



(A joint stock company incorporated in the People's Republic of China with limited liability under the Chinese corporate name 华泰证券股份有限公司 and carrying on business in Hong Kong as HTSC)

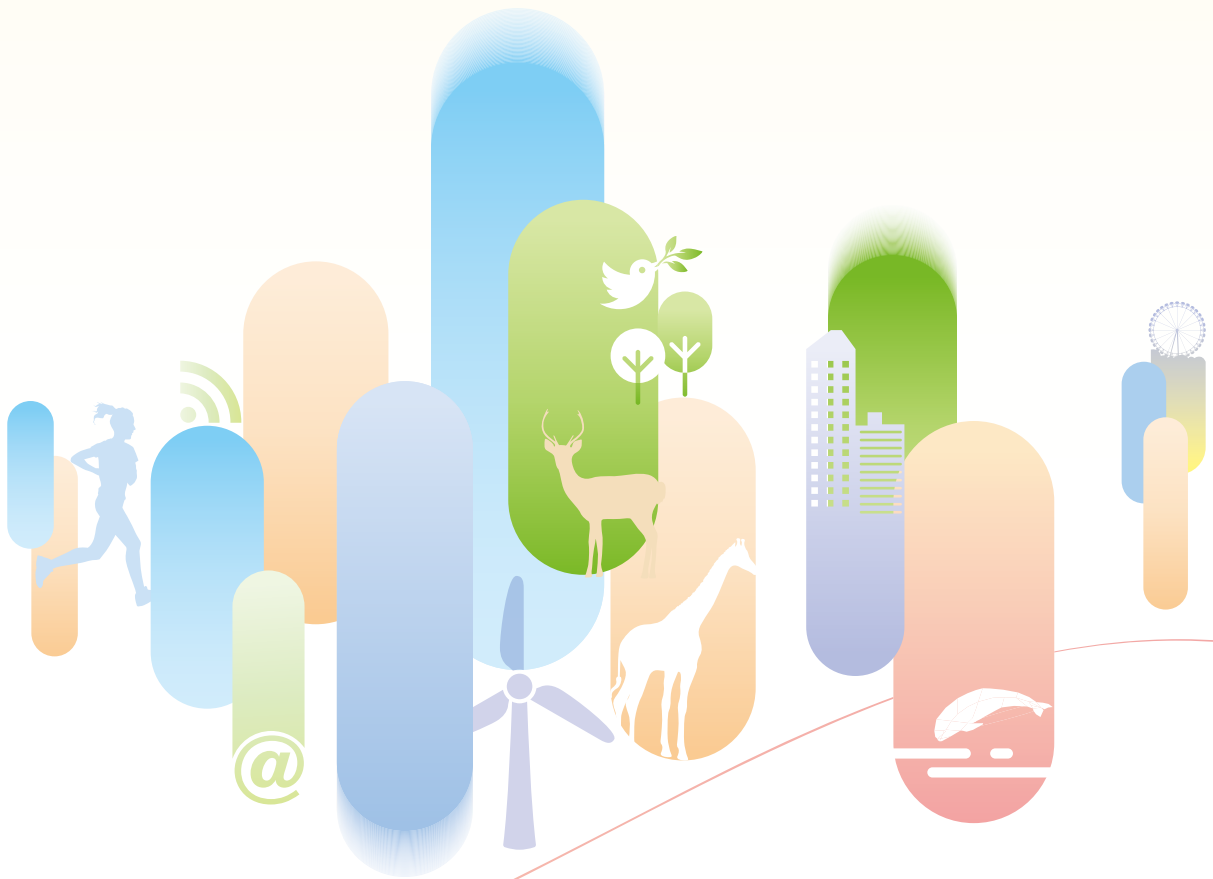
# 2020 CSR

## HUATAI SECURITIES SOCIAL RESPONSIBILITY REPORT



## HUATAI SECURITIES

Striving to Become a First-Class Investment Bank  
with Both Domestic Advantages and Global Influence



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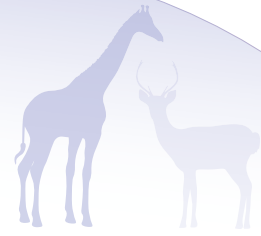
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## ESG Statement by the Board

2020 marks the 30th anniversary of the establishment of the Chinese capital market. Facing the outbreak of the COVID-19 pandemic, the Chinese capital market displayed its extraordinary resilience and vitality and gradually developed into an important hub and platform for smooth “dual circulation” between domestic and overseas markets. As a witness and participant in the leapfrog development, the Company has been growing and developing with the exploration and innovation of the capital market. As the two-way opening of the market further accelerates, the Company continues to deepen the technology-empowered “two-pronged” strategy, and through the complementation of technology and business, as well as the mutual promotion of organizations and individuals, the company will consistently develop core competitiveness of industry-leading digital development for the future.

Meanwhile, the Company has been concerned about performing social responsibilities with professional financial strength and continued to establish the ESG governance system, practice the principles of responsible investment, and include ESG factors into the evaluation on compliance and risk control. The Company constantly penetrates into green economy, ecological protection, social welfare and other industries and strived to create inclusive and common value for all stakeholders.

### Continuously advance improvement and consolidate governance foundation

In 2020, the Company consistently improved its ESG structure and implementation system and established an ESG management structure with the supervision level, the management level and the execution level. As the decision-making body on ESG-related matters, the ESG Committee under the senior management of the Company is responsible for identifying ESG-related opportunities and risks in the development of the Company, formulating ESG strategies and supervising the implementation and evaluating the importance of ESG-related affairs which will be taken into consideration in business operations. The Board of Directors and the senior management of the Company is responsible for and supervises ESG-related affairs of the Company and facilitates ESG factors being deeply rooted into the corporate culture and business development strategies as key drivers to the development of the Company.

### Strive diligently and determine the development orientation

The Company regularly reviews key points in ESG work and specifies key areas and steers the orientation in ESG management. In 2020, Huatai Securities deeply followed policy requirements and advanced practice of domestic and overseas peers and included “responsible investment”, “employment diversity and inclusiveness” and other issues into the scope of the ESG work and formulated policies on ESG risk management and responsible investment. The company also incorporated ESG factors into investment and financing decision-making and gradually conducted risk management and analysis on climate change to better respond to key concerns of stakeholders. In 2020, the Company formulated the annual social responsibility report based on the progress and key points in the practice of ESG work, which was considered by the Board to understand the progress of ESG work.

### Work with perseverance and draw blueprint with practice

**Fully hold compliance and steady operation.** In 2020, the Company continuously improved the governance structure. Through standard and digital management, it built an advanced compliance and risk management system centering on “mechanism + platform + culture” and integrated the steady compliance culture into the routine work. It also incorporated ESG factors into the overall risk management and achieved the organic integration of ESG risk management and control with business development.

