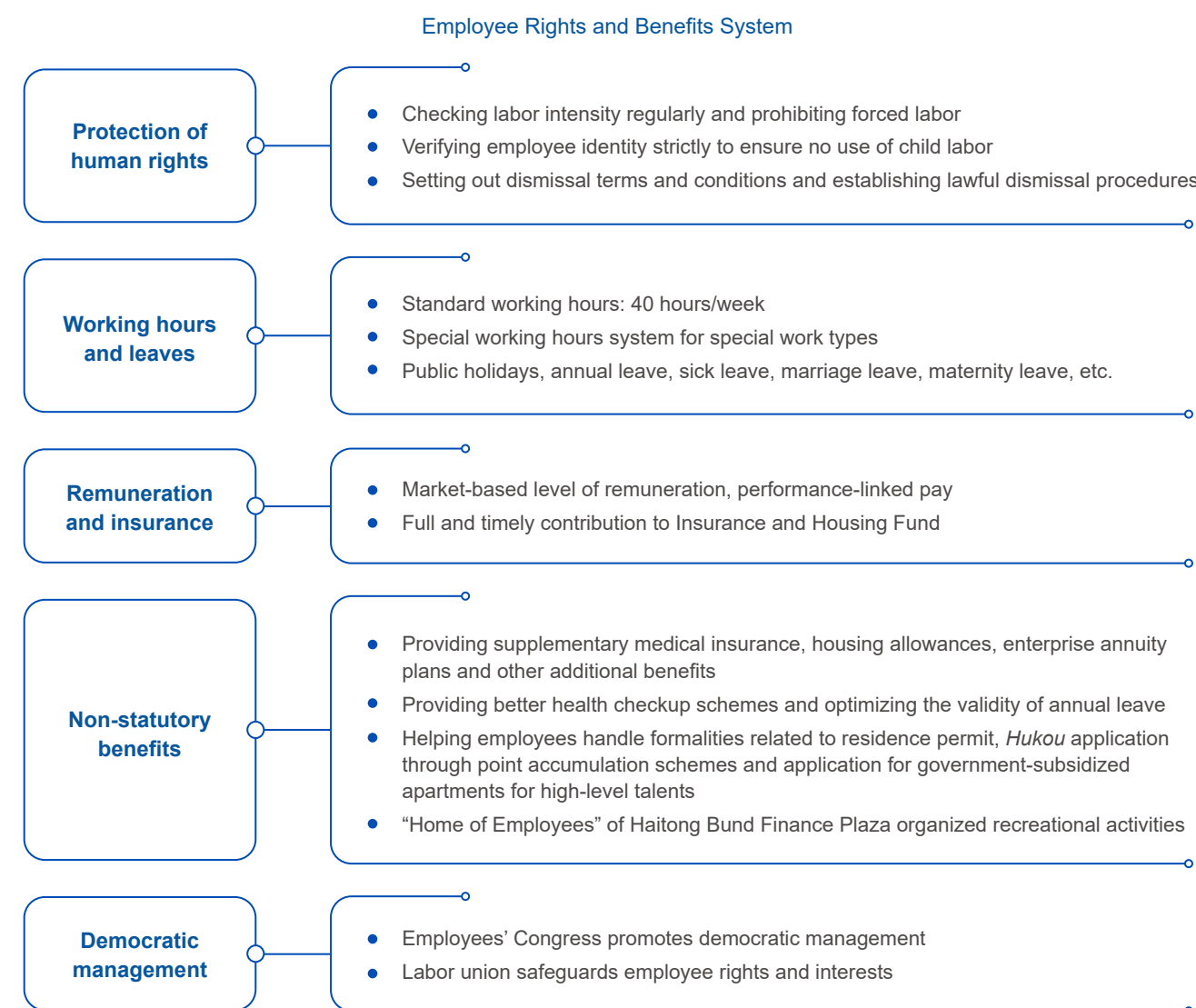
In 2022, the Company formulated the recruitment allocation management measures and relevant detailed rules, and revised the labor contract management measures and other policies and rules. At the same time, it has completed the building of a local employee inventory-taking system, put into use a company-wide recruitment system and realized an improvement in digital transformation and professionalism of talent management work. In addition, the Company optimized the personnel changes management procedures by sorting out the system operations and standardizing relevant documents, and prudently handled and effectively reduced personnel disputes and labor risks in the process of personnel management.

Haitong Securities recruited and employed people in strict accordance with the *Labor Law of the People’s Republic of China*, the *Labor Contract Law of the People’s Republic of China* and other national laws and regulations. In the process of recruitment, the Company got to know and verify the identity of prospective employees and resolutely refused under-aged labors; in the process of employment, it regularly checked labor intensity and banned forced labor. In 2022, the Company had no irregularities of child labor use or forced labor.

Moreover, the Company actively practiced concepts of equal employment opportunity, anti-discrimination, etc. through ensuring equal rights and interests to female workers and employees of ethnic minority. 41.8% of employees newly recruited in 2022 were female, and 2.5% were ethnic minorities.

Protection of employee rights and benefits

With importance attached to employee rights and benefits, the Company offered employees assistance, care, health management services, protection of female workers and other services that employees needed through the labor union, creating a safe, healthy and warm-hearted working environment for the staff. The Company managed employees’ human rights protection, remuneration and benefits, working hours, leaves and democratic participation properly in accordance with relevant in-house policies and implementation rules, including the *Employee Handbook*, the *Provisions on Employees’ Annual Leave Management*, the *Management Measures for Remuneration of Haitong Securities Co., Ltd. (Trial)* and the *Collective Contract on Special Interests Protection of Female Employees of Haitong Securities Co., Ltd.*



