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ESG Statement of the Board of Directors

The Central Financial Work Conference pointed out that “finance is the lifeblood of the national economy and an important component of the country’s core competitiveness”, calling for accelerating building China into a financial powerhouse. Haitong Securities has thoroughly implemented the guiding principles from the Central Financial Work Conference, endeavored to carry out the “Five Major Tasks” in alignment with the goal of building China into a financial powerhouse and promoting high-quality financial development. By anchoring the objectives and seizing opportunities, the Company has shouldered the glorious responsibility and mission assigned to financial workers by the times.

Incorporating the ESG philosophy in its development strategy and day-to-day operation, the Company set up the Development Strategy and ESG Management Committee, the ESG Development Leading Group and the ESG Working Group, forming a three-tiered ESG governance structure and advancing the ESG planning in a top-down manner. Directors participate in the deliberation and decision-making on major ESG issues, assume the overall responsibility for the Company’s ESG work, review the annual sustainability report, clarify the significance ranking of material topics (for details, please refer to the “Communication with stakeholders and analysis of material topics” section of this report) and supervise the Company’s ESG management to ensure soundness and effectiveness.

Seeking progress while ensuring stability in a bid to pursue high-quality development.

Empowering business development with FinTech, Haitong Securities adheres to the principles of integrity, righteousness, prudence, innovation and compliance, laying a solid governance foundation for the Company’s high-quality development. In 2023, the Company built the data governance 2.0 in every respect under the “technology-driven” development strategy. It actively organized and participated in forward-looking research and industry standard formulation, in an effort to create a FinTech ecosphere while fortifying the line of defense for data security and user privacy protection. The Party building is always taken as the “red engine” for all undertakings, and the “Haitong Home” corporate culture system has been issued. Acting on the risk control philosophy of “prudent or even conservative” and the operating philosophy of “pragmatism, development, prudence and excellence”, the Company endeavored to enhance the compliance level on all fronts in 2023 as the “Consolidation Year of Compliance and Internal Control Culture”. In addition, the Company also worked hard to build a clean Haitong by actively fostering a good atmosphere of professional integrity.

Performing its social responsibilities to help develop a sustainable real economy.

In 2023, Haitong Securities sponsored and underwrote 22 IPOs with an underwriting value of RMB46.615 billion, and underwriting of 1,228 bonds, with an underwriting value of RMB484.7 billion. In terms of technology finance, the Company served nearly 60 firms going

public on the STAR Market, sponsoring 6 of the top 20 IPOs concerning total market financial scale in 2023. In terms of domestic green finance, served 11 green enterprises through green equity finance with an underwriting value of RMB24.9 billion, and underwriting various types of 46 green bonds with an underwriting value of RMB162.1 billion. The Company serves a total of 542 customers with ESG research and consulting services. The Company participated in 120 green bond investments using its own capital, with a total investment scale of RMB15.587 billion. In terms of inclusive finance, the Company used a package of capital market instruments including equity investment, private enterprise development fund, financial leasing, “insurance + futures” and asset-backed special plans to explore new ways to develop inclusive financial services. In terms of pension finance, HFT Investment Management and Fullgoal Fund was entrusted with the management of various pension funds totaling more than RMB626.776 billion. In addition, the Company has gradually improved the ESG risk management system and strengthened the ability to cope with climate-related risks and opportunities, laying the foundation for in-depth implementation of sustainable finance and enhancing comprehensive risk management capabilities.

Forging ahead with stakeholders for a shared better future.

Haitong Securities is committed to enhancing its ability to create comprehensive value for its stakeholders and building an ecosystem of responsibilities in a concerted effort with its customers, employees, the environment, the public and other main stakeholders. In 2023, by setting four objectives of customer service management and establishing customer classification and grading standards, the Company achieved an overall satisfaction rate of 99.9% for customer service centers’ telephone and online services. Adhering to the people-oriented strategy, employees were trained for 249,655 hours in the year, averaging 34.04 hours per person. In the ongoing effort to the deepen collaboration between the eastern and western regions, the Company carried out the “100 Enterprises Help 100 Villages” and the “One Company Helps One County” pairing assistance programs and optimized the “insurance + futures” financial assistance model, contributing to rural revitalization with a total investment of more than RMB4.5 million. The “Love in Haitong” Party building-led philanthropic brand was further burnished, with RMB10 million donated to establish the Shanghai Love in Haitong Public Welfare Foundation. The first “Love in Haitong” philanthropic forum was held to further disseminate the “Love in Haitong” philanthropic philosophy.

The year 2024 marks the 75th anniversary of the founding of the People’s Republic of China, and also a critical year for the implementation of the 14th Five-Year Plan and the state-owned enterprise reform enhancement initiative. The Company as a SOE will effectively play its role as a “stabilizer” and “ballast stone”, and work with major stakeholders to break new ground in financial work in a new era and help build China into a financial powerhouse through its own high-quality development.

About Haitong Securities

Company profile

Haitong Securities Co., Ltd. was established in 1988 with registered capital of RMB13.0642 billion. 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.

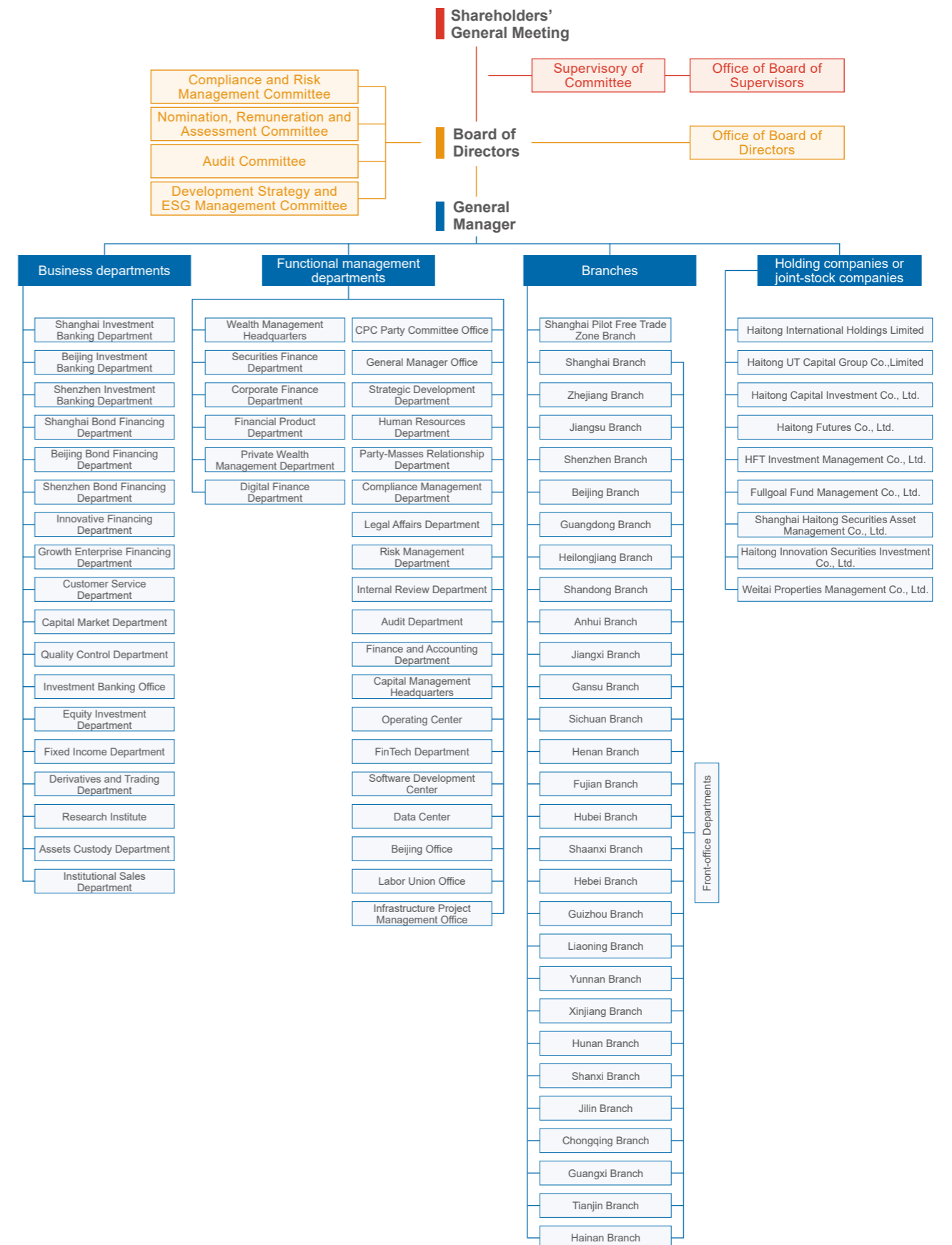
Business layout

Haitong Securities as a financial service provider 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, namely, New York, London, Singapore, Hong Kong, Shanghai and Tokyo. Haitong Securities’ subsidiaries, controlled or minority-owned, were Haitong Innovation Securities, Haitong International Holdings, Haitong Capital, UniTrust Financial Group, HT Asset Management, Weitai Property, Haitong Futures, HFT Investment Management, Fullgoal Fund^{note}. As of the end of 2023, Haitong Securities had established branches, subsidiaries or representative offices in 16 countries and regions across 5 continents. In China, it had 341 securities and futures branches spanning 30 provinces, municipalities, and autonomous regions, serving over 24 million clients domestically and internationally.



Note: Shanghai Zechun Investment Development Co., Ltd. was deregistered on February 26, 2024.

Organizational structure



ESG honors and recognitions in 2023



In 2023, Haitong Securities was rated A in MSCI ESG rating.

★★★★★



In 2023, Haitong Securities was rated B in terms of CDP Climate Change Questionnaire, ranking among the top of peers in China.

★★★★★



Hang Seng Corporate Sustainability Index Series Member 2023-2024

In 2023, Haitong Securities was rated A- in the HSSUS evaluation, and included into HSCASUSB, HSCASUS and HSMHSUS.

★★★★★



中证指数 CHINA SECURITIES INDEX

By the end of February 2024, the CSI Index rating of Haitong Securities was AA.

★★★★★

Shanghai Municipal People's Government

Shanghai Financial Innovation Achievement Awards in 2021-2022

★★★★★

State-owned Assets Supervision and Administration Commission of the State Council

CSR of State-owned Enterprises · Pioneer 100 Index (2023)

ESG of Listed State-owned Enterprises · Pioneer 100 Index (2023)

★★★★★

CCTV Financial Program Center

China Top 30 ESG Pioneer Listed Companies in Financial Sector

★★★★★

China Securities Journal

ESG Golden Bull Award in Securities Industry

★★★★★

National Business Daily

ESG Pioneer Award for Brokers

★★★★★

Shanghai Stock Exchange

Outstanding Investor Education Member

★★★★★

Local Financial Regulatory Bureau of Shenzhen Municipality

Green Financial Product Innovation Award

★★★★★

Cailian Press

ESG Finance Award of the Year

★★★★★

Caijing

Inclusive Award for Sustainable Development

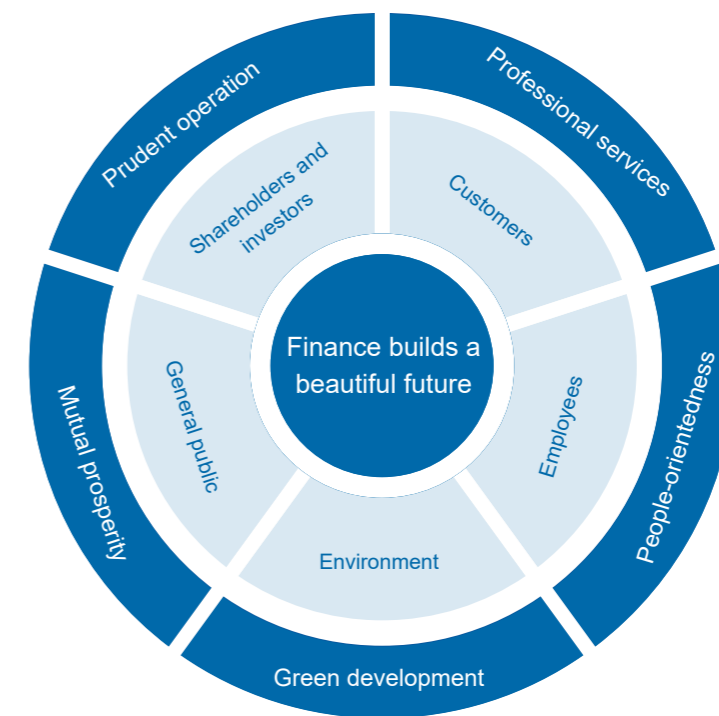
★★★★★

ESG Governance System

The ESG concept

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 ecosystem 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 main stakeholders, in a concerted effort to jointly develop and share a bright future with partners in the ecosystem.

Model of Haitong Securities' ESG Concept



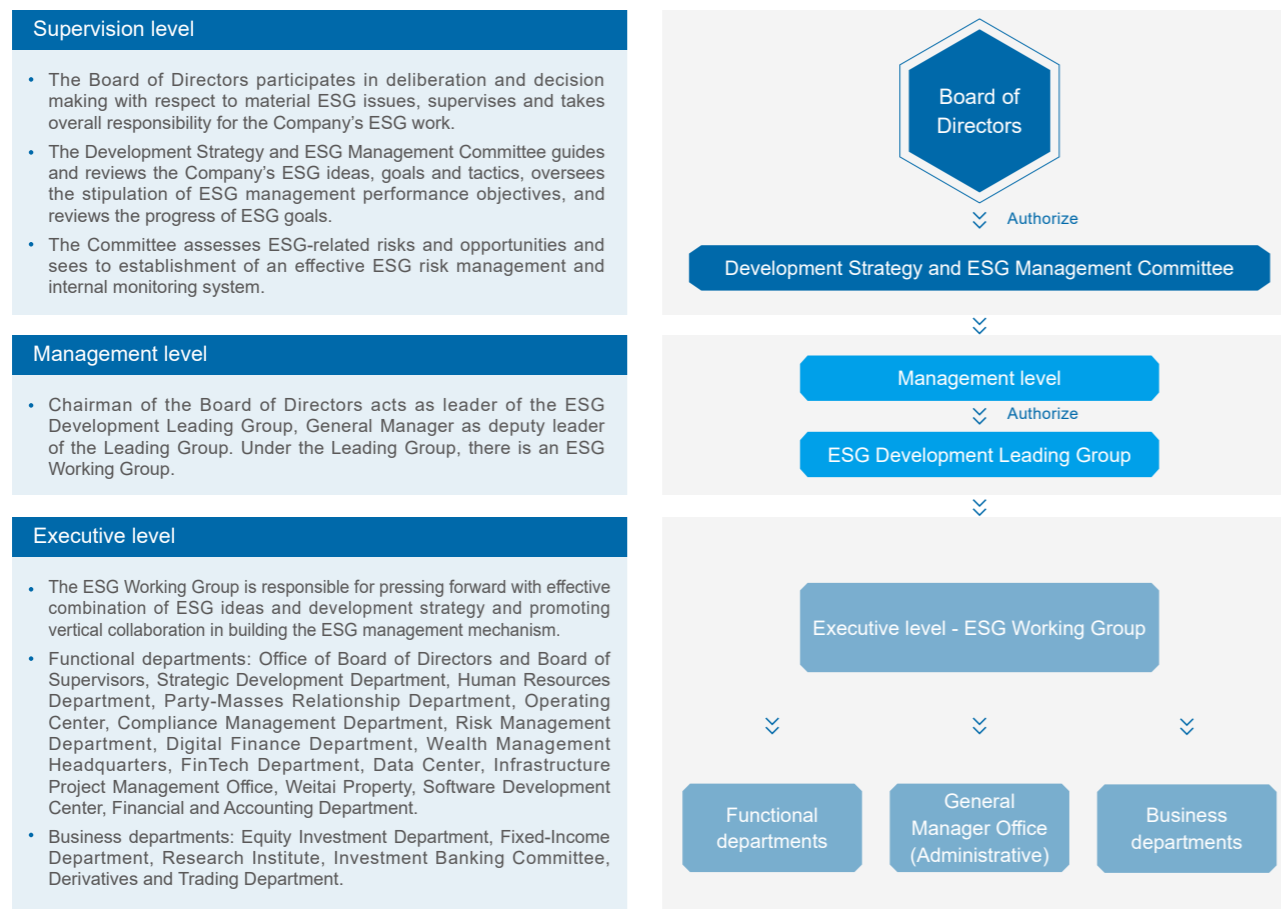
Explanation to the Model of Haitong Securities' ESG Concept

- Finance builds a beautiful future This is the core of the Company's ESG management and action as well as the fundamental engine of creating value for stakeholders.
- Prudent operation The Company acquires sustainable economic returns, creating value for shareholders and investors on the basis of prudent and compliant development.
- Professional services Capitalizing on its advantage in professionalism, the Company serves the real economy with innovative products and services, creating value for customers.
- People-orientedness The Company guarantees staff interest protection, staff training and development, etc., creating value for employees.
- Green development The Company endorses the achievement of the carbon peaking and carbon neutrality goals by means of green operation, green finance and the like, creating environmental value.
- Mutual prosperity The Company waters private enterprises, small and micro enterprises by channeling financial spring into them, develops the philanthropic brand of "Love in Haitong", and implements the rural revitalization strategy for mutual prosperity, creating value for the society.

ESG governance and management

Haitong Securities fully integrates the ESG concept into its development strategy and routine operation, continuously improves ESG governance and enhances ESG work. The Company set up the Development Strategy and ESG Management Committee, the ESG Development Leading Group and the ESG Working Group, forming a three-tiered organizational framework for ESG management. This structure ensures top-down planning and layout of the overall ESG work, promoting the standardization and effective advancement of the company's ESG management efforts.

ESG Governance Structure of Haitong Securities



Work Progress of Haitong Securities's ESG Management Bodies in 2023

Development Strategy and ESG Management Committee of the Board of Directors

- In March 2023, the *Haitong Securities Co., Ltd. 2022 CSR Report* was considered and approved at the 36th meeting of the 7th Board of Directors of the Company.
- In October 2023, the members and chairman of the new Development Strategy and ESG Management Committee were elected at the first meeting of the 8th Board of Directors of the Company. This election has further improved the Company's ESG management structure and governance system, helping persistently unleash the decision-making and supervision roles of the Company's Board of Directors and its Development Strategy and ESG Management Committee and promoting the sound and efficient implementation of the Company's ESG management.

ESG Development Leading Group and ESG Working Group

- In order to further clarify the focus of the Company's material topics management, the Company has dynamically adjusted the membership and duties of the ESG Working Group according to the actual work.
- The Company compiles and publishes the *Haitong Securities ESG Information Report* quarterly, which tracks domestic and international ESG policy developments, industry trends, and ESG rating changes. The report also highlights the key actions of ESG management for the quarter and the focus of the next stage, providing a foundation and reference for the Company to carry out ESG management actions and make ESG management decisions.

In addition, the Company created three sections for ESG Management System, ESG Update and CSR Report on the official website ([Haitong Securities ESG Column](#)). In 2023, the Company prepared and revised six statements in both Chinese and English versions, such as the *Statement on Information Security and Customer Privacy Protection Management*, the *Responsible Investment Statement* and the *Statement on ESG Risk Management* and updated the relevant sections of the ESG Column of its official website. The Company will irregularly update ESG information and regularly disclose CSR/sustainability report in these sections to increase communication with stakeholders and enhance the transparency of ESG management.

List of Management Statements Published in the ESG Column on the Company's Website

Title of document	Material topic
<i>Statement of Haitong Securities Co., Ltd. on ESG Risk Management</i>	ESG risk management
<i>Responsible Investment Statement of Haitong Securities Co., Ltd.</i>	Responsible investment
<i>Statement of Haitong Securities Co., Ltd. on Information Security and Customer Privacy Protection Management</i>	Information security and customer privacy protection
<i>Employee Rights and Development Management Statement</i>	Employee equality and diversity Employee rights and benefits Employee training and development
<i>Anti-corruption and Integrity Management Statement of Haitong Securities Co., Ltd.</i> <i>Statement of Haitong Securities Co., Ltd. for Supplier Management.</i>	Business ethics

Communication with stakeholders and analysis of material topics

Communication with stakeholders

Haitong Securities identifies the Company's main stakeholders according to its own business characteristics and operational characteristics, taking good peer practices into account. It communicates with stakeholders through various ways and channels to understand stakeholders' concerns on and expectations for the Company, so as to make informed management decisions.

Topics of Stakeholders' Concerns and Responses

Key stakeholders	Topics of concern	Methods and channels of communication
 Shareholders and investors	<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 • Regular information disclosure • Investor communication meeting • The Company's official website
 Customers	<ul style="list-style-type: none"> • FinTech empowers industry development • Customer service improvement • Investor education • Information security and customer privacy protection • Serving the real economy • Responsible marketing 	<ul style="list-style-type: none"> • Customer inquiries and complaints • Customer satisfaction surveys • Investor education activities • "e-HaitongCai", "e-Hai Fangzhou" and "e-HaitongDa" apps
 Employees	<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 • Employees' Congress
 Environment	<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
 Government bodies and regulators	<ul style="list-style-type: none"> • Comprehensive risk management • Progress in cultural construction • Compliant operation • Data governance • Investor education • Climate change and the carbon peaking and carbon neutrality goal • Promotion of green operations 	<ul style="list-style-type: none"> • Regular information disclosure • Release of culture construction report • Cooperation in regulators' data collection, reporting and verification • Participation in government surveys • Climate change risk management • Disclosure of the progress in green office
 Suppliers and partners	<ul style="list-style-type: none"> • Supplier management • Business ethics 	<ul style="list-style-type: none"> • Routine communication • Bidding activities • Supplier conference
 Community and the public	<ul style="list-style-type: none"> • Philanthropy and volunteer services • Promotion of rural revitalization • Climate change and the carbon peaking and carbon neutrality goal • Promotion of green operations 	<ul style="list-style-type: none"> • "Love in Haitong" series public welfare programs • Employee volunteer services • Green office

Identification and analysis of material topics

Material topics are the foundation and starting point of ESG management and information disclosure. In 2023, Haitong Securities evaluated and ranked the importance of topics through material topic identification, assessment and survey and reporting, created a matrix of material topic importance, and disclosed the management and performance of important material topics in the sustainability development report for the year, so as to improve response to the demands and expectations of stakeholders.

Analysis Process of Material Topics



Identification



Assessment and survey



Reporting

- Analyzed the Company's business characteristics and industry characteristics and created a bank of material topics in line with the ESG information disclosure requirements of Shanghai Stock Exchange, the Stock Exchange of Hong Kong and Shanghai SASAC.
- In order to respond more directly to regulatory and capital market requirements, the Company has adjusted the number of material topics from 19 to 22 by adding new topics and renaming topics.

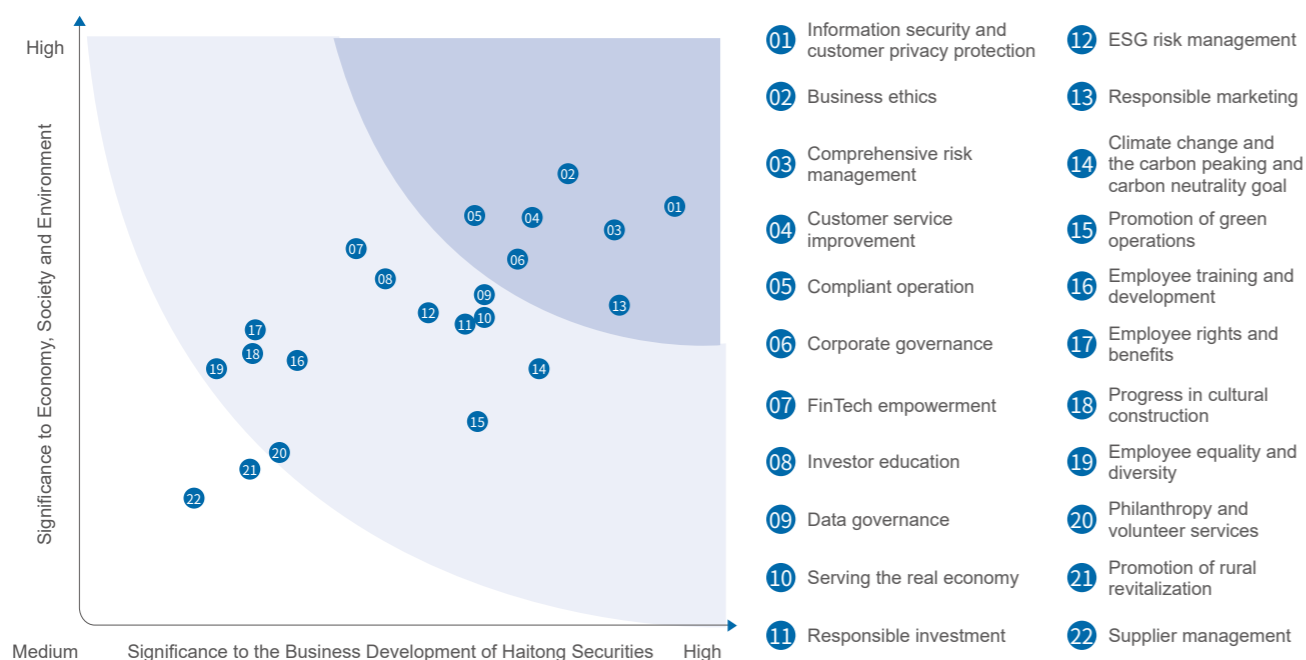
- Conducted substantive surveys on stakeholders including shareholders and investors, the Board of Directors and senior management, ordinary employees, customers, suppliers and partners, governmental bodies and regulators, community representatives and philanthropic organizations, and collected 1,174 survey responses.
- In day-to-day activities, Haitong Securities keeps communicating with stakeholders and internal and external experts, and assesses the significance of the impact of topics based on the Company's actual operations.

- By analyzing the materiality questionnaire survey responses, a matrix of material topics has been created with two dimensions, namely significance to economy, society and environment and significance to business development of the Company, taking into account major concerns of trusted ESG rating agencies at home and abroad. Topics in the matrix are ranked by significance.
- The ranking results of topics are considered internally and reviewed by the Board of Directors of the Company, with highly material topics disclosed in the report.

Changes of Material Topics in 2023

Material topics in 2023	Changes from 2022	Reason for changes
Data governance	New topics	Topics added in accordance with the <i>Environmental, Social and Governance (ESG) Indicator System of Shanghai State-owned Listed Companies (Version 1.0)</i>
Responsible marketing	New topics	Topics added in accordance with the <i>Environmental, Social and Governance (ESG) Indicator System of Shanghai State-owned Listed Companies (Version 1.0)</i> , and in response to the SASB requirements for topics regarding investment banking and brokerage
Promotion of green operations	Separated from the topic of "climate change and the carbon peaking and carbon neutrality goal"	Other relevant regulators and supervisors attach great importance to the Company's environmental resource consumption and green operations, so "promoting green operations" is removed from the existing topic and listed as a separate topic

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 Economy, Society and Environment" 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.

List of Material Topics and Corresponding Sections

Material topic	Section
Corporate governance	Company operation and culture construction
Compliant operation	Risk control and compliance management
Comprehensive risk management	Risk control and compliance management
Business ethics	Upholding business ethics
Customer service improvement	Protecting customer rights and interests
Information security and customer privacy protection	Data governance and information security Protection of customer privacy
Responsible marketing	Protecting customer rights and interests
Data governance	Data governance and information security
Progress in cultural construction	Company operation and culture construction
FinTech empowerment	FinTech empowers industry development
Serving the real economy	Serving the real economy
Investor education	Deepening investor education
Employee equality and diversity	Employee equality and diversity
Employee rights and benefits	Employee rights and benefits
Employee training and development	Employee training and development
Promotion of rural revitalization	Promotion of rural revitalization
Philanthropy and volunteer services	Promotion of philanthropy
Supplier management	Risk control and compliance management
ESG risk management	ESG risk management
Responsible investment	Practicing responsible investment
Promotion of green operations	Promoting green operations
Climate change and the carbon peaking and carbon neutrality goal	Addressing climate change Contributing to the carbon peaking and carbon neutrality goal

Note: Bold items are identified as highly material topics.

Column One: Striving for High-quality Development of Digital Finance

FinTech empowers industry development

Pressing ahead with the Digital Haitong initiative

Promoting FinTech application and accelerating digital transformation is an important part of digital economy development, and a key move to pursue high-quality development of the digital economy. Responding actively to the State Council's 14th Five-Year Plan for Digital Economy Development and PBOC's FinTech Development Plan (2022-2025) and following the Company's 14th Five-Year Plan for Science and Technology Development (2021-2025), Haitong Securities uses technology to empower its development with a focus on the digital transition of itself as a securities firm. Meanwhile, the Company functions as a financial intermediary channeling funds into industrial digitalization and digital industrialization, thus enhancing the quality and efficiency of digital financial services. By the end of 2023, the Company had completed over 78% of its five-year science and technology plan.