**Empower professional value creation with technology.** The Company implanted the genes of technology and innovation and deepened the research on and application of cloud computing, big data and other industries to build a customer-oriented integrated service system and develop a new technological structure towards the future. Through the full display of fintech advantage, the Company supported pandemic prevention with professional service capability and provided all-dimensional supports to technological innovation, environmental and other various enterprises.

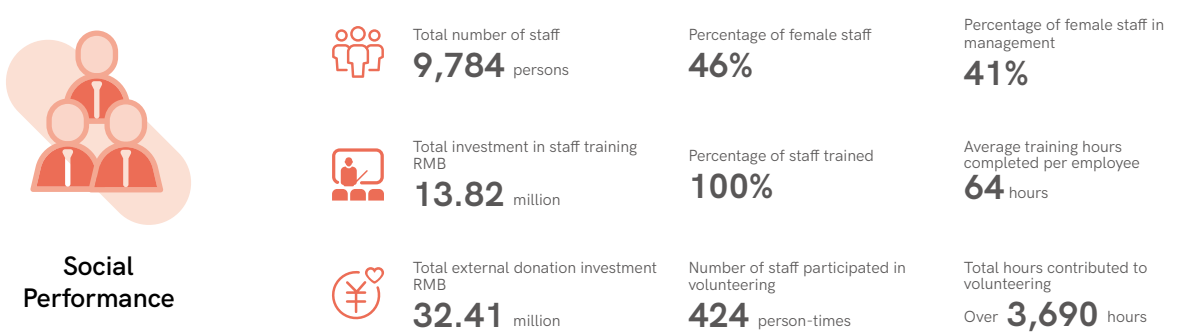
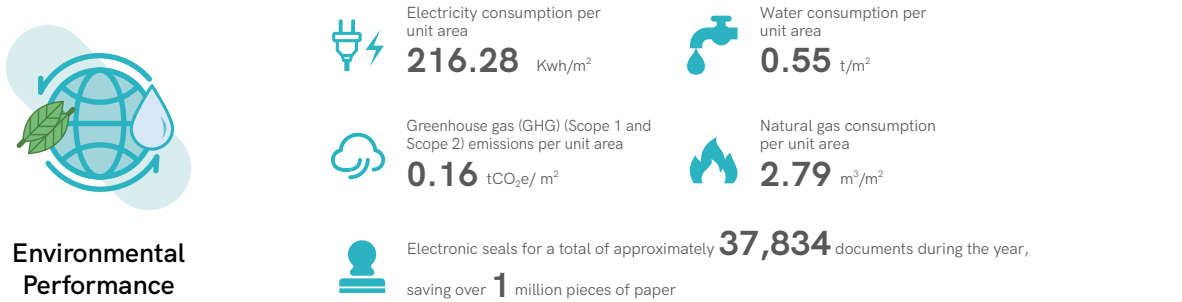
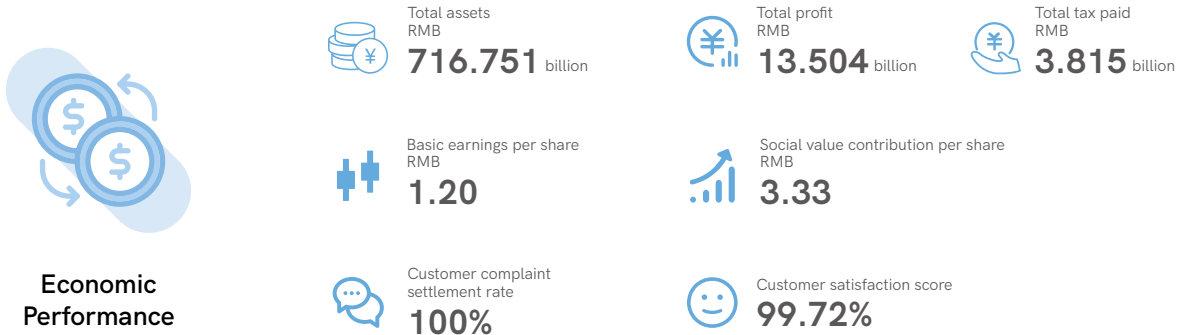
**Build vigorous and diversified development platforms.** With the acceleration in international deployment, the Company deeply implemented strategies on the introduction and fostering of international talents, established a diversified talent system and team and facilitated the blooming of the innovation culture with an open and inclusive atmosphere. It provided a broader development platform for outstanding young talents through a talent cultivation system covering the whole business chain and career.

**Actively contribute to social and ecological construction.** 2020 was a decisive year for eradicating poverty in China. Huatai Securities deeply advanced targeted poverty alleviation by means of supporting rural industries, promoting consumption and participating in investment in poverty alleviation bonds and actively contributed to rural vitalization with the success in battling poverty as the new starting point. The public welfare projects of “One Commonweal Heart of Huatai” joined hands with professional partners in upgrading, mobilizing diversified strength in building the public welfare ecosystem with the focus on the establishment of a platform for dialogue between the capital market and ecological protection.

With its outstanding performance in ESG management, Huatai Securities was included in the Hang Seng (China A) Corporate Sustainability Benchmark Index in 2020 and the MSCI ESG rating of the Company has reached BBB level. Success only comes through hard work. The Company believes that only by unswervingly practicing the ESG concepts and uniting all forces can it achieve stable development in the long run and authentically create value with responsibilities. The development of green finance faces various hardships, but it is more determined to remain true to the original aspirations in performing social responsibilities. In the first year of the “14th Five-year Plan” period, the Company will continue to undertake the mission of serving the society and economy, practice the concept of sustainable development, make persistent efforts, and contribute to the development of the new pattern of green development to the best of its ability!

March, 2021

## CSR Performance of Huatai Securities in 2020



Note 1: The figures of electricity consumption per unit area, water consumption per unit area, greenhouse gas emissions per unit area and natural gas consumption per unit area are for headquarters of the parent company of Huatai Securities, Huatai Futures, Huatai United Securities, Huatai Innovative, Huatai Financial Holdings (Hong Kong) (excluding AssetMark), Huatai Asset Management, Huatai Purple Gold, Jiangsu Equity Exchange and 28 branches.

Note 2: The figures of total number of staff are for Huatai Securities, Huatai United Securities, Huatai Securities (USA), Huatai Purple Gold, Huatai Futures, Huatai Asset Management, Huatai Innovative, Huatai Financial Holdings (Hong Kong) (excluding AssetMark) and Jiangsu Equity Exchange.

Note 3: The figures of total investment in staff training, percentage of staff trained and average training hours completed per employee are for Huatai Securities.