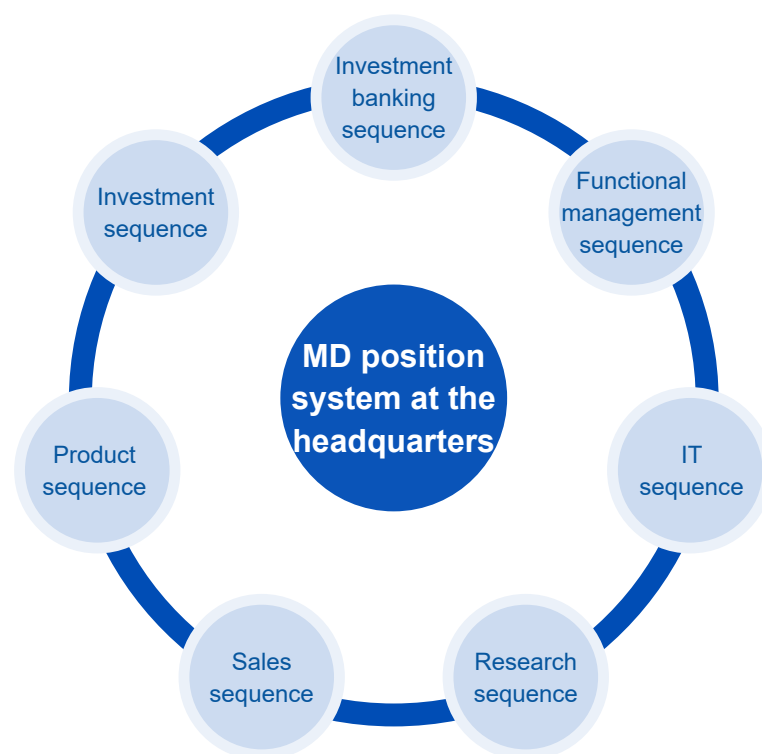
In 2022, the Company launched a diversity of training courses and programs for employees, especially female workers. The Haitong Wealth Training Institute offered courses on fit keeping, health care and makeup, and organized activities in celebration of the International Women’s Day on March 8 including discussion meetings, female-topic lectures and handcrafts making activity for women employees, which received good responses from female workers.

Each year, the Company conducted employee satisfaction surveys on leaving employees to listen to their opinions on job responsibilities, working hours, work intensity, competence leverage, direct supervisor, remuneration and benefits, performance appraisal, training, company management and career development with a view to further improving the working environment and enhancing satisfaction level of in-service employees.

Improving employee promotion mechanism

The Company has always insisted on the basic principle of “rule-based, specialized and market-oriented” approach to promoting employees. It has established an MD (managing director) position system paralleling the administrative system, which expands the path of career development for employees and provides them with fair, equal access to promotion and broad space of career development.

It has drawn up the *General Provisions on the Management of Position System*, the *Management Measures of the Headquarters for Position System* and the *Management Measures of Branches for Position System*, which are designed to guide the headquarters, branches and subsidiaries to set up a position system that suits their own characteristics. The headquarters has in place the sequences of investment banking, investment, research, sales, product, functional management and IT with qualification requirements and evaluation criteria set at six dimensions, namely, academic background, seniority, business performance, competency, professional qualification, compliance & risk control. Employees can be promoted or demoted, and remuneration can be raised or lowered based on the result of annual dynamic assessment and adjustment.



MD Position System at the Headquarters

In 2022, the Company further refined its MD position system by creating specialized positions of IT management, operation, development, etc., improved performance assessment and incentives for technology personnel, and optimized differential methods of position rank determination. The position rank evaluation system was designed in a way that encourages employees to “advance fast in small steps”. Moreover, the Company pointed out career development direction for employees and helped with their ability building and career development.

Refining the performance management system

In accordance with the *Measures for Performance Management of Haitong Securities Co., Ltd.* and other policies, the Company carried out performance assessment for all employees. At the same time, it strove to build a featured performance assessment system, link the assessment results with multiple aspects, e.g. salary distribution, rank rating, performance-based salary adjustment and promotion and develop scientific and impartial performance assessment criteria.

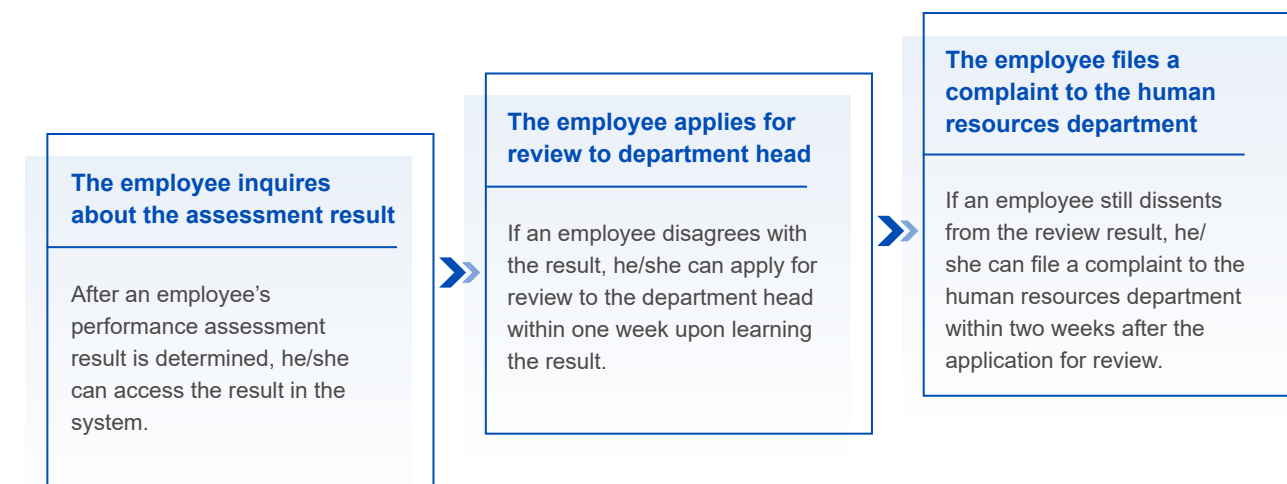
The Company carried out a closed-loop performance management which involved five links: goal setting, process control, result evaluation, feedback, and application.

Employee Performance Management Processes



In terms of performance assessment result complaints, the Company has in place an assessment result complaint handling mechanism that guarantees fairness and equality of performance assessment. As for performance assessment result complaints filed by individuals, the HR department should review evidence submitted by the employee and his/her performance assessment data in the system, and check the assessment indicators and calculation methods applied before finalizing the assessment result.

Performance Assessment Result Compliant Mechanism



The Company also protects the confidentiality of performance assessment result complaints filed by employees. Such complaints are only known by the employee in question, business supervisor and responsible person of the department and the human resources department; other people unrelated to the matter have no access to such information and no right to intervene in the matter. After an employee lodges an objection to his/her completion of quantitative indicators, the business supervisors or responsible person shall retrieve original data from the business system and cross-check it with the employee. If the employee still holds dissent after that, he/she can initiate the complaining procedures with the human resources department, which does not go through unrelated personnel and guarantees the confidentiality of employee performance appeals.



Sophisticated Complaint Handling System Ensures Satisfaction of Employees' Reasonable Appeals

In August 2022, an employee from the former Institutional and International Business Department filed an objection to the 2021 annual performance assessment result, applying for review on the completion of the quantitative indicator “average daily balance of financial products”. After double-checking the data, the department agreed to his/her application and requested the Human Resources Department to update the data and to adjust his/her assessment result.