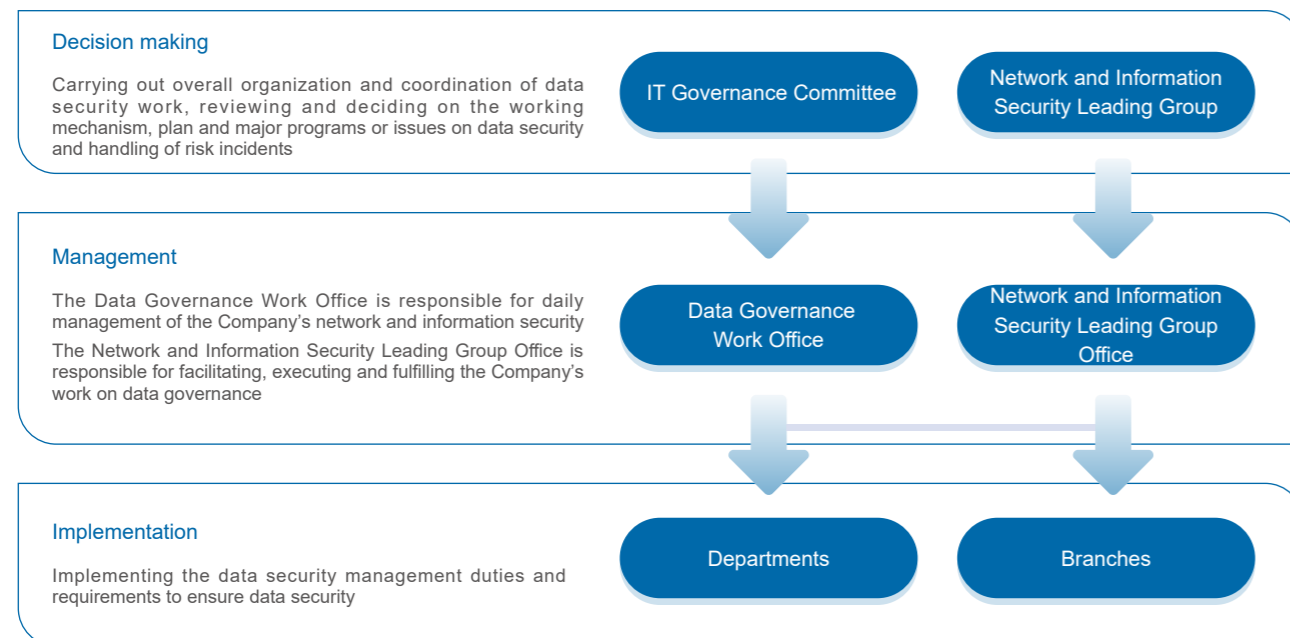
The Company had completed over

78%

of its five-year science and technology plan

The Company has in place a three-tiered organizational structure for information technology (IT) management composed of "Decision making – Management – Implementation", with Chairman and General Manager jointly serving as the leader of the Network And Information Security Leading Group, and keeps improving the IT management system on that basis. In 2023, the Company formulated and issued 22 policy documents, including the Measures for the Administration of Network and Information Security and the Measures for the Administration of Network and Information Security, and revised the Rules for Information Technology Management of Subsidiaries to further strengthen the IT management norms for subsidiaries.

Haitong Securities' Organizational Structure for IT Management



Following the "technology-led development" strategy, the Company has built five smart service platforms and one R&D system with the aim of building "Digital Haitong 2.0" that is "agile, platform-based, intelligent and eco-systematized" in an all-round manner". It also has created a smart operation brand focused on "smart audit, smart processing, smart quality assurance and smart monitoring" and built a forward-looking and multi-dimensional enterprise platform for smart risk monitoring, warning and management, in a bid to become a pioneer in digital transition across the industry.

Haitong Securities' FinTech Innovation Applications in 2023

One-stop internet finance platform

"e-HaitongCai", upgraded with more online content services and a new "elderly version", remains among the top apps by Monthly Active User (MAU) across the industry.

Integrated smart trading platform

"e-Hai Fangzhou", an APP integrating ultra-fast trading and rapid market update, has its trading algorithms continuously improved and scenario-specific solutions provided to sharpen the Company's edge in institutional trading, and to provide first-class trading service experience across the industry.

One-stop comprehensive service platform for institutional clients

"e-HaitongDa", aims to shape a one-stop, lifecycle and comprehensive institutional service ecosystem encompassing around "investment, financing, sponsor and research" and wealth management.

Enterprise-level financial blockchain platform

"eHai Smart Chain", provides over 20 online business scenarios with over 10 million transactions on the blockchain, making Haitong Securities the first Chinese securities firm to launch an information technology application innovation without parallel running of the traditional one.

Investment research system

"eHai Smart Research", is an integrated, smart investment research system that combines technology with research. Fundamentals research was in full swing through 2023, with 22 industry researches launched in the year and the number of users increasing by 600% compared to 2022.

Smart robotic process automation (RPA) platform

"e-Hai Smart RPA", serves over 20 business departments and subsidiaries of the Company with more than 1,100 automated "processes, ranking among the top few industry-wide. It is the first robotic mall in the industry, forming a digital employee operation and governance system.



e-HaitongCai (elderly version)

Improving the research innovation capability

In 2023, the Company embraced technology with an innovative mind, organized and participated in forward-looking research projects, adhered to self-dependent innovation, delivered technological breakthroughs and improved the level of financial services.

Case The FinTech Innovation Lab continued to conduct innovative researches

In 2023, Haitong Securities' FinTech Innovation Lab launched three research projects, namely "Comprehensive Privacy Protection of Data Sharing in Inter-institutional Information Network", "Research and Application of Panoramic Intelligent Operation and Maintenance Tools" and "Research and Practice of Efficient Internal Collaborative Assistant of securities Companies based on Financial Large Language Model", focusing on technology hotspots and business needs. It also completed the final review of research projects in 2022 and the proposal review of projects in 2023. Innovative research projects have fully leveraged on hot technologies such as big data, privacy computing, and large models to reduce the cost of financial services, innovate the form of financial services and improve the efficiency of financial services, thus promoting the commercialization of FinTech-based innovation results.



2022 final review and 2023 proposal review of the FinTech Innovation Lab

Case Haitong Digital Human's 3D images upgraded

The Haitong Digital Human Project was officially launched in August 2022 with two images, XiaoHai and Doctor Hai. In 2023, the Company upgraded the Digital Human's 3D images, which represented the industry's first 3D multi-mode interactive FinTech innovation application. The digital human works in multiple roles, including AI trainer and AI customer service representative, playing a vital role in more than 10 business areas such as investor education, account opening guidance and training. It keeps empowering business operations and accelerating the Company's digital transition for higher-quality development.



Large interactive screen of digital human

Strengthening exchanges on industry development

Haitong Securities actively participated in the industry's forward-looking research projects and industry standard formulation and promoted the industry-university-research collaboration to form a complete FinTech ecosystem, promoting digital transition and high-quality development of the industry together with partners in the ecosystem.

Haitong Securities' IT Industry Research Projects

Project	Overview
<p><i>Research and Practice on Information System Performance Assessment Mechanism for Securities Companies</i></p>	<p>The project was filed by the Company together with Shanghai Securities, and included in the key research list of the Securities Association of China in 2023. Based on the business practice of the Company and Shanghai Securities, the project explored the industry practices regarding information system performance assessment, and contributed to the systematization and ecosystem of related work fields.</p>
<p><i>Research on Technological Capability Assessment in the Securities and Futures Industry</i></p>	<p>In November 2023, the China Financial Standardization Technical Committee (CFSTC) announced that the project successfully passed the 2023 final review of standard researches in the securities and futures industry. The project was intended to address the industry's lack of a toolkit to impartially evaluate technological developments. Its deliverables provide an important point of reference for industry players' technological capability assessment and industry standardization in the future.</p>

Case Co-holding the Smart Finance Parallel Forum of the Fifth Shanghai Fintech International Forum

The Company held the Smart Finance Parallel Forum of the Fifth Shanghai Fintech International Forum jointly with other institutions on December 17, 2023. The forum, themed by "Pioneering Better Future with Digital Intelligence", focuses on empowering innovative development of the industry with smart finance. The forum included a number of launch ceremonies, including the launch of the *White Paper on Smart Finance*, the release of the 2023 research project of the Smart Finance Special Committee, and launch of Haitong Securities Digital Human 2.0 and the "Fanhai Yandao" large model, showcasing the latest achievements of Shanghai financial institutions in smart finance.



Smart Finance Parallel Forum of the Fifth Shanghai Fintech International Forum


Data governance and information security


Improving data governance

With a focus on the framework of the national standard *Data Management Capability Maturity Assessment Model* (DCMM), in the field of data management, Haitong Securities has fully implemented the overall plan for data governance development, strengthened the training of data talent, deepened the management of data assets, unleashed the core driving force of data and accelerated the digital transition and upgrading of the Company, laying a solid foundation for implementing the national strategy of digital economy development and building a digital Haitong.


The Company formulated the *Administrative Measures for Data Governance* and the *Haitong Securities Three-Year Plan for Data Governance (2023-2025)*, setting forth the objectives of data governance, data security, personal information protection and other work. The Company aims to shift from IT-driven development to digital empowerment, build data governance 2.0, create a value-driven highly-trusted data asset management system and become an industry benchmark.

Data Governance Actions of Haitong Securities

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• The four-level assessment of DCMM data management capability maturity was carried out. This comprehensive assessment covered eight core capabilities, including data strategy, data governance, data architecture and data security, helping improve the quality of relevant work and boost the Company's overall data governance capability.
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• A data warehouse was created to collect data from the Company's application systems for data cleaning and conversion, and to provide a basis for the Company's data analysis according to the preset data models and indicator calculation.

• An enterprise-level big data technology platform. The platform has historical query features, providing the high-performance full-table data retrieval capacity. The platform also provides real-time unstructured or semi-structured data processing, shaping a customer profiling system. Based on data display, the platform provides the ability to push data and connect third-party systems.
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• As a unified data management portal of the Company, the data platform pools information systems for data aggregation. As of the end of 2023, 130 or 46% of the Company's systems had be linked to the platform, with all data interfaces being monitored; data pushing had been enabled for 91 or 32% of the Company's systems.

• The "Knowledge Center" menu on the Company's web portal has a data governance module intended to share the Company's management methods and requirements for data governance. The data asset management platform "eHai Zhishu" has a knowledge base module, helping users gain knowledge on data use and data processing.

In 2023, the Ministry of Finance issued the *Interim Provisions on Accounting Treatment of Enterprise Data Resources* and the China Appraisal Society issued the *Guidance on Data Asset Appraisal*. The Company will carry out the work on inclusion of data assets in the balance sheet in accordance with the relevant rules and guidance, thus further improving the Company's data governance capabilities.

Protecting information security

Haitong Securities has put into action the important idea of "cybersecurity for the people, cyber security relying on the people", following the working policy of "clear responsibility, reasonable authorization, standard procedures, and combination of technology and management". The Company manages information security in strict accordance with the *Data Security Law of the People's Republic of China*, the *Personal Information Protection Law of the People's Republic of China*, the *Administrative Measures for Cybersecurity for the Securities and Futures Industry (Order No. 218)* and other relevant laws and regulations.

The Company formulated the *Administrative Measures for Data Security* and the *Data Lifecycle Security Specifications* and revised the *Network and Information Security Policy* and other policies in 2023, clarifying the organization and responsibilities, management mechanism and requirements for the Company's information security management and standardizing the classification and grading of data. The Company's information security policies are applicable to all its business lines. The information security of subsidiaries is managed in accordance with local laws and regulations and the industry-specific regulatory rules. In 2023, the Company recorded no data security breaches or customers' personal information leaks.

Haitong Securities has continuously improved the organizational structure for information security management. The Network and Information Security Leading Group and the Information Technology Governance Committee are responsible for the overall organization and coordination, guiding all employees toward the good behavioral habits in cybersecurity and the security awareness of "recognizing and fulfilling duties" for cybersecurity. In 2023, the Company held quarterly meetings of the Network and Information Security Leading Group and reviewed information security-related issues 3 times.



Information Security Management Measures of Haitong Securities



Taking measures to protect information security

- **Active measures:** A “four horizontal and four vertical” in-depth defense system (with four lines of defense and four key geographical areas) was established, with a security operations platform in place to ensure 7*24 real-time monitoring and response. Standard response processes have been automated to interfere with attacks. The routine cybersecurity protection measures have been validated for effectiveness. An integrated command center covering branches and subsidiaries is in place to enable collaborative response within the Company.
- **Reactive measures:** The *Haitong Securities Contingency Plan for Cybersecurity Incidents* was formulated. The contingency plan-related training, security tests and emergency drills are regularly carried out to strengthen the real-world combat ability of the cybersecurity team. The contingency plan is updated promptly to reflect changing circumstances.



Improving information security management

- The database security access management system went live with such features as dynamic data masking (DDM) and operational audit of the database.
- It is required that real personal information should not be used in the development or testing environment. If it is necessary for testing, personal information cannot be used before de-identification or anonymization. If non-masked data is used in the development or testing environment, the same security controls as in the production environment should be taken.
- Standard processes are used for mobile terminal security, data security, development security and security audit, so as to meet the *Security Specification for Mobile Internet Applications in the Securities and Futures Industry*.
- Reporting on security assessment of outbound data transfer has been carried out actively. In 2023, the eight data items of collaborative office filed by the Company were permitted for outbound transfer, representing the industry's first dual approval by the Cyberspace Administration of China (CAC) and the Shanghai Cyberspace Administration.



Conducting internal and external information security reviews regularly

- **In terms of external review,** the Company organized external audits based on tiered cybersecurity protection and ISO27001 certification, and irregularly engaged professional third-party organizations to conduct special audits on IT management work. In 2023, all the Company's existing 18 systems filed for tiered security protection the completed the evaluation work.
- **In terms of internal review,** the Company carries out a series of information security review each year in accordance with regulatory requirements and Company's internal policies. In October 2023, the Audit Department conducted special audits on IT security management, covering cybersecurity, data security, operational security and their respective segments.



Joining industry organizations

- The Company joined the Information Technology Application Innovation Alliance for the Securities Fund Industry, serving as the deputy leader of the Working Group on Information Technology (WG9). The Company has organized and participated in a series of events, including filing for creation of the *Haitong Securities Software Supply Chain Security Management Platform Development* project.

By the end of 2023, the Company's ISO27001 certification covered data centers for 100% of the Company's business systems, including the primary data center Zhangjiang High-Tech Park Data Center, the local data center SSE Jinqiao Computer Room, the remote disaster recovery computer Room in SZSE Southern Center.

Intellectual property protection

To fortify the foundation for digital finance development, Haitong Securities has 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 other laws and regulations, formulated the *Management Measures of Haitong Securities Co., Ltd. for Technology Intellectual Property Rights*, defined the responsibilities of relevant management departments, strengthened the protection of core systems and brand systems and enhanced the protection for self-dependent innovation activities.

Intellectual Property Management Actions of Haitong Securities



Purchased software

- A long-term working mechanism for software legalization was created.
- A software lifecycle management process covering procurement, warehousing, application and dispute management is well-established, with software legalization incorporated in the assessment indicators of all departments and all the staff regularly trained on software legalization.
- The technology management system is used to enable online and procedure-based software lifecycle management. Technical tools are regularly used to ensure employees' proper installation and use of software. Illegal software check and remediation are implemented through inter-departmental collaboration and employees' self-examination.



Proprietary software

- For the management of copyrights and patents in proprietary software, it is required to identify, evaluate, apply for, register and protect intellectual property rights created in the process of technology research and development, and to include clauses on ownership of intellectual property rights in the software development contract.
- The Company encourages technological innovation, promotes incubation of patents through projects, strengthens the planning for system-derived patents and creates high-value patents in the research and development of important systems.

By the end of 2023



Applied for
20 new patents



Owned a total of
102 software copyrights

The Company prior apply for software copyright registration in 2010

Ranking **first** in the industry

The number of software copyrights **exceeded 100**, marking the Company's fresh breakthrough in development of proprietary information systems

Column Two: Green Development Continued to Low-carbon Transition

Addressing climate change

In recent years, hot and dry weather extremes have hit many countries around the world. The United Nations Intergovernmental Panel on Climate Change (IPCC) pointed out that greenhouse gas emissions and other human activities will exacerbate extreme temperature, extreme precipitation, typhoons, droughts and other complex extreme events, and increase the frequency, intensity and duration of extreme heatwaves or extreme weather events.

Fully aware of the severity of climate change and the urgency of responding to climate change, Haitong Securities has carried out the management and disclosure of climate change-related risks and opportunities in four dimensions, namely governance, strategy, risk management and indicators and objectives in alignment with the framework of recommendations in the International Sustainable Standards Board (ISSB)'s *IFRS Sustainability Disclosure Standard: Climate-related Disclosures (IFRS S2)*.

Governance

- The Board of Directors participates in the deliberation and decision making on major ESG matters including climate change, and supervising and assuming overall responsibility for all matters regarding climate change. In March 2024, the Board of Directors considered and approved the *2023 Sustainability Report of Haitong Securities*.
- The Development Strategy and ESG Management Committee of the Board of Directors is responsible for guiding the ESG Development Leading Group to develop management objectives regarding climate change and carbon peaking and carbon neutrality, reviewing disclosures relating to climate change topics and assessing risks related to climate change.



Strategy

- In 2022, the Company issued the *Action Plan of Haitong Securities for Carbon Peaking and Carbon Neutrality during the 14 Five-year Plan Period*, including carbon peaking and carbon neutrality in its overall development strategy and integrating green development into its operations and business activities.



Risk management

- **Identification:** Identifying and sorting out 10 climate change-related material risks and opportunities in alignment with the TCFD recommendations and according to climate policies and peer analysis results.
- **Assessment:** Soliciting opinions of main stakeholders in line with peer benchmarking and expert judgments, and conducting materiality assessment in the dimensions of probability and impact level.
- **Analysis and response:** Analyzing the potential financial impact of main climate-related risks and opportunities on the Company, incorporating environmental and climate risks in the overall risk management of the Company through low-carbon operations and promoting green industry development and lowering the climate change-related risks and seizing relevant opportunities.



Indicators and Objectives

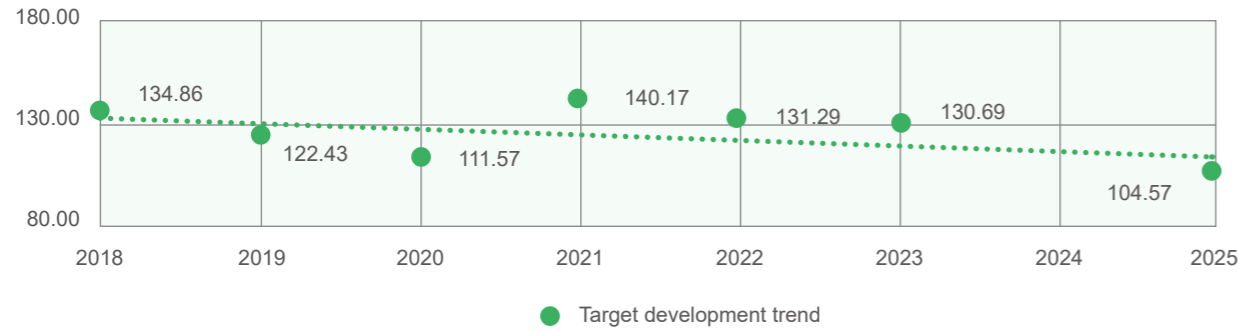


- The total greenhouse gas (GHG) emissions, GHG emissions per unit area and other indicators are calculated, analyzed and disclosed each year, so as to assess the Company's management of climate change topics and develop an improvement plan for energy conservation and emissions reduction.
- The Company's green finance business is regularly monitored. For relevant indicators, please see the "Contributing to the carbon peaking and carbon neutrality goal" section.
- GHG emissions and energy management objectives^{1,2}, namely, taking 2020 as the base year, by 2025, the GHG emissions per unit area will remain at levels not higher than 0.1 tCO₂e/m², and the power consumption per unit area will fall by 6%. In 2023, Haitong Securities' GHG emissions per unit area was 0.1 tCO₂e/m², and its power consumption per unit area was 130.69 kWh/m².
- Haitong International issued a statement in 2020 undertaking to provide or assist in providing USD20 billion of financing and investments by the end of 2025 in support of ESG and sustainability. As of the end of 2023, Haitong International had completed the issuance of USD25.4 billion of green and sustainable bonds.

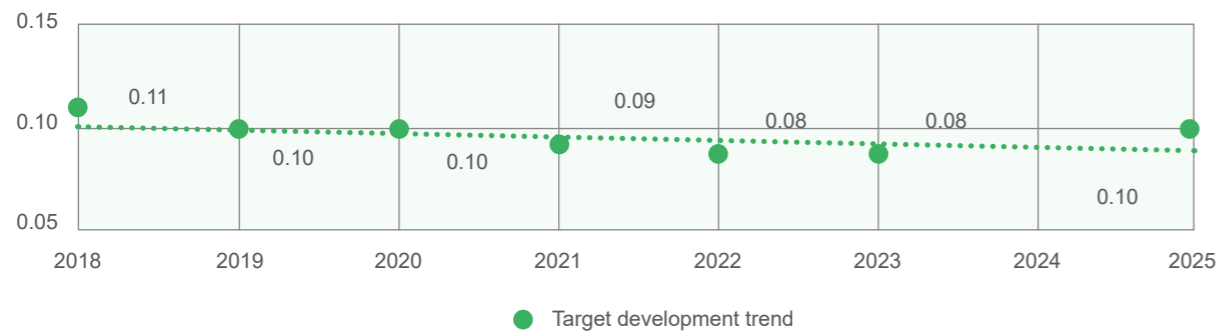
Note 1: The range of GHG emissions includes Scope 1, Scope 2 GHG emissions. In 2023, the data on Scope 1 (gas and gasoline consumption of own vehicles) and Scope 2 (electricity consumption of office) cover the headquarters and branches and the Business Department of Haitong Securities, as well as Haitong International, Haitong UniTrust, Haitong Capital, Haitong Futures, HFT Investment Management, Haitong Securities Asset Management and Haitong Innovation Securities, and their branch institutions; the data on Scope 2 (electricity consumption of own data center) cover the headquarters of Haitong Securities.

Note 2: In 2023, 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 HKEX, 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.

Trend in Haitong Securities' Power Consumption Per Unit Area (kWh/m²)

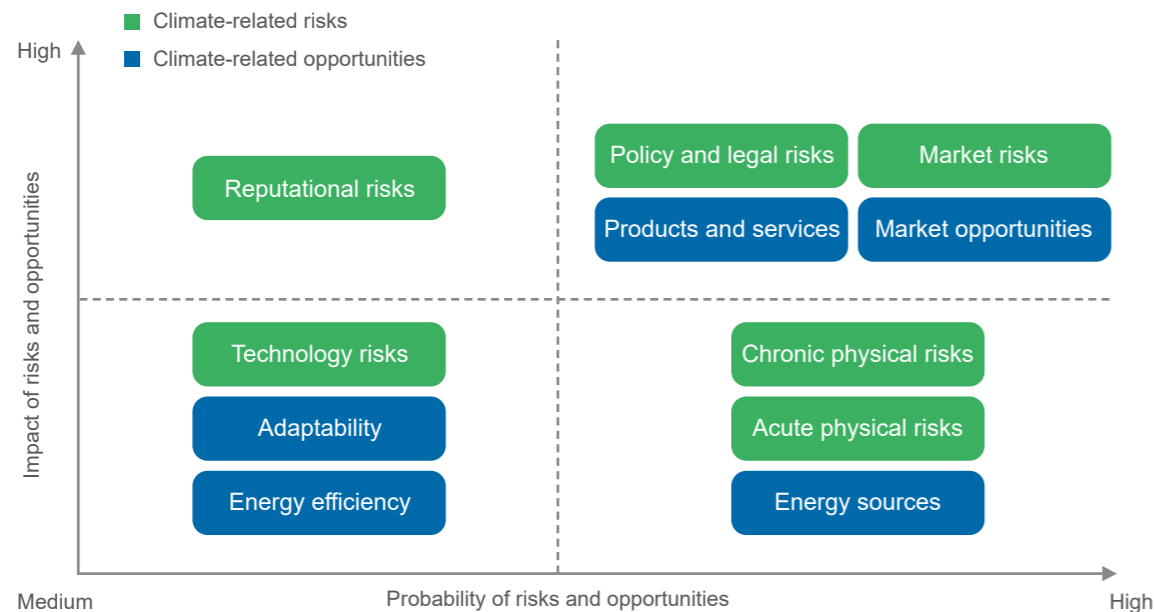


Trend in Haitong Securities' Greenhouse Gas Emissions Per Unit Area (tCO₂e/m²)



To better identify the climate change-related risks and opportunities arising in its business activities and operations, Haitong Securities identifies, assesses and analyzes the risks and opportunities related to climate change, identifies materials risk and opportunities to the Company taking into account expert judgments and discloses them in reports.

Climate-related Risks and Opportunities of Haitong Securities Matrix



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

Analysis of Haitong Securities' Climate-related Risks and Their Financial Impact

Risk description	Potential financial impact
Market risks <ul style="list-style-type: none"> Business side: Climate change-related risks may affect customers operating in places where extreme weather hits frequently, including: the impact on the Company's investee companies exposing the Bank to higher losses from asset depreciation; the impact on bonds the Company invests in leading to lower investment income of the Company; and the impact on the Company's short selling, margin trading and equity pledge, leading to a higher risk exposure of the Company; Operation side + business side: Climate change-related risks may affect the credit rating/ESG rating of the Company. The rating agency may lower its rating for the Company due to the Company's failure to fully consider and address the climate change-related risks. A lower credit rating/ESG rating may have an adverse effect on the business of the Company. 	<ul style="list-style-type: none"> Decrease in operating income Increase in operating costs
Policy and legal risks <ul style="list-style-type: none"> Business side: As climate-related policies are issued one after another, green production and environmental protection requirements are increasingly stringent, the investee companies, financing customers and counterparties of the Company may suffer losses caused by failure to meet policy and regulatory requirements, penalties and lawsuits, which may result in financial losses of the Company. 	<ul style="list-style-type: none"> Decrease in operating income Decrease in the value of investment portfolio

Analysis of Haitong Securities' Climate-related Opportunities and Their Financial Impact

Description of opportunity	Potential financial impact
Market opportunities <ul style="list-style-type: none"> Business side: Against the backdrop of low-carbon economy, the market demand for green finance products and services (e.g. green bonds and green investment) will increase, and the innovative development of climate-friendly products and services will create space for income growth. 	<ul style="list-style-type: none"> Operating income has increased. In 2023, Haitong Securities helped issuers raise RMB168.77 billion for green projects and green industry, generating about RMB366.479 million in operating income. Increase in value of investment portfolio
Products and Services <ul style="list-style-type: none"> Business side: The Company provides financial services for climate-friendly businesses that are developers and innovators of low-carbon products and technologies, which will create growth space for the Company. 	<ul style="list-style-type: none"> Increase in operating income Increase in the value of investment portfolio

Measures to Address Climate-related Risks and Opportunities of Haitong Securities

Measures to address climate-related risks

ESG due diligence includes examination of climate-related risks: The Company conducts ESG due diligence over climate-related risks in investment and trading, credit business, investment banking and asset management. The examination of climate-related risks includes but is not limited to: energy management, carbon emissions management, energy conservation and carbon reduction measures, environment-related administrative penalties, violation of environmental laws and regulations and negative environmental events.

Bond investment: Haitong Securities monitors climate-related risks in pre-investment ESG due diligence, pre-investment internal rating and post-investment management.

- In pre-investment ESG due diligence, focus is placed on whether the climate change management of the investee company satisfies the Company's ESG due diligence requirements.
- In pre-investment internal rating, focus is placed on the impact of climate change on the investee company. The rating will factor in the industry risks, performance reliability and output growth rate of the investee company.
- In post-investment management, ongoing attention is paid to the impact of climate-related factors, such as flood, typhoon, and "carbon peaking and carbon neutrality" policy on the investee company's operations, and appropriate investment strategy is adopted in due course.

Equity investment: Industry researchers will include climate change in their investment analysis of energy storage, coal and other related industries, and fully consider and assess the ESG risks of related industries and listed companies. Industry researchers will focus on the development objectives and the strategic plan for green, low-carbon and clean development of industries on which climate change has a significant impact.

Asset management: Haitong International issued the *Our Approach to Climate-related Risk Management*. It has carried out the management of climate change-related risks and opportunities in four dimensions, namely governance, strategy, risk management and indicators and objectives in alignment with the framework of TCFD recommendations. Haitong International has clarified its objectives of climate-related risks and opportunities management as follows:

- Fostering the ability to assess climate-related risks and opportunities in the investment process;
- Analyzing and mitigating climate-related risks to protect investors' interests;
- Taking more responsible and sustainable actions towards climate change through management activities;
- Implementing a review model in active portfolios to manage securities with significant climate risks;
- Helping customers benefit from energy transition opportunities;
- Launching investment products with clear temperature rise targets;
- Working with all industry players to jointly address climate-related risks.