# 1. About Huatai Securities

## 1.1 Company Overview

### » Company Profile

Huatai Securities is an industry-leading integrated securities group listed on the stock exchanges of Shanghai, Hong Kong and London. Since its establishment in 1991, the Company has been actively seizing the historical opportunities in the reform and opening of the capital market in China. It is a pioneer in assisting transformation with fintech in the industry and provides individual and institutional customers with professional and diversified securities and financial services with the service system covering the whole business chain. It is among the leaders in the domestic securities industry in terms of comprehensive strength and brand influence and is speeding up in entering the new stage of international development.

#### Basic Information of Huatai Securities

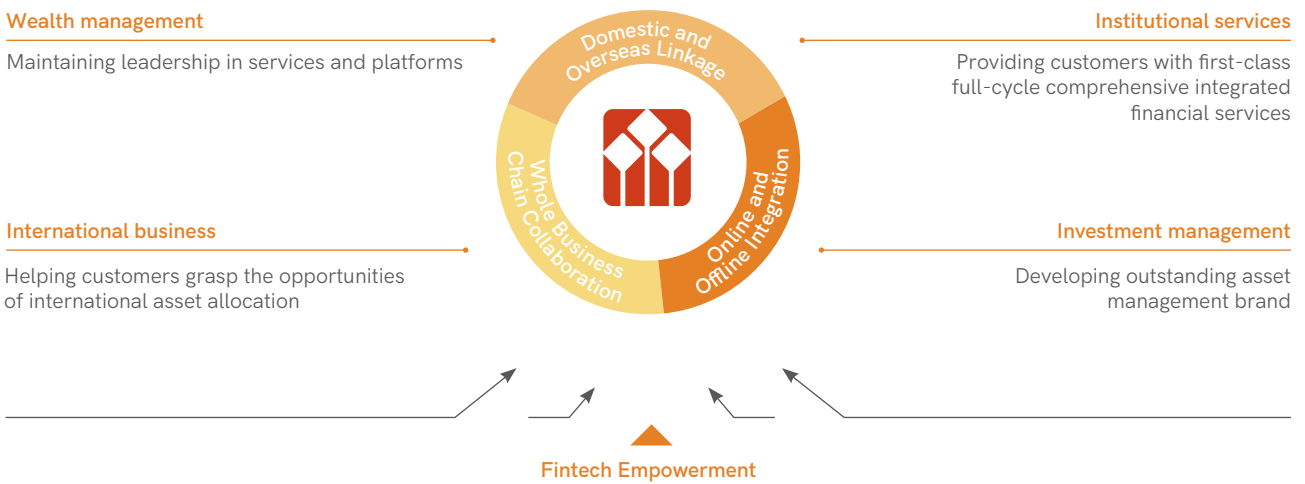
<b>Chinese name</b>	<b>English name</b>
华泰证券股份有限公司	HUATAI SECURITIES CO., LTD.
<b>Principal businesses</b>	<b>Domestic branches</b>
Wealth management, institutional services, investment management and international business	243 securities branches and 28 branches in total
<b>Major subsidiaries</b>	<b>Overseas operating entities</b>
4 wholly-owned subsidiaries, namely Huatai Asset Management, Huatai International, Huatai Purple Gold and Huatai Innovative; and 3 holding subsidiaries, namely Huatai United Securities, Huatai Futures and Jiangsu Equity Exchange	Huatai International and its affiliate Huatai Financial Holdings (Hong Kong), AssetMark, Huatai Securities (USA) with the business covering various countries and regions including Hong Kong and the United States

#### Overview of the Company's Shares/Depository Receipts

Type of share/depository receipt	Listing Exchange	Abbreviated name of securities	Stock code
A Share	Shanghai Stock Exchange	Huatai Securities	601688
H Share	Hong Kong Stock Exchange	HTSC	6886
GDR	London Stock Exchange	Huatai Securities Co., Ltd.	HTSC

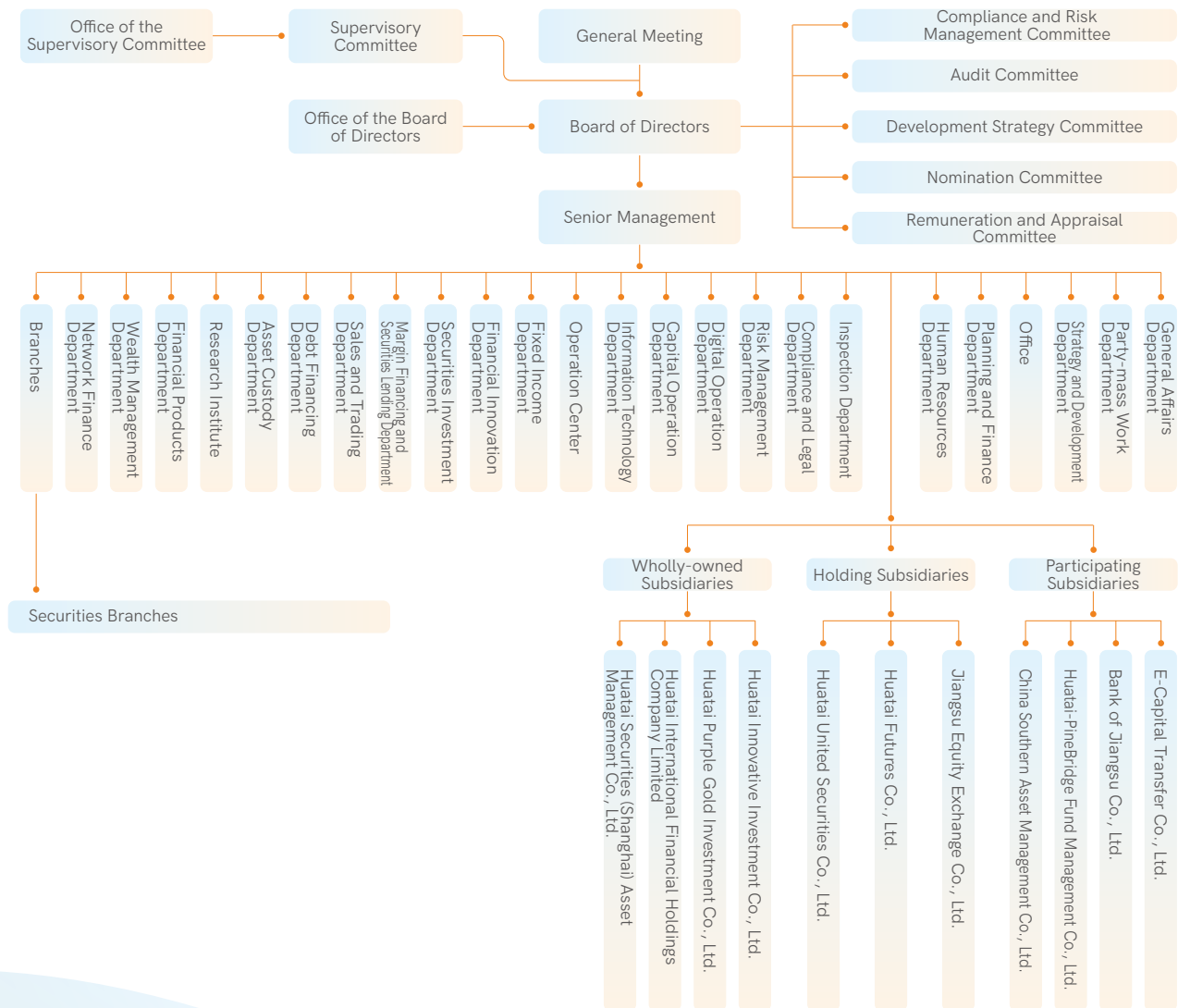
**Strategic Vision of Huatai Securities**