Enhancing communication with employees

With importance attached to communication with employees, the Company built channels of communication with and reception of feedback from employees and a communication mechanism established through the Employees' Congress according to the *Articles of Association*. It used the people-centered “hotbeds” to access employees' suggestions and needs, and put into practice valuable opinions and suggestions. In this way, the Company pooled strength for its development on the one hand and helped with employees' growth on the other.

In 2022, the Company held three sessions of the Employees' Congress, where important matters such as revision of HR policies and organizational restructuring were deliberated. At the same time, it convened the first meeting on talent work, issued the *Implementation Opinions on Further Strengthening Team Building* and proposed important tasks and specific measures to further refine the talent development work mechanism regarding four aspects: advancing the implementation of the strategic talent plan, continuously improving the market-oriented talent environment, accelerating talent development at all levels and continuously stepping up measures for talent services.

Safeguarding customers' rights and interests

Improving service quality

Haitong Securities is committed to providing quality, comprehensive and professional services for customers. It has established a series of policies, procedures and standards, and designed standardized customer service process and assessment criteria for each business variety.

The Company has a customer service center, which offers a full range of standardized business operation services including online business handling, inquiries about securities trading business and follow-up customer contact. In 2022, the Company released the customer service system 1.0, established customer classification and tiering standards and released auxiliary rules, developed customer service system building plans to make its customer service management more precise, customized and science-based.

The Company set up a customer complaint acceptance institution, created complaint filing channels and publicized them in various ways. The Company conducted a survey on satisfaction with services of customer service agents after they offered telephone or online services to customers, and timely followed up dissatisfaction feedback by talking with the dissatisfied customer, sorted out and discussed such feedback, and timely corrected service problems reflected in the feedback.

In 2022, among the **105,237** telephone service evaluations of the customer service center, **105,132** were “satisfied”, representing an overall satisfaction rate of **99.9%**, up **0.3** percentage point over 2021, and keeping at a high level.

The Company continuously explored the practice of building a smart customer service system in the pursuit of wider coverage of customer groups with less human resources. It has achieved the following in terms of smart customer service in 2022:

- Around-the-clock AI services accounted for **86%**.
- Customer contacts were operated by AI in **10**-odd follow-up scenarios cumulatively, in the place of manual customer contacts of about **120,000** hours, saving branches **63** full-time customer service agents doing the job on average each day.
- Interactive Voice Response (IVR) cumulatively provided services of close to **4,000** hours, saving **5** full-time customer service agents answering incoming calls on an average daily basis.
- Smart quality inspection will gradually realize **100%** quality inspection coverage of all telephone services and follow-up customer contacts.

Advertising and marketing compliance

The Company has formulated the *Management Measures of Haitong Securities Co., Ltd. for Selling Financial Products* and the *Provisions of Haitong Securities Co., Ltd. for Regulating Selling Behaviors of Financial Product Sales Persons* with a view to regulating employee's practicing behaviors, ensuring customers' access to authentic and complete product information and safeguarding legitimate rights and interests of investors, in strict accordance the requirements of the *Measures for Eligibility Management on Securities and Futures Investors*, the *Interim Provisions on the Administration of Publicity and Promotional Materials of Publicly Offered Securities Investment Funds*, the *Measures for the Administration of the Fundraising of Privately Offered Investment Funds*, the *Provisions on the Administration of Proxy Sale of Financial Products by Securities Companies*, the *Rules for Practice Self-Discipline of Fund Practitioners* and other rules and regulations. Meanwhile, the Company reinforced management and review of advertisements launched according to the *Advertisement Law of the People's Republic of China* and governing regulatory requirements.

In 2022, the Company found no violations related to product or service information and label and no violations of marketing and promotional provisions.

Guaranteeing information security

Following the policy of “clear responsibilities, reasonable authorization, standard procedures and combination of technology and management” and the requirements of the *Data Security Law of the People’s Republic of China*, the *Personal Information Protection Law of the People’s Republic of China*, the *Regulations of the People’s Republic of China on the Security Protection of Computer Information Systems*, etc., the Company formulated a number of policies including the *Management Measures of Haitong Securities Co., Ltd. for Information Security* and the *Management Measures of Haitong Securities Co., Ltd. for Network System Security* to regulate the management of customer information and transaction data, thereby protecting information security and transaction security of all customers. The Company had no customer information leakage in 2022.

Information Security Governance Measures in 2022



Refining policies

- The Company formulated three policies including the *Management Measures for Customer Information* and the *Management Measures for Personal Information and Privacy Security Protection* and revised two policies.



Management improvement

- The Company conducted the corporate data governance assessment and certification project and continued to push forward uniform customer information management and classified, tiered data management.



Special self-inspection

- It launched a special self-inspection campaign, where business departments were required to comb through customer information protection of systems in their charge and put forth measures for improvement. The campaign aimed at figuring out the situation of customer information protection in business systems.
- The Company conducted a self-inspection on personal information protection with respect to subsidiaries’ APPs and strengthened operational management of personal information protection of subsidiaries’ APPs.



Greater publicity

- 10 promotional activities were organized to timely popularize the country’s laws, regulations and industry standards with respect to data security of personal information, data governance and so on.



Internal and external audits

- The Company conduct annual special audit on IT governance to examine data security and data governance. At the same time, the Company organize internal and external independent audit annually based on ISO27001 in order to implement audit-based management of information security governance.

The Company set up the Company Network and Information Security Leading Group and the Information Security Leading Group Office under it. The Group is responsible for overall planning, organization, coordination and implementation of the Company’s network and information security work. Under the IT Governance Committee there is the Data Governance Work Office responsible for facilitation, execution and implementation of data governance work. Chairman of the IT Governance Committee, who is also the Board member, takes charge of supervision and administration of the Company’s data security and privacy protection.

Developing Information Security Capacity Measures

Development of overall information security capacity

- Guided by the “systematic, routinized and real battle-based” principle, the Data Center kept putting more resources into the development of the information security operation platform, and built up its information security capability from the five dimensions, namely, prediction, protection, response, detection, continuous monitoring and operation.
- In terms of inter-department collaboration within the Group, the Company set up a “beacon tower” of integrated commands for branches and subsidiaries, realized internal sharing of threat information and collaborative handling, and put in place a whole set of technology self-examination systems and responsibility fulfillment systems covering the headquarters, branches, subsidiaries and service providers.