Measures to address climate-related opportunities

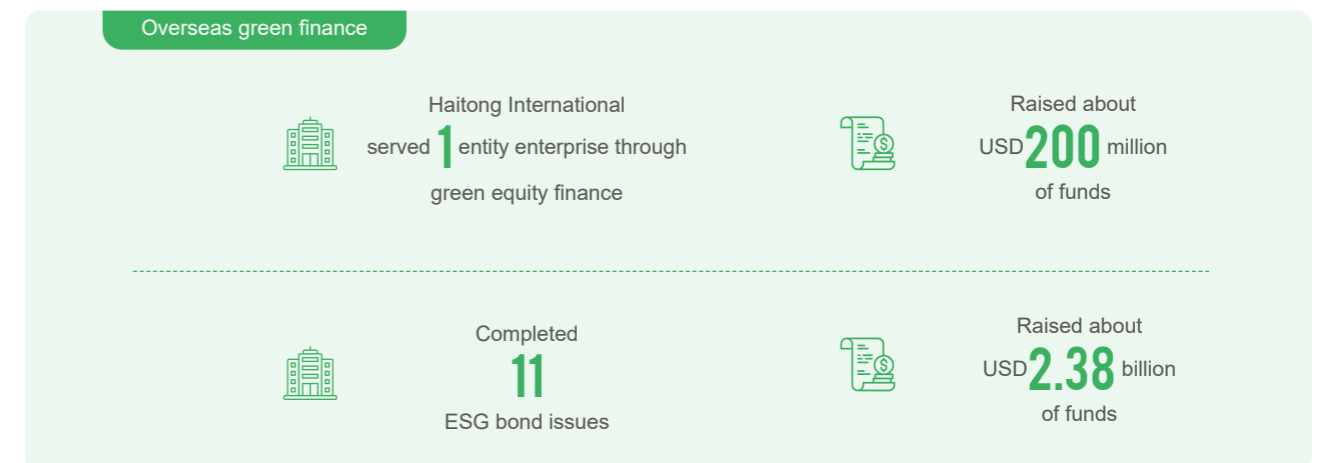
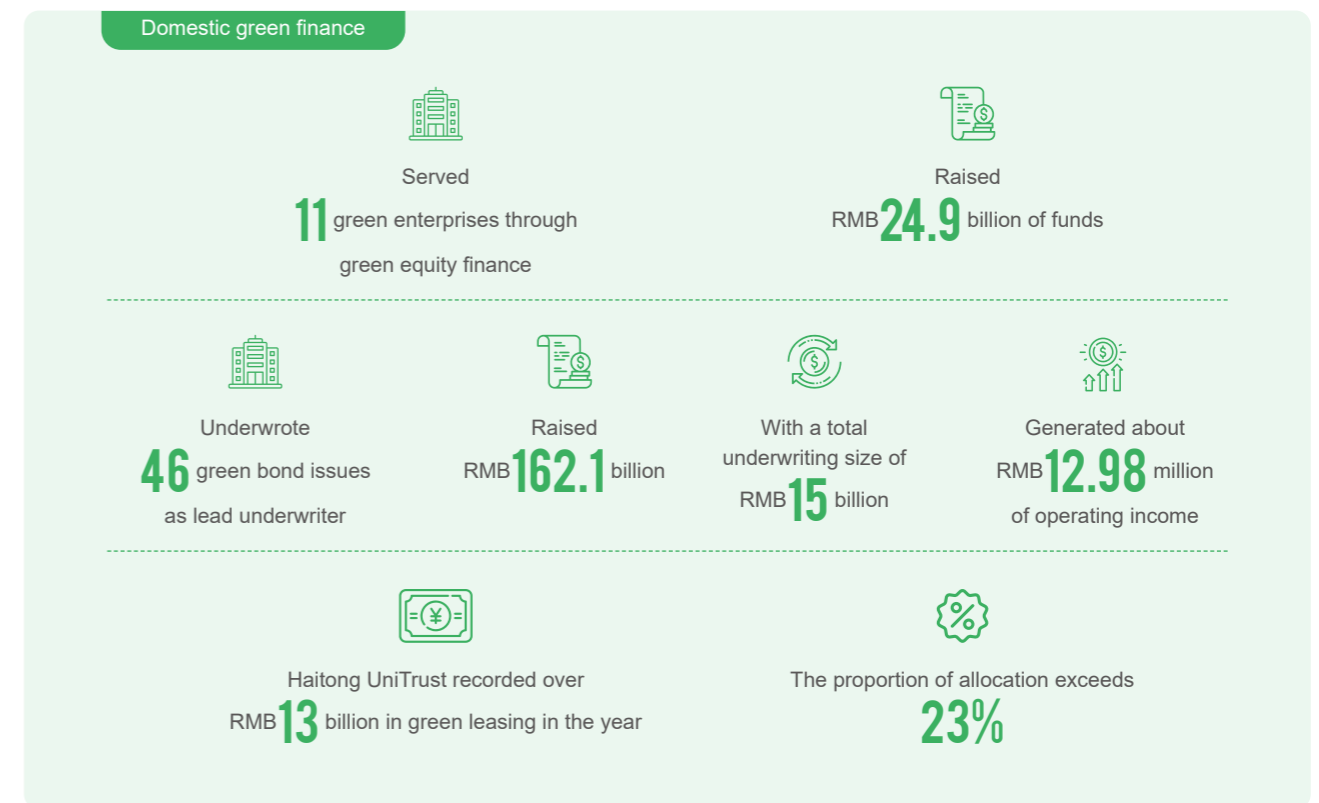
- For measures on the business side, please see the "Contributing to the carbon peaking and carbon neutrality goal" section.
- For measures on the operational side, please see the "Promoting green operations" section.

Contributing to the carbon peaking and carbon neutrality goal

Green financing

Achieving carbon peaking and carbon neutrality is an inherent requirement for implementing the new development philosophy, building a new development pattern and promoting high-quality development. Actively responding to the National policy calls, the Company continuously provides a variety of green financing instruments through multiple channels, including equity financing, debt financing and financial leasing for green industries including energy conservation, environmental protection, clean energy and clean transportation, thus channeling more private capital into green industries for robust development of green industries and green projects. In 2023, in terms of domestic green finance, the Company helped issuers raise RMB187 billion for green projects and green industry through the investment banking service; regarding overseas green finance, served one entity enterprise and completed 11 ESG bond issues with raising USD2.58 billion of funds.

Green Finance Outcomes of Haitong Securities in 2023



Typical Cases of Green Finance of Haitong Securities in 2023

Bond financing - helping successful issuance of China's first "green low-carbon transition-linked" asset-backed product

"Haitong UniTrust No. 26 Green Asset-Backed Special Plan (Low Carbon Transition Linked)", lead underwritten by Haitong Securities, raised RMB1 billion. It was China's first ABS product labeled as both "green + low carbon transition linked". All the pooled assets were green transport projects.

Bond financing - contributing to the successful issuance of green offshore bonds (Mingzhu Bonds) in the Free Trade Zone (FTZ) by AVIC Leasing

Haitong Securities served as general coordinator, Haitong Bank served as joint global coordinator and Haitong International served as green structure advisor and joint global coordinator, helped AVIC International Leasing Co., Ltd. successfully issue China's first green FTZ offshore bond (Mingzhu Bonds) of a financial leaser that is a central SOE. Proceeds of this RMB1.1 billion issue were mainly used for green leasing projects within the sustainable finance framework. This FTZ bond issue marked the aviation leasing's debut in the FTZ market, gaining the best score in Moody's SQS2 green framework among Chinese companies.

Financial leasing - helping green finance of a photovoltaics company

A Zhejiang-based company was a hi-tech Chinese company principally engaged in environmental equipment and new energy research and development. Haitong UniTrust provided its green products fit for the Company's distributed photovoltaic power plant. Financing was granted under the product structures of direct lease and sale & lease-back with smoothed payments, helping the customer address the funding difficulties and slow adjustments and facilitating the operation of its distributed photovoltaic power plant project. The deal also promoted regional green energy development, having a good demonstration effect in the local community.

Green investment

Haitong Securities seized green development opportunities to, through equity investment and fixed income investment, help enterprises improve their environmental performance, develop green industries, ease environmental risks and boost green, sustainable economic growth.

Green Investment Outcomes of Haitong Securities as of the end of 2023

Proprietary investments

- **Investment in green bonds:** The Company participated in 120 green bond investments totaling RMB15.587 billion using its own capital.

Asset management

- **Investment in green bonds:** The products managed by HFT Investment Management participated in RMB5.392 billion of green bond¹ investment. The products managed by HT Asset Management participated in RMB39 million of green bond investments. Entrusted assets under Fullgoal Fund invested in at least RMB12 billion of green bonds² in total. In addition, the "Fullgoal Carbon Neutrality One-year Open-pended Bond Sponsored Securities Investment Fund" and "Fullgoal Green Bond 1-year Interval Bond Fund" of Fullgoal Fund were funds investing exclusively in green bonds.
- **Green asset management products:** HFT Investment Management had one green themed product, namely HFT Carbon Neutral Mixed Fund. By the end of 2023, the fund size reached RMB590 million. Fullgoal Fund issued 4 green themed products in 2023, raising a total of RMB3.4 billion. They were the "Fullgoal CSI Green Power ETF Sponsored Feeder Fund", "Fullgoal CSI SEEE Carbon Neutral ETF Feeder Fund", "Fullgoal CSI Green Power ETF" and "Fullgoal Carbon Neutral Hybrid Fund".

Private equity investment

- Haitong Capital invested in five new energy projects in 2023, with an aggregate investment of RMB240 million. By the end of 2023, Haitong Capital had 39 new energy projects under management with an aggregate investment of RMB2.381 billion.
- In 2023, Haitong-Fortis PE invested in three new energy vehicle enterprises, with an aggregate investment of RMB120 million.

Derivatives business

- The Company directed investors' attention to green finance products by issuing principal-protected snowball income certificates linked to carbon neutral ETFs. As of the end of 2023, a total of 322 issues had been issued with a cumulative nominal principal of RMB98.1 million, 90 of which were successfully knocked out early to create good investment experience for investors.

Note 1: Referencing Wind's Green Bond Criteria.

Note 2: Bonds with names containing "green", "carbon neutral" or "blue".

Typical Cases of Green Investments of Haitong Securities in 2023

Bond investment - subscribing for green finance bonds

Industrial Bank Co., Ltd. 2023 Green Finance Bond Series 1 had an issue size of RMB27 billion. The bond proceeds involved 63 green projects under six categories, including energy conservation and environmental protection and clean production. These green projects can save 2,325,200 tons of standard coal equivalent and reduce 5,629,300 tons of carbon dioxide emissions. Haitong Securities subscribed for RMB500 million of the bond through distributors, contributing to achieve the "carbon peaking and carbon neutrality" goal in China.

Bond investment - subscribing for CTG Carbon Neutral Bond

The China Three Gorges Corporation 2022 Green Medium-Term Note Series 11 (Carbon Neutral Bond) had an issue size of RMB4 billion. All the proceeds are earmarked for green projects, including Wudongde Hydropower Station and Xiluodu Hydropower Station. Haitong Securities purchased RMB300 million of the bond in the secondary market in 2023, contributing to China's new energy development.

Bond investment - subscribing for Shanghai Lingang Bond

Shanghai Lingang Holdings Co., Ltd. 2022 green corporate bond publicly offered to professional investors has earmarked its proceeds for projects included in the *Green Industry Catalogue* and the *China Green Bond Endorsed Project Catalogue*. The issuer continued to build the ESG system and tapped deeper into green construction. HFT Investment Management purchased RMB50 million of the bond in the secondary market, giving a boost to the green and sustainable development.

Case Haitong Capital made active planning for the new energy industry

Haitong Capital has actively implemented the national strategic goals, putting new energy high on its priority list of investments. It set up a number of new energy industry investment funds, including Anhui Province Energy Haitong Dual Carbon Industry Fund and Liaoning Haitong New Kinetic Energy Equity Investment Fund. In the specific business activities, the Company remained focused on two investment themes, namely energy production and energy use equipment. On the front of energy production, the Company made a foray into core areas of wind energy and solar photovoltaics. On the front of energy use equipment, the Company aimed at the new energy vehicle scenario showing the fastest progress and broadest application, taking power batteries as the entry point and covering the entire industry chain including positive electrode materials, negative electrode materials, battery diaphragms, battery equipment and battery packs.

The PE business line of the Company will, based on the existing investments in industry leaders, keep extending upstream and downstream the the industry chain, identify more high-quality new energy enterprises and fuel the development of the clean energy industry in pursuit of the "carbon peaking and carbon neutrality" goal.

Promoting green operations

Environmental management system

Haitong Securities strictly abides by the *Environmental Protection Law of the People's Republic of China*, the *Air Pollution Prevention and Control Law of the People's Republic of China*, the *Water Pollution Prevention and Control Law of the People's Republic of China* and other laws and regulations. All production activities of the Company are carried out within the framework of laws and regulations. The Company adheres to the principle of energy conservation and environmental protection, promotes green operations and takes various measures to prevent and reduce environmental pollution in the course of operations.

Regarding environmental protection as a long-term and systematic task, Haitong Securities has adopted targeted energy conservation and environmental protection measures for energy, water resources, emissions and waste discharge. In the reporting period, the Company had no confirmed environmental violations with a significant impact on the Company.

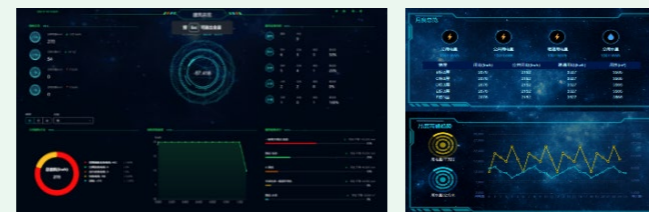
Overall Development of Haitong Securities' Environmental Management System

Carry out targeted management

Set objectives for energy, water resources, emissions and waste discharge, and carrying out targeted management measures.

Develop an online energy consumption monitoring platform

Developed a PC + mobile park service management system, "e-HaitongQin", featuring "one platform with ten modules". The "Smart Energy Consumption" module enables real-time aggregation and analysis of energy consumption data and improves energy consumption management efficiency through real-time monitoring of more than 500 water and electricity meters of the Company, online maintenance equipment, collection of daily, monthly and annual data and trend analysis assisting energy conservation and emission reduction, so as to increase the energy management efficiency.



"e-HaitongQin" Energy Consumption Monitoring Platform

Develop green culture

Carried out a wide range of energy conservation awareness campaigns, including putting up posters, slogans and tips promoting energy and water conservation in office spaces and cafeterias within the Company, reminding employees to keep thrift at work and in life.

The "smart energy consumption" system was used to monitor the energy use in various areas in real time, remind employees to use energy rationally, warn and correct abnormal energy consumption.

Partnered with local environmental protection organizations to jointly carry out environmental work.

Case Launched an awareness campaign themed by "frugality"

In February 2023, the Company carried out an awareness campaign themed by "frugality" in the new headquarters park and Zhangjiang High-Tech Park, encouraging everyone to remain thrifty in the form of animated videos and posters.



Case Organized employees to watch the movie "For the Clean River"

In April 2023, the Company organized employees to watch the movie "For the Clean River" to guide the Party members, officers and workers to uphold the concept of water conservation and environmental protection, promote green development and create a good atmosphere of caring for and protecting rivers and lakes.

Energy management

The energy consumption of Haitong Securities is concentrated in the use of natural gas in the canteen, gasoline for company vehicles and purchased electricity. Haitong Securities has set a quantitative energy management target of "reducing power consumption per unit area by 6% by 2025 when compared with 2020". In 2023, the Company actively promoted energy management, and carried out energy conservation and emissions reduction measures in infrastructure construction, office operations and, green data centers toward the Company's energy and resource management targets in 2025.

Energy Management Targets of Haitong Securities in 2023 and Fulfillment Status

Energy management targets in 2023



The growth rate should be no more than **17%** of the total energy consumption in 2022 (6,229.03 tons of standard coal equivalent)



Energy consumption intensity had decreased by **5%** compared to 2022 (0.00502 tons of standard coal equivalent/RMB10,000)

Fulfillment status of energy targets in 2023



Total energy consumption decreased by **8.74%** year-on-year



Energy intensity decreased by **5.47%** year-on-year

Note: The statistical scope is the headquarters park (Guangdong Road, Zhangjiang and South Bund) and business outlets under the legal person in Shanghai, and the types of energy consumption include electricity, gasoline and natural gas.



Main Energy Conservation and Emissions Reduction Measures of Haitong Securities in 2023

Infrastructure construction

- The Company's infrastructure project design shall conform to the green and energy-efficient building standards, including the *Green Design Standards for Public Buildings*, the *Energy-efficient Design Standards for Public Buildings* and the *Evaluation Standard for Green Buildings*.
- Main energy conservation measures in the construction staged include the following: using insulation materials to reduce heat dissipation, introducing the natural cooling system into the traditional air conditioning system using air or water cooling, changing the air conditioning system to automatic control system, and using LED lamps and intelligent lighting control system and centralized operation and maintenance management system.
- Haitong Bund Finance Plaza obtained the Leadership in Energy and Environmental Design V4 (LEED V4) gold certification and WELL Building Standard platinum certification. Zhangjiang High-Tech Park Data Center obtained the LEED V4 gold certification.



LEED V4 Gold Certification



WELL Platinum Certification

Office operations

- The "e-HaitongQin" park service management system was used to monitor and manage energy consumption in real time, and the *Fulfillment Status of Energy Conservation Targets of Quarterly Key Energy Users (Carbon Emitters)* was developed to carry out monthly monitoring and analysis of energy consumption.
- Electricity consumption was reduced. The property management personnel strengthened the management of electrical appliances outside the central control of each floor during night patrol, such as power supply of the smart screens in meeting rooms and non-essential electrical equipment in office areas, so as to reduce non-essential energy consumption; set the air conditioning temperatures reasonably, i.e. not higher than 20°C in winter and not lower than 26°C in summer.
- Employees were encouraged to adopt green travel methods, rationally plan company car routes and reduce deadhead mileage. Cycling and walking facilities and convenience were provided. Employees were encouraged to share rides and carpool to reduce the use of vehicles. In 2023, Haitong Securities, as a member of the regional Party building program of Huangpu District, actively participated in the "South Bund Financial Through Train" project. The Dongjiangdu Financial City Station of the "South Bund Financial Through Train" was officially opened on May 29, 2023. About 300 employees of the Company commuted by the "South Bund Financial Through Train" each day.
- The Company followed the principle of green procurement and chose office equipment with China environmental label. For example, when selecting office furniture suppliers through bidding, priority was given to suppliers with five-ring certification.

The Company has a total of 4 data centers (computer rooms), including its own Zhangjiang High-Tech Park Data Center, the computer room of Haitong headquarters building, and the rented SSE Jinqiao Computer Room and the remote disaster recovery computer room in SZSE Southern Center. In 2023, the Company strived to build green data centers. By deploying photovoltaic equipment and extending natural cooling, the energy consumption of data centers was reduced. Despite the year-on-year increase of about 55% in IT load in the Zhangjiang High-Tech Park's computer room, the power infrastructures' power consumption decreased by about 20%, delivering remarkable performance in energy conservation.

Energy Conservation Measures of Zhangjiang High-Tech Park Data Center in 2023 and Outcomes

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Clean energy was deployed. By the end of 2023, the total installed photovoltaic capacity of Zhangjiang High-Tech Park reached 265 kW, and the annual photovoltaic power generation in 2023 totaled 135 MWh, covering about 875 square meters of rooftop and parking space, and supplying electric power for the testing room and power infrastructure of the computer room building in Zhangjiang High-Tech Park. In 2023, the data center purchased 5,200 MWh green certificates through the green power certificate trading platform, and the green electricity of the Zhangjiang High-Tech Park Computer Room reached about 45% of total power supply.
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The intelligent lighting upgrade project for the computer room building was implemented. The lighting energy consumption of the computer room building after the upgrade was reduced by no less than 60%.
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The permanent magnet motors included in the recommended catalogue of green equipment published by the Ministry of Industry and Information Technology (MIIT) were used on a pilot basis. The power consumption of a cooling tower was reduced by 8% after the renovation.
- 

Further improved the air flow organization in the machine room, achieved precision control of the temperature and air supply volume of the precision air conditioner in all the machine rooms, and significantly reduced the power consumption of the precision air conditioner in the computer rooms.
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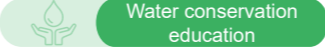
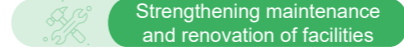
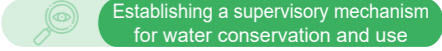
The AI-aided refrigeration optimization project was implemented, so as to enable coordinated adjustments to the frequency of using chillers, pumps and cooling towers in the water cooling system of the computer room according to the change in ambient temperature and loads in the computer room, and eventually reduce the overall power consumption of the water cooling system. By optimizing the operating parameters of equipment in the refrigeration system through AI refrigeration, the Zhangjiang High-Tech Park Computer Room has the ability to operate at full load with the natural cooling system for more than 6 months in a year.
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Data centers were equipped with the computer room inspection robots and intelligent inspection robots for power supply and distribution to enable 7*24 automated, unmanned and smart monitoring of IT equipment and computer rooms, gradually realizing intelligent operation and maintenance of the computer room infrastructure environment in all scenarios.

Water resource management

Haitong Securities consumes water resources mainly for office and canteen purposes, with water supplied mainly from the municipal water system. The Company has set a quantitative water management target of "reducing water consumption per unit area by 38.64% by 2025 when compared with 2020". In 2023, the Company actively advanced water resources management, and strove for its 2025 objectives of water resources management through intelligent water conservation, publicity and education and wastewater management. In order to strengthen the water management of Haitong Securities, in the construction stage, the Company chose water-saving equipment as much as possible, such as water-saving sanitary ware, induction taps, induction toilets, etc. In September 2023, the Company began to build a water recycling system with a designed water recovery rate of 65%. In the operation stage, the Company ensured the safe and normal operation of water and power equipment, reduced water waste and fostered all employees' awareness and habits of using water and power safely and efficiently. The total volume of recycled water from the recycling water system at the Zhangjiang High-Tech Park and the air conditioning at the Haitong Bund Finance Plaza is 655 ton in 2023.

Main Water Conservation Measures of Haitong Securities in 2023

 <p>Water conservation education</p> <p>Encourage employees to care for water facilities and equipment, and improving the recycling rate of water resources. Employees were encouraged to develop good habits of water conservation: "turn off the tap before leaving" and "do not leave tap on while unattended".</p>	 <p>Strengthening maintenance and renovation of facilities</p> <p>Water supply facilities were inspected and maintained frequently. The pipework was carefully examined. Extra attention was paid to the use of embedded pipelines to ensure timely removal of any detected problem and avoid water leakage and waste. A monthly record was kept and abnormal water leakage was reported promptly. A thorough inspection was conducted before holidays to remediate any problem detected. Water conservation was added to the shift record.</p>	 <p>Establishing a supervisory mechanism for water conservation and use</p> <p>Water conservation supervision was enhanced to ensure any water waste would be detected and stopped early. Any destruction or damage of water-saving facilities and equipment would be severely punished.</p>
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Emissions and waste management

Main solid wastes generated by Haitong Securities are mainly non-hazardous wastes (e.g. kitchen wastes, office papers, parcel delivery cartons, glass and toner cartridges) and hazardous wastes (e.g. obsolete computers and electronic products). The main emissions are flue gas from canteen chimneys and exhaust gas from company vehicles. The Company has set the objectives of continuously optimizing waste discharge and will gradually improve the identification and statistics of waste sources in the future, so as to control the volume of hazardous wastes and non-hazardous wastes generated per unit area at low levels.

Waste Management Actions of Haitong Securities in 2023

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 - Encouraging the use of electronic documents for data recording, transmission and retention. For example, the investment banking departments as major paper consumers have turned the process from working papers to document filing basically electronic.
 - Except for special documents, each A4 paper sheet was printed on both sides where possible.
 - Strengthening the management of warehouse issues to basically eliminate the wastes of paper.
 - In 2023, the Company used about 2,000 packets of A4 paper, down around 4,000 packets from 2020 and about 2,000 packets from 2021.
- 
 - The Company's canteen is the main producer of kitchen wastes. Wet waste treatment equipment was used to treat kitchen wastes, which were collected and removed by the sanitation agency. The Company has one waste treatment facility with a daily capacity of 500 kg. The kitchen wastes become fertilizers after treatment to ease the environmental impact of wastes.
 - To reduce the kitchen waste generation, the Company required reasonably planning the wet wastes from food processing, reducing processing losses, and promoting the "Clear Your Plate" campaign and encouraging on-demand meals.
 - By adopting advanced wastewater treatment equipment and technical means, the Company's canteen has strengthened the operation and maintenance of wastewater treatment equipment to ensure the equipment runs properly and the effluent meets the national environmental standards. In addition, the Company cooperated with the government-designated environmental agency in the collection and transportation of equipment grease.
 - The Company canteen used fume purification equipment to treat fume, used induction cooker and air purifiers to reduce gas emissions and regularly maintained and cleaned catering equipment to ensure their proper and efficient operation.



Kitchen Wastes Processing Equipment

01

Cementing the Business Foundation for Stability and Sustainability

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- In August 2023, Haitong Securities' **ORIGINAL ASPIRATION LECTURING GROUP** was awarded the "Outstanding Organization in Primary-level Theoretical Publicity in the Shanghai SASAC System" by Shanghai SASAC.
- In 2023, Haitong Securities' primary-level legislative contact point participates in response to the legislative consultation seeking public comments on **15** draft laws of Shanghai Municipality, of which **85** proposals were adopted.
- In 2023, Haitong Securities gave **8** integrity lectures to key organizations, with a total of about **300** participants.
- The Company established the year 2023 as the "Consolidation Year of Compliance and Internal Control Culture", a total of **66,711** employees had participated in the *Professional Integrity and Ethics in 2023* online training series.

Company operation and culture construction

Strengthening Party leadership

Haitong Securities remained guided by the report of the 20th National Congress of the Communist Party of China (CPC) and the guiding principles of the Central Financial Work Conference, always regarding Party building as the “red engine” of various undertakings. The Company applied the new development philosophy in full, in the right way, and in all fields of endeavor, kept in mind the special attributes of state-owned enterprises and emphasized the political nature of financial work, seeking high-quality development of the Company based on high-quality Party building in the push to make China a financial powerhouse.

In 2023, the Company revised the decision-making system for “major issues, important appointments and removals, major projects and use of large amounts of money” and the Company’s articles of association, further clarifying the leading role of the Company’s Party Committee. The study and discussion of the Company’s Party Committee is a procedure preceding the Board of Directors’ and the management’s decision-making on major issues. The statutory status of the Party Committee has been further cemented in the corporate governance structure, with more clarity provided on the Party organizations’ duties and powers, organization structuring, operating mechanisms, basic support and other important matters.

The Party Committee of the Company continued to implement the “coordination of four responsibilities” mechanism and the list of “dual duties” for exercising strict self-governance in every respect, and strove to improve the efficiency of internal supervision and strengthen rectification by holding themed education democratic meetings of primary-level Party organizations, inspecting immediately subordinate Party organizations and regularly conducting joint meetings on supervisory work.

Case

Establishing the “Original Aspiration Lecturing Group” to disseminate the Party’s innovative theory with “youth language”

On May 25th, 2023, Haitong Securities held the inauguration ceremony of its “Original Aspiration Lecturing Group” at Haitong Bund Financial Plaza. In order to enhance the themed education, the Company’s Party Committee established an “Original Aspiration Lecturing Group”, taking into account the high proportion of young employees at the Company. This move was intended to build a high-quality, professional young lecturing team with Haitong characteristics.

Since its opening in March 2023, the Original Aspiration Classroom was visited by over 3,600 people in 160 groups from inside and outside the Company. In August 2023, Haitong Securities’ Original Aspiration Lecturing Group was awarded the “Outstanding Organization in Primary-level Theoretical Publicity in the Shanghai SASAC System” by Shanghai SASAC.



The inaugural ceremony of the “Original Aspiration Lecturing Group”



The “Original Aspiration Lecturing Group” was awarded the Outstanding Organization in Primary-level Theoretical Publicity in the Shanghai SASAC System

Improving corporate governance

Pursuant to the *Company Law of the People’s Republic of China*, the *Securities Law of the People’s Republic of China*, the *Rules for Governance of Listed Companies*, relevant rules of China Securities Regulatory Commission (CSRC) and Hong Kong Stock Exchange (HKEX) and other laws and regulations, the Company has kept refining the corporate governance system and improving the governance standard. Its corporate governance mechanism consists of the Shareholders’ General Meeting, the Board of Directors, the Board of Supervisors and the Management.

In 2023, CSRC issued the *Administrative Measures for Independent Directors of Listed Companies*, the Shanghai Stock Exchange (SSE) amended the *Rules Governing the Listing of Stocks on Shanghai Stock Exchange*, and the Company amended the *Articles of Association* and its annexes and the *Working Rules for Independent Directors of the Company* in light of the actual conditions, incorporating the duty performance requirements imposed by laws, regulations and regulatory rules on the Shareholders’ General Meeting and the Board of Directors in its corporate policies.