Huatai Securities is a leading technology-driven securities group in China, with a highly collaborative business model, a cutting-edge digital platform and an extensive and engaging customer base. The Group constructs a client-based organizational mechanism, provides comprehensive securities and financial services for individual and institutional clients through an organic online-offline synergy, and aims to become a leading integrated investment bank with strong domestic advantages and global influence.





## » Organizational Structure



» Major Events in Recent Three Years

2018

The Company's overall pilot plan to deepen the mixed ownership reform was approved;

The Company completed the non-public issuance of A Shares smoothly and raised funds exceeding RMB14.0 billion;

Standard & Poor's and Moody's awarded BBB and Baa2 long-term issuer rating to the Company respectively, and the rating outlook is stable.

2020

The number of registered users and downloads of "ZhangLe Fortune Path" exceeded 58 million;

The Company launched its global wealth management platform "ZhangLe Global 2.0";

The Company released "Securities Lending Path" as the first open-ended online securities lending and trading platform in the entire market;

The Company officially launched fund investment advisory service "ZhangLe Star Investment" (漲樂星投);

The Company was approved to formally implement the pilot project of consolidated supervision.

2019

"ZhangLe Fortune Path" of Huatai Securities was upgraded to the new version 7.0;

The Company launched the "Xing Zhi" (行知) APP as a service platform for institutional customers;

The Company's GDRs were listed for trading on the Main Market of London Stock Exchange;


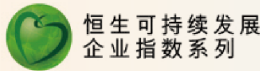

AssetMark was listed and commenced trading on the New York Stock Exchange;

Huatai Securities (USA) obtained the qualification to conduct broker-dealer business in the US.

## 1.2 International Recognition

With its outstanding performance in ESG management, responsible investment and other aspects in 2020, the Company was recognized by international rating agencies and the capital market with increasing influence on sustainable development and continuous improvement in international competitiveness.

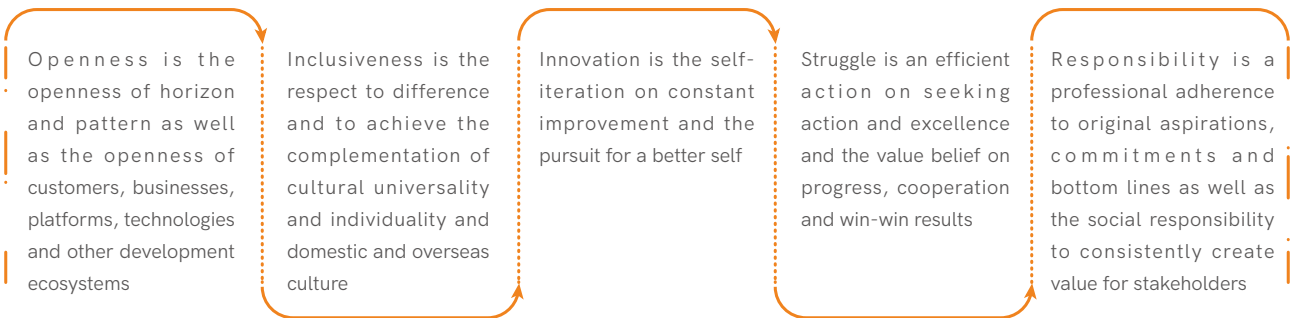
### ESG Rating of Huatai Securities in 2020

ESG rating agency	ESG rating
	<p>The MSCI ESG rating of the Company was improved in two consecutive years. In September 2020, its MSCI ESG rating reached BBB for the first time, exceeding 63% industry peers globally.</p>
	<p>In 2020, the ESG rating of the Company under the Hang Seng Corporate Sustainability Benchmark Index was A and the Company was included in the Hang Seng (China A) Corporate Sustainability Benchmark Index.</p>
	<p>In 2020, the CDP rating for climate change of the Company improved to B, ranking high among its peers in China.</p>

### 1.3 Enhancing Cultural Construction in the Industry

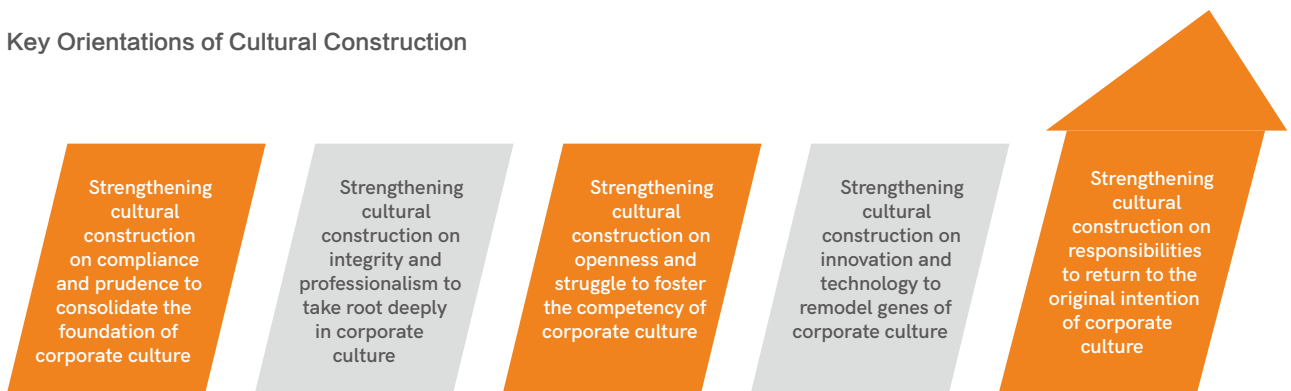
In response to the call and initiative of the CSRC and the Securities Association of China on enhancing cultural construction in the industry, the Company continuously enriches the cultural connotation of “openness, inclusiveness, innovation, struggle and responsibility” and shapes the cultural features of “technology empowerment, innovation and initiative”. It has become the common knowledge and pursuit of all staff of Huatai to better assist the “two-pronged” (“雙輪驅動”) development strategy of wealth management and institutional services.