Prevention of network security events and coping measures

- The Company developed and implemented measures for proactive prevention and passive handling of network security events to guard against the risk of data leakage. Preventive measures include data isolation of production and test environments, firewall, network isolation, two-factor verification of some systems, information security training and so on. As for passive coping, the Company drew up contingency plans for network security events and regularly carried out emergency drills.

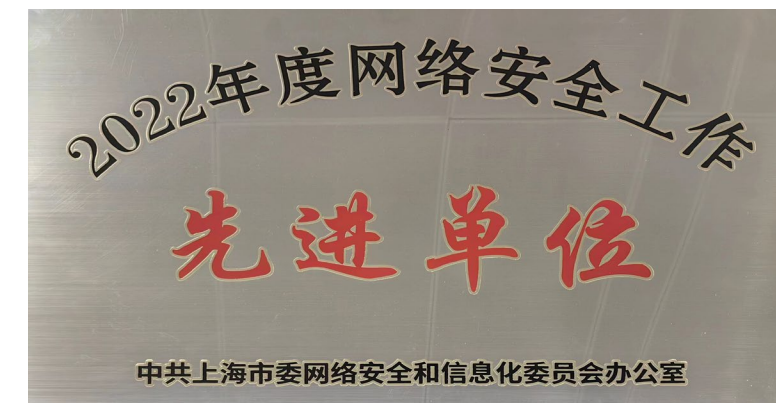
Confrontational drill on network security

- In 2022, Haitong Securities was rated “Excellence” in the national network security drill. The Company set up a drill leading group and a drill workforce, and convened mobilization meetings at various levels.
- The Data Center conducted two “Red-Blue-Purple” confrontational drills each year to verify the effectiveness of the preventive measures and enhance the battle power of the network security team. Besides, it took stock of each and every drill conducted, summarized experience and developed special actions to correct problems found, such as actions to narrow down exposures, fortify passwords and authority and so on. The prevention and testing capability was 100% covered, and tactics iteration and security events were subject to daily whole-process close-loop management. The operational security platform realized around-the-clock monitoring.

In addition, the Company checked APPs for customers, improved system features, provide users with clear notice and obtain all required consents regarding data uses, improved the customer service agreement and privacy protection policy and created a list of personal information for collection and use and a list of personal information for sharing with third parties. The Company fully discloses personal rights and informs customers of data uses and others in the privacy agreement. According to state laws and internal provisions, the Company minimizes data collection and retention in the process of business handling. Moreover, it stepped up promotion and training of personal information privacy protection by means of columns, training videos, etc. across the Group.



Data Center of Haitong Securities
obtained ISO27001 certification



In 2022, Haitong Securities received the honor of
“Excellence in Network Security in Shanghai”

Protecting intellectual property rights

The Company strictly abided by the *Trademark Law of the People's Republic of China*, the *Patent Law of the People's Republic of China*, the *Copyright Law of the People's Republic of China* and the *Regulation on Computers Software Protection* and other national laws and regulations. In 2022, it continued to refine the management of intangible assets including patent, technology, software and trademark, formulated the *Management Measures of Haitong Securities Co., Ltd. for Technology Intellectual Property Rights (Trial)* and implemented the requirements for technology IPR management and protection.

Meanwhile, the Company increased inputs into copyright-protected software, developed a software legalization plan and pressed for its implementation. It also promoted technology innovation through encouraging IPR creation. As of the end of 2022, it had cumulatively obtained 15 patents, 68 copyrights and 21 trademarks of the “e-Hai” series. In strict accordance with the IPR protection requirements, the Company required, in its software development contract templates for IT service providers, software developers to guarantee that software and software development service infringe no IPR or other rights of any third party and that all software, tools, etc. used by service personnel entrusted shall have authorization and not prejudice IPR, ownership or right of use of any third party.

Standardizing procurement management

As a financial enterprise, Haitong Securities makes three types of procurement: technology procurement, infrastructure procurement and general procurement.

Procurements Types and Contents

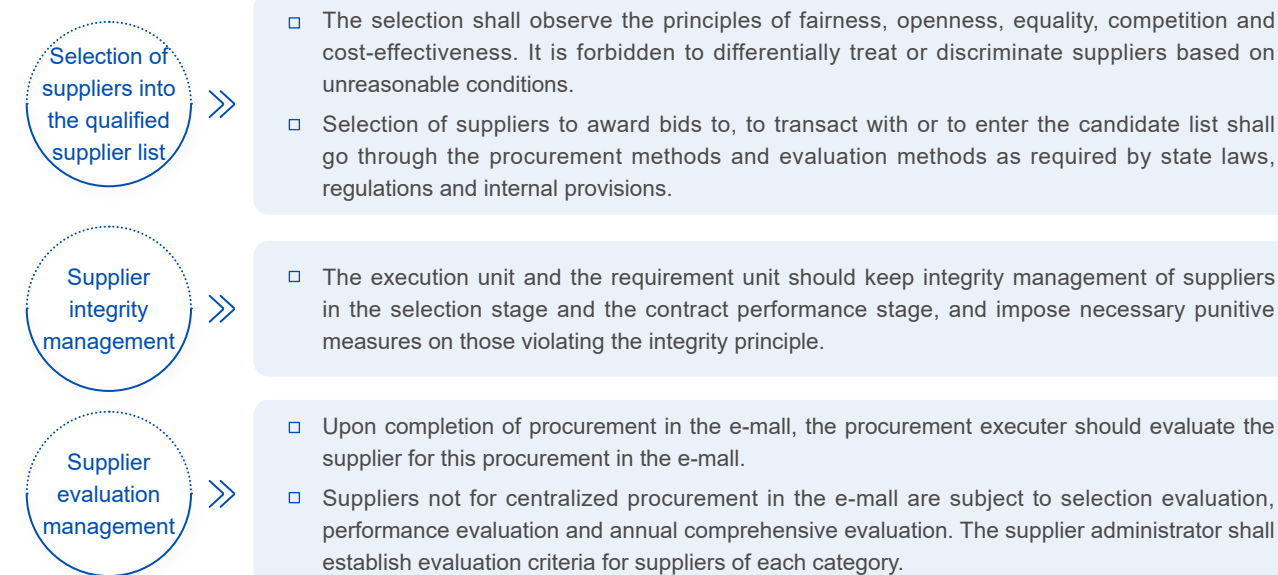
Types	Contents
Technology procurement	Procuring hardware, software, infrastructure and services related to information technology
Infrastructure procurement	Procuring goods, engineering projects and services related to construction, rebuilding, extension, fitting-up, demolition and repair of buildings and structures
General procurement	Procuring goods such as furniture, vehicles and office electrical appliances as well as services such as legal advisory service, investment consultation, assessment and testing services, insurance services, etc.