In accordance with the *Company Law* and the *Articles of Association*, the Company elected the new Board of Directors and the new Board of Supervisors at the first Extraordinary General Meeting of 2023 in strict accordance with the statutory procedures and the rules of procedure. The members and chairman of the new Development Strategy and ESG Management Committee were elected at the first meeting of the new Board of Directors of the Company. The Company has established an employee supervisor election process. At the 2023 Employees’ Congress, three employee supervisors were elected for the 8th Board of supervisors.

Total number of directors 10	Executive directors 2	Non-executive directors 4
Independent non-executive director 4	Outside directors 8	Female director 1
Employee supervisors 3	Shareholders’ general meetings convened 2	Meetings of the Board of Directors convened 10
Meetings of the Board of Supervisors convened 5	Meetings of the Board of Directors’ committees convened 17	

To safeguard its corporate value, protect its shareholders’ interests and promote its healthy, stable and sustainable development, the Company developed an A-share buyback plan, implemented the plan in accordance with laws and regulations and disclosed the buyback progress in a timely manner pursuant to regulatory requirements of SSE and HKEX. The Company’s share buyback plan, recognized by regulators, sent a positive signal to the market while responding to the regulatory call and effectively bolstered investor confidence.

The Company fully protects the rights and interests of its shareholders and creditors, implementing a stable profit distribution policy to ensure reasonable return to investors. In addition, the Company has fully redeemed the principal and paid in interest on matured bonds and fully paid interest incurred on unmatured bonds, effectively protecting the interests of creditors.

Attaching great importance to investor relations management, the Company communicates with investors through a variety of channels and platforms, including investor hotline, online interaction, emails, telephone conferences, field visits by investors, business performance briefing, meetings with investors, roadshows and the SSE e-interaction platform. With such unobstructed and effective communication channels in place, investors gain an objective, comprehensive and in-depth picture of the Company’s strategic plans, operating results and other bright spots, manifesting enhanced communication between the Company and the capital market.

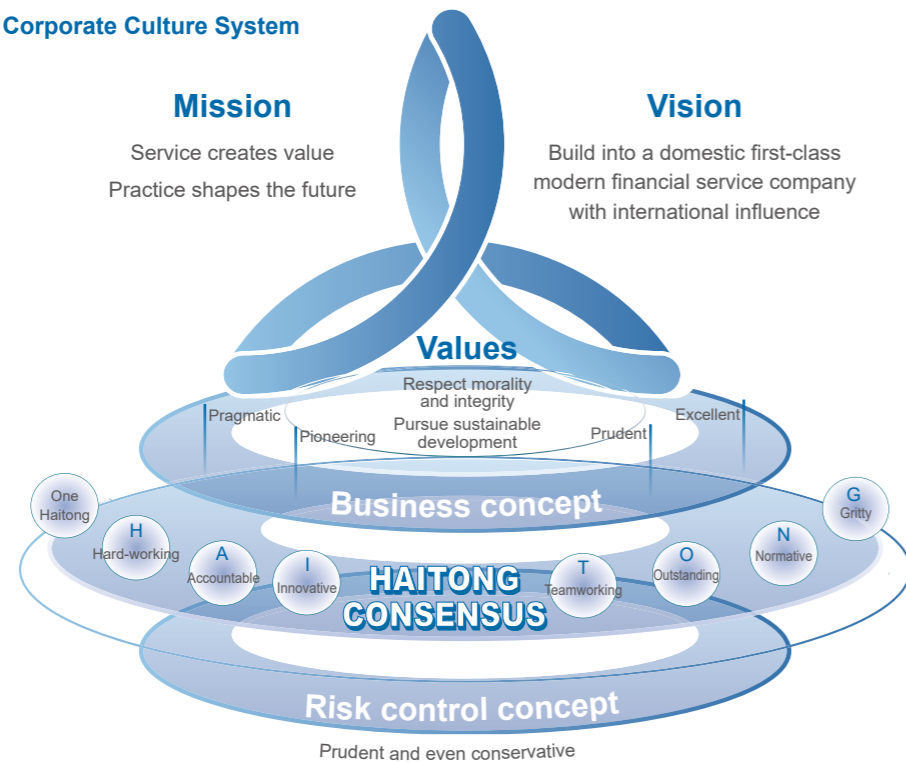
The Company conducts information disclosure in strict accordance with the listing rules and regulatory requirements of SSE and HKEX. The Company’s *Measures for Information Disclosure Management* have been improved and its operating procedures for information disclosure have been refined on an ongoing basis to ensure the compliance and efficiency of mandatory disclosures, including regular reports and extraordinary announcements. In addition, the Company also has made voluntary disclosures responding to major concerns of domestic and foreign investors and the capital market to enhance investors’ understanding and recognition.

Haitong Securities has been graded A in terms of information disclosure of SSE listed companies for seven consecutive years in 2023, demonstrating regulatory recognition of which the Company has done in capital market compliance, especially in standard operations and information disclosures.

Progress in cultural construction

In 2023, Haitong Securities thoroughly implemented the guiding principles of the 20th CPC National Congress and took solid steps to promote cultural construction in the securities industry upholding the industry culture of “compliance, integrity, professionalism, and prudence”. The *Action Plan of Haitong Securities Co., Ltd. on Further Consolidating and Promoting the Cultural Construction in the Securities Industry (2023-2025)* was introduced and implemented, in a bid to shape the Company’s soft power in corporate culture and pursue its high-quality development with value consensus. In March 2023, the Company formally launched its “Haitong Home” corporate culture system, striving for a new stage of high-quality development guided by the “One Haitong” philosophy.

“Haitong Home” Corporate Culture System



Actions and Achievements in Corporate Culture in 2023

Questionnaire and onsite survey on corporate culture construction

- > The Company conducted a questionnaire and onsite survey on corporate culture construction, receiving 1,327 responses and having talks with employees and executives.
- > The survey results showed that 98% of the employees believed that the Haitong consensus help employees enhance the Company’s business coordination and better serve the national strategies and the real economy to some extent, and more than 69% of employees believed that the training series and team building events are very helpful in enhancing cultural identity and corporate cohesion.

Continuously making voices heard in mainstream media

- > The Company publishes case studies on corporate culture construction and theoretical research findings on such media outlets as Xinhua Finance, China Securities Journal, Securities Daily, Xuexi Qiangguo and Cailian Press Information to disseminate its corporate culture.

Enhancing the influence among colleges and universities

- > The *Renewal of Corporate Culture of Haitong Securities Co., Ltd.* has been included in the case study database of eight universities, including . Antai College of Economics & Management of Shanghai Jiao Tong University, Nanjing University Business School, School of Innovation & Entrepreneurship of Tongji University, and School of Business Administration (SBA) of Southwestern University of Finance and Economics, further enhancing the influence of the Company’s corporate culture.

Case

The Haitong Cultural Tour was held for the first time, vividly showcasing Haitong Securities’ 35-year journey

2023 marked the 35th anniversary of Haitong Securities. To enhance the recognition and implementation of its upgraded corporate culture, the Company organized a Haitong Culture Tour from July to September at the headquarters and 28 branches across the country. Through the headquarters-branch collaboration and diverse interaction, the “One Haitong” and “One Brand” ideas have taken deep roots and kept growing higher, manifesting the passion, dedication and persistence of all Haitong people, and putting together the strengths and wisdoms for shared development.



Haitong Culture Tour

Case

Continuing to serve as Local Legislative Outreach Office and a socially responsible state-owned securities firm

In 2023, Haitong Securities’ primary-level legislative contact point provided 575 proposals in response to the legislative consultation seeking public comments on 15 draft laws of Shanghai Municipality, of which 85 proposals were adopted.

In April 2023, the Legislative Affairs Commissions of the Standing Committee of Shanghai Municipal People’s Congress issued the “Certificate of Adopted Legislative Proposals” for 2022 to the Company’s Local Legislative Outreach Office. The liaison point has continued to leverage its financial strengths and advantages, guided by improving the quality and efficiency of its work, continuously consolidating its infrastructure, steadily advancing the standardization and institutionalization of its operations, and fully establishing a prominent brand for enterprises to participate in the practice of whole-process people’s democracy.

Risk control and compliance management

Comprehensive risk management

Haitong Securities attaches great importance to risk management, including both prevention and control. Upholding the risk control philosophy of being “prudent and even conservative”, the Company implements the business management principle of putting compliance and risk management first. 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 *Audit Law of the People’s Republic of China* and other applicable laws and regulations, the Company has formulated the *Comprehensive Risk Management Policy of Haitong Securities Co., Ltd.* and other risk management policies, and ensured effective implementation of such policies by streamlining management processes and standardizing working procedures. In 2023, the Company revised the *Policy on Comprehensive Risk Management of Subsidiaries* and the *Risk Incident Response Policy* in line with regulatory requirements and internal management needs.

The Company’s comprehensive risk management covers a wide variety of risks, including market, credit, operational, liquidity, reputational, compliance, money laundering and terrorist financing and information technology risks. In order to strengthen the management of various risks, the Company has set up an organizational structure for vertical risk management, including 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 established 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, a preliminarily shaping an internal matrix management system.

Holding the line of defense against systemic risks, the Company has strengthened its forward-looking management and early warning of financial risks. In 2023, under the idea of “applying a batch and developing a batch”, the Company stepped up training and publicity in the intelligent early risk warning center project (phase II) targeting its investment, financing and sponsorship business lines as well as its subsidiaries including Haitong UniTrust, Haitong Futures and Haitong International, and further iterated the models and refined the functions. In addition, the Company explored to create a data-based risk assessment mechanism under geographical and sectoral dimensions.

The Company continuously improves the risk management training system and improves its employees’ awareness of risk control. In 2023, the Company carried out various forms of risk management training in line with the actual needs of risk management, including the training on risk incident response and reporting and the training on the key points of risk prevention in branches’ agency distribution of financial products, so as to build the talent pool for risk management.

Compliance management

Haitong Securities strictly abides by the *Securities Law of the People’s Republic of China*, the *Administrative Measures for Compliance of Securities Companies and Securities Investment Fund Management Companies* and the *Guidelines for Compliance Management of Securities Companies* and other relevant laws and regulations. The Company has formulated the *Compliance Management Policy of Haitong Securities Co., Ltd.*, improved the compliance management system and enhanced the compliance and internal control.

According to the compliance management regulations and its own actualities, the Company has established a clear organizational structure for compliance management and defined the risk management responsibilities of the Board of Directors, the Board of Supervisors, chief officers, Compliance Director and other senior managers, shaping a three-level compliance management team composed of the Compliance Director, compliance departments and compliance managers of subordinates.

The Company established the year 2023 as the “Consolidation Year of Compliance and Internal Control Culture”, fully implemented the decisions and plans of the CPC Central Committee and the State Council on financial work and acted on CSRC’s requirements of fostering the industry culture of “compliance, integrity, professionalism, and prudence”, upholding the Company’s operating philosophy of “pragmatism, development, prudence and excellence”. In the year,



The “Development Year of Compliance and Internal Control Culture” review and the “Consolidation Year of Compliance and Internal Control Culture” launch meeting

the Company held a meeting to review the “Development Year of Compliance and Internal Control Culture” program and launch the “Consolidation Year of Compliance and Internal Control Culture” program. Through the mobilization of all staff, online and offline training, policy interpretation, regulatory updates, major risk alerts handbook-based guidance and cultural and sports knowledge contests, the *Consolidation Year of Compliance and Internal Control Culture Update* was published to broadly communicate the compliance and internal control requirements, fostering a strong atmosphere and passion for developing the compliance internal control culture.

Standardizing procurement management

The suppliers of Haitong Securities are classified into science and technology procurement, infrastructure procurement and general procurement. Under a unified supplier management policy, the Company adopts supplier-specific measures to forestall risks that may be brought by suppliers to the Company.

The Company strictly abides by the *Tendering and Bidding Law of the People’s Republic of China*, the *Interim Provisions on Centralized Procurement Management of State-owned Financial Enterprises* and other governing laws and regulations. It formulated the *Supplier Management Policy of Haitong Securities Co., Ltd. (Trial)*, and revised the *Rules of Haitong Securities for Management of Information Technology Service Providers* and the *Rules for Integrity and Self-discipline in Procurement of Haitong Securities Co., Ltd.* in 2023, so as to standardize the management of suppliers and procurement, supervise the integrity and self-discipline of employees in the procurement process and avoid business risks.

The Company has set up a Procurement Management Committee responsible for the authenticity, compliance and security audit supervision of procurement activities. The committee has two working groups for specific technology procurement and infrastructure procurement projects respectively. The Company continued to promote green, safe and clean procurement management. For bidding-based procurement projects, the suppliers’ ESG metrics were included in the bid evaluation criteria, and the documents submitted by the bidding suppliers should reflect the suppliers’ ESG perceptions, backed by a complete set of supporting documents.

Procurement management actions of Haitong Securities

Green procurement

For infrastructure suppliers, the Company strictly reviews the qualifications of suppliers in accordance with the national regulations and the Company’s procurement policy. In bidding-based procurement projects, the suppliers’ bidding documents are examined. The Company’s project design suppliers shall comply with the green or energy-efficient building standards, including the *Green Design Standards for Public Buildings* and the *Energy-efficient Design Standards for Public Buildings* and submit a separate book on green building design that meets national or international certification requirements for green buildings.

Safe procurement

For technology suppliers, the Company adds clauses related to corporate data and information protection in relevant systems and contracts, conducts necessary examination and assessment of information technology service providers, imposing data access and use restrictions and confidentiality obligations on service organizations and personnel through procurement document review, contract and agreement review as well as contract performance acceptance and follow-up.

In accordance with Article 68 of the *Administrative Measures for Data Governance of Haitong Securities Co., Ltd.*, the Company keeps supervising the implementation of confidentiality agreements by information technology service providers and other relevant parties, and includes the information technology service providers’ protection of investor information and implementation of confidentiality agreements into the annual review of suppliers. In 2023, no incidents of secret leaks by service providers were detected in the annual review of suppliers.

Integrity procurement

The procurement personnel of the Company have signed the integrity and self-discipline agreement. They organize or participate in procurement work in an open, fair and impartial manner in accordance with the laws and regulations on procurement and the Company’s policies on procurement management, integrity and self-discipline.

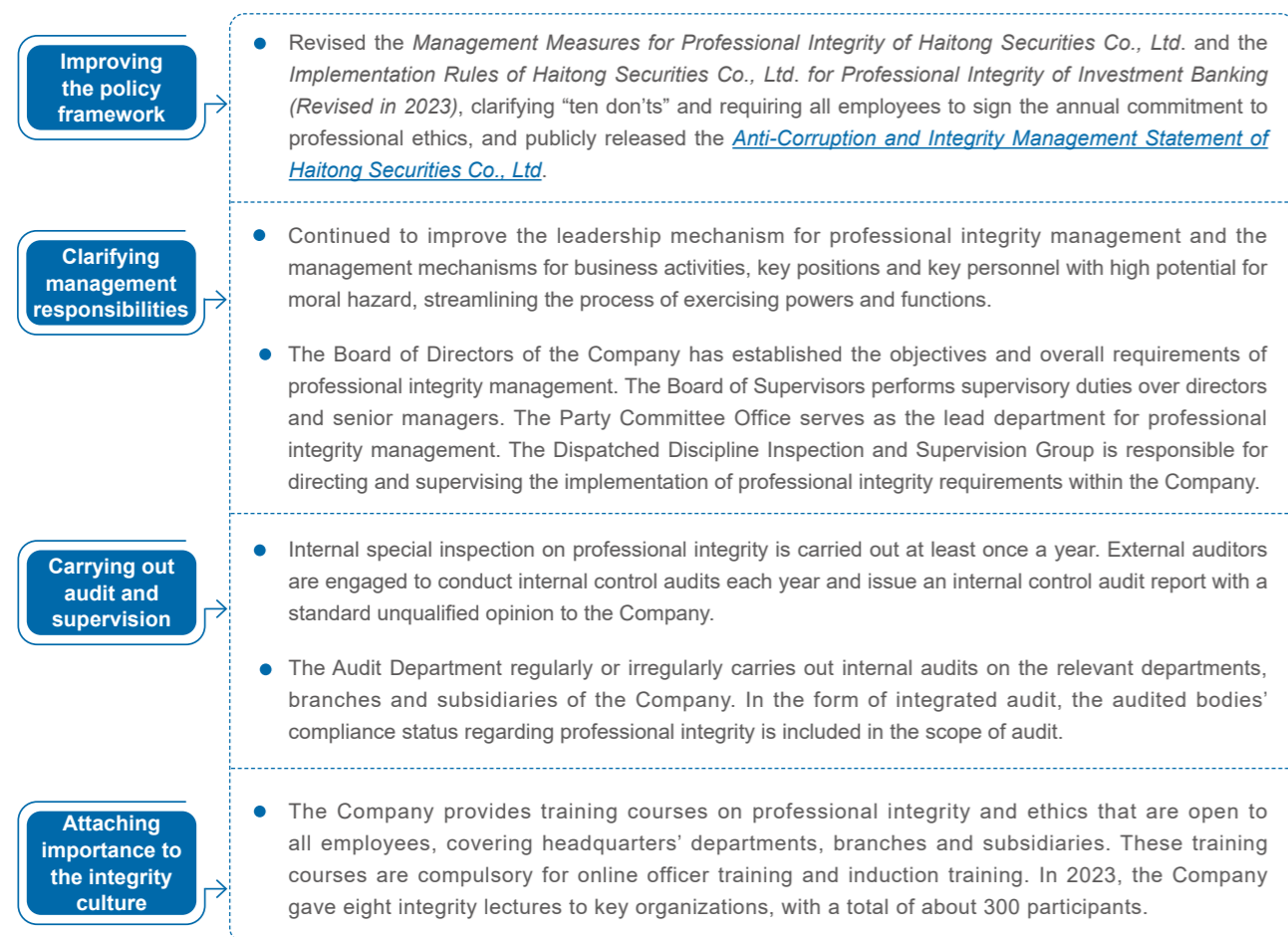
In 2023, the Company held a supplier conference to clarify the “ten don’ts” in the procurement work, and strictly controlled the front-end management of clean procurement by requiring suppliers to sign integrity agreements and provide documentary evidence of compliance and conducting third-party eligibility inquiries, so as to forestall the risk of supplier corruption.

Upholding business ethics

Strictly abide by the discipline of integrity

Haitong Securities endeavors to build a clean Haitong by actively fostering a good atmosphere of professional integrity. The Company has kept improving its policy framework and security management mechanism and regularly conducted internal control audits and training in compliance with the *Rules for the Implementation of the CPC Central Committee's Eight-point Decision on Improving Party and Government Conduct*, the *Rules for the Implementation of Professional Integrity of Securities Business Operators and Their Staff*, the *Notice on Further Strengthening the Financial Management of State-owned Financial Enterprises* and the *Opinions on Further Strengthening the Financial and Accounting Supervision*, ensuring the normal operation of the Company.

Professional Integrity Management Actions of Haitong Securities



Case **The Professional Integrity and Ethics online training series further enhanced professional ethics and integrity management**

In order to further implement the action plan for "Consolidation Year of Compliance and Internal Control Culture", enhance professional ethics and integrity management and bring discipline to the behaviors of employees, the Company has carried out training through themed live-streaming and online optional courses or offline compulsory courses.

Since October 2023, the Company's Human Resources Department, Party Committee Office and Compliance Management Department have jointly organized the "Professional Integrity and Ethics" online training series targeting all employee. By the end of 2023, a total of 66,711 employees had participated in the training.

Anti-money laundering

The Company has put in place a four-tiered Anti-money laundering (AML) policy framework (the Board of Directors, the Management, special issues and business lines), 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 2023, the Company revised the Anti-Money Laundering Policy of Haitong Securities Co., Ltd., the *Implementation Rules for Reporting of Large-value Transactions and Suspicious Transactions* and the *Implementation Rules for Hierarchical Management of Customers' Money Laundering Risks* and other corporate policies on AML internal control, thus refining the requirements regarding the monitoring and reporting of suspicious transactions and grading of customers' money laundering risks.

The Company has established 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.

To enhance employees' capability of performing their AML duties, the Company has carried out four special AML training programs and seven training series by a combination of online and offline channels. With a focus on the Company's major AML work at present, such training covered AML regulatory requirements and situation, basic AML knowledge, suspicious transaction monitoring and reporting, risk classification and customer classification management.

To further enhance the public awareness of fighting money laundering and forestall money laundering crimes, the Company gives AML tips and alerts through its website, market software and "e-HaitongCai" app. In 2023, the Company reviewed branches' AML publicity works and selected 16 excellent cases, which were released through the Company's information platform. This move helped boost the public ability to identify illegal and criminal activities, maintain financial security, contain financial irregularities, forestall financial risks and reinforce the public line of defense against money laundering.



Whistleblower protection

Haitong Securities upholding the principle of protecting the legitimate rights and interests of whistleblowers, Haitong Securities safeguards the whistleblowers' right to report any illegalities and irregularities in accordance with 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* and Article 33 of the *Compliance Management Measures of Haitong Securities Co., Ltd.*

The Company maintains the whistleblowing channels open and unobstructed to protect the legitimate rights and interests of the Company, employees and third parties. 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.

The Company shall keep confidential the whistleblowers' complaints and personal information. The complaints shall be verified and processed without identifying whistleblowers. It is strictly forbidden to transfer whistleblowers' complaints and personal information to the subject organization or person of complaint. If the commendation of whistleblowers involves the disclosure of their identity information, the prior consent of whistleblowers shall be obtained. Whistleblowers shall be protected from retaliation.



02

Fulfilling Duties by Furthering Sustainable Finance

- In 2023, in terms of domestic equity financing, Haitong Securities sponsored and underwrote **22** IPOs in 2023, raising RMB **46.615** billion. Specifically, there were 10 IPOs on the STAR Market with total proceeds of RMB **37.97** billion. In terms of domestic bond financing, Haitong Securities acted as the lead underwriter for **1,228** bonds across various types with a total underwriting amount of RMB **484.7** billion.
- As of the end of 2023, equity investments amounted to RMB **37.651** billion. Specifically, Haitong Capital and its affiliated management platforms recorded RMB **33.324** billion in AUM for private equity funds, Haitong Innovation Securities recorded RMB **4.327** billion in direct equity investments.
- As of the end of 2023, the entrusted management of various types of pensions of HFT Investment Management and Fullgoal Fund exceed RMB **626.776** billion.



Serving the real economy

Securities companies are the most important intermediaries in the capital market. The high-quality development of the capital market and securities companies is an integral component of "accelerating building a financial powerhouse". The Central Financial Work Conference held in October 2023, called for accelerating building a financial powerhouse and making significant efforts in the areas of technology finance, green finance, inclusive finance, pension finance, and digital finance. Haitong Securities has earnestly studied and implemented the instructions from the Central Financial Work Conference, took serving the real economy as its fundamental purpose and made ongoing contributions to China's drive for a financial powerhouse and high-quality financial development.

Haitong Securities' Achievements in Serving the Real Economy in 2023

Investment banking

- > In terms of domestic equity financing, Haitong Securities sponsored and underwrote 22 IPOs in 2023 with an underwriting amount of RMB46.615 billion. Specifically, there were 10 IPOs on the STAR Market with an underwriting amount of RMB37.97 billion, 5 IPOs on the ChiNext Market with an underwriting amount of RMB5.609 billion, 4 IPOs on the Main Board with an underwriting amount of RMB2.61 billion and 3 IPOs on Beijing Stock Exchange with an underwriting amount of RMB427 million.
- > In terms of domestic bond financing, Haitong Securities acted as the lead underwriter for 1,228 bonds across various types with an underwriting amount of RMB484.7 billion.
- > In terms of overseas equity financing, Haitong International sponsored and underwrote four IPOs with total proceeds of about USD191 million.
- > In terms of overseas bond financing, Haitong International completed 117 bond issuance projects^{note} in 2023 with an underwriting amount of USD1,817 million.

Investment business

- > By the end of 2023, equity investments amounted to RMB37.651 billion. Haitong Capital and its affiliated management platforms recorded RMB33.324 billion in AUM for private equity funds, of which there were 52 investment projects totaling RMB3.088 billion in 2023. Haitong Innovation Securities recorded RMB4.327 billion in direct equity investments, of which there were six investment projects totaling RMB440 million in 2023.
- > By the end of 2023, HT Asset Management had issued more than 100 asset-backed special plans with a cumulative issuance of about RMB130 billion.
- > By the end of 2023, the entrusted management of various types of pensions exceeds RMB626.776 billion. Fullgoal Fund managed more than RMB400 billion of pension funds as trustee. HFT Investment Management managed more than RMB226.776 billion of pension funds as trustee.

Financial leasing and futures

- > By the end of 2023, Haitong UniTrust had served 28,504 entity businesses through financial leasing.
- > By the end of 2023, Haitong Futures' "insurance + futures" program covered six former national poverty-stricken counties in 11 provinces, providing protection for over 60,000 tons of spot commodities including rubber, soybeans, hogs, sugar, apples and peanuts from nearly 8,000 farmers, hedging a notional principal risk of more than RMB540 million.

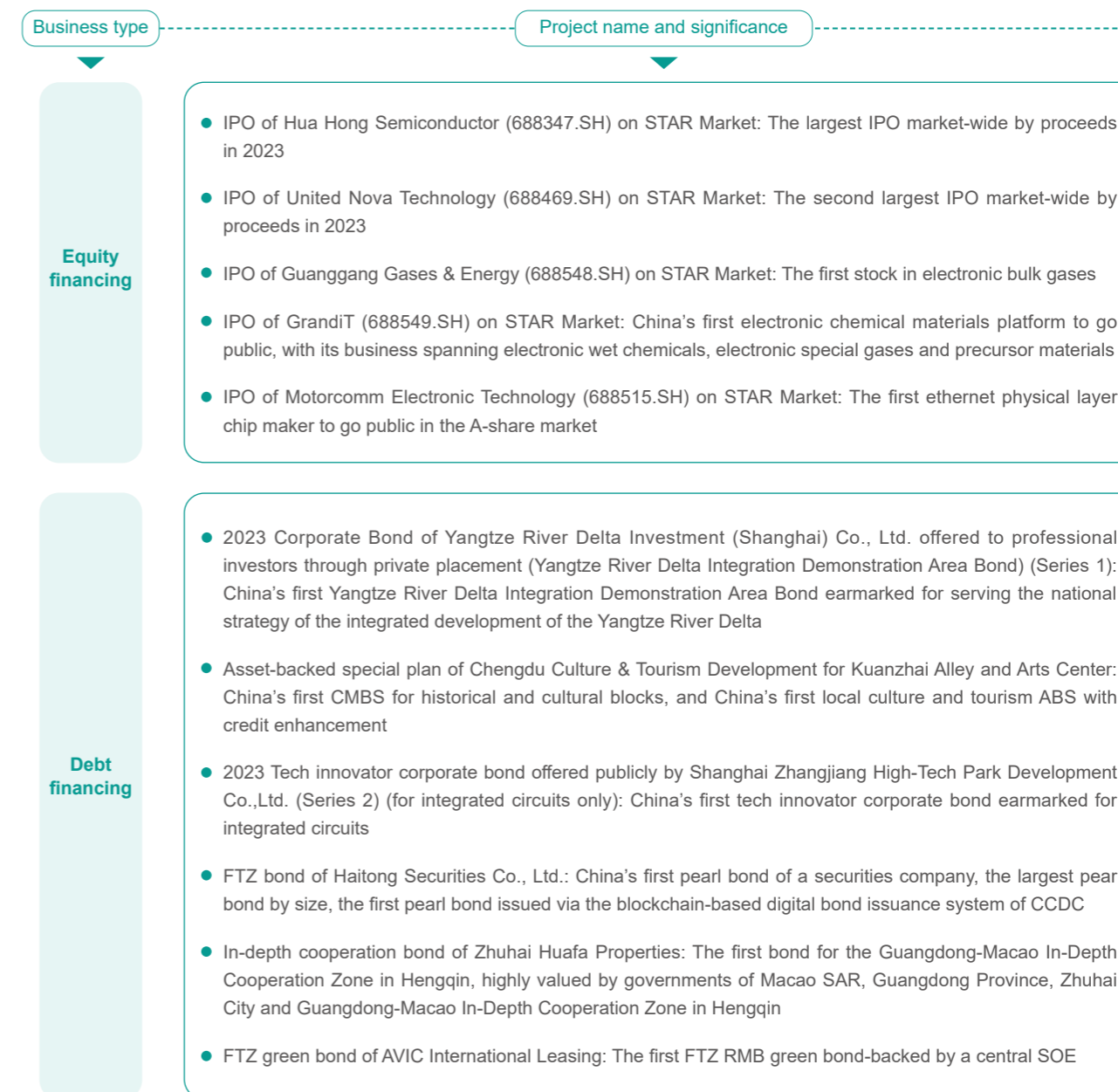
Note: according to Bloomberg's "China Risk G3 + CNY" bond statistics.