#### Cultural Connotation of Huatai Securities



In April 2020, the Board of the Company considered and approved the Work Outline for the Cultural Construction, specifying the value positioning and overall targets, key orientations, the promotion mechanism and guarantee measures of cultural construction as well as the responsibilities of the party committee, the Board, senior management and relevant departments in cultural construction.

#### Key Orientations of Cultural Construction



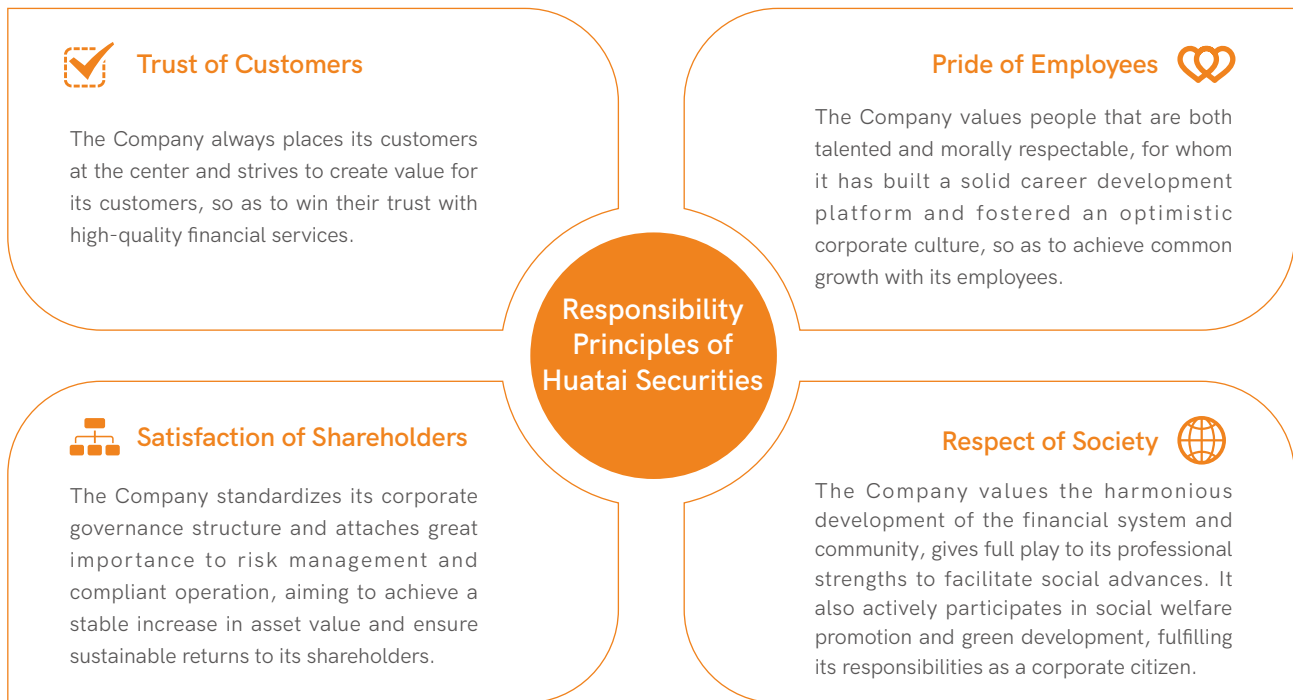
The Company fully carried out the pilot implementation of cultural construction in 2020. While coordinating the pandemic prevention and control and operation and development, the Company conducted various themed work and activities in corporate governance, compliance management, risk management, technology empowerment, human resources, investor protection, social responsibility, cultural publicity and other sectors under the guidance of the new cultural value system to promote the integration of the corporate culture with development strategies on activities, organizations and concepts.

## 2. Social Responsibility Management

### 2.1 Principles and Management

#### » Responsibility Principles

Huatai Securities has always been adhering to its core values of “efficiency, honesty, prudence, and innovation” and its business philosophy of “centering on customer service, driven by customer demand, and aiming for customer satisfaction”, striving to create value for customers, shareholders, employees, society and other stakeholders.