In strict accordance with the *Tendering and Bidding Law of the People's Republic of China*, the *Regulation on the Implementation of the Bidding Law of the People's Republic of China* and other governing laws and regulations, the Company formulated or revised the *Supplier Management Measures of Haitong Securities Co., Ltd. (Trial)*, the *Rules of Haitong Securities Co., Ltd. for IT Service Providers* and the *Implementation Rules of Haitong Securities Co., Ltd. for Engaging Third-Party Service Providers for Investment Banking Projects (Trial)* to strictly press forward with supplier management and practice green and clean procurement.

The Company has set up a uniform procurement management system featuring vertical collaboration and cross-department coordination. Procurement activities were subject to decision making and administration by relevant units as per the division of responsibilities. The Company set up the Procurement Management Committee. The Committee is composed of people from the Planning and Finance Department, the former Compliance and Legal Department and the Audit Department, each taking responsibility for auditing and overseeing the authenticity, compliance and security of procurement behaviors. Under the Committee there are a technology procurement workforce and an infrastructure procurement workforce responsible for execution of specific procurement work.

In 2022, the Company further refined the mechanisms related to selection, access and management of suppliers. The *Supplier Management Measures of Haitong Securities Co., Ltd. (Trial)* explicitly provides for definition and procedures of selecting suppliers into the qualified supplier list, and stipulated particulars, procedures and measures with respect to supplier integrity management, supplier evaluation management, awards and punishments, exit and so on.

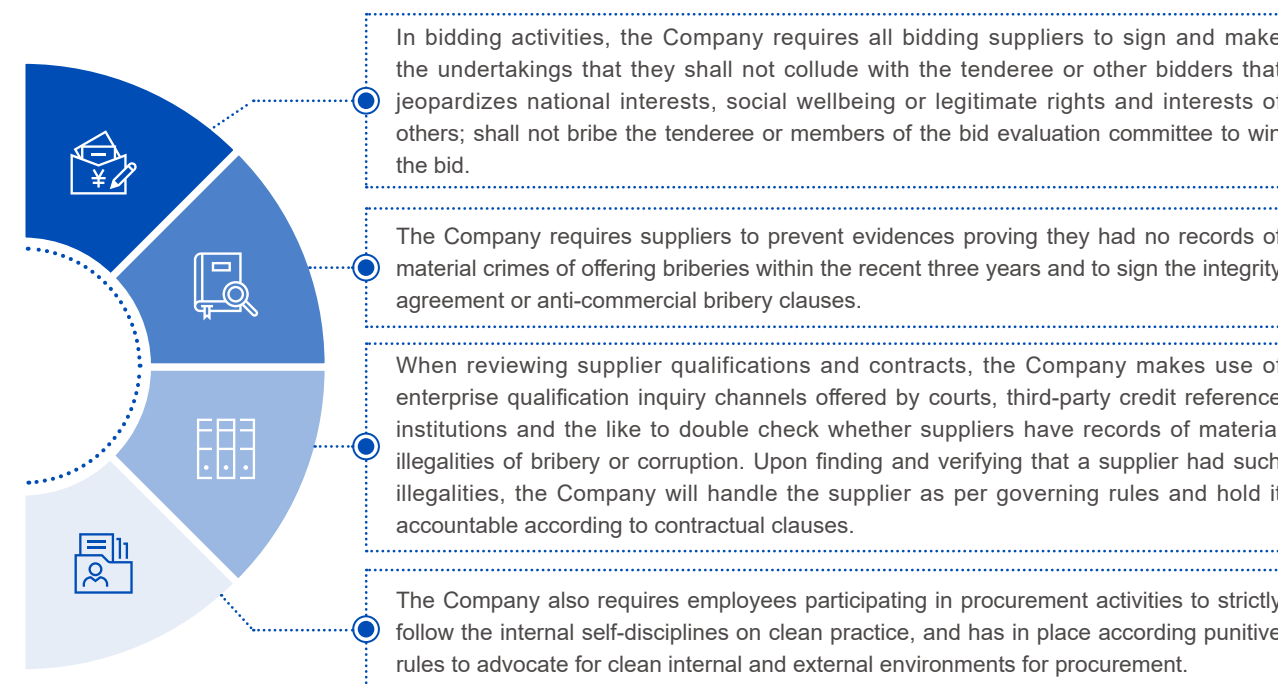
Routinized Supplier Management Measures



In terms of green procurement, Article 4 of the *Management Measures for Centralized Procurement of Haitong Securities Co., Ltd. (Trial)* promulgated and implemented in October 2022 explicitly provides that centralized procurement shall opt for products meeting energy conservation and environment protection requirements of state policy; that in bidding for large IT equipment or electric apparatuses, the Company shall require bidders to offer products meeting China's environmental standards and energy consumption standards, and give additional points in supplier evaluation to those with ISO14001 environment management system certificate, national green product label or sophisticated enterprise green management system.

In terms of clean procurement, the Company has stipulated the *Statement of Haitong Securities Co., Ltd. for Supplier Management*, and strictly controlled front-end management for clean procurement to prevent the risk of corruption on the supply chain through requiring suppliers to sign the integrity agreement and present legality evidence, making inquiries with third parties and so on.

Management Measures for Honest Procurement



Key Quantitative Performance Indicators

Economic performance

Main Business Contribution Indicators

Indicator	Unit	2020	2021	2022
Revenue	RMB10,000	3,821,982.83	4,320,546.74	2,594,818.75
Profit before tax	RMB10,000	1,575,730.96	1,854,379.88	799,903.56
Total tax payment	RMB10,000	625,088.16	789,252.51	856,043.30
Total assets	RMB10,000	69,407,335.07	74,492,514.94	75,360,757.71
Basic earnings per share	RMB	0.90	0.98	0.50
Social contribution value per share ¹	RMB	2.96	3.03	2.24

Note 1: Social contribution value per share = (net profit + payments to government + employee wages and benefits + loan interest paid to banks and other creditors + value created for other stakeholders such as donations - other social costs incurred by environmental pollution, etc.) / total number of shares of the Company.