Investment Banking

Haitong Securities has always adhered to the customer-centric approach. It chooses the best filing path for issuers to access the multi-level capital market, taking into account the issuers' technological innovation, profitability, industry status and compliance. Haitong Securities' investment banking brand sharpened its edge in 2023, focusing on technology, media and telecom communications (TMT), biomedicine, new energy and advanced manufacturing. The geographical layout was further optimized, promoting customer-centric, accurate and in-depth services, enhancing service quality and putting focus on the Yangtze River Delta, the Greater Bay Area and Central China.

In 2023, Haitong Securities helped 11 IPOs with financing scale of RMB34.7 billion in the Yangtze River Delta, ranking second by number of projects and first by scale of financing in the Yangtze River Delta region. At the same time, Haitong Securities also helped a number of issuers to complete IPOs in the Greater Bay Area and Central China, increasingly boosting its influence.

Haitong Securities' Typical Projects of Investment Banking Services for the Real Economy in 2023



Equity investment

Equity investment business is a strong and important tool to facilitate high-quality development of the Chinese economy with the power of capital. It is also a major bridge connecting financial institutions and real-sector businesses.

As a subsidiary dedicated to private equity fund management, Haitong Capital is directly involved in managing private equity investments in the primary market, with its investment spectrum encompassing a diverse array of sectors such as TMT, consumer goods, finance (including Fintech), environmental protection and new energy, aerospace, advanced materials, integrated circuits, cultural and creative industries, advanced manufacturing, as well as emerging technologies, industries, business models, and formats that are experiencing rising prosperity and strong national policy support.

In 2023, while helping a number of real-sector enterprises that were technologically intensive and competitive to accelerate their leapfrog development, Haitong Capital completed the contract signing for Shanghai Pudong Leading Zone Haitong FOF, Anhui Conch Industrial Internet FOF and Haitong Xingtai Yangtze River Delta Cooperative Development Fund, with a total scale of RMB14 billion, initially shaping the FOF ecosphere and investment chain.

In carrying out the direct equity investment business, Haitong Innovation Securities conducts regulatory compliant cornerstone investments in accordance with the registration-based IPO system, as well as investments in private equity funds. Its investment scope spans across a variety of innovative sectors, including integrated circuits, biopharmaceuticals, new energy, advanced materials, high-end equipment manufacturing, and environmental protection technologies.

Typical Projects of Haitong Securities' Equity Investment Services for the Real Economy in 2023		
Title	Industries served	Project description
Haitong Innovation Securities invested in a collaborative robot R&D and manufacturing company	Artificial intelligence industry	<p>The collaborative robot R&D and manufacturing company was established in 2014. It is focused on the independent research, development and production of collaborative robot product series. These products, smart, safe and stable in nature, have been certified for CE and SEMI, widely used in automobile, energy, semiconductor, 3C, food and drug, education and scientific research.</p> <p>Haitong Innovation Securities invested RMB15 million through a capital increase to fund its business development. After making the investment, leveraging the synergistic and coordinated advantages of "One Haitong", Haitong Innovation Securities carry out referrals for enterprises and empower the company in various aspects, such as introducing relevant industrial chain customers and recommending investors.</p>
Haitong Capital fueled the rapid development of Gensciences	Biopharmaceuticals	<p>Jiangsu Gensciences Inc. ("Gensciences"), established in 2020, is an innovative biopharmaceutical company based in China and reaching for the larger world.</p> <p>Haitong Capital completed the first investment in Gensciences Series B in December 2021 and the second investment in Series C in March 2023, with a valuation of nearly RMB5 billion after Series C. After completing the investments, Haitong Capital empowered development of Gensciences by connecting its founding team to the local governments of Hefei and Shanghai, helping put its production line in place and also assisting its growth in four dimensions, namely collaborative technology validation, talent attraction, scenario verification and merger and acquisition.</p>

Typical Projects of Haitong Securities' Equity Investment Services for the Real Economy in 2023		
Title	Industries served	Project description
Haitong Capital set up a SME Development Fund	Mid- and early-stage startups	In 2021, Haitong Capital sponsored and created the Haitong SME Development Fund jointly with China SME Development Fund Co., Ltd., local state-owned capital authorities and other strategic partners. This RMB2 billion fund is dedicated to investing in mid- and early-stage startups. By the end of 2023, the fund had invested in 22 SMEs cumulatively, providing financial support for these enterprises and empowering their growth with Haitong resources in various business lines.

Advancing inclusive finance

The Central Financial Work Conference held in October 2023, called for accelerating building a financial powerhouse and making significant efforts in the areas of technology finance, green finance, inclusive finance, pension finance, and digital finance. "Inclusive finance" refers to the effective financial services provided by financial institutions for various market entities on the basis of equal opportunities, sustainable business and affordable costs, which gives priority to the financial service needs of farmers, urban low-income people and small and micro enterprises.

Haitong Securities has actively explored new paths to inclusive finance using a variety of capital market tools, including equities, industrial funds, financial leasing, futures + insurance, and asset-backed special plans.

Haitong Securities created a private enterprise development support fund

In November 2018, the Company contributed RMB5 billion to set up the "Securities Industry Support for Private Enterprises Series - HaitongAMC No. 1 FOF Single-Asset Management Plan" (the "FOF") in response to the call from the CPC Central Committee, the State Council and the national financial regulator for easing the liquidity shortage of private enterprises and shareholders and serving the real economy.

By the end of 2023, a total of 19 sub-funds/sub-plans (collectively, together with the FOF, the "Private Enterprise Development Fund") had been established with a total size of RMB53.733 billion. The initial subscription was RMB22.134 billion with RMB13.675 billion paid in. The Private Enterprise Development Fund has provided liquidity support for a total of 74 private enterprises (85 projects).

With a firm footing on its principal activity of leasing, Haitong UniTrust stepped up its transition to industrialization in 2023, with a focus on improving the performance and efficiency in high-end equipment manufacturing, green leasing and digital economy and highlighting the function of “financing + leasing”. It stepped up the green energy business by launching co-branded new energy vehicles and the first batch of new energy driverless mining trucks and establishing a new energy vehicle fleet to serve the Chengdu Universiade and Hangzhou Asian Games. It also leveraged FinTech to improve the quality and efficiency of inclusive finance services and help micro, small and medium-sized enterprises grow steadily.

Haitong UniTrust explored the intellectual property-backed financial leasing model

A Guangzhou-based company is a national “Little Giant” in the “Specialization, Refinement, Differentiation and Innovation” program, specializing in the digital and intelligent military field. Due to the military nature of downstream customers, the company has a long period of receivables collections that appear seasonal. The customers’ funding needs usually emerge at certain points in time in its course of business. Haitong UniTrust innovatively accepted the “intangible assets - patents” as the leased assets in an exploration to optimize the intellectual property-backed financial leasing model. This move opened up the door to Haitong UniTrust’s intellectual property leasing products and better promoted commercialization of enterprises’ intellectual property rights.

Haitong Futures formulated a series of strategic policies and objectives, including deepening market research, providing risk management services, strengthening talent development, and innovating service models, so as to provide effective risk management tools and financial services for the real economy. By the end of 2023, the industrial customers served by Haitong Futures involved a wide range of industries. Haitong Futures served industrial customers worked with utilizing the synergistic effect of “One Haitong”, stock exchanges and third-party channels to jointly empower the risk management of industrial customers.

Haitong Futures helped enterprises manage the price volatility risk with exchange-traded options

In response to the call for the futures industry to serve the real economy, Haitong Futures actively assisted enterprises in managing the price volatility risk with exchange-traded options.

In 2023, Haitong Futures carried out three “Approaching Business Entities, Serving Real Economy” SHFE-traded option projects, including aluminum and copper products. Specifically, the closure application was filed for two projects. The company guided and helped three “Specialization, Refinement, Differentiation and Innovation” enterprises and industry leaders to manage their business risks in raw material procurement, inventory and sales using derivatives. It assisted three companies in successfully filing for and participating in the exchange-traded option projects under Zhengzhou Commodity Exchange’s “Stabilizing Enterprises, Reassuring Farmers, Supporting Real Economy” special industrial program, including methanol and cotton. The company also assisted SMEs in Jiangsu and Henan in managing risks with exchange-traded options and enhancing the soundness of their operations.

Tapping deep into the asset securitization business, HT Asset Management issued a variety of asset-backed special plans whose underlying assets covered accounts receivable (including supply chain finance), financial leasing, factoring, policy pledged loans, charging and income rights, CMBS and quasi-REITs. These plans helped the original beneficial owners revitalize the stock of assets, adjust the debt structure and channel money into high-quality enterprises to accelerate the real economy.

Fullgoal Fund took serving the real economy as an important strategic policy, and innovatively launched the Fullgoal Shanghai Gold ETF in response to the national strategy of “improving the pricing power of the gold market and crude oil futures and facilitating the internationalization of RMB”. Fullgoal Fund actively participated in the filing and issuance of the first publicly offered infrastructure REITs in the country, helping revitalize the stock of infrastructure assets and enhance the quality and efficiency of the capital market in serving the real economy.

Developing pension finance

“Pension finance” means, in the strategic context of addressing an aging population of China, the financial industry provides financial support focused on the pension funds, elder care services, and the pension industry. Pension investment management is an inevitable requirement for the asset management industry to provide high-quality services and step up “pension finance”.

As one of the first securities brokers in the industry to launch the account opening and trading functions, Haitong Securities completed the development and launch (0-1) of the pension module and created a comprehensive pension service module integrating account opening, investor education and trading. It was included in the first list of personal pension fund distributors, actively promoted the pension business and empowered the business development through its own network, distribution channels and branches.

As one of the first six companies approved for public FOFs in the market, HFT Investment Management issued three target pension funds, covering different target risks and target dates. In 2023, the company’s three pension FOFs were all included in the *Catalogue of Personal Pension Funds* published by the CSRC. Also, HFT Investment Management carried out interesting investor education events disseminating the knowledge on pensions and enterprise annuities, helping investors better understand the pension system and capital market.



The official account of HFT Fund popularizes pension knowledge



HFT Investment Management’s “Enterprise Annuity Mini-Encyclopedia” investor education section

Fullgoal Fund as one of the leading pension managers in the mutual fund sector has played a part in building China’s multi-tier, multi-pillar pension system. In 2005, 2010 and 2016, Fullgoal Fund respectively became one of the first batch of licensed enterprise annuity fund investment managers, a licensed social security fund investment manager and basic pension fund investment managers. In 2018, it issued the Fullgoal Xinwang Stable Pension Target 1-year Hybrid Fund of Funds (FOF). In 2022, it became one of the first market players to announce pension target funds adding separate Class Y fund units for the personal pension investment fund business. By the end of 2023, Fullgoal Fund managed more than RMB400 billion of pension funds as trustee. In addition to the growing size of pension management, Fullgoal Fund also maintained stable performance of funds managed over a long period of time. In the National Council for Social Security Fund’s annual reviews, Fullgoal Fund has won a total of 14 investment manager commendations in active, overseas, quantitative and fixed income investments.

ESG risk management

Implementing the ESG risk management system

Haitong Securities actively implemented the philosophy of sustainable development and constantly stepped up the work on ESG risk management. The Company formulated the *Measures for ESG Risk Management of Haitong Securities Co., Ltd. (Trial)* and the *Guidance on Customer ESG Due Diligence of Haitong Securities Co., Ltd.*, covering customers in industries with high ESG risks, customers whose principal business carries high ESG risks and customers with significant negative ESG incidents. The ESG risk management mechanisms and processes have been standardized for such business activities as investment/trading business, credit business, investment banking and customer asset management to ensure orderly business operation at a tolerable level of ESG risks. Business departments and subsidiaries also formulated the measures for ESG risk management and the guidance on ESG due diligence in line with their business characteristics. For the list of relevant policies, please see the [Statement of Haitong Securities Co., Ltd. on ESG Risk Management](#).

The Company has fully integrated the ESG philosophy into its development strategy and day-to-day activity, attaching great importance to ESG risk management at the business level. The Company created a four-tier framework of ESG risk management consisting of the Board of Directors, the Management, the Risk Management Department, relevant business departments and business management departments, branches and subsidiaries. The Company has well-established ESG risk management processes for ESG risk identification and assessment, ESG risk control and monitoring, and ESG risk reporting and response, so as to ensure accurate identification, prudent assessment, dynamic monitoring, timely response and full-process management of ESG risks in business activities. For specific duties, powers and ESG Risk management procedures of each department, please refer to the [Statement of Haitong Securities Co., Ltd. on ESG Risk Management](#).

In 2023, the Company conducted two ESG risk management assessments over relevant business departments and subsidiaries. These assessments included ESG due diligence for new customers and ESG due diligence update for existing customers, with a focus on the implementation status and quality of ESG due diligence. In 2023, Haitong Securities conducted ESG risk assessment for approximately 300 projects and ESG due diligence on nearly 150 projects, and no high ESG risk clients have been identified at present. In 2023, the business departments and subsidiaries of Haitong Securities implemented ESG Risk management in an orderly manner. None of the investigated companies had a high ESG risk, basically demonstrating a controlled level of customer ESG risk.

Elements of Haitong Securities' Customer ESG Due Diligence

Dimensions of ESG Due diligence

- > ESG due diligence system has two dimensions, namely negative event assessment and management capability evaluation. The management capability evaluation covers 11 topics under three categories (environmental, social and governance) and employs 34 primary indicators. The ESG topics include:
 - Environmental: Environmental management, addressing climate change, biodiversity, etc.
 - Social: Employee management, supply chain management, etc.
 - Governance: Corporate governance, business ethics, etc.
- > In 2023, the Company discussed the importance of governance factors in ESG risk management and the varying performance and impact of business ethics topics for state-owned enterprises and private enterprises based on the existing ESG due diligence system, helping due diligence workers understand the fundamental elements of corporate governance.

Main industries involved in ESG due diligence

- > The due diligence guidance explicitly requires ESG due diligence and risk assessment to be conducted for customers operating in the following industries: mining, raw material processing and manufacturing, pharmaceutical manufacturing, production and supply of electricity, heat, gas and water, paper packaging and paper products.
- > The Company has published the ESG due diligence system for general industries, and also issued the ESG due diligence system for three special industries, namely mining, raw material processing and manufacturing and pharmaceutical manufacturing.

ESG risk trigger and response

- > Stages involved: Due diligence and duration stage.
- > Risk trigger: The threshold is triggered if the customer's ESG due diligence score is lower than the required minimum score or any significant negative event occurs.
- > Risk response: Each entity should formulate an ESG risk response plan, urge customers to improve ESG management, track and evaluate the implementation of improvement measures and regularly monitor and evaluate changes in the ESG risk of customers. If the customer's ESG risk profile continues to deteriorate, each entity shall promptly take effective risk mitigation measures such as debt acceleration and control or reduction of risk exposure.

Enhanced ESG examination of credit business

For stock pledge and other credit business, Haitong Securities formulated the *Measures for ESG Risk Management of Stock Pledged Repurchase Business of Haitong Securities Co., Ltd. (Revised in 2023)*. This revised policy further clarified the measures for enhanced examination of enterprises with high ESG risks based on the above ESG risk management process. It was also made clear that ESG risk and credit risk examination results should be submitted to the Company for review.

Enhanced ESG Examination Methods for Stock Pledge of Haitong Securities

Dimension	Content
Enhanced examination of industries with high ESG risk	<p>The Company has incorporated the ESG risk evaluation results in the approval process for stock pledged repurchase. For a customer with high ESG risk, the parties primarily and secondarily responsible should prudently assess its ESG risk, develop an ESG risk response plan and retain a register of high-ESG-risk customers for future inspection. The ESG risk response plan may include:</p> <ol style="list-style-type: none"> (1) urging customers to improve ESG management and track and evaluate the implementation of improvement measures; (2) regularly monitoring and evaluating changes in the ESG risk of customers; (3) if the customer's ESG risk profile continues to deteriorate, promptly taking effective risk mitigation measures such as debt acceleration and control or reduction of risk exposure; and (4) other ESG risk response and control matters.
Maintaining the consistency of ESG risk and credit risk examination	<p>The Company has made it clear that after the ESG due diligence is complete, the primarily and secondarily responsible parties should submit the signed <i>ESG Risk Due Diligence Report on Stock Pledged Repurchase Business</i> and related supporting materials, together with the <i>Due Diligence Form on Stock Pledged Repurchase Business</i> and the <i>Due Diligence Report on Stock Pledged Repurchase Business</i>, to the Company for review. As for the review process, the <i>Guidance on Due Diligence and Post-lending Management of Stock Pledged Repurchase of Haitong Securities Co., Ltd.</i> applies <i>mutatis mutandis</i>.</p>

For project financing deals, Haitong Securities has strengthened ESG risk management by developing the ESG risk management policy for project financing and integrating ESG due diligence requirements into the credit risk rating and credit management standards for Internet data center (IDC) projects and environmental protection industry projects.

Enhanced ESG Examination Methods for Project Financing of Haitong Securities

Dimension	Content
Policy	<ul style="list-style-type: none"> Rules for the Implementation of Customer Credit Risk Rating and Credit Management for Project Financing of Haitong Securities Co., Ltd. Customer Credit Risk Rating and Credit Management Standards for Internet Data Center (IDC) Project Financing Customer Credit Risk Rating and Credit Management Standards for Environmental Protection Project Financing
ESG due diligence adjustments for project financing	<p>Based on its existing ESG due diligence evaluation systems for general industries and three special industries, Haitong Securities has further developed special scoring items of ESG due diligence for Internet data center (IDC) projects and environmental protection projects:</p> <ul style="list-style-type: none"> Whether prudent decision-making is included in the company's business list for negative matters involving such ESG dimensions as environmental protection or working safety, labor disputes, equity structure stability and the management's and shareholders' credit track record. The targeted project evaluation indicators were set and the credit risk rating card dedicated to the environmental protection industry was released according the special attributes of the environmental protection industry, taking into account environmental and social factors and business, so as to refine the credit assessment system for environmental protection projects. The credit assessment system for IDC projects was refined in line with the special attributes of IDC projects. For example, the power usage effectiveness (PUE) with a weight of 4% was added to the basic evaluation indicators of the scorecard.

Typical cases of due diligence

Business entity and business type	Industry of subject company/financed party	Due diligence method and content	Due diligence results
Haitong Securities - bond investment	Coal and consumer fuel	Before investing in a Shanxi-based coal company, the business departments collected its annual reports, CSR reports and prospectus and inquired about its track record of ESG negative events.	The company's ESG score was 69 points, indicating basically controlled risks despite the occurrence of ESG negative events. The company was not a high-ESG-risk customer under the regulations on ESG due diligence, so the business relationship should be continued.

Business entity and business type	Industry of subject company/financed party	Due diligence method and content	Due diligence results
Haitong Securities - stock pledge	Raw materials processing and manufacturing (steel)	In April 2023, the financing customers, the controlling shareholder of a listed company operating in the raw materials processing and manufacturing (steel) sector, applied to the Company for pledge financing of RMB150 million. The listed company operates in an industry characterized by high ESG risks. The due diligence personnel interviewed officers of the applicant, obtained the applicant's commitment to ESG metrics and assigned an ESG due diligence score based on publicly available information.	Although the company controlled by the applicant operated in a high-ESG-risk industry, it was given an ESG score of 79 points due to sound ESG management. Thus the company was not a high-ESG-risk customer and eligible for stock pledge.
Haitong Innovation Securities - equity investment	Fertilizers and agricultural chemicals	Haitong Innovation Securities invested RMB300 million in a fertilizer company, one of China's top-tier producer of nitrogen fertilizers and compound fertilizers. The due diligence personnel conducted ESG due diligence through public market data inquiries, site visits and interviews.	The due diligence personnel found that the target company's total CO ₂ emissions increased with the release of capacity at the new production base, so they adjusted the relevant part of the ESG evaluation form and communicated with the company about its plan to reduce CO ₂ emissions in the future. Due diligence results showed that the fertilizer producer basically did not have any high ESG risk.

Case

Conducting special training on ESG risk management

In order to improve the ESG risk management of all members of the Company, Haitong Securities conducted ESG risk management training in June 2023. The training included a briefing on the latest progress in Haitong Securities' ESG risk management system, ESG regulatory trends and peer practices, and sharing of ESG investment strategies and their application. The trainees included officers of the departments of the parent company and subsidiaries in charge of risk control. The training was provided through offline meeting and online livestreaming. After the meeting, the participating entities organized employees in all business lines to study the training deliverables.



Haitong Securities conducted special training on ESG risk management

Practicing responsible investment

ESG investment

With the idea of green and sustainable development increasingly ingrained in the financial sector, the impact of ESG factors on the long-term investment of listed companies has attracted more and more attention from investors. In alignment with the development trends at home and abroad, Haitong Securities has built an ESG investment system and developed ESG investment instruments to help shape a new capital market ecosystem for high-quality development. As signatories to the United Nations Principles for Responsible Investment (UNPRI), HFT Investment Management and Fullgoal Fund applied the ESG philosophy to their investment activity.

Haitong Securities released the [Responsible Investment Statement of Haitong Securities Co., Ltd.](#) on its official website. According to the statement, the Company has established a sound 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 for ESG Development, to fully integrate ESG and responsible investment activities. In addition, asset management-related departments or subsidiaries have set up positions responsible for ESG research and investment.

Duties of Responsible Investment-Related Departments of Haitong Securities

Fixed Income Department
Secondary department of Credit Assessment and Macro Research has a dedicated officer responsible for organizing or participating in ESG due diligence, researching various ESG factors, and initiating internal ESG training within the department, among other ESG-related matters
Equity Investment Department
Specific researchers were appointed to track the new energy industry, keep abreast of the latest industry developments and follow the listed companies contributing to the strategic goal of "carbon peaking and carbon neutrality"
Derivatives and Trading Department
Its Derivatives Design Division is responsible for the strategy development and index compilation for the ESG indexes relating to OTC derivatives, real-time tracking of ESG developments and preparation of relevant research materials, design of the structure of indexed products and tracking of the ESG index release process
Haitong International
Haitong International has an ESG Committee responsible for overseeing the ESG strategies of Haitong International Securities Group Limited and its subsidiaries and reviewing and monitoring Haitong International's ESG policies and practices. The Asset Management Department has a departmental ESG committee that meets regularly every year
HFT Investment Management
Two employees from the Quantitative Investment Department are tasked with conducting ESG strategy research and handling related matters on a part-time basis. Two employees from the Marketing Department are also assigned to assist in handling ESG-related matters on a part-time basis
Haitong Securities Asset Management, Haitong Capital, Haitong Innovation Securities
Assign specific personnel to be responsible for implementing ESG risk management issues
Fullgoal Fund
Each investment line (active equity, quantitative and fixed income) and the Strategy and Product Department of Fullgoal Fund have personnel dedicated to ESG matters, tracking and monitoring ESG-related market changes from different perspectives and carrying out relevant research

The Company considers ESG-related factors in the investment decision-making process, and applies the responsible investment strategies including ESG factors integration, screening, thematic investment and active shareholders to pursue integration of responsible investment and investment activities of the Company.

ESG Investment^{note} Outcomes of Haitong Securities in 2023

Unit name	ESG investment outcomes
Haitong International	<ul style="list-style-type: none"> It managed three ESG themed funds, namely Tabula Haitong Asia High Yield Bond ESG ETF, MSCI China A-Share ESG ETF (3031.HK), and Haitong Low Carbon Pioneer Equity Fund, with management fee income of approximately HKD5.57 million in 2023.
HFT Investment Management	<ul style="list-style-type: none"> In December 2023, HFT Investment Management launched HFT ESG Leading Equity Securities Investment Fund with the fund codes 018882 (Class A)/018883 (Class C).
Fullgoal Fund	<ul style="list-style-type: none"> As of December 31st, 2023 (the most recent publicly disclosed date), Fullgoal Fund managed a total of 21 sustainability-related products with a total scale of RMB27 billion, including 19 publicly offered funds with a total scale of RMB25.8 billion.

Note: Only green investment in the environmental dimension is considered in ESG investments, as detailed in the "Serving the carbon peaking and carbon neutrality goal" section.

1. ESG factor integration strategy

Applicable services	Public equities, private equities
Application details	<p>HFT Investment Management uses ESG-related factors in its multi-factor model, such as Wind's environmental, social and governance scores and dispute scores. Among ESG-related quant funds, HFT Investment Management requires the portfolio's ESG overall score to be higher than the benchmark's overall score.</p> <p>Fullgoal Fund combines the ESG evaluation system with its bottom-up stock research system and scores the social value and commercial value of listed companies respectively. The two scores are added up, subject to deductions for stock investment risk. Then listed companies are ranked by descending order of the final score. Fullgoal Fund has applied the above sustainability evaluation system to the stock pool and issued a number of sustainability investment products.</p> <p>Haitong International has developed an ESG-based selection system for private equity investment funds. In the preliminary screening stage, investment proposals are checked and ESG risks are assessed according to the ESG policy and exclusions. In the due diligence stage, the company evaluates new investments from an ESG perspective, assesses the quality of the ESG management system and reviews/evaluates ESG risks and opportunities. In the investment decision-making stage, it raises key ESG questions, and reaches an agreement on the ESG action plan with the management of the investee company. In the exit stage, it reviews the ESG profile and considers ESG developments under the new ownership.</p>

2. Screening strategy

Applicable services	Public equities, fixed income, private equities, hedge funds and alternative investment
Application details	<p>Each business department and subsidiary of the Company have conducted pre-investment examination of the investee companies through ESG due diligence and ESG rating verification in accordance with the <i>Measures for ESG Risk Management of Haitong Securities Co., Ltd. (Trial)</i> and the <i>Guidance on Customer ESG Due Diligence of Haitong Securities Co., Ltd.</i> A quota control is applied to target companies that may have high ESG risks. For details, please see the “ESG risk management” section.</p> <p>The Equity Investment Department of the Company has set strict criteria for inclusion in the “stock pool”, excluding high-ESG-risk stocks prior to investment. Exclusion criteria include the disproportionately large weight of goodwill assets and a very high proportion of shares pledged by major shareholder.</p> <p>HFT Investment Management excludes stocks with low ESG overall scores in various sectors.</p>

3. Sustainability themed investment strategy

Applicable services	Public equities, fixed income, hedge funds, alternative investment and private equities
Application details	<p>On February 28, 2023, Haitong Securities and China Securities Index Co., Ltd. jointly launched the CSI Haitong ESG Equity and Bond Coordinated Index (code: 931227). As of the end of 2023, the principal-protected bullish income certificate linked to the CSI Haitong ESG Equity and Bond Coordinated Index had been issued for 84 rounds, with a total of over RMB1.5 billion raised and an outstanding size of RMB458 million, accounting for 8.02% of the outstanding principal-protected floating income certificates issued by the Company.</p> <p>In 2023, Haitong Capital and its subsidiaries invested in projects related to the new energy industry, with an aggregate investment of RMB325 million.</p>

4. Active shareholders strategy

Applicable services	Public equities, private equities
Application details	<p>The Company actively exercised its shareholder rights to actively and regularly communicate with investee companies on ESG issues. It guided investee companies to create positive environmental and social impact by having talks with the senior management, submitting proposals to the Shareholders' General Meeting and proxy voting, helping boost the ESG performance of investee companies.</p> <p>In 2023, Haitong Securities prepared the <i>Statement of Haitong Securities on the External Exercise of Voting Rights</i>, elaborating on the organizational structure, basic principles, voting concerns and policies and procedures for Haitong Securities to actively exercise voting rights on behalf of the Company or fund unit holders at the shareholders' general meeting (shareholders' meeting) and bond holders' general meeting of the investee company.</p> <p>Fullgoal Fund has embedded the idea of sustainable investment into the entire portfolio management process, including stock research and inclusion, day-to-day tracking, investment decision-making and voting on major issues. With the ESG score/rating for sustainable investment evaluation added in including stocks in the pool, the following measures were taken during the project life: Firstly, in day-to-day supervision, Fullgoal Fund paid more attention to the sustainable investment practices of the investee company and actively communicated with and caused the investee company to improve the sustainability performance; secondly, in the exercise of voting rights, the company limited and regulated activities going against sustainable investment.</p>

Case

Haitong-Fortis PE actively carried out post-investment management

Wuhan Yifei Laser Corp Ltd. (“Yifei Laser”) is a leading supplier of intelligent equipment for precision laser processing, included in the list of national “little giants” under the “Specialization, Refinement, Differentiation and Innovation” program (the first year for the second batch). The China-Belgium Direct Equity Investment Fund and Haifu Yangtze River Growth Fund managed by Haitong-Fortis PE invested in Yifei Laser in 2017. Embowered by the investment, Yifei Laser grew steadily to expand its operating income from RMB100 million in the year before investment to RMB540 million at the end of 2022 and successfully went public on the STAR Market on July 28, 2023, yielding a return of nearly 500%.

In terms of corporate governance, Haitong-Fortis PE participated in major decision-making through appointed directors, introduced experienced chief financial officer and board secretary to the company, formulated an equity incentive plan and helped improve its organizational structure and equity structure. In 2020, Haitong-Fortis PE, rooted in the Yangtze River Delta, connected the company to the local government in Zhenjiang City, Jiangsu Province, helping it to build its second factory in Zhenjiang quickly.