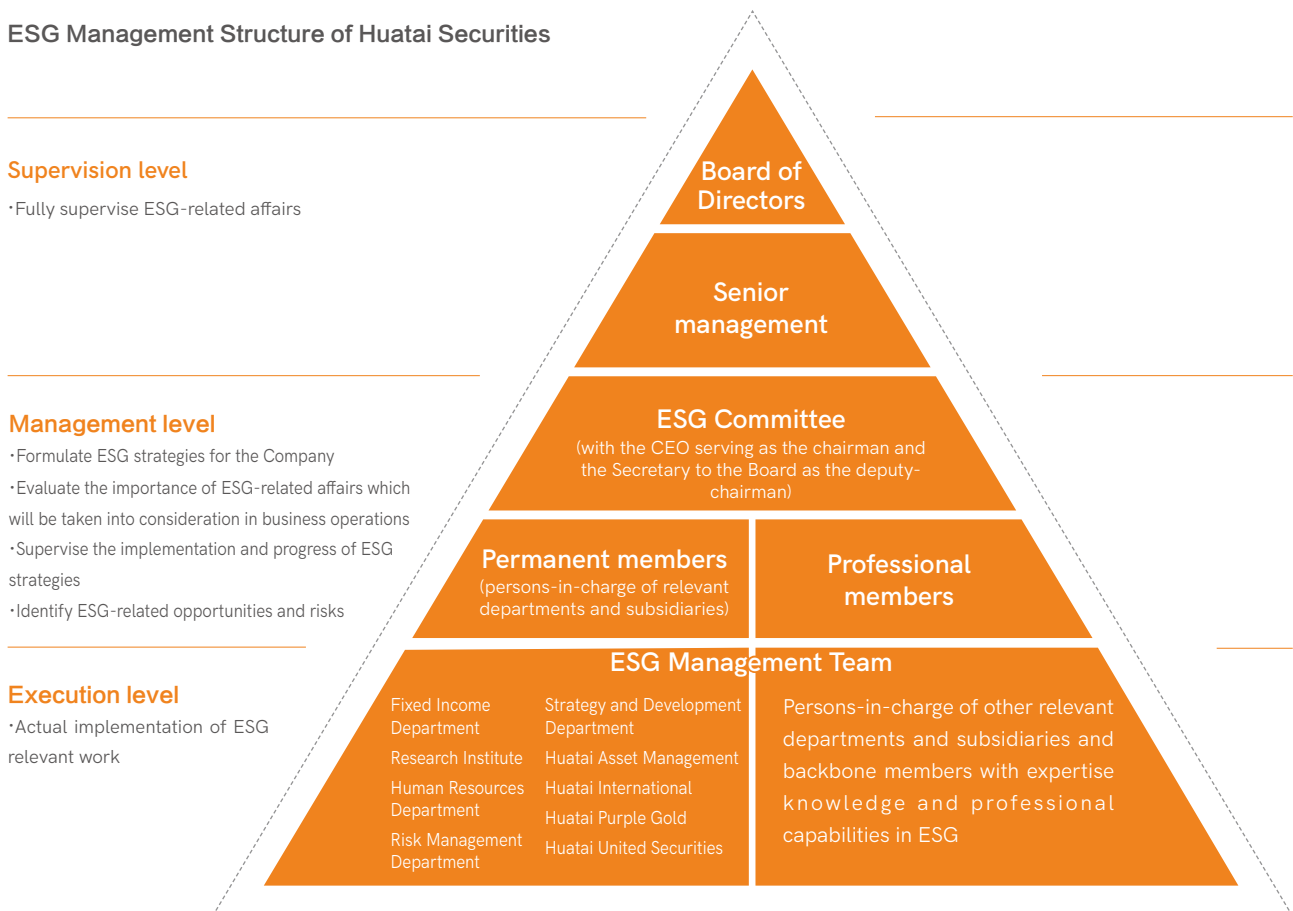


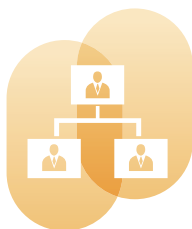
## » ESG Management

Employing ESG management as part of its development strategy, the Company established an ESG committee and ESG implementation teams to continuously improve its ESG management structure and continued to improve the systematicness and effectiveness of its ESG management.

In 2020, the Company convened two meetings of the ESG Committee, considered and approved the Environmental and Social Management Statement of Huatai Securities Co., Ltd., the Responsible Investment Statement of Huatai Securities Co., Ltd., the Due Diligence Work Guideline on Environmental, Social and Corporate Governance (ESG) of Customers of Huatai Securities Co., Ltd. (the “Customers ESG Due Diligence Guideline”) and other documents to promote the standard and effective implementation of the ESG management.

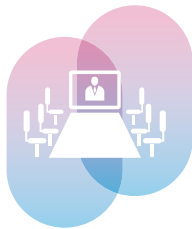
### ESG Management Structure of Huatai Securities





Supervision level

The Board of Directors and senior management of Huatai Securities are responsible for the overall supervision of ESG-related matters. The Board of Directors takes overall responsibility for the Company's ESG management, and shall review and approve the guidelines, policies and other work results of ESG management. The senior management is responsible for the formulation of ESG guidelines and policies, ensuring the establishment of an appropriate and effective ESG management system and improving the relevant organizational structure, so as to promote the implementation of ESG-related works.



Management level

The ESG Committee, as a decision-making and deliberation body of the Company for ESG-related works, is mainly responsible for formulating the Company's ESG strategies and following the implementation, identifying ESG-related opportunities and risks, establishing ESG risk management and internal control systems, judging the materiality of ESG-related affairs and incorporating them into the operation evaluation. The ESG Committee bears overall responsibility for the ESG performance of the Company's investment and financing projects.

The CEO of the Company serves as the chairman of the ESG Committee, leading the construction and management of ESG; the secretary to the Board serves as the deputy chairman of the Committee who is responsible for organizing meetings and coordinating relevant affairs; persons-in-charge of major ESG-related departments and subsidiaries of the Company serve as permanent members of the Committee; and the professional members are served by persons-in-charge of other relevant departments and subsidiaries and those backbone members with expertise knowledge and professional capabilities in ESG.



Execution level

The ESG Management Team, as a body under the ESG Committee, is mainly responsible for the practical execution and implementation of ESG works such as communication with stakeholders, identification of substantive issues, and information collection for ESG reports, and shall report its work results to the ESG Committee on a regular basis.

The ESG Management Team is led by the Office of the Board of Directors and comprises the Fixed Income Department, Research Institute, Human Resources Department, Risk Management Department, Strategy and Development Department, Huatai Asset Management, Huatai International, Huatai Purple Gold, Huatai United Securities and other ESG-related departments and subsidiaries.

## 2.2 Communication with the Stakeholders and Analysis of Substantive Issues

### » Communication with the Stakeholders

Regarding corporate social responsibility as an integral part in its overall operation, the Company has established a normalized communication mechanism with the six stakeholders including shareholders and investors, government and regulatory authorities, customers, employees, suppliers and partners, and communities, and actively responded to the appeals of stakeholders.

#### Communication with and Response to the Stakeholders

Key stakeholders	Concerns	Communication and response
Shareholders and investors	Corporate governance Operation in compliance Risk management Education of investors Anti-corruption	General meeting Information disclosure on websites of stock exchanges Investor communication meetings and surveys Telephone, email and SSE interactive E-platform Media such as the Company's official website and WeChat official account
Government and Regulatory Authorities	Risk management Operation in compliance Serving real economy Anti-corruption	Cooperation with regulatory authorities in inspection and review Participation in government surveys Policy implementation Information disclosure
Customers	Improving services for customers Protection of customer privacy Responsible marketing Fintech	Customer surveys Customer service and complaints Customer satisfaction surveys ZhangLe Fortune Path Media such as the Company's WeChat official account
Employees	Talent retention and development Employee rights and welfare Employment diversity and inclusiveness	Trade Union activities Staff training Corporate office automation (OA) platform Employee activities Media such as the Company's WeChat official account
Suppliers and Partners	Operation in compliance Supply chain management	Cooperation and communication Formulating procurement management methods Daily communication Bidding activities
Community	Community investment Volunteering services Environmentally-friendly operations Response to climate change Impact of financial services on the environment Responsible investment	Community activities Volunteers' activities Research and implementation for public welfare projects such as poverty alleviation and environmental protection Supporting real economy related business Promoting paperless operations Building green data center Development of green finance Practicing responsible investment