Environmental performance

GHG Emissions and Energy Efficiency Indicators^{1,2}

Indicator	Unit	2020	2021	2022
GHG emissions	Ton of CO ₂ equivalent	11,967.41	41,397.26	53,957.87
Scope 1 GHG emissions	Ton of CO ₂ equivalent	811.74	3,090.91	2,052.80
Scope 2 GHG emissions	Ton of CO ₂ equivalent	8,905.83	24,714.90	31,197.94
Scope 3 GHG emissions	Ton of CO ₂ equivalent	2,249.84	13,591.45	20,707.13
GHG emissions per unit area (Scope 1 and Scope 2)	Ton of CO ₂ equivalent/m ²	0.10	0.09	0.08
Total office power consumption	kWh	10,839,657	42,538,554	40,613,754
Power consumption per unit area	kWh/m ²	111.57	140.17	131.29
Total natural gas consumption	m ³	84,544	132,603	126,734
Natural gasoline consumption per unit area	m ³ /m ²	1.97	1.56	1.49
Total gas consumption of the Company's own vehicles	Liter	232,179.07	1,035,447.74	666,395.21
Energy consumption of Data Centers in the Headquarters of Haitong Securities	kWh	8,826,320	15,925,166	18,640,335
Total energy consumption of the Company's own data centers	kWh	4,913,244	11,814,382	14,090,683
Energy consumption of the Guangdong Road Computer Room in the Headquarters of Haitong Securities	kWh	4,913,244	4,857,142	4,271,571
Energy consumption of the Data Centre in Zhangjiang Hi-tech Park ³	kWh	—	6,957,240	9,819,112

Indicator	Unit	2020	2021	2022
Total energy consumption of rented data centers	kWh	3,913,076	4,110,784	4,549,652
Energy consumption of the Remote Disaster Recovery Computer Room in SZSE Southern Centre	kWh	2,851,549	3,059,431	3,821,200
Energy consumption of the Computer Room in SSE Waigaoqiao Satellite Earth Station	kWh	1,061,527	970,000	469,003
Energy consumption of SSE Jinqiao Computer Room	kWh	—	81,353	259,449

Note 1: The range of GHG emissions includes Scope 1, Scope 2 and Scope 3 GHG emissions. In 2022, the statistics data on Scope 1 (gas and gasoline consumption of own vehicles) and Scope 2 (electricity consumption of office) cover the headquarters and branches of the parent company of Haitong Securities, Haitong International Securities and its consolidated subsidiaries (only in Hong Kong), Haitong UniTrust and its consolidated subsidiaries, as well as six subsidiaries, namely Haitong Capital, Haitong Futures, Haitong-Fortis Private Equity Fund Management, HFT Investment Management, Haitong Securities Asset Management, and Haitong Innovation Securities, and their branch institutions; the statistics data on Scope 2 (electricity consumption of own data center) cover the parent company of Haitong Securities only; the statistics data on Scope 3 (electricity consumption of leasing data center) cover the parent company of Haitong Securities; the statistics data on Scope 3 (staff's business trips) cover the headquarters of parent company of Haitong Securities, Haitong International Securities and its consolidated subsidiaries (only in Hong Kong), and six subsidiaries, namely Haitong Capital, Haitong Futures, Haitong-Fortis Private Equity Fund Management, HFT Investment Management, Haitong Securities Asset Management, and Haitong Innovation Securities, and their branch institutions. In addition, the statistics for 2020 and 2021 are detailed in the *CSR Report 2021 of Haitong Securities Co., Ltd.*

Note 2: In 2022, the calculation method and coefficients for Scope 1 are based on the *How to Prepare an ESG Report? Appendix 2: Reporting Guidance on Environmental KPIs* (May 2021) issued by the SEHK, the *Guidelines on GHG Emissions Accounting Method and Reporting for Enterprises Power Generation Facilities* (2022) issued by the Ministry of Ecology and Environment, and the *Yearbook on China Energy Statistics for 2021* (2022) issued by the National Bureau of Statistics. The calculation method and coefficients for Scope 2 are based on the *Notice on the Management of GHG Emissions Reporting by Enterprises in the Power Generation Industry for 2023-2025* issued by the Ministry of Ecology and Environment. The calculation method and coefficients for Scope 3 are based on the calculation tool for Scope 3 estimation in the Greenhouse Gas Protocol. In addition, the calculation methods and coefficients for GHG emissions of 2020 and 2021 are detailed in the *CSR Report 2021 of Haitong Securities Co., Ltd.*

Note 3: The big changes in power consumption in 2022 resulted from a big increase in IT loads over 2021 due to application system relocation of the data center in Zhangjiang Hi-tech Park.

Water Consumption Performance Indicators¹

Indicator	Unit	2020	2021	2022
Total water consumption	Ton	40,496.47	147,555.32	109,600.74
Water consumption per unit area	Ton/m ²	0.45	0.49	0.30

Note 1: In 2022, the statistics data cover the headquarters and branches of the parent company of Haitong Securities, Haitong International Securities and its consolidated subsidiaries (only in Hong Kong), Haitong UniTrust and its consolidated subsidiaries, as well as six subsidiaries, namely Haitong Capital, Haitong Futures, Haitong-Fortis Private Equity Fund Management, HFT Investment Management, Haitong Securities Asset Management, and Haitong Innovation Securities, and their branch institutions. In addition, the statistics for 2020 and 2021 are detailed in the *CSR Report 2021 of Haitong Securities Co., Ltd.*

Waste-related Performance Indicators¹

Indicator	Unit	2020	2021	2022
Number of paperless office operations	Time	245,945	200,966	300,113
Number of sheets saved by paperless office ²	Sheet	1,229,725	1,004,830	1,500,565
Quantity of electronic wastes ³	Piece	915	625	663

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

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

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

Employment performance

Employment Performance Indicators¹

Indicator		Unit	2020	2021	2022
Total staff number		Person	5,910	6,146	6,584
By gender	Male	Person	3,371	3,496	3,739
	Female	Person	2,539	2,650	2,845
By employment type	Full-time labor contractual employees	Person	5,910	6,146	6,584
	Full-time external contractual employees	Person	0	0	0
	Part-time employees	Person	0	0	0
By age group	> 50 years old	Person	495	576	671
	30 to 50 years old	Person	3,920	4,070	4,271
	< 30 years old	Person	1,495	1,500	1,642
By geographic region	Mainland China	Person	5,904	6,146	6,584
	Overseas (including Hong Kong, Macao and Taiwan of China)	Person	6	0	0
Employee turnover rate ²		%	5.47	6.54	4.55
By gender	Male	%	6.44	7.78	5.00
	Female	%	4.17	4.91	3.97
By age group	> 50 years old	%	0.81	1.04	0.30
	30 to 50 years old	%	4.59	6.09	4.47
	< 30 years old	%	9.3	9.47	6.52
By geographic region	Mainland China	%	5.47	6.54	4.55
	Overseas (including Hong Kong, Macao and Taiwan of China)	%	0	0	0

Note 1: The data covers the headquarters of Haitong Securities.