ESG research and consulting

The “carbon peaking and carbon neutrality” goal has fueled the ESG investment boom in China’s capital market. The research team of Haitong Securities is dedicated to ESG research focused on carbon neutrality and other green researches, keeps track of the ESG frontier and key issues and strives for an ESG ecosystem by preparing research reports, research projects, providing consulting services and other ESG practices, so as to help institutional and individual investors make informed investment decisions. In 2023, Haitong Securities’ Research Institute served a total of 542 customers by providing ESG research and consulting services, with the operating income standing at about RMB78.41 million.

ESG Research and Consulting Outcomes of Haitong Securities in 2023

Research report or service	<ul style="list-style-type: none"> ● Research Institute: <i>Application of ESG in China from an Overseas Perspective</i>; ESG Monthly reports ● HT Asset Management: <i>A Brief Analysis on ESG Sustainable Investment</i> ● Haitong International Asset Management: In 2023, more than 180 ESG daily and weekly reports were published on Haitong International’s Macro Research Official Account. It completed two internal studies, namely <i>A Comparison of Chinese and European Carbon Markets</i> and <i>Green Electricity Certificate</i>, and provided relevant research support for the Investment Banking Department. ● Haitong International Equities Research: Six sustainability-related reports were issued in 2023. ● Fullgoal Fund: Fullgoal Institute for ESG Research, SUFE has planned and completed a total of 15 research reports, including one annual report <i>China ESG Development Report 2023</i>, four key reports and 10 general reports.
Research projects	<ul style="list-style-type: none"> ● Research Institute: China Investment Corporation’s <i>Carbon Emission Intensity and Carbon Beta</i> project ● HFT Investment Management: The first phase of the <i>ESG Index Construction for the Governments of Provinces and Large and Medium-sized Cities</i> project jointly carried out with Antai College of Economics and Management, Shanghai Jiao Tong University was completed. It was included in the list of 2023 national college students innovation and entrepreneurship projects published by the Department of Higher Education of the Ministry of Education. ● Fullgoal Fund: <i>China ESG Development Report 2023</i> was issued
Research institute	<ul style="list-style-type: none"> ● Fullgoal Fund established an <i>Institute for ESG Research</i> jointly with Shanghai University of Finance and Economics (SUFE)

Haitong Securities actively communicated with the outside world to keep employees informed of the latest ESG practices and trends by organizing employees to participate in third-party ESG themed seminars, conducting in-house training for employees and holding ESG-related events, so as to improve the Company's overall ESG standard in practice.

Communication and Exchange Outcomes of Haitong Securities in 2023

Participating in/holding training



- **April** → The employees of the Company's Derivatives and Trading Department attended the "Green Boost to China's High-quality Development - CSI ESG Theme Seminar Series" organized by China Securities Index Co., Ltd. They discussed opportunities for the development and innovation of ESG and green investments toward the "carbon peak, carbon neutrality" goal.
- **May** → HFT Fund participated in the Mercer ESG and Sustainability Salon organized by the Asset Management Association of Shanghai.
- **November** → Haitong Capital organized employees of relevant departments to participate in ESG training held by PwC. Participants exchanged ideas on topics including sharing of ESG macro policy and regulatory trends, how to implement ESG in the private equity fund industry, and sharing of ESG disclosure practices of prospective listed companies.
- → The Asset Management Department of Haitong International held two ESG training sessions for management trainees (MT) and graduate trainees (GT) under the theme of "ESG Overview and ESG Practices of Haitong International".
- → Fullgoal Fund conducted training on "Global ESG Fund Development Status and Investment Practices of Asset Management Organizations" for employees of fund companies and teachers and students of Shanghai University of Finance and Economics.

Holding ESG events



- **September** → The Fullgoal Institute for ESG Research, SUFE, the Chinese Modernization Research Institute, SUFE and the Editorial Office of the *Journal of Finance Research* jointly held the First China ESG Academic Forum.
- **November** → Shanghai University of Finance and Economics hosted the "2023 SUFE Anniversary Forum and First ESG Innovation Forum", which was co-organized by the Fullgoal Institute for ESG Research of SUFE and the Chinese Modernization Research Institute of SUFE.



03

Devoted to Improving Customer Service Quality

- In 2023, the Customer Service Center of the Company had an overall customer satisfaction rate of **99.9%** for its telephone and online services, with a complaint rate of only **0.021%**.
- The Company was named by SSE Outstanding Member in Investor Education, and Outstanding Practice Case in Investor Protection.
- In 2023, in the special merits competition of “Serving Real Economy, Supporting Inclusive Finance” organized by Shanghai Financial Workers’ Union and Shanghai Securities Association, the Company’s “Rainbow Classroom” won the second prize for Investor Education and Protection.



Protecting customer rights and interests

Customer service improvement

Adhering to the “customer-centric” approach, Haitong Securities keeps building its service system to develop a closed-loop service value chain and an open customer ecosystem. The Company provides customers with high-quality lifecycle financial services in a bid to create more value for customers.


In 2023, the Company revised the *Administrative Measures for Investor Follow-up Visits of Haitong Securities Co., Ltd.* and the *Administrative Measures for Customer Complaints of Haitong Securities Co., Ltd.* in accordance with the *Measures for the Management of Securities Brokerage Business* and the *Implementation Rules for the Management of Securities Brokerage Business*. The Company has stepped up efforts on customer service, business operations and customer relationship maintenance toward the four objectives of customer service management.


Haitong Securities’ Objectives of Customer Service Management


- Sorting out and standardizing customer service elements
- Coordinating service providers to continuously improve services
- Enhancing branches’ customer service capabilities and promoting business development
- Meeting service needs on a customer-centric basis and enhancing customer experience

In 2023, the Company established customer classification standards (three categories and six levels) for branches’ customers, developed a total of 152 service elements organized into five service systems and organized and implemented more than 20 service training sessions for branches. A total of 350 customer service needs and suggestions were collected through the Service Experience Initiative for improvements and follow-up. The Company has upgraded its service level from “selling products” to “addressing customer needs” toward the objectives of customer income and holding experience.

Wealth Management Service Actions of Haitong Securities

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Guiding customers to establish a good investment philosophy and framework with customized services, and providing customers with professional companion services in pursuit of healthy and sustainable wealth growth.
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With a focus on fixed income products and ETFs, fully tapping the investment and wealth management needs of general customers, high-net-worth individuals and institutional customers with publicly offered and privately placed bond products, meeting trading-oriented customers’ demand for trading instruments with ETF products, steadily expanding the customer base for the Company’ products and fortifying the foundation of sales.
- 

Continuing to improve sales of quantitative products and products settled through securities brokers, integrating internal resources of the Company, improving the bargaining power in product sales and enhancing the comprehensive contribution value of product sales.

In 2023, the Customer Service Center of the Company had an overall customer satisfaction rate of 99.9% for its telephone and online services, with a complaint rate of only 0.021%.

The Company receives customer queries and complaints through channels, including the customer service hotline 95553, mobile APP and the Company’s official website, and actively handles complaints forwarded from 12386, local regulators and trade associations, making full use of third-party mediation platforms to negotiate with complainants to settle complaints. The Company formulated the *Administrative Measures for Customer Complaints of Haitong Securities Co., Ltd.*, clarifying the investor complaint handling process, the regulator-forwarded complaint handling process and the branch-received customer complaint handling process.

Carrying out responsible marketing

The Company strictly abides by the *Securities Investment Fund Law of the People’s Republic of China*, the *Provisions on Agency Distribution of Financial Products by Securities Companies*, the *Measures for the Supervision over and Administration of Publicly Offered Securities Fund Distribution Agencies*, the *Administrative Measures for Fundraising of Private Equity Funds*, the *Administrative Measures for Suitability of Securities Futures Investors* and other relevant laws and regulations. The Company formulated the *Provisions of Haitong Securities Co., Ltd. for Regulating Selling Behaviors of Financial Product Sales Persons* to strengthen the management of financial product sales and regulate the activities of financial product salespersons. Relevant elements were included in the Company’s regular self-examination, with any problem found in self-examination carefully analyzed and corrected. In 2023, the Company found no violations related to product or service information and label and no violations of marketing and promotional provisions.

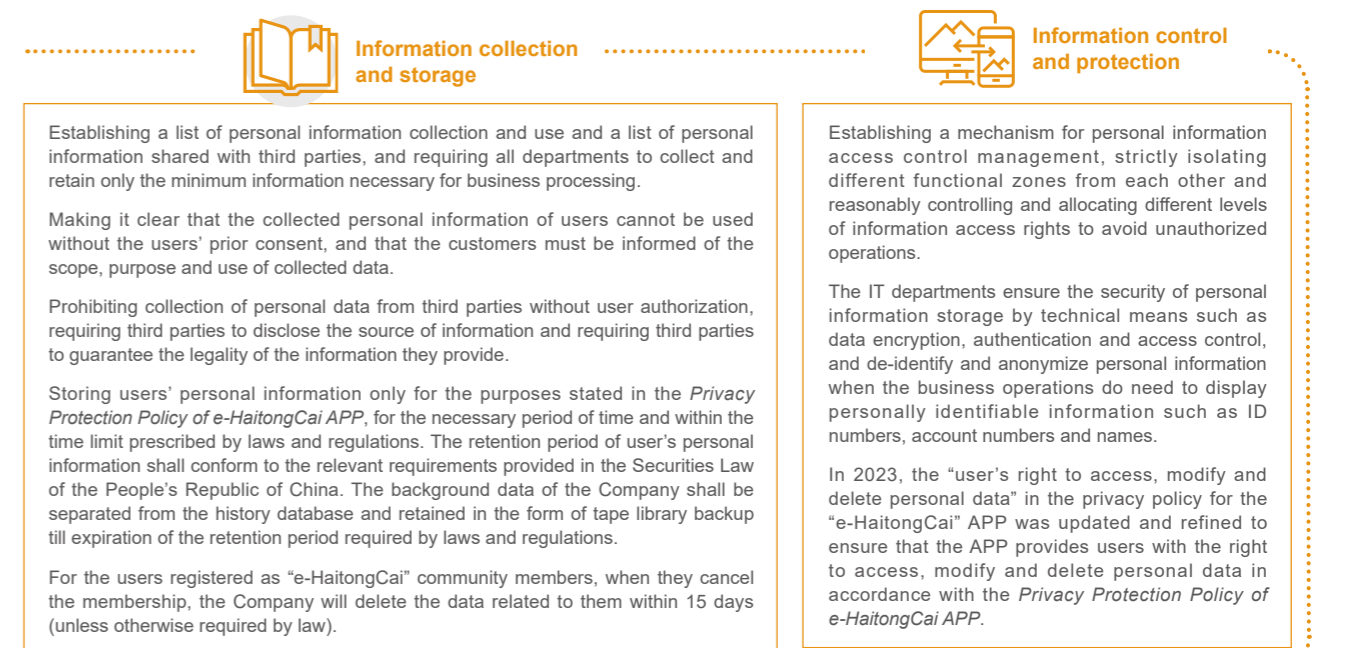
In 2023, the Company revised and issued 14 suitability management policies including the *Guidelines on Suitability Management of Financial Products Distributed on Commission by Haitong Securities Co., Ltd. (Revised in 2023)*, clarifying the requirements for “Know Your Customer (KYC)” scope, duties and performance assessment. The Company ensured that salespeople worked with due care and prudence in selling financial products or providing services, fully knew investors, disclosed all risks and gave suitability opinions according to risk tolerance of investors and risk levels of products or services, so as to sell or provide products or services suitable for investors.

Protecting customer privacy

Haitong Securities respects and protects customer privacy. The Company formulated the *Management Measures for Personal Information and Privacy Security Protection* and the *Management Measures of Haitong Securities Co., Ltd. for Customer Information* to strengthen the data collection, transmission, storage, use, deletion and destruction, improve the investors’ personal information protection system and standardize customer privacy management. These policies explicitly state that the Company shall not provide customer information to other organizations or individuals in any way, unless required by laws and regulations, necessary for regulatory reporting, with customer consent or needed for customer identification, and shall not purchase or use personal information obtained illegally or from unknown sources.

In 2023, the Company amended the *Privacy Protection Policy of e-HaitongCai APP* to make policy improvements regarding the privacy policy archiving, SDK authorization, secure keyboard, simple password verification and account session timeout adjustments. The “e-HaitongCai” APP has obtained the *security certificate for mobile internet apps in the securities and futures industry*. In 2023, the Company did not commit any breach of customer privacy or receive relevant confirmed complaints.

Customer Privacy Protections of the Company





Training on employee information privacy

The Company provides training on data security and personal information security in various forms. In 2023, such training events and programs included distributing electronic booklets by email, setting up roll-up banners, lectures, cybersecurity knowledge competition.



Management of partner behaviors

According to the *Rules of Haitong Securities for Management of Information Technology Service Providers*, all information technology service providers (including hardware manufacturers, application software developers, foundational software developers, information security service providers, labor outsourcing service providers, data content service providers, technical support service providers, and telecommunications operation service providers, etc.) are required to enter into confidentiality agreements with the Company, committing to strictly abide by the data confidentiality requirements stipulated within such agreements and to refrain from providing personal data to any third party.

The Company enforces these obligations through contractual terms, performance acceptance tracking, and other means, thereby imposing constraints on the access permissions, data usage, confidentiality obligations, and responsibilities of the service providers and their personnel.

Case

Conducting targeted, scenario-based training on data security

In 2023, Haitong Securities provided a series of special training on data targeting senior managers, ordinary employees and outsourcing staff respectively. The experience and interaction items in training were based on day-to-day scenarios such as breach of personal privacy and disclosure of sensitive information. In addition, a reasonable assessment mechanism was created to motivate employees for study and learning, boost their awareness of cyber-security risks and skills to prevent such risks and enhance their capability of information security protection.



Data security frontier sharing lecture



Data security live forum



Personal privacy case study

Deepening investor education

Haitong Securities always keeps in mind the mission of serving investors. Putting investors at the center, the Company has been improving the working mechanism and methods for investor protection, so as to keep the capital market on track for sound and stable development.

The Company's national-level securities and futures investor education base upholds the tenet of "being grounded on philanthropy, oriented to professionalism and characterized by culture", centered on investment knowledge and investment ideas. The base teaches investment knowledge, disseminates investment ideas and transmits market information, and cooperates with 5 local investor education bases to reach more investors.

In 2023, the Company's investor education bases carried out investor education activities in an increasing variety of forms, including poster display for across-the-board registration-based IPO, game-based interactive sessions, media interviews, street interviews and knowledge contests, and launched an Investor Education Metaverse virtual showroom, so as to improve the efficiency and quality of investor education work and provide investors with professional, diverse investor education services with Haitong characteristics.

In 2023, the Company received a total of more than 10,000 offline visitors, including retail investors, students, economic crime investigators, criminal police, industry colleagues and regulatory officers.

During the May 15 Investor Protection Day events, the Company produced 108 investor education products and distributed 17,680 copies of self-made investor education materials in physical forms, covering 3.933 million people. A total of 332 investor education sessions were provided for free to the public, covering 28,834 investors.



May 15 Investor Protection Day event

Case

Carrying out "Rainbow Classroom" Investor Education Program, taking various moves for rural revitalization

In April 2023, the "Rainbow Classroom" program made a tour to Pubei County, Qinzhou City, Guangxi. The Company's volunteer team taught financial quotient and financial literacy courses to the children in Qiaotou Village Primary School. Lectures with the theme of "across-the-board registration-based IPO system - a future-oriented reform" were given in rural threshing fields. Lectures themed by "staying away from illegal finance, keeping our money safe" were given to rural people with the aim of disseminating financial knowledge, revealing investment risks and improve financial literacy across the local communities.

In September 2023, in the special merits competition of "Serving Real Economy, Supporting Inclusive Finance" organized by Shanghai Financial Workers' Union and Shanghai Securities Association, the Company's "Rainbow Classroom" won the second prize for Investor Education and Protection.

In 2023, the company actively participated in the "Shanghai SOE Open Day" initiative organized by SASAC, guiding the general public to visit its investor education base, becoming both witnesses and participants in the reform and development of state-owned enterprises in Shanghai. The company's event "Stepping into the Investor Education Base: Experiencing the Charm of Capital Markets" was recognized as a model activity during the Shanghai SOE Open Day.



Haitong Securities' investor education base

Case

Launching the Investor Education Metaverse virtual showroom, ushering in digital investor education

In 2023, the Company's investor education base launched a new channel for investor education - the Investor Education Metaverse virtual showroom. The platform combines the cutting metaverse technology and Haitong's innovative investor education products to create a 3D virtual learning environment full of interactive and individualized contents, providing investors with tailor-made study and expanding the access to financial education.



A screenshot of the Investor Education Metaverse virtual showroom

In 2023, the Company released the "Shareholders Coming" publicity information for **147** times, covering more than **3.15** million investors. A total of **323** investor education sessions were provided for the public nationwide, covering **7,162** investors. There were **62,462** subscribers in total, ranking **1st** in Shanghai except for the organizer.



Haitong Securities was awarded the Outstanding Investor Education Member and Outstanding Practical Case of Investor Protection by SSE



04

Forging Ahead Hand in Hand to Build a First-class Team

- In 2023, Female employees accounted for **43.89%** of the parent company of Haitong Securities.
- In 2023, the Company organized and implemented **153** online training sessions and **159** live-streaming training sessions. The employee training rate was **97.25%**, and the annual spending of staff training amounted to RMB **10.67** million.
- In 2023, the Company organized a total of **14** safety training sessions, and the safety training was attended by **3,321** persons for a total of **1,200** hours, costing the Company RMB **98,722**.



Employee equality and diversity

Haitong Securities has always adhered to the people-oriented, following the staffing criteria of combining “ability and integrity” while putting integrity first. The Company has well-established employment standards and a sound talent development system, in an effort to enhance both political integrity and professional skills of employees. In compliance 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, the Company set diverse recruitment targets and firmly opposes employment discrimination, ensuring female employees and ethnic minority employees enjoy equal rights and benefits with other employees. In the process of recruitment, the Company verifies the identity of prospective employees and refuses child labor; in the course of work, it regularly checks labor intensity and bans forced labor. In 2023, the Company had no employee discrimination and did not use any child labor or forced labor.

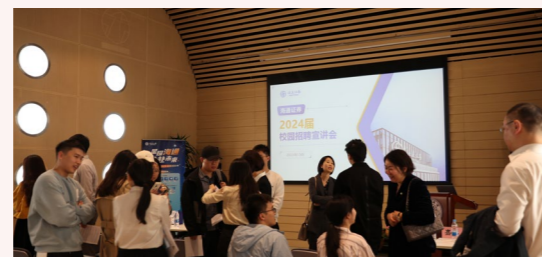
According to the plan of Shanghai SASAC and the strategic plan of the Company, the Company has formulated the *14th Five-Year Plan for Human Resources of Haitong Securities Co., Ltd. 2021-2025* and the three-year action plan for 2021-2023. According to the business development trends, the Company attracts leading talent, three categories of financial talent and high-end talent with strong market competitiveness, influence and growth potential in a planned way, with the aim of enhancing the talent level and maintaining a talent pool with core competencies and high-level skills.

In 2023, Haitong Securities actively implemented the state policy of “ensuring stable employment”. Using the recruitment system, the Company predicted the annual recruitment needs according to recruitments in the previous year and current vacancies and developed a talent pool. The system screened and sorted the talent information collected via various channels and automatically recommended the candidates matching the job requirements recruitment conditions, so as to improve the accuracy and efficiency of recruitment.

Staff Recruitments of Haitong Securities in 2023

☑ The Company carried out the 2023 “Dolphin Plan” internship program targeting college students (mainly those to graduate in 2024 and 2025). A total of **313** students participated in the program, and **42** interns with **8** departments got the admission to final interview for Haitong Securities’ campus recruitment. All these interns were candidates for master’s or higher degrees, and over **95%** of them were graduated from “985/211” or top 70 “QS” universities.

☑ Haitong Securities carried out campus recruitment roadshows at Tsinghua University and Nanjing University, which were attended by nearly **160** students from the two schools.



☑ The Company participated in the 2023 “Career Meeting of Overseas Universities” jointly organized by Shanghai Human Resources and Social Security Bureau, Shanghai Science and Technology Commission, and Shanghai Western Returned Scholars Association, attracting outstanding overseas students to join the Company through off-campus recruitment, campus recruitment and high-level talent recruitment programs.

Diverse Recruitment Objectives and Results of Haitong Securities in 2023

Diverse Recruitment Goals	Results in 2023
 <p>A total of 300 and 450 persons will be employed through campus recruitment and off-campus recruitment respectively</p>	 <p>A total of 338 and 500 persons were employed through campus recruitment and off-campus recruitment respectively</p>
 <p>The proportion of female new hires in 2022 was 41.8% With the proportion of female new hires rising by more than 3% from the prior year</p>	 <p>The proportion of female new hires in 2023 was 45.58% With the proportion of female new hires rising by 3.76% from the prior year</p>
 <p>Female employees will account for more than 42% of the parent company of Haitong Securities</p>	 <p>Female employees accounted for 43.89% of the parent company of Haitong Securities</p>

Employee rights and benefits

Protecting employees' rights and interests

Haitong Securities attaches great importance to protecting the rights and benefits of employees. With an orientation to employee needs, the Company has carried out staff assistance, solicitude and health care events and standardized the management of employees' compensation and benefits, working hours and leaves.

Employee remuneration and benefits system of Haitong Securities

<p>Statutory benefits</p>	<ul style="list-style-type: none"> • Full and timely contribution to social security programs and housing provident funds • Public holidays, annual leave, sick leave, marriage leave, maternity leave and paternity leave
<p>Discretionary benefits</p>	<ul style="list-style-type: none"> • Supplementary medical insurance, housing allowances, corporate annuity plans • Higher health checkup standards for employees with labor contract • Improving the annual leave periods for all employees • Helping employees apply for Shanghai Residence Permit credits and permanent residence and applying for talent apartments • Cultural and sports events of Employees' Home at Haitong Bund Finance Plaza • The trade union carried out such work as assistance and solicitude for employees in need, employee care, health management and female employee protection • For female employees, the Haitong Wealth Training Institute is equipped with fitness, health care, make-up and other related courses, and activities such as the celebration of International Women's Day, gynaecological medical check-ups for female employees, and the "Wonderful Home Life" family day were held, and the construction of the Care Cottage for Mom and ancillary facilities in the new headquarter building of the Company was completed
<p>Working hours and remuneration</p>	<ul style="list-style-type: none"> • Standard working hours: 40 hours/week; special types of work subject to special working hours system • Market-based level of remuneration, performance-linked pay

In 2023, the Company formulated the *Action Plan of Haitong Securities Co., Ltd. for the Wage Setting Mechanism Reform of State-owned Financial Enterprises in 2023-2026* in line with the notice of the Shanghai SASAC and the *Implementation Measures for the Wage Setting Mechanism Reform of State-owned Financial Enterprises* issued by the Ministry of Finance and other policy documents, so as to further strengthen the management of total wages and improve income distribution. The *Code of Overseas Personnel Management* was formulated to standardize the benefits of expatriates. The *Notice on the Service Support for Seconded Employees of the Company* was issued to further standardize the rental housing, transportation and other benefits of employees seconded across cities.

To build a harmonious Haitong, foster a corporate culture of mutual assistance, the Company has set up a mutual assistance association under the trade union to improve the Company's assistance and relief system for employees in need. In 2023, the Company granted a total of RMB85,000 in allowances to 10 employees in need through the mutual assistance association. In addition, the Company launched a "Help the Needy" campaign during the 2023 New Year's Day and Spring Festival holidays, with a total of RMB180,000 granted to 60 employees in need.

Case

Held the first staff sports meeting to promote fitness and healthy lifestyle

Haitong Securities held the first staff sports meeting from August 12 to September 16, 2023. A total of nearly 2,000 employees organized into 39 teams from the headquarters, branches and subsidiaries of the Company participated in 25 events under 10 sports. The sports meeting was live-streamed with over 30,000 views. The first staff sports meeting of the Company fully manifested the employees' and officers' passion to compete and fore ahead while braving the wind and waves, shedding light onto the "One Haitong, One Home" concept.



The first staff sports meeting of Haitong Securities

Case

Held the "Wonderful Home Life" Family Day campaign to enhance employees' sense of ownership and gain

On the eve of the June 1 International Children's Day in 2023, the trade union held a "Wonderful Home Life" Family Day campaign at the Haitong Bund Finance Plaza. The campaign consisted of three themed events, namely, Children's Bling-bling Hearts, Little Family Show and Camping Carnival, including stage interactions, group photo punching, DIY and market tour. These wonderful events attracted more than 100 employees' families at the headquarters of the Company, giving a good effect to building a harmonious Haitong.



Scene of the "Wonderful Home Life" Family Day campaign

Valuing communication with employees

Putting employees at the center, Haitong Securities has built unobstructed communication channels. The Company has a trade union and holds the Employees' Congress regularly, listening to employees' voices through seminars of trade union leaders and conducting employee satisfaction surveys, in an effort to address practical issues concerning the vital interests of employees and enhance employees' sense of gain, happiness and security.

Employees take part in the democratic management of the Company according to law through the Employees' Congress, supporting the lawful operating and management activities of the Company while safeguarding their own legitimate rights and interests. The Company formulated the *Regulations on the Work of the Employees' Congress of Haitong Securities Co., Ltd.*, clarifying that the Employees' Congress shall exercise the functions and powers of deliberation and advising, deliberation and adoption, examination and supervision, democratic election and democratic review in accordance with the law. In July 2023, the Company organized the fifth session of the first Employees' Congress and the Trade Union Members' Congress to elect a new Trade Union Committee of the Company, listen to and consider proposals and further improve the trade union performance and democratic management.

In order to strengthen in-house management and protect the legitimate rights and interests of both the employer and employees, the trade union representatives and the Company's representatives negotiate and sign the *Collective Contracts* on an equal footing every three years, including the master agreement, the collective wage contract and the collective contract on protection of female employees' special interests, so as to build harmonious and stable labor relations and promote harmonious development of the Company. Also, the Company's trade union regularly solicits employee opinions and suggestions. In 2023, the trade union held a symposium of trade union leaders to discuss issues involving vital interests of employees, and more than 30 trade union leaders from various departments at headquarters attended the meeting to speaking for employees. The solicited opinions and suggestions were summarized and forwarded to relevant departments for implementation or remediation, thus ensuring employees' concerns and needs were addressed as much as possible.

The Company conducted field surveys and employee satisfaction surveys on relevant business lines, giving ear to employee voices in multiple dimensions and levels to further improve the satisfaction of in-service employees. In 2023, the Company conducted a special survey on the wealth management to evaluate the management mechanism and service efficiency of this business line. An online questionnaire survey was carried out on all 394 employees of the IT function to review the IT staff management and employee satisfaction. The survey showed an IT employee satisfaction of 97.86%. According to survey results, the Company identified the existing shortcomings and problems in wealth management and IT functions. By optimizing staff recruitment, improving in-house management, strengthening performance assessment and enhancing Party building management, the Company formulated a series of improvement measures and implemented special programs, such as refining the remuneration and incentive mechanism and streamlining the human resources management of the IT function, in a bid to improve employee satisfaction.

Protecting employee safety and health

Haitong Securities thoroughly implemented the *Notice of the State Council on Issuing the 14th Five-Year Plan for the National Emergency System* and the *Opinions of the State Council on Implementation of the Healthy China Initiative* to enhance employees' awareness of risk prevention and self-rescue and mutual rescue capabilities, improve workplace safety, carry out physical and mental health enhancement actions and fully protected employees' safety and health.

The Company strictly abides by the *Work Safety Law of the People's Republic of China*, the *Measures for Implementation of the Fire Safety Responsibility System* and other laws and regulations, the Company issued the *Notice on Improving Fire Safety Management* in October 2023 requiring all departments to firmly uphold the philosophy of safe development and consolidate the idea that "Hidden dangers are tantamount to accidents".

Through fire safety publicity, education and training fire drills and evacuation and escape skills exercises that cover all employees, the Company has effectively enhanced the fire safety awareness of employees and improved their emergency response capabilities, providing a solid guarantee for workplace safety.

In November 2023, the National Fire Prevention Month with the theme of "prevention first, life first" was officially launched. The Company has established and implemented a mechanism for fire safety self-management, self-inspection and self-rectification. With responsible persons designated for key locations of fire prevention, the Company organized fire safety checks and removed any potential sources of fire hazards, nipping the bud of fire incidents in every aspect of business and work.



Employee Safety and Health Protection Measures in 2023

Personal protective equipment (PPE)

- Purchasing PPE supplies including hard hats, safety shoes, protective clothing, anti-virus masks, etc. for all logistics services staff
- Equipped with a certain number of first aid devices, including first aid kit and AED
- Engaging fire service agencies to conduct safety assessment and detect hidden hazards, thus ensuring the reliability and effectiveness of the Company's fire fighting facilities and equipment

Safety training

- The complete training plan was developed, including internal and external basic safety knowledge training, operating procedures training and emergency response training

Fire drills

- On November 9, 2023, the Company simultaneously conducted fire emergency drills at Haitong Bund Finance Plaza and Zhangjiang High-Tech Park, helping employees quickly acquire the basic skills in fire escape, improve safety awareness and enhance self-protection and emergency evacuation skills through realistic emergency drills

Physical and mental health

- Employees received health checkup. In 2023, the Company's employee health checkup rate was 100%
- An employee's mental health care program will be scheduled during June and July 2024 to disseminate knowledge on mental health, navigate employees through proper mental regulation and ease their stress in work and life

The Company spent RMB2.45 million in employee safety in 2023. The Company organized a total of 14 safety training sessions in the year, covering interpretation of new polices, food safety, kitchen safety, equipment use and fire emergency. The safety training was attended by 3,321 persons for a total of 1,200 hours, costing RMB98,722.