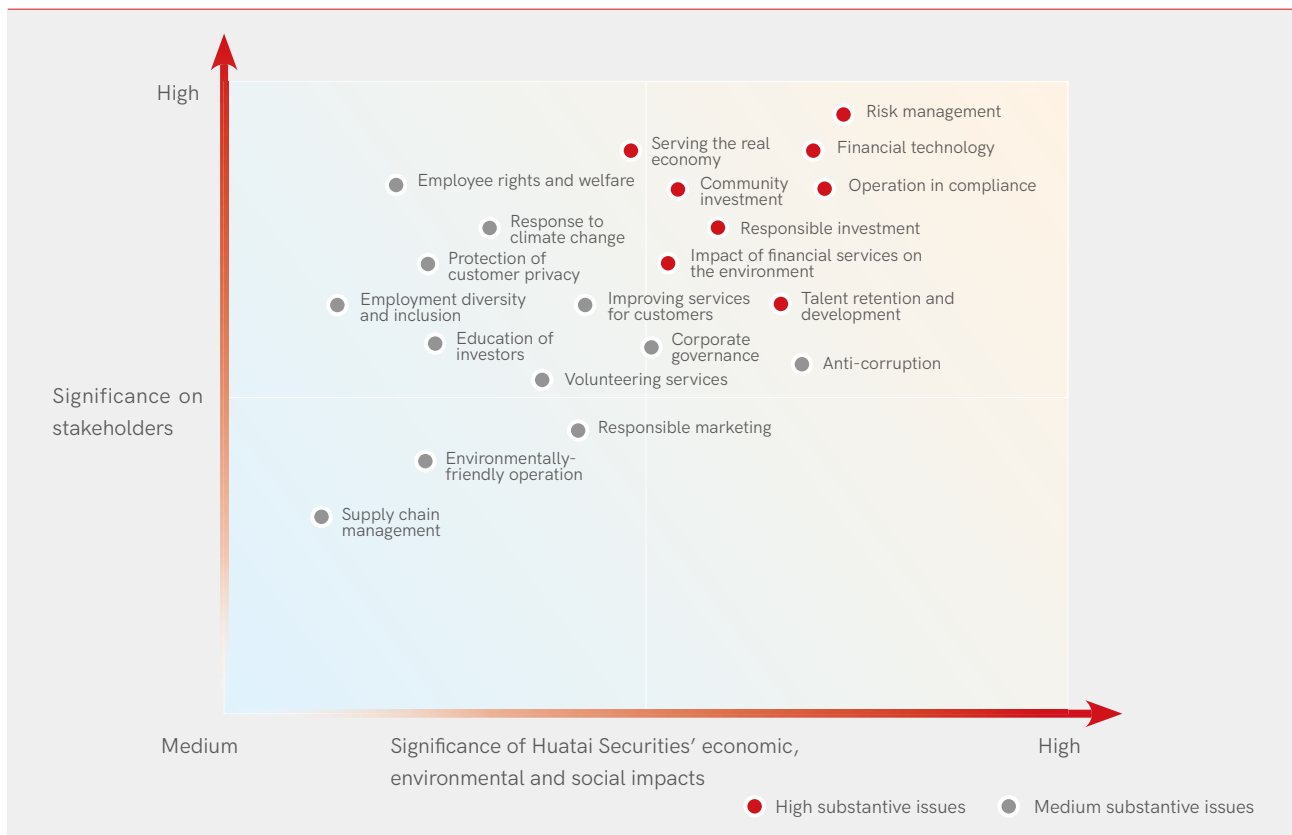
## » Identification and Analysis of Substantive Issues

In order for the Report to better cater to the appeals and expectations of its stakeholders and based on domestic and overseas macro policies and standards of social responsibilities, the development strategies and plans of the Company and peer benchmarking, the Company conducted the identification, evaluation and analysis of substantive issues, sorted out 20 substantive issues that are most important to the Company and its stakeholders. The Board finally reviewed and determined the identification results of important ESG issues to ensure that important ESG issues are covered.

### Major Changes in Substantive Issues in 2020

Substantive issues in 2019	Substantive issues in 2020	Reasons for changes
Equal employment	Employment diversity and inclusiveness	Responding to key concerns in the international capital market more directly
Labor rights and employee welfare	Employee rights and welfare	Better complying with general expressions in reports
—	Responsible investment	Responding to concerns of stakeholders and the Company on responsible investment together






### Matrix for Substantive Issues of Huatai Securities



## 2.3 Practicing Global Sustainable Development Goals (SDGs)

In September 2015, the United Nations officially approved the 2030 Agenda for Sustainable Development, proposing 17 sustainable development goals (SDGs) and calling for global strength in achieving common targets. To promote the smooth implementation of the targets under the 2030 Agenda for Sustainable Development in China, the Chinese government released the National Plan for the Implementation of the 2030 Agenda for Sustainable Development in September 2016 and regularly made progress reports at the United Nations General Assembly.

The Company carried out actions with the focus on five targets, namely poverty elimination, good health and well-being, quality education, climate action and life on land, through SDGs benchmarking and full review of the relevance of SDGs and the practice of the Company in performing responsibilities.

Relevant SDGs	Main actions	Relevant sections
	We carried out actions on poverty alleviation by means of supporting rural industries, promoting consumption and public welfare activities and fully assisted in poverty alleviation through “insurance + futures”, “appointment for public welfare” and other programs.	10.1 Consolidation and Expansion of the Results of Poverty Alleviation
	During the outbreak of the COVID-19 pandemic, we provided financial strength to the fight against the pandemic through supporting the epidemic prevention and control, the establishment of professional funds on public health and the donation of materials for the epidemic prevention.	6.1 Creating a strong backing for financial anti-epidemic 10.3 Supporting the Normalized Anti-epidemic by Active Actions
	We promoted the “One Commonweal Heart of Huatai One Tomorrow” project on rural education for five consecutive years with the aim of enhancing the professional skills of teachers for left-behind children and improving the mental health and comprehensive quality of left-behind children.	10.2 Safeguarding the Growth of Left-behind Children in the Countryside
	We identified climate-related risks and opportunities with substantive effects on the business and operation of the Company based on the TCFD framework and mitigate the influence of climate change through the issuance of climate bonds and the establishment of a green data center.	7.1 Active response to climate change
	We have been consistently advancing the environmental protection campaign “One Commonweal Heart of Huatai · One Yangtze River” since 2018. We promoted the protection of biodiversity through the protection of wild animals, the establishment of “One Commonweal Heart of Huatai · Jingxi Public Reserve of Ant Forest” and other measures.	9.1 Promotion of the Protection of the Biodiversity of Yangtze River Basin in a Systematic Manner 9.2 Uniting of Multiple Forces to Build a Public Welfare Ecosystem

In addition, the Company's contributions to SGDs are not limited to the above major targets. It also carried out actions in assisting the achievement of other SGDs, which are disclosed in this Report.

Relevant SGDs	Relevant sections
	8.1 Creating a diverse and inclusive workplace
	6. Making Finance Serve the Real Economy in a High-quality and Efficient Way
	7.1 Active response to climate change 11.3 In Environment Aspect
	6.2 Facilitating the development of science and technology enterprises 7.1 Active response to climate change
	8.1 Creating a diverse and inclusive workplace 10.2 Safeguarding the Growth of Left-behind Children in the Countryside
	4. Holding Fast to Risk Compliance to Achieve Long-term Development 11.1 In Governance Aspect

## 3. Special on Responsibility: Devoted to Long-term Development of Sustainable Finance

### 3.1 Strengthening ESG Risk Management

According to the Global Risks Report 2020 released by the World Economic Forum (WEF), five major long-term risks requiring global attention in the following decade are related to ESG risks. Huatai Securities always considers the management of ESG risks as an important factor in its sustainable development and has formulated and released the Environmental and Social Management Statement of Huatai Securities Co., Ltd. It practices the commitment on sustainable development through consistently improving management and enhancing practice.