Note 2: The turnover rate of a category of employees = number of employees in this category leaving the Company during the year / number of employees in this category at the end of the year.

Employee training and development

Employee Training Performance Indicators¹

Indicator		Unit	2020	2021	2022
Number of employees trained		Person-time	360,000	350,000	348,177
Employee training expenditure		RMB10,000	635.00	780.00	715.00
Coverage of employee training ²		%	100	100	100
By gender	Female	%	42.96	43.12	43.24
	Male	%	57.04	56.88	56.76
By employee category	Senior management	%	0.24	0.24	0.23
	Middle management	%	12.67	12.37	11.93
	Ordinary employees	%	87.09	87.39	87.84
Training hours per employee ³		Hour	33.67	33.22	42.00
By gender	Female	Hour	33.70	33.21	42.00
	Male	Hour	33.65	33.23	42.00
By employee category	Senior management	Hour	32.71	30.87	35.00
	Middle management	Hour	34.54	34.18	42.00
	Ordinary employees	Hour	33.67	32.68	42.00

Note 1: The data covers the headquarters of Haitong Securities.

Note 2: The training coverage of a category of employees = number of employees in this category trained / total number of employees trained.

Note 3: Hours of training of a category of employees per year = total hours of training received by employees in this category / total number of employees in this category.

Employee health and safety

Occupational Health and Safety Performance Indicators¹

Indicator	Unit	2020	2021	2022
Employee health checkup rate	%	100	100	100
Work-related deaths	Person	0	0	0
Working days lost due to work-related injuries	Day	0	0	0
Incidence of occupational diseases among employees	%	0	0	0

Note 1: The data covers the headquarters of Haitong Securities.

Products and services

Customer Service Performance Indicators

Indicator		Unit	2020	2021	2022
Number of customer inquiries	By telephone	Time	564,039	475,897	279,377
	Online inquiries ¹	Time	422,447	312,711	245,302
	Smart service ²	Time	2,812,413	2,153,408	1,468,024
Of which: number of complaints ³		Time	175	152	57
Ratio of complaints solved ⁴		%	100	100	100
Number of customer satisfaction surveys	By telephone	Time	68,489	58,265	38,789
	Online surveys	Time	133,454	78,482	66,448
Customer satisfaction	By telephone	%	99.83	99.08	99.97
	Online surveys	%	99.98	99.97	99.86

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

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

Note 3: The big reduction in complaints in 2022 can be largely ascribed to the fact that the Company started to allow customers to withdraw complaints in April 2021 and complaints withdrawn were no longer calculated into the total number of complaints.

Note 4: Ratio of complaints solved = number of complaints settled / total number of complaints.

Public welfare contribution performance

Public Welfare Contribution Performance Indicators

Indicator	Unit	2020	2021	2022
Number of employees participating in volunteer services	Person-time	800	7,800	8,500
Employee volunteer service hours ¹	Hour	800	9,800	32,500
Charitable donations	RMB10,000	3,184	3,137	2,867

Note 1: Employees actively participated in community health volunteer services in 2022, so the volunteer service hours of the year had a big increase.

Anti-corruption training performance

Anti-corruption Training Performance Indicators

Indicator	Unit	2020	2021	2022
Number of corruption lawsuits filed against the Group and its employees that have been ruled	Case	0	0	0
Number of anti-corruption training sessions held	Time	22	18	8
Number of employees receiving anti-corruption training	Person	281	452	264

Supplier performance

Supplier Performance Indicators

Indicator		Unit	2020	2021	2022
Total number of suppliers		/	619	734	620
By geographic region	Number of suppliers from Mainland China	/	612	725	615
	Number of suppliers from Hong Kong, Macao and Taiwan of China and overseas regions	/	7	9	5
Number of suppliers executing the Company's supplier assessment provisions governing supplier performance in terms of environment, labor and morality		/	619	734	620

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8.13	N/A
8.14	Attaching great importance to talent development Improving staff management
8.15	Developing FinTech

Index of GRI Sustainability Reporting Standards (2021)

Note:	Haitong Securities has reported the information cited in this GRI content index for January 1 to December 31, 2022 with reference to the GRI Standards.		
GRI 1 used	GRI 1: Foundation 2021		
Sustainability Reporting Standards (2021)		Sustainability Reporting Standards (2021)	
Disclosed item	Section Index	Disclosed item	Section Index
GRI 2: General disclosures 2021		GRI 201: Economic Performance 2016	
2-1	About Haitong Securities	201-1	Key Quantitative Performance Indicators
2-2	About the Report	201-2	Strengthening ESG risk management
2-3	About the Report	GRI 203: Indirect Economic Impact 2016	
2-6	About Haitong Securities	203-1	Serving the real economy
2-7	Key Quantitative Performance Indicators		Promoting rural revitalization
2-8	Key Quantitative Performance Indicators		Supporting philanthropy
2-9	About Haitong Securities	GRI 205: Anti-corruption 2016	
2-10	Refining corporate governance	205-1	Abiding by business ethic
2-11	Refining corporate governance	205-2	Abiding by business ethic
2-12	Refining corporate governance	205-3	Abiding by business ethic
2-13	Refining ESG governance	GRI 302: Energy 2016	
2-14	ESG Statement of the Board of Directors Refining ESG governance	302-1	Promoting green operation Key Quantitative Performance Indicators
2-16	Deepening the concept of ESG Refining ESG governance	302-2	Promoting green operation Key Quantitative Performance Indicators
2-17	ESG Statement of the Board of Directors Refining corporate governance	302-3	Promoting green operation Key Quantitative Performance Indicators
2-19	Refining corporate governance	302-4	Promoting green operation
2-22	ESG Statement of the Board of Directors	GRI 303: Water and Effluents 2018	
2-26	Refining ESG governance	303-3	Promoting green operation
2-27	Risk control compliance management Promoting green operation	303-5	Key Quantitative Performance Indicators
2-29	Communication with stakeholders and analysis of material topics	GRI 305: Emission 2016	
GRI 3: Material topics 2021		305-1	Key Quantitative Performance Indicators
3-1	Communication with stakeholders and analysis of material topics	305-2	Key Quantitative Performance Indicators
3-2	Communication with stakeholders and analysis of material topics	305-3	Key Quantitative Performance Indicators
3-3	Communication with stakeholders and analysis of material topics	305-4	Key Quantitative Performance Indicators