Employee training and development

Enhancing talent development





The Company advocates professionalism. It endeavors to improve the staff training mechanism, strengthen the talent pipeline development and care for employee growth and better inspires all types of talent to stand out and contribute more.

In 2023, the Company issued organizational directives on young talent development, further refined the younger staff training mechanism through induction, career tutoring and performance management, implemented the relevant requirements in the talent-related responsibility contract, strengthened the training and guidance of young workers and helped the Company's younger employees grow.

The Company formulated the *Training Management Measures of Haitong Securities Co., Ltd. (Trial)*, established a three-level training management system of "headquarters - branches/departments - business departments" and standardized staff training management. Through the Haitong Wealth Training Institute as a platform, the Company has kept improving the training course system for the five branches of the institute (i.e. career advancement, professional skills, business administration and follow-up education) and the new employee training center, having in place a trainer pool by integrating internal and external resources.



Employee Training of Haitong Securities in 2023

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 - Dolphin Plan. In 2023, the Company carried out a training camp for interns, integrating internship training, course learning and project workshop. Mentors provided care and guide through the internship, so as to improve the versatility of interns.
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 - Starfish Plan. In 2023, the Company carried out five induction training sessions. For campus recruitment and off-campus recruitment, the induction themes were set as "Dream Sailing at Haitong" and "Starting for a New Journey" respectively. The training helped new employees quickly get familiar with the Company and work with the proper mindset and action.
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 - Petrel Plan. In 2023, the Company carried out one overseas training session for its international talent reserve. The training aimed to foster high-caliber talent with an international vision and solid professional skills, and to shape a long-term mechanism for in-house international talent reserve.
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 - Online training was held under the theme of "Studying and Implementing the Guiding Principles of the 20th CPC National Congress". The Company invited experts and professors from the Central Party School and famous universities to comprehensively and systematically interpret the core messages from the 20th CPC National Congress. A total of 19 courses were set up and open to all employees.
 - In October 2023, the Company provided the *Professional Integrity and Ethics* online training series targeting all employees, with a total of 66,711 trainees recorded.

Business backbone

- Dandelion Plan. In 2023, six new courses were developed and 18 courses updated or upgraded under the Dandelion Plan, covering brokerage service, mega investment banking and FinTech. In addition, 13 selected external courses were provided to business backbone of the Company in the forms of special lectures, case study, and scenario-based exercises. In 2023, 19 training sessions were held under the Dandelion Plan, attended by nearly 1,000 business backbone members from 21 branches and subsidiaries.

Leaders and officers

- Training was held under the theme of "Studying and Implementing the Guiding Principles of the 20th CPC National Congress". In February 2023, three 3-day sessions of training were held at China Executive Leadership Academy Pudong (CELAP) with the aim of fully implementing the guiding principles of the 20th CPC National Congress, covering the topics closely related to work at the Company. A total of 185 leaders and officers physically attended the training in three batches.

- The company has launched a special course on the theme of education and reading classes for department heads to enhance the leadership of leading cadres, which is taught by guest lecturers from the Pudong Cadre College of China.



The Party Committee organizes the Session 4 theme education reading class

- Haitong Wealth Training Institute has released 118 leadership courses covering categories such as self-management, team management, collaboration management and strategic management.

In addition to ongoing in-house training, the Company leveraged on professional agencies to provide training courses aligned with its business operations and corporate culture, thus further enhancing the professional competencies and mental attitude of employees.

Haitong Securities' Training in Cooperation with External Organizations in 2023

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In 2023, the Dandelion Plan provided 13 well-selected external training courses, including 7 courses on product sales and high-net-worth individual services (and trainers) from Shanghai Season Enterprise Management Consulting Co., Ltd. These courses were applauded by trainees from branches of the Companies.
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In the 2023 Starfish Plan induction training, four team experience-based course sessions were provided by Beijing Tianxing Huinuo Management Consulting Co., Ltd., helping new hires fit into the team quickly while learning the Company's history and corporate culture through interactions.

Haitong Securities attaches great importance to enhancing the management and leadership ability of employees and officers. The Company has improved the Management's professional skills and competencies through various training programs and the online platform of Haitong Wealth Training Institute.

In 2023, in order to further support employees in enhancing their professional competencies, the Company supported 22 in-service employees' certifications and accreditations through reimbursement of examination, training and learning costs, including Financial Risk Manager, Certified Tax Agent, Certificate of the Legal Profession Qualifications, US Certified Management Accountant and Certified Information Systems Security Professional.

Work positions hierarchy and assessment

Haitong Securities has established a managing director (MD) position system parallel to the administrative system under a “rule-based, specialized and market-oriented” principle. The MD position system consists of the headquarters position system with seven professional sequences, the branches’ position system and subsidiary-specific position system, so as to encourage staff development along the career pipeline, unleash the organizational vitality and employees’ passion for work and implement the concept of respecting talent, professionalism and creativity.

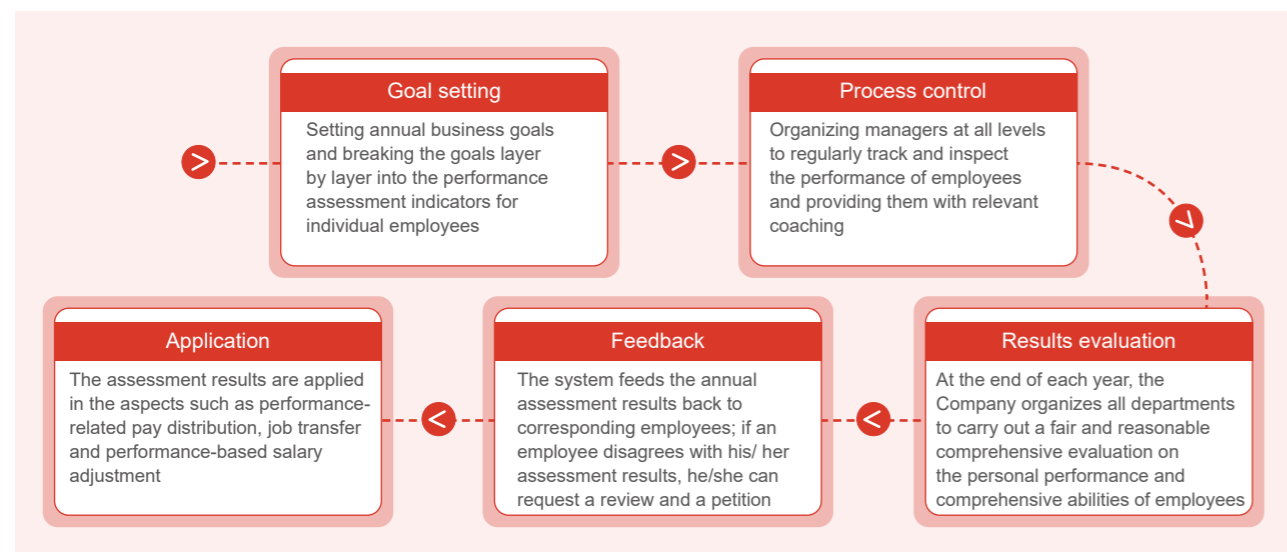
The Company formulated the *General Provisions on the Management of Position System*, the *Management Measures of the Headquarters for Position System* and the *Management Measures of Branches for Position System*. The position systems follow the principle of “strategy orientation, professional matching, dynamic management and common development”, with a full set of professional sequences, job ranks and eligibility requirements established in line with the characteristics of business lines. Such arrangements go in parallel with the administrative promotion channel, providing employees with a clear career path and ample career space.

In 2023, HT Asset Management and Haitong Capital revised their respective MD position system management measures with reference to the *General Provisions on the Management of Position System* and position system management measures of the Company in line with their respective management realities, making improvements to the job ranks and promotion rules, among others.

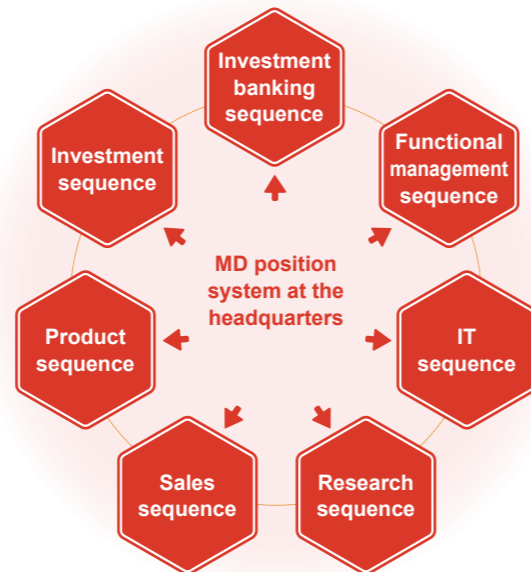
The Company has gradually improved the performance assessment system with Haitong characteristics, formulated the *Measures for Performance Management of Haitong Securities Co., Ltd.* and other policies, regularly organized performance assessment of all employees (including Ordinary employees and non-sales employees) and linked the assessment results with performance pay, salary adjustment and job adjustment to establish reasonable and impartial standards for performance assessment.

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

Employee Performance Management Processes



MD Position System at the Headquarters



In order to further improve the performance assessment and remuneration management mechanism for senior managers, the Company issued the *Management Measures of Haitong Securities Co., Ltd. for Performance Assessment and Remuneration management of Senior Managers (Revised in 2023)* (“Senior Managers Remuneration Assessment”) in 2023. In addition, the Company further strengthened the labor cost budget tracking and management, set stringent rules for the scope and way of remuneration deferral and improved the incentives and disciplinary mechanism in accordance with relevant requirements of the Ministry of Finance and the Securities Association of China.

The Company set the Management’s performance assessment metrics regarding major security, social stability and environmental incident in accordance with the *Senior Managers Remuneration Assessment*, linking assessment results and ESG performance to remuneration. In addition, the *Senior Managers Remuneration Assessment* includes a claw-back clause regarding any major loss or risk caused by senior managers to the Company during their service term. Any senior manager disciplined for violation of laws or regulations is subject to remuneration deduction in accordance with the *Rules of Haitong Securities Co., Ltd. for Remuneration Deduction of Senior Managers Violating Laws and Regulations (Trial)*.

The Company has created an employee petition mechanism. For any personal petition regarding performance assessment, the Human Resources Department reviews the statement and supporting documents submitted by the petitioner’s department and the performance data recorded in the system and finally confirms the assessment results according to assessment metrics and scoring methods. The employee may challenge the reconsideration result by filing a petition directly with the Human Resources Department within two weeks following the departmental feedback of the reconsideration result. Also, the Company values the confidentiality of employees’ performance petitions, ensuring that the petition process only involves the petitioning employee, the performance assessment handler and supervisor of the corresponding department and the Human Resources Department.

Petition Process of Haitong Securities





05

Working Together for Philanthropic Support

- In 2023, the Company spent RMB**4.5** million on pairing assistance.
- In August 2023, Haitong Securities establish Shanghai Love in Haitong Public Welfare Foundation, guided by the “Love in Haitong” philanthropic brand, It enables Haitong Securities to play its part in the public welfare undertakings and the national strategy of rural revitalization.



Promotion of rural revitalization

Contributing to the east-west pairing assistance

In 2023, the CPC Central Committee and the State Council issued the *No. 1 Central Document*, calling for comprehensively advancing the key work on rural revitalization in 2023, fully implementing the guiding principles of the 20th CPC National Congress, giving priority to the development of agriculture and rural areas, consolidating and expanding the achievements in poverty alleviation, so as to promote rural revitalization in every respect. In 2023, under the leadership of the CPC Shanghai Municipal Committee and the Shanghai Municipal Government and the guidance from Shanghai SASAC, Haitong Securities continued to deepen the east-west cooperation by further implementing the paired support initiatives such as “100 Private Enterprises Revitalizing 100 Villages” and “One Enterprise Supports One County”, improving the “insurance + futures” integration and contributing to China’s push for an agricultural power.

The Company took the initiative in implementing the instructions and requirements from CPC Shanghai Municipal Committee and the Shanghai Municipal Government on paired assistance for designated areas in Yunnan, Xinjiang, Qinghai and Tibet to solve practical problems of the people in target areas. It made solid progress in the comprehensive assistance in rural areas and the urban-rural paired assistance of Party organizations in Shanghai, contributing to the high-quality development of regional economy and common prosperity.

In September 2023, at the first “Love in Haitong” philanthropic forum of the Company, the Party Committee of the Company signed a new round of pairing assistance agreements with five County in an ongoing effort to provide pairing assistance to the five underdeveloped counties. In 2023, Haitong Securities spent RMB4.5 million on pairing assistance.



The Company held the first Love in Haitong philanthropic forum

Key Work of Haitong Securities in East-west Pairing Assistance in 2023

Contributing to child growth and education
Improving the elderly care environment

- The RMB1 million of paired assistance fund for Lixin County in Anhui Province was earmarked for improving the infrastructure of kindergartens, primary schools and secondary schools and building the elderly care center in Lixin County.
- The RMB1 million of paired assistance fund for Ningdu County, Jiangxi Province was earmarked for supporting disabled children’s families and related rehabilitation facilities, and funding the primary and secondary education in Dongshanba Town, construction of public service venues in Xiaoyuan Village, Dongshaba Town and equipment purchasing for the revolutionary education base in Xiaoyuan Village.
- For Yecheng County in Xinjiang, the Company launched the “Love in Haitong • Help Growth” Mandarin Chinese promotion and preschool teachers empowerment program. This public service program, covering more than 800 kindergarten principals and teachers in the county, helped improve the local education.
- The Company continued to help three villages just lifted out of poverty in Xichou County, Yunnan Province. It spent RMB630,000 in building a Haitong Kindergarten for the county to further improve the local children’s educational environment. The Company supported the construction of the home-based elderly care service center in Wangjiaping Village and Zhongzhai Village, creating a healthy, comfortable environment for local elderly care service. A special-purpose fund was granted for upgrading Wangjiatang Primary School’s teaching hardware and software.

Supporting local projects
Expanding the assistance channels

- The Company allocated an RMB1 million fund for the “Love in Haitong • Employment Support Workshop”, a pairing assistance project in Shucheng County, Anhui Province. The fund was earmarked for constructing the food processing steel structure plant in Zhuoshan Village, Shucheng County, laying a foundation for rural revitalization and industrial prosperity in the local area.
- Though a consumption-based assistance mode with Haitong characteristics, the Company recorded over RMB1.25 million in annual consumer spending under the paired assistance program, featuring the collaboration between Party organizations and trade union, market-based operation, public welfare support and purchase for resale. Through the consumer spending channels under Shanghai’s paired assistance program, the Company purchased Yunnan black tea and coffee products as company gifts, and purchased beef and other agricultural products from Xinghe County, Inner Mongolia as employee benefits, enhancing the public awareness of the “Love in Haitong” philanthropic brand.

Unleashing financial strengths
Upgrading industry structure

- In 2023, the Company helped Jiangxi Ningdu County Urban Development and Investment Company issue the second series of its corporate bonds. This bond issue raised RMB400 million to fund the agricultural industry structure upgrading in Ningdu County.
- In 2023, Haitong Futures carried out the “insurance + futures” integration project for agricultural products such as rubber, soybeans, hogs, sugar, apples and peanuts in six former national poverty-stricken counties in 11 provinces, including Yinjiang County, Guizhou Province and Zhaoqing County, Guangdong Province. The project covered more than 60,000 tons of spot commodities from nearly 8,000 farmers, hedging a notional principal risk of more than RMB540 million and protecting farmers from volatile market prices to lock in their income.

Case

Launched the Haitong Jiuyin Sanjiao Activity Service Center project to explore cultural assistance

In 2023, the Company joined hands with the Party Committee and Government of Jiading District, Shanghai to carry out cultural assistance for Jiuzhi County, Guoluo Tibetan Autonomous Prefecture, Qinghai Province. It donated RMB500,000 to build the Haitong Jiuyin Sanjiao Activity Service Center, further demonstrating the Company’s commitment to the national rural revitalization strategy and Shanghai’s paired assistance programs.

Deepening comprehensive assistance

Based on its professional strengths, the Company effectively allocates its workforce and funds to the work on comprehensive assistance for rural areas. In September 2023, at the Company’s first “Love in Haitong” philanthropic forum, the Company’s Party Committee, the headquarters’ Party Committee, and the investment banking’s Party Committee signed a new round of urban-rural paired assistance agreements with their counterparts in Weimin Village, Zhuqiao Town, Pudong New Area, Fuan Village, Xuanqiao Town, Chongming District and Guanghui Village, Xuanqiao Town, Pudong New Area, respectively.

In 2023, the Party Committee of the Company always showed concerns about the lives of people in the paired areas, helped lift the people in need out of trouble and further strengthened the working mechanism for assistance and condolence. During holidays, condolences were provided for the people in need in designated areas. The Party organizations at all levels went to the paired villages to provide door-to-door condolences in cash and in kind.

Case

Deepened comprehensive assistance by helping industrial revitalization in Weimin Village, Zhuqiao Town, Pudong New Area, Shanghai

In order to strengthen talent-based assistance, the Company sent its outstanding officers to Weimin Village, Zhuqiao Town, Pudong New Area to work as resident instructors under the principle of “paired assistance with appropriate talent”. The instructor from Haitong Securities facilitated the sale of Weimin agricultural products in the Company, with cumulative sales of RMB88,800 in rice and RMB32,000 in grapes produced in Weimin Village. The Company donated funds for Weimin Village’s agricultural product packaging and brand promotion, enhancing its agricultural output value and upgrading the sales model of Weimin’s high-quality agricultural products and its industry level. The assistance boost the village’s collective economy with an enhanced demonstration effect.

Promotion of philanthropy

Burnishing the philanthropic brand

In 2023, the Company continued to burnish the “Love in Haitong” philanthropic brand guided by Party building. Under the “Love in Haitong” philanthropic philosophy, the Company continued to build a series of “Haitong • Love” philanthropic programs as part of its effort to fulfill its corporate social responsibility, and deliver Haitong contributions to the public wellbeing.

Connotation of the “Love in Haitong” Philanthropic Brand

LEADING
“Haitong • Love” under the leadership of Party building
 Party organizations at all levels of the Company make extensive efforts in the public welfare of assistance.

ORIGINAL
“Haitong • Love” of remaining true to the original aspiration
 Party members drive the employees to demonstrate the Company’s mission and commitment in serving the national strategy, supporting rural revitalization and boosting common prosperity.

VALUE-ORIENTED
Value-oriented “Haitong • Love”
 While providing financial assistance to the targets, the Company also focuses on helping them to establish a correct value.

ENJOYABLE
“Haitong • Love” of enjoyable philanthropy
 Haitong Securities always adheres to the concept of happy public welfare, and delivers love and happiness to the society.

In August 2023, Haitong Securities, as the sole sponsor, donated RMB10 million to establish Shanghai Love in Haitong Public Welfare Foundation. Guided by the “Love in Haitong” philanthropic brand, the foundation actively practiced the “One Haitong” idea and pooled the Company’s philanthropic resources and efforts, enabling Haitong Securities to play its part in the public welfare undertakings and the national strategy of rural revitalization.



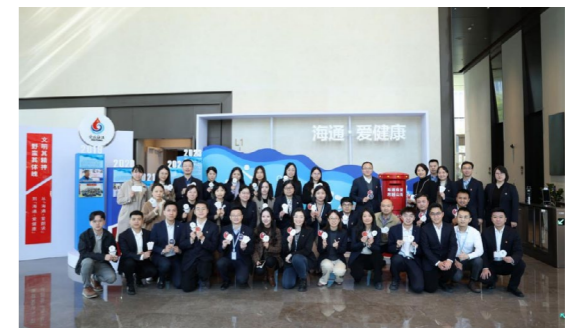
Unveiling ceremony of Shanghai Love in Haitong Public Welfare Foundation

On September 22, 2023, the Company held the first Love in Haitong philanthropic forum at its 35th anniversary celebration ceremony. The annual “Love in Haitong” project list was released and the “Haitong • Love Health” charity project was launched at the event.

Case

Launched the “Haitong • Love Health” charity project in support of the Healthy China initiative

In order to further perform the social responsibility as a state-owned financial enterprise and boost the influence of “Love in Haitong” philanthropic brand, the Company launched the “Haitong • Love Health” charity project at its 35th anniversary celebration ceremony and the inaugural ceremony of the Shanghai Love in Haitong Public Welfare Foundation. With more than RMB1 million of voluntary donations from employees and the Company’s special philanthropic funds, The Company donated sports equipment to 35 schools in Xinjiang, Tibet and Qinghai to help boost the physical and mental health of local students, and further disseminating the “Love in Haitong” philanthropic concept.



The scene of “Haitong • Love Health” activity

Case

Advanced the “Love in Haitong • Beautiful Tibet” philanthropic program to support needy Tibetan college students in completing their undergraduate studies

In 2018, the Company launched the “Love in Haitong • Beautiful Tibet” program to support college students from financially stressed Tibetan families in Shigatze City, Tibet Autonomous Region, a paired assistance area for Shanghai, to complete their four-year undergraduate studies. In 2023, the Company further donated RMB150,000 to the program. By the end of 2023, the Company had allocated RMB1.25 million of student aid funds for 90 Tibetan college students under the paired assistance program.

On September 22, 2023, at the first Love in Haitong philanthropic forum, Tenzin Chopel, an aided student who had successfully completed his undergraduate studies, shared his touching story of turning from a beneficiary of the “Love in Haitong” program to a volunteer on behalf of all the aided students.



Blessing video from an aided Tibetan student

Participation in volunteer activities

In 2023, in quick response to the earthquakes in Gansu and Qinghai, the Company took an active part in the local earthquake relief work as required by the CPC Central Committee and the State Council and regulatory authorities. The Company bears in mind the country's most fundamental interests, playing the leading role of "Love in Haitong" philanthropic brand.

Case

Joined the earthquake relief in Gansu and Qinghai Provinces as a responsible corporate citizen

A 6.2-magnitude earthquake hit Jishishan County in Linxia Prefecture, Gansu Province on the night of December 18, 2023, taking a heavy toll on parts of Gansu and Qinghai provinces. Haitong Securities, together with its subsidiary HFT Investment Management, came to the aid of quake-hit areas in Gansu and Qinghai provinces in collaboration with the Shanghai Love in Haitong Public Welfare Foundation, manifesting the "Love in Haitong" spirit.

On December 21 and 23, Gansu Branch's volunteer team sent Haitong Securities' first batch of relief supplies (including foldaway beds and heaters) and the second batch of supplies (nearly 1,200 electric blankets) to the local people affected by the earthquake in Liuji Township, Jishishan County. On December 25, the volunteer task force from the Xining Wenhua Street Securities Branch delivered relief supplies, including quilts, cotton-padded clothes, tents, and other donated items, directly to the affected residents in Hualong County, Haidong City, Qinghai Province, putting its "Love in Haitong, Through Thick and Thin" commitment into action.

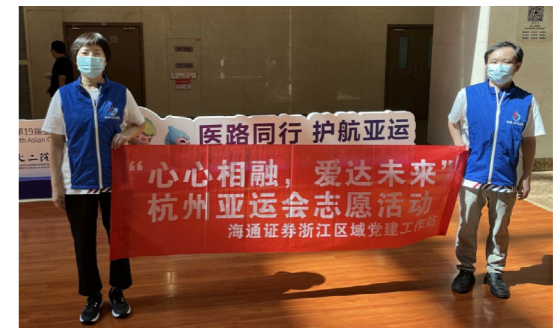


Haitong Securities came to the aid of quake-hit Liuji Township, Jishishan County

Case

Zhejiang Branch provided volunteer services for the Asian Games, deepening the Company's philanthropic brand

In 2023, Zhejiang Branch organized the member entities of Haitong Zhejiang Party Building Workstation and the Party branch of CPIC Life Zhejiang Branch joined each to provide volunteer services for the Asian Games in Hangzhou, including. Haitong volunteers assisted medical staffs in diagnosis and treatment guidance and services for the Asian Games personnel. The volunteer activity deepened the Company's "Love in Haitong" philanthropic brand and the "Work Together for Common Progress" brand of the Zhejiang Party Building Workstation.



Zhejiang Branch's volunteer services for the Asian Games

Case

Haitong Futures won the honorary title of "Charity Star" in Weifang Xincun Sub-district, Pudong New Area, Shanghai for six consecutive years

Since 2018, Haitong Futures has partnered with Weifang Xincun Sub-district in investor education and care for the elderly who have lost their only child. It organized such events as a garden workshop and "Dancing Fingers" brain health contest for people with cognitive disorders, improving young Party members' personal qualities and sense of social responsibility. In the past six years, nearly 200 special charity projects were carried out, serving more than 10,000 people, practicing the spirit of volunteer service and writing new Lei Feng stories in the new era. Haitong Futures had won the honorary title of "Charity Star" in Weifang Xincun Sub-district, Pudong New Area, Shanghai for six consecutive years.



Certificate of "Charity Star" from Weifang Xincun Sub-district, Pudong New Area

ESG Performance Datasheet

Economic performance indicators

Major Business Contribution Indicators

Indicator	Unit	2021	2022	2023
Revenue	RMB10,000	4,320,546.74	2,594,818.75	2,295,274.96
Profit before tax	RMB10,000	1,854,379.88	799,903.56	156,587.52
Total tax payment	RMB10,000	789,252.51	856,043.30	478,054.92
Total assets	RMB10,000	74,492,514.94	75,360,930.50	75,458,679.22
Basic earnings per share	RMB	0.98	0.50	0.08
Social contribution value per share (SCVPS) ²	RMB	3.03	2.24	1.67

Note 1: Financial data is revised along with the annual report.

Note 2: SCVPS = Basic earnings per share + (taxes generated for the country during the year + salaries paid to employees + interests on borrowings paid to banks and other creditors + outbound donations and other value created for other stakeholders - other social costs due to environmental pollution, etc.)/total number of shares of the Company.

Environmental performance indicators

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

Indicator	Unit	2021	2022	2023
Total GHG emissions	tCO ₂ e	41,397.26	53,957.87	47,204.98
Scope 1 GHG emissions	tCO ₂ e	3,090.91	2,052.80	2,068.47
Scope 2 GHG emissions	tCO ₂ e	24,714.90	31,197.94	32,904.84
Scope 3 GHG emissions	tCO ₂ e	13,591.45	20,707.13	12,231.67 ³
GHG emissions per unit area (Scope 1 and Scope 2)	tCO ₂ e/m ²	0.09	0.08	0.08
Comprehensive energy consumption ⁴	tce	—	—	8,828.84
Thereinto, Renewable energy consumption ⁵	tce	—	—	752.07
Comprehensive energy consumption per unit area	tce/m ²	—	—	0.02
Total natural gas consumption	m ³	132,603	126,734	157,828 ⁶
Natural gas consumption per unit area	m ³ /m ²	1.56	1.49	0.42 ⁷
Total gasoline consumption of own vehicles	Liter	1,035,447.74	666,395.21	772,547.37
Total power consumption of offices	kWh	42,538,554	40,613,754	48,663,770
Power consumption per unit area	kWh/m ²	140.17	131.29	130.69
Total energy consumption of the data center of the parent company of Haitong Securities	kWh	15,925,166	18,640,335	20,944,622
Total energy consumption of own data centers	kWh	11,814,382	14,090,683	14,441,275
Energy consumption of the Guangdong Road Computer Room in the Headquarters of Haitong Securities	kWh	4,857,142	4,271,571	2,604,342
Energy consumption of the Data Center in Zhangjiang High-Tech Park	kWh	6,957,240	9,819,112	11,836,933
Total energy consumption of rented data centers	kWh	4,110,784	4,549,652	6,503,347
Energy consumption of the Remote Disaster Recovery Computer Room in SZSE Southern Center	kWh	3,059,431	3,821,200	4,575,986
Energy consumption of SSE Jinqiao Computer Room	kWh	81,353	259,449	1,927,361
Energy consumption of the Computer Room in SSE Waigaoqiao Satellite Earth Station	kWh	970,000	469,003	0 ⁸

Note 1: [Statistical scope] In 2023, Except for power consumption of office and rented data center cover the headquarters, branches and the business departments of the parent company of Haitong Securities, other data are compiled under the scope encompassing the headquarters of parent company of Haitong Securities, and seven subsidiaries, namely Haitong International, Haitong UniTrust, Haitong Capital, Haitong Futures, HFT Investment Management, Haitong Securities Asset Management, and Haitong Innovation Securities, and their branch institutions.