In 2020, the Company released and promoted the implementation of the Guidelines for Due Diligence on Clients' Environmental, Social and Corporate Governance (ESG) of Huatai Securities Co., Ltd. (the "Clients' ESG Due Diligence Guidelines"), integrating the ESG due diligence management mechanism into the full process of the financing, equity investment and investment banking businesses of relevant departments of the headquarters of the Company and its subsidiaries and achieving the organic integration of ESG and credit risks management and business development. Meanwhile,

the Company has included the formal training with the theme of "ESG due diligence and evaluation indicator system" for staff on all risk lines and investment banking into the annual training plan for 2021 with the aim of enhancing the awareness of employees on the management and control of ESG risks.

In order to effectively identify, analyze and manage possible ESG risks of clients, the Company set up evaluation indicators on environmental, social and governance aspects in the Clients' ESG Due Diligence Guidelines. It specified the trigger, identification, tracking and reporting mechanism for clients' ESG risks to prevent the conversion of clients' ESG risks into the credit risk of the Company.

During the process of the ESG due diligence, risk indicators triggering "significant environmental impact events" or enterprises or projects with an ESG due diligence scoring of less than 60 are classified as "high risks". The Company will further intensify its review requirements, specify the reporting mechanism and strengthen the tracking and investigation on the ESG in subsequent management.

### Overview of Clients' ESG Due Diligence Evaluation and Risk Control System

Including the ESG due diligence system into the scope for the implementation of the Guidelines for Credit Risks by the Risk Management Department

Principle of "comprehensive, general and operable" design	The due diligence system covers three aspects and five issues	Setting "triggering indicators" and "plus items" based on "environmental" performance	Enhancing the management mechanism on high risks
<p>Based on the MSCI ESG rating system and with the integration of regulatory requirements in China, it takes into consideration concerns and hotspots in international community and applies to general clients with operability.</p> <p><b>It integrates the ESG due diligence evaluation system into the full process of the financing, investment banking, equity investment businesses, covering due diligence, decision-making and approval, subsequent management and risk reporting, for management and control.</b></p>	<p>Environmental (E): environmental protection and sustainable development</p> <p>Social (S): human resources, product liability, public relations and social public welfare</p> <p>Social governance (G): corporate governance and commercial activities</p> <p>Tens of detailed scoring indicators designed under the framework</p>	<p>Clients will be automatically deemed as high-risk items if they trigger the indicators on the environmental aspect (triggering significant environmental impact events).</p> <p>Clients will be added 5 points based on its overall weighted total score as the final score if they meet the plus items on the environmental aspect (and fall into green, environmental and energy-saving industries).</p>	<p>Intensify the review requirements on high-risk clients.</p> <p>For clients in coal-fired power generation, coal mining, petroleum and natural gas, nuclear energy, hydroelectric generation, forestry and other industries with higher environmental and social risks, it requires strengthening the ESG due diligence and the evaluation of relevant risks.</p>

Application of the ESG Due Diligence System in the Investment Banking Business

In 2020, the investment banking business line of the Company conducted the ESG due diligence on an enterprise engaged in the R&D and manufacturing of new energy vehicles. It learnt that the enterprise actively explores zero-emission technology on vehicles and is devoted to improving the efficiency in energy transformation and utilization for new energy vehicles, which belongs to a green industry. As a result, it granted plus in the evaluation on environmental factors under the ESG due diligence and the enterprise obtained a high scoring in the overall evaluation on the ESG due diligence.

Taking into account the evaluation results of the ESG due diligence and other conditions of the enterprise, the Company decided to provide financial services for it and assisted it in successfully issuing green asset-backed securities in 2020, making it the first asset securitization project with subsidies on new energy vehicles on the exchange and setting innovative benchmarks on effectively speeding up capital turnover and breaking through traditional financing channels and means by energy-saving and environmental enterprises.

Establishing the ESG Module under the CAMS System to Alarm ESG Risks

In 2020, the Company successfully established a separate ESG module under the CAMS system. Based on the five major modules of industrial issues, financial issues, environment and accidents, general illegalities and corporate governance, it summarizes relevant ESG information of enterprises. For enterprises with ESG risks, it alarms the ESG risks of clients or investment targets to the rating, investment and other relevant staff.

The Company considers the comprehensive ESG rating and the scoring factors of all modules as reference for important investment decisions when carrying the credit bonds business. For bonds investment in agriculture, biodiversity, energyuse, forestry, mining, oil and gas, transport, materials and other industries with high environmental risks, it will pay more attention to the scoring of factors in the environment and accident module and adjust the internal rating results after comprehensive evaluation.

In 2020, the CAMS system of the Company monitored that a steel enterprise was fined for a large number of environmental problems but the long-term credit rating and the credit rating on bonds issuance of the external subject of the enterprise remained at AA level. After considering the ESG and other factors, the Company granted an internal rating of "high-risk level" to the enterprise, preventing the business staff of the Company conducting regular bond investment to avoid potential ESG risks.

Conducting ESG Due Diligence to Evaluate ESG Risks of Enterprises

The traditional iron & steel industry faces high energy consumption, high pollution, excess production capacity and other risks. In 2020, before providing undertaking services for a steel enterprise in the issuance of corporate bonds, Huatai United Securities conducted an ESG due diligence on the energy consumption, pollution and safety production of the enterprise based on the ESG Due Diligence Guidelines and the system of evaluation indexes to evaluate the ESG risks of the enterprise.

Through field inspections, interviews and communications and review of previous reports, Huatai United Securities founded that the enterprise has been increasing investment in safety and improving safety facilities in terms of safety production and consistently advancing energy saving, emissions reduction and green manufacturing in terms of environmental protection in recent years. Meanwhile, based on the inquiry results on the websites of the State Administration for Market Regulation and the Ministry of Ecology and Environment, Huatai United Securities founded that the enterprise has no records of penalty by national authorities for safety production or environmental protection issues in recent three years and it is a project with low ESG risks. Huatai United Securities carried out cooperation with the enterprise after taking into account the results of the ESG due diligence and other factors on the enterprises.

For the provision of sustainability consulting services, Huatai Financial Holdings, a subsidiary, provides ESG-related consulting services in the listing guidance business to help IPO targets meet relevant requirements of the Hong Kong Stock Exchange on ESG.

### 3.2 Practice the Concept of Responsible Investment

#### » Organizational Structure and Management of Responsible Investment

Huatai Securities actively responds to domestic and overseas development trends and formulated the Responsible Investment Statement of Huatai Securities Co., Ltd. in 2020. The Company integrated the concept of responsible investment into various businesses and gradually established a responsible investment framework system, which prevents investment risks, creates economic benefits and enhances social benefits of investments at the same time.

In order to promote the