Sustainability Reporting Standards (2021)	
Disclosed item	Section Index
GRI 306: Waste 2020	
306-1	Key Quantitative Performance Indicators
306-2	Key Quantitative Performance Indicators
306-3	Key Quantitative Performance Indicators
GRI 308: Supplier Environmental Assessment 2016	
308-1	Promoting green operation
308-2	Standardizing procurement management
GRI 401: Employment 2016	
401-1	Key Quantitative Performance Indicators
401-2	Improving staff management
GRI 403: Occupational Health and Safety 2018	
403-1	Improving staff management
403-3	Improving staff management
403-4	Improving staff management
403-5	Improving staff management
403-6	Improving staff management
403-7	Improving staff management
403-8	Improving staff management
403-9	Key Quantitative Performance Indicators
GRI 404: Training and Education 2016	
404-1	Key Quantitative Performance Indicators
404-2	Attaching great importance to talent development Key Quantitative Performance Indicators
404-3	Key Quantitative Performance Indicators

Sustainability Reporting Standards (2021)	
Disclosed item	Section Index
GRI 405: Diversity and Equal Opportunity 2016	
405-1	Improving staff management Key Quantitative Performance Indicators
GRI 406: Non-discrimination 2016	
406-1	Improving staff management
GRI 408: Child Labor 2016	
408-1	Improving staff management
GRI 409: Forced or Community labor 2016	
409-1	Improving staff management
GRI 413: Local Community 2016	
413-1	Supporting philanthropy
413-2	Supporting philanthropy
GRI 414: Supplier Social Assessment 2016	
414-1	Promoting green operation
414-2	Promoting green operation
GRI 417: Marketing and Labelling 2016	
417-1	Safeguarding customers' rights and interests
417-2	Safeguarding customers' rights and interests
417-3	Safeguarding customers' rights and interests
GRI 418: Customer Privacy 2016	
418-1	Guaranteeing information security

Definitions

Definitions of common terms		
“Company” or “Haitong” or “Haitong Securities”	For	Haitong Securities Co., Ltd.
“Group”	For	The Company and its subsidiaries
“CSRC”	For	China Securities Regulatory Commission
“SSE”	For	Shanghai Stock Exchange
“SZSE”	For	Shenzhen Stock Exchange
“BSE”	For	Beijing Stock Exchange
“SEHK”	For	Stock Exchange of Hong Kong Limited
“Hong Kong Listing Rules”	For	The Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
“A Share(s)”	For	Domestic shares of the Company, with a nominal value of RMB1.00 each, which are listed and traded on the Shanghai Stock Exchange
“H Share(s)”	For	Ordinary shares of the Company with a nominal value of RMB1.00 each, which are subscribed for and traded in HK dollars and are listed on the Hong Kong Stock Exchange
“IPO”	For	Initial Public Offering
“NEEQ”	For	National Equities Exchange and Quotations
“Reporting Period”	For	January 1, 2022 to December 31, 2022
“Haitong Bank”	For	Haitong Bank, S.A
“Haitong Capital”	For	Haitong Capital Investment Co., Ltd.
“Haitong Futures”	For	Haitong Futures Co., Ltd.
“Haitong Innovation Securities”	For	Haitong Innovation Securities Investment Co., Ltd.
“Haitong International Holdings”	For	Haitong International Holdings Limited
“Haitong International” or “Haitong International Securities”	For	Haitong International Securities Group Limited, listed on the Hong Kong Stock Exchange, stock code: 665
“Haitong UniTrust”	For	Haitong UniTrust International Leasing Co., Ltd., listed on the Hong Kong Stock Exchange, stock code: 1905
“Haitong-Fortis PE”	For	Haitong-Fortis Private Equity Fund Management Co., Ltd.
“HFT Investment Management”	For	HFT Investment Management Co., Ltd.
“HT Asset Management”	For	Shanghai Haitong Securities Asset Management Co., Ltd.
“Weitai Property”	For	Weitai Properties Management Co., Ltd.
“Shanghai Zechun”	For	Shanghai Zechun Investment & Development Co., Ltd.
“Fullgoal Fund”	For	Fullgoal Fund Management Co., Ltd.

About the Report

This is the 13th CSR Report issued by Haitong Securities Co., Ltd., aiming to disclose the Company’s economic, social and environmental initiatives and accomplishments to the stakeholders.

Basis of Preparation

The Report is prepared based on the *Guideline No.1 on the Application of Self-Regulatory Rules for Listed Companies of Shanghai Stock Exchange – Regulated Operation* and the *Environmental, Social and Governance Reporting Guide* (Effective from January 1, 2022) issued by Hong Kong Stock Exchange. Meanwhile, this Report has quoted some standards from the *Standards for the Contents and Formats of Information Disclosure by Companies Offering Securities to the Public No. 2—Contents and Formats of Annual Reports (2021 Revision)* issued by the CSRC and the *Sustainability Reporting Standards (2021)* issued by the Global Reporting Initiative (GRI).

Scope of Report

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

Time span: January 1, 2022 to December 31, 2022

Frequency of issuance: The Report is issued annually.

Data Description

The data and cases in the Report are sourced from the original records or financial reports on the actual operation of Haitong Securities and its subsidiaries. The financial figures are denominated in RMB. In case of any discrepancy between the Report and the financial reports, the latter shall prevail.

Reporting Principles

The Report is prepared in accordance with the reporting principles of the *Environmental, Social and Governance Reporting Guide* issued by the Hong Kong Stock Exchange, with details specified as follows:

Materiality: The Report determines the main topics to be addressed through the identification, assessment and ranking, reporting of material topics (See the section “Communication with stakeholders and analysis of material topics”).

Quantization: The Report discloses key quantitative performance indicators (see “Key Quantitative Performance Indicators” for details), and explains the meaning of these indicators and their calculation bases and formulas.

Balance: The Report discloses all indicators, with either positive or negative information, to reflect objective facts.

Consistency: This Report specifies the statistical methods and scope of the disclosed key quantitative performance indicators, and tries the best to ensure the consistency of the indicators and calculation methods in different reporting periods, in a bid to reflect the changes in performance over time.

Publication

The Report is available in the format of PDF at

Website of Shanghai Stock Exchange (<http://www.sse.com.cn>)

Website of Stock Exchange of Hong Kong Limited (<http://www.hkexnews.hk>)

Website of Haitong Securities (<http://www.htsec.com>)



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