Note 2: [Calculation method] In 2023, 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 HKEX, 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 in Scope 2 also apply to Scope 3 (rented data centers). The calculation method and coefficients for Scope 3 (business trips) are based on the direct emission factors in the Chinese Environmentally Extended Input-Output (CEEIO) database (2018), adjusted for China's PPI in 2022, and the emissions factors (by mileage) for the "high-carbon travel" category in the *Beijing Municipal Low-carbon Travel Emissions Reduction Methodology (2023)*. In addition, for the calculation methods and coefficients for greenhouse gas emissions in 2021 and 2022, please see the *2022 CSR Report of Haitong Securities Co., Ltd.*

Note 3: In 2022, the calculation method and coefficients for Scope 3 (employee business travel) were estimated using the estimation in the *Greenhouse Gas Protocol*. However, this tool was discontinued by 2023. Consequently, the company combined the *Chinese Environmental Extended Input-Output Database*, the *Beijing Low-carbon Travel Emission Reduction Methodology (Trial) (2023)*, and the *China Producer Price Index (PPI)* in 2022 to revise and derive updated coefficients. As a result of the overall decrease in these coefficients compared to previous ones, there has been a significant decline in the Scope 3 (employee business travel) for 2023.

Note 4: The comprehensive energy consumption includes energy consumption from natural gas, gasoline used in company-owned vehicles, office electricity consumption, and energy consumed by own data centers.

Note 5: In 2023, Renewable energy consumption includes the 5,200 MWh Green Power Certificate purchased from Haitong Securities Zhangjiang High-Tech Park, as well as 135 MWh of photovoltaic power generation, and Haitong International Securities procured 780 MWh of renewable energy certificates.

Note 6: In 2022, the scope of the Company's total natural gas consumption was the headquarters of Haitong Securities. In 2023, the scope of data collection was expanded (as detailed in Note 1); hence, there was a significant increase in the total natural gas consumption compared to the previous year.

Note 7: Due to the expansion of the statistical scope for the total natural gas consumption, which now includes the consumption of natural gas by branches and the business departments, despite their relatively low consumption levels, the unit area consumption of natural gas has significantly decreased.

Note 8: In 2023, the rented Waigaoqiao Computer Room was off lease due to the fact that the Data Center in Zhangjiang High-Tech Park was fully ready for operation.

Water Consumption Performance Indicators¹

Indicator	Unit	2021	2022	2023
Total water consumption	Ton	147,555.32	109,600.74	173,264.97 ²
Water consumption per unit area	Ton/m ²	0.49	0.30	0.47
Total recycling water ³	Ton	—	—	655

Note 1: [Statistical scope] The statistical scope were the headquarters, branches and business departments of Haitong Securities, as well as Haitong International, Haitong UniTrust, Haitong Capital, Haitong Futures, HFT Investment Management, Haitong Securities Asset Management, and Haitong Innovation Securities, and their branch institutions.

Note 2: In March of 2023, the Company had relocated to the Haitong Bund Finance Plaza, resulting to a significant increase in water consumption compared to the previous year.

Note 3: In 2023, the Company began collecting data on total recycling water, encompassing the volume of recycled water from the recycling water system put into operation at the Zhangjiang High-Tech Park in September 2023, as well as the air conditioning circulation water volume at the Haitong Bund Finance Plaza.

Waste-related Performance Indicators¹

Indicator	Unit	2021	2022	2023
Number of paperless office operations	Times	200,966	300,113	301,963
Number of sheets saved by paperless office ²	Pieces	1,004,830	1,500,565	1,896,215
Amount of hazardous waste generated ³	Ton	—	—	6.92
Amount of non-hazardous waste generated	Ton	—	—	27
Amount of kitchen wastes generated	Ton	—	—	16.22
Amount of waste paper generated	Ton	—	—	8.52
Amount of waste toner cartridges generated	Ton	—	—	0.98
Amount of ink cartridges and drum unit generated	Ton	—	—	0.95

Note 1: [Statistical scope] In 2023, the statistical scope of the number of paperless office operations is the headquarters of Haitong Securities, statistical scope of other data were the headquarters, branches and business departments of Haitong Securities, as well as Haitong International Securities, Haitong UniTrust, Haitong Capital, Haitong Futures, HFT Investment Management, Haitong Securities Asset Management, and Haitong Innovation Securities, and their branch institutions. The statistical scope in 2021 and 2022 were the headquarters of Haitong Securities.

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

Note 3: The hazardous waste is mainly referring to electronic devices. For the headquarters of Haitong Securities, the items are counted as the number, the weight of electronic devices are estimated based on an assumed weight of 2 kilograms per item.

Environmental Compliance and Environmental Training Performance Indicators¹

Indicator	Unit	2023
Annual spending on environmental investment	RMB10,000	705.57
Number of environmental training sessions	Times	5
Number of employees receiving environmental training	Person-times	2,721
Number of incidents triggering penalties for violation of environmental laws and regulations	Piece	0

Note 1: [Statistical scope] The statistical scope of annual spending on environmental investment is the headquarters of Haitong Securities, and that of other data is the headquarters and branches of Haitong Securities.

Employee performance

Employment Performance Indicators¹

Indicator		Unit	2021	2022	2023
Total staff number		Person	6,146	6,584	7,334
By gender	Male	Person	3,496	3,739	4,115
	Female	Person	2,650	2,845	3,219
By employment type	Full-timers under employment contract	Person	6,146	6,584	6,998
	Full-timers under temporary staffing arrangements	Person	0	0	336
	Part-time employees	Person	0	0	0
By age group	> 50 years old	Person	576	671	778
	30 to 50 years old	Person	4,070	4,271	4,960
	< 30 years old	Person	1,500	1,642	1,596
By geographic region	Chinese Mainland	Person	6,146	6,584	7,313
	Overseas (including Hong Kong, Macao and Taiwan)	Person	0	0	21 ²
By rank	Ordinary employees	Person	—	—	6,265
	Middle management	Person	—	—	1,058
	Senior management	Person	—	—	11
Senior management by gender	Male	Person	—	—	10
	Female	Person	—	—	1
Number of employees from ethnic minority groups		Person	—	—	237
Staff turnover rate ³		%	6.54	4.55	5.21
By gender	Male	%	7.78	5.00	5.03
	Female	%	4.91	3.97	5.44
By age group	> 50 years old	%	1.04	0.30	1.41
	30 to 50 years old	%	6.09	4.47	3.71
	< 30 years old	%	9.47	6.52	11.72
By geographic region	Chinese Mainland	%	6.54	4.55	5.22
	Overseas (including Hong Kong, Macao and Taiwan)	%	0	0	0
Number of labor disputes		Piece	0	0	2

Note 1: [Statistical scope] The data covers the headquarters, branches and business departments of Haitong Securities. In 2023, the number of Full-timers under temporary staffing arrangements was included in the statistical scope

Note 2: The number of overseas employees is the number of expatriates to overseas subsidiaries

Note 3: [Calculation method] Staff turnover rate by category = Number of employees in this category lost during the year/number of employees in this category at the end of the year.

Employee training and development

Staff Training Performance Indicators¹

Indicator		Unit	2021	2022	2023
Number of employees trained		Person-times	350,000	348,177	289,122
Staff training expenditure		RMB10,000	780.00	715.00	1,067.00
Coverage of staff training ²		%	100	100	97.26
By gender	Female	%	43.12	43.74	43.74
	Male	%	56.88	56.26	56.26
By employee category	Senior management	%	0.24	0.23	0.15
	Middle management	%	12.37	11.93	14.84
	Ordinary employees	%	87.39	87.84	85.01
Average hours of employee training ³		Hour	33.22	42.00	34.04
By gender	Female	Hour	33.21	42.00	33.92
	Male	Hour	33.23	42.00	34.13
By employee category	Senior management	Hour	30.87	35.00	88.00 ⁴
	Middle management	Hour	34.18	42.00	34.45
	Ordinary employees	Hour	32.68	42.00	33.88

Note 1: [Statistical scope] The data covers the headquarters, branches and business departments of Haitong Securities.

Note 2: [Calculation method] Employee training coverage by category = number of employees trained under this category/total number of employees trained. The reason why the coverage of staff training was lower than 100% in 2023 is due to the nature of certain job roles; some dispatched employees were not incorporated into the Company's training system.

Note 3: [Calculation method] Training hours per capita per year by category = total hours of training received by employees in this category/number of employees in this category.

Note 4: The Company strengthened the senior management training in 2023.

Employee health and safety

Occupational Health and Safety Performance Indicators¹

Indicator	Unit	2021	2022	2023
Social Insurance coverage rate	%	100	100	100
Employee health checkup rate	%	100	100	100
Work-related deaths	Person	0	0	1 ²
Number of work-related injuries	Person	0	0	3 ³
Days lost due to work-related injuries	Day	0	0	80
Incidence of occupational diseases among employees	%	0	0	0
Number of employees trained on occupational health and safety	Person	—	—	6,230
Proportion of employees covered by occupational health and safety training	%	—	—	84.95
Total hours of occupational health and safety training	Hour	—	—	36
Total spending on safe operations	RMB10,000	—	—	254

Note 1: [Statistical scope] The statistical caliber of total spending on safe operations is the headquarters of Haitong Securities, and the statistical caliber of other indicators is the headquarters and branches of Haitong Securities.

Note 2: The work-related death was the death of a temporary employee, hired through secondment, from heart attack at work. The company has purchased accidental injury insurance for all the employees, strengthened the promotion of safety awareness, and promptly rectified protective measures at locations prone to accidents.

Note 3: Work-related injuries all went to workers under employment contracts with the Company. Causes of injuries included falling on the steps of the mailroom, ligament injury during sports competition and knee sprains while going down stairs. Work-related injuries or deaths of employees were accidents. After becoming aware of the employee injury or death related to work, the Company actively cooperated in the verification and filing of work-related injuries in accordance with the local competent authority, thus protecting employees' rights and benefits regarding work-related injuries. The company has purchased accidental injury insurance for all the employees, strengthened the promotion of safety awareness, and promptly rectified protective measures at locations prone to accidents.

Customer service

Customer Service Performance Indicators

Indicator	Unit	2021	2022	2023	
Number of customer inquiries	By telephone	Piece	475,897	279,377	257,504
	Online ¹	Piece	312,711	245,302	245,887
	Smart service ²	Piece	2,153,408	1,468,024	1,432,730
Of which: number of complaints ³	Piece	152	57	109	
Ratio of complaints solved ⁴	%	100	100	100	
Number of customer satisfaction surveys	By telephone	Time	58,265	38,789	44,723
	Online	Time	78,482	66,448	60,178
Customer satisfaction	By telephone	%	99.08	99.97	99.99
	Online	%	99.97	99.86	99.97

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 refers to the total number of intelligent online services and intelligent Interactive Voice Response (IVR) interactions through Internet platforms, such as Haitong Securities' official website, WeChat Official Account and "e-HaitongCai" APP.

Note 3: In 2023, the significant increase in the number of complaints against the company compared to the previous year was mainly attributed to increased disputes over service quality, account opening and closing procedures, margin financing and securities lending, as well as system-related issues.

Note 4: [Calculation method] Ratio of complaints solved = number of closed complaints/total number of complaints.

Charity activities and volunteer services

Charity Performance Indicators

Indicator	Unit	2021	2022	2023 ²
Number of employees participating in volunteer services	Person-time	7,800	8,500	4,100
Number of volunteer events ¹	Time	—	—	790
Employee volunteer service hours	Hour	9,800	32,500	17,800
Per-capita hours of employee volunteer services	Hour	1.59	4.94	2.43
Charitable donations	RMB10,000	3,137	2,867	1,656

Note 1: The Company started to collect and disclose the data on number of volunteer events in 2023.

Note 2: In 2023, the substantial decrease in the social public welfare performance metric compared to 2022 was primarily due to the fact that in 2022, the Company's employees actively engaged in pandemic control and prevention volunteer work related to public welfare, leading to a larger social public welfare performance figure for 2022.

Anti-corruption training performance

Anti-corruption Training Performance Indicators¹

Indicator	Unit	2021	2022	2023
Number of corruption lawsuits filed against the Group and its employees	Case	0	0	0
Number of anti-corruption training sessions	Time	18	8	8
Number of employees receiving anticorruption training	Person	452	264	300

Note 1: [Statistical scope] The statistical scope were the headquarters, branches and business departments of Haitong Securities.

Supplier performance

Supplier Performance Indicators

Indicator	Unit	2021	2022	2023 ¹	
Total number of suppliers	/	734	620	1,900	
By geographic region	Number of suppliers in the Chinese Mainland	/	725	615	1,538
	Number of suppliers in Hong Kong, Macao, Taiwan and overseas regions	/	9	5	362
Number of suppliers assessed for environment, labor and ethical performance pursuant to the Company's supplier assessment policy	/	734	620	1,441	

Note 1: [Statistical scope] In 2023, the statistical scope was expanded compared to 2022 and 2021, adding the number of suppliers and procurement amounts from suppliers in Hong Kong, Macao, Taiwan, and overseas regions, as well as mainland China-based suppliers with procurement values under RMB0.1 million.

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Environmental, Social and Governance Reporting Guide (2023) issued by HKEX

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A1.3	ESG performance datasheet	B4: Labor Standards	Employee equality and diversity
A1.4	ESG performance datasheet	B4.1	Employee equality and diversity
A1.5	ESG performance datasheet	B4.2	Employee equality and diversity
A1.6	Promotion of green operations	Operating Practices	
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A2.1	ESG performance datasheet	B5.1	ESG performance datasheet
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A2.5	Not applicable to the Company, because it only provides financial products	B6: Product Responsibility	Protecting customer rights and interests
A3: The Environment and Natural Resources. The Environment and Natural Resources	Promotion of green operations	B6.1	Not applicable to the Company, because it only provides financial products
A3.1	Promotion of green operations	B6.2	Protecting customer rights and interests ESG performance datasheet
A4: Climate Change	ESG risk management	B6.3	Data governance and information security
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B2.3	Employee rights and benefits	B8: Community Investment	Promotion of philanthropy
		B8.1	Promotion of philanthropy
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Index of Environmental, Social and Governance (ESG) Indicator System of Shanghai State-owned Listed Companies (Version 1.0)

Environmental, Social and Governance (ESG) Indicator System of Shanghai State-owned Listed Companies (Version 1.0)		
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	E1.2 Environmental management system (EMS) certification	Promotion of green operations
	E1.3 Research and development of green products and use of environmental technologies	Contributing to the carbon peaking and carbon neutrality goal
	E1.4 Total spending on environmental protection	ESG performance datasheet
	E1.5 Environmental training performance	ESG performance datasheet
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	E2.2 Energy conservation measures	Promotion of green operations
	E2.3 Development and use of renewable energy	Promotion of green operations
	E2.4 Total energy consumption	ESG performance datasheet
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	E3.2 Water resource objectives and plan	Promotion of green operations
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	E4.2 Measures to reduce wastewater discharge	Promotion of green operations
	E4.3 Wastewater reuse volume	ESG performance datasheet
	E4.4 Wastewater pollutant discharges	Promotion of green operations
	E4.5 Gaseous waste management objectives and plan	Promotion of green operations
	E4.6 Measures to reduce gaseous waste emissions	Promotion of green operations
	E4.7 Emissions of air pollutants	ESG performance datasheet
	E4.8 Solid waste management objectives and plan	Promotion of green operations
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	E4.12 Management of other pollutants	Not applicable
E5 Climate change	E5.1 Identifying climate change risks and establishing objectives and strategies to address climate change	Addressing climate change
	E5.2 Actions taken in contributing to the carbon peaking and carbon neutrality goal	Contributing to the carbon peaking and carbon neutrality goal
	E5.3 Carbon check/inventory measures	Addressing climate change
	E5.4 GHG emissions	ESG performance datasheet
E6 Biodiversity	E6.1 Biodiversity conservation policy/procedures	Not applicable
	E6.2 Biodiversity conservation measures	Not applicable
S1 Products and services	S1.1 Product safety and quality management policy/procedures	Protecting customer rights and interests
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	S1.6 Customer service management policy	Protecting customer rights and interests
	S1.7 Responsible propaganda	Protecting customer rights and interests
	S1.8 Customer complaints/closure rate	ESG performance datasheet
	S1.9 Customer satisfaction	Protecting customer rights and interests

	Indicator	Section Index
S2 Employee responsibility	S2.1 Employment and workforce composition	ESG performance datasheet
	S2.2 Employee turnover rate	ESG performance datasheet
	S2.3 Democratic management of employees	Employee rights and benefits
	S2.4 Remuneration and benefits system	Employee rights and benefits
	S2.5 Employee care	Employee rights and benefits
	S2.6 Employee satisfaction	Employee rights and benefits
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	S2.8 Occupation health and safety management system (OHSMS) certification	Employee rights and benefits
	S2.9 Safety emergency management measures	Employee rights and benefits
	S2.10 Total spending on working safety	ESG performance datasheet
	S2.11 Working safety training performance	ESG performance datasheet
	S2.12 Work-related injuries and deaths	ESG performance datasheet
	S2.13 Employee health checkup rate	ESG performance datasheet
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G3 Data governance	G3.1 Infrastructure platform development	Data governance and information security
	G3.2 Data aggregation and exchange	Data governance and information security
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Index of GRI Sustainability Reporting Standards

Note	Haitong Securities has reported the information cited in this GRI content index for January 1 to December 31, 2023 with reference to the GRI Standards.		
GRI 1 used	GRI 1: Foundation 2021		
<i>Sustainability Reporting Standards (2021)</i>			
GRI standard	Disclosed item	Section index	
GRI 2: General disclosures 2021	2-1	About Haitong Securities	
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	GRI 3: Material topics 2021	3-1	Communication with Stakeholders and Analysis of Material Topics
		3-2	Communication with Stakeholders and Analysis of Material Topics
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	GRI 201: Economic Performance 2016	201-1	ESG performance datasheet
		201-2	ESG governance and management
	GRI 203: Indirect Economic Impact 2016	203-1	Serving the real economy Promotion of rural revitalization Promotion of philanthropy
		205-1	Upholding business ethics
		205-2	Upholding business ethics
	GRI 205: Anti-corruption 2016	205-3	Upholding business ethics
		302-1	Promotion of green operations ESG performance datasheet
GRI 302: Energy 2016	302-2	Promotion of green operations ESG performance datasheet	
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GRI standard	Disclosed item	Section index
GRI 303: Water and Effluents 2018	303-3	Promotion of green operations
	303-5	ESG performance datasheet
GRI 305: Emission 2016	305-1	ESG performance datasheet
	305-2	ESG performance datasheet
	305-3	ESG performance datasheet
	305-4	ESG performance datasheet
GRI 306: Waste 2020	306-1	ESG performance datasheet
	306-2	ESG performance datasheet
	306-3	ESG performance datasheet
GRI 308: Supplier Environmental Assessment 2016	308-1	Promotion of green operations
	308-2	Risk control and compliance management
GRI 401: Employment 2016	401-1	ESG performance datasheet
	401-2	Employee equality and diversity
GRI 403: Occupational Health and Safety 2018	403-1	Employee rights and benefits
	403-3	Employee rights and benefits
	403-4	Employee rights and benefits
	403-5	Employee rights and benefits
	403-6	Employee rights and benefits
	403-7	Employee rights and benefits
	403-8	Employee rights and benefits
	403-9	ESG performance datasheet
	404-1	ESG performance datasheet
GRI 404: Training and Education 2016	404-2	Employee training and development ESG performance datasheet
	404-3	ESG performance datasheet
	405-1	Employee equality and diversity ESG performance datasheet
GRI 406: Non-discrimination 2016	406-1	Employee equality and diversity
GRI 408: Child Labor 2016	408-1	Employee equality and diversity
GRI 409: Forced or Community labor 2016	409-1	Employee equality and diversity
GRI 413: Local Community 2016	413-1	Promotion of philanthropy
	413-2	Promotion of philanthropy
GRI 414: Supplier Social Assessment 2016	414-1	Promotion of green operations
	414-2	Promotion of green operations
GRI 417: Marketing and Labelling 2016	417-1	Protecting customer rights and interests
	417-2	Protecting customer rights and interests
	417-3	Protecting customer rights and interests
GRI 418: Customer Privacy 2016	418-1	Protecting customer privacy

About the Report

This is the 14th CSR Report and the first Sustainability 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 December 31, 2023)* issued by Hong Kong Stock Exchange and the *Environmental, Social and Governance (ESG) Indicator System of Shanghai State-owned Listed Companies (Version 1.0)* issued by Shanghai Municipal State-owned Assets Supervision and Administration Commission. Meanwhile, this Report has quoted some standards from 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 to December 31, 2023.

Frequency of issuance: The Report is issued annually. The full names and abbreviations of the subsidiaries covered by this Report under the consolidated financial statement are as follows.

Full name	Abbreviation
Haitong Securities Co., Ltd.	The Company, Haitong Securities
Haitong Innovation Securities Investment Co., Ltd.	Haitong Innovation Securities
Haitong International Holdings Limited	Haitong International Holdings
Haitong International Securities Group Limited	Haitong International
Haitong Capital Investment Co., Ltd.	Haitong Capital
Haitong-Fortis Private Equity Fund Management Co., Ltd.	Haitong-Fortis PE
Haitong UniTrust Financial Group Limited	UniTrust Financial Group
Haitong UniTrust International Leasing Co., Ltd., listed on the Hong Kong Stock Exchange, stock code: 1905	Haitong UniTrust
Shanghai Haitong Securities Asset Management Co., Ltd.	HT Asset Management
Weitai Properties Management Co., Ltd.	Weitai Property
Haitong Futures Co., Ltd.	Haitong Futures
HFT Investment Management Co., Ltd.	HFT Investment Management
Fullgoal Fund Management Co., Ltd.	Fullgoal Fund

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

Materiality: The Company identifies business-related material topics that are of concern to investors and other stakeholders, which are the focus of the Report. The report on material topics in this document also focuses on characteristics of the Company's industry and region. For details about the process and results of material topic analysis, please see the "Communication with Stakeholders and Analysis of Material Topics" section of the Report. In addition, the Report highlights environmental, social and governance (ESG) issues that may have a significant impact on investors and other stakeholders.

Accuracy: The Report ensures accuracy information where possible. For quantitative information, the Report provides the data scope, basis of calculation and assumptions, so as to ensure that the calculation errors will not mislead the users of information. For details about quantitative information and remarks, please see the "ESG Performance Datasheet" section of the Report. The Board of Directors undertakes that the Report contains no false records, misleading statements or material omissions.

Balance: The Report builds on objective facts and impartially discloses all information on the Company, either positive or negative. As for any subject matter of the Report, the Company has not detected any undisclosed negative events during the Report period that should have been disclosed.

Clarity: The Report is published in both simplified Chinese and English languages. The Report contains tables, model diagrams, and terminologies to assist stakeholders in understanding the text of the Report. For stakeholders to locate desired information more quickly, the Report provides a table of contents and indexes of ESG standards.

Quantization and consistency: The Report discloses key quantitative performance indicators and, where possible, historical data. The Report maintains consistent statistical and disclosure methodologies of the same indicators in different reporting periods. Any change in the statistical or disclosure methodology will be fully explained in the notes to the Report, so that stakeholders will conduct a meaningful analysis to assess the Company's ESG performance trends. For details, please see "ESG Performance Datasheet".

Completeness: The scope of disclosure in the Report is consistent with the scope of the consolidated financial statements of the Company.

Timeliness: The Report is an annual report covering a time span of January 1 to December 31, 2023. The Company strives to release the report as soon as possible after the end of the reporting year to provide timely information for stakeholders to make informed decisions.

Verifiability: The data and cases in the Report are sourced from the original records or financial reports on the actual operation of the Company. All data sources and calculation processes disclosed are traceable and available for external attestation.

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>)

Rating Report of Sustainability Report 2023 of Haitong Securities Co., Ltd.



Entrusted by Haitong Securities Co., Ltd., the Chinese Expert Committee on CSR Report Rating selected experts to form a Rating Team and rate the Sustainability Report 2023 of Haitong Securities Co., Ltd. (hereafter referred to as “the Report”).

I. Rating Criteria

Guidelines on Corporate Social Responsibility Reporting for Chinese Enterprises (CASS-CSR 4.0) issued by the Chinese Academy of Social Sciences and Rating Standards for the Corporate Social Responsibility Report of Chinese Enterprises (2020) issued by the Chinese Expert Committee on CSR Report Rating.

II. Rating Process

1. The Rating Team reviewed and confirmed the Confirmation Letter on Process Materials of the Corporate Social Responsibility Report and related supporting materials submitted by the Preparation Team of the Report;
2. The Rating Team evaluated the compilation process and the disclosed information of the Report and drafted the Rating Report;
3. The Vice Chairman of the Chinese Expert Committee on CSR Report Rating and the leader and the expert of the Rating Team cosigned and reviewed the Rating Report.

III. Rating Results

Process (★★★★★)

The Company set up a three-tier ESG management organization framework consisting of the Development Strategy and ESG Management Committee under the Board of Directors, the ESG Building Leadership Group, and the ESG Working Group, proceeding with the ESG management work in a top-down, standard, and orderly manner. The Chairman serves as the leader of the ESG Building Leadership Group, and the General Manager serves as the deputy leader. A working group is established under the ESG Building Leadership Group, with the functional departments and business departments of the Company included as its members. The General Manager's Office acts as a leading department to promote the implementation of ESG work. Upon completion, the Report was submitted to the Board of Directors for review and final comments. The Report was positioned as an important tool to respond to the demands of the capital market, improve social responsibility management, strengthen stakeholder communication and show a responsible corporate image, showing a clear functional value. According to the requirements of the capital market, the focus of the industry, and the development strategy of the Company, as well as the ESG information disclosure requirements of the Shanghai Stock Exchange (SSE), the Stock Exchange of Hong Kong Limited (SEHK) and the SASAC of Shanghai, a survey on stakeholders was conducted and material issues were identified as the key points disclosed in the Report. The Report will be released in PDF electronic version on the Company's official website as well as SSE and SEHK platforms, and will be disseminated through WeChat in the forms of long graph and text and Video Account. Therefore, the Report has excellent process performance.

Materiality (★★★★★)

The Report disclosed key industrial issues, including the implementation of macro policies, the protection of customer information security, the diversity of financial products, the guarantee of transparent and true product and service information, the security guaranty mechanism of trading platforms, investor training and education, anti-money laundering, risk management, CSR investment and green office in detail and full. Therefore, the Report has excellent materiality performance.

Completeness (★★★★☆)

The Report systematically disclosed 87.72% of industrial core indicators from various aspects, including “making steady progress to consolidate the business operation foundation”, “fulfilling responsibilities with concrete actions to thoroughly promote sustainable finance”, “dedicating to improving the quality of customer services”, “forging ahead together to build a team of top-notch talent”, and “pulling together to unite the strength of charitable assistance”. Therefore, the Report has leading completeness performance.

Balance (★★★★☆)

The Report disclosed negative data such as “number of employees injured in work-related accidents”, “employee turnover rate” and “number of complaints”, and briefly described the facts of “no data security violations or customer personal information leaks” and “no confirmed violations related to environmental protection that have a significant impact on the Company”. Therefore, the Report has leading balance performance.

Comparability (★★★★★)

The Report disclosed and compared data on 89 KPIs (key performance indicators) over the past three years, including “total profit”, “total greenhouse gas emissions”, “number of environmental training sessions” and “number of customer inquiries”. Moreover, a horizontal comparison was carried out according to the rankings of “ranking 2nd within the industry in the number of projects in the Yangtze River Delta region and ranking 1st within the industry in the amount of financing” and “ranking 1st within the industry in the number of software copyrights”. Therefore, the Report has excellent comparability performance.

Readability (★★★★☆)

Themed “Finance Builds a Better Future”, the Report shows the concept, actions and results of responsibility performance for stakeholders such as shareholders, customers, employees, partners and communities, with a clear frame structure and prominent key issues. The illustration on the cover page is simple and fresh. Large real-scene pictures showing the business characteristics are adopted on the cross-page of chapters, increasing the identification of the Report. Moreover, the Report shows the public the results of responsibility performance with a wealth of cases, strengthening the dissemination and communication of the Report. Therefore, the Report has leading readability performance.

Innovation (★★★★☆)

The Report set up two special topics, i.e., “working hard and relentlessly to boost the high-quality development of digital finance” and “pursuing green development and continuing to promote low-carbon transition”, highlighting the Company's responsibility performance results in focusing on the main business, green development and other aspects. The Report shows the corporate responsibility performance results in the form of stakeholders' witness, which strengthens the communication capability and credibility of the Report. Furthermore, the Company has strengthened social responsibility management, carried out ESG due diligence, and promoted its subsidiary, Haitong Unitrust International Financial Leasing Co., Ltd., to independently prepare and publish the ESG report. Therefore, the Report has leading innovation performance.

Overall Rating (★★★★☆)

Upon evaluation by the Rating Team, the Sustainability Report 2023 of Haitong Securities Co., Ltd. reached a four-and-a-half-star level as a leading corporate social responsibility report.

IV. Suggestions for Improvement

1. More industrial core indicators should be disclosed for better completeness of the Report;
2. More negative data and deficiencies in corporate responsibility performance should be disclosed to improve the balance of the Report.

Vice Chairman of the Chinese Expert Committee on CSR Report Rating

Leader of the Rating Team

Expert of the Rating Team



Scan the QR code to view the enterprise's rating file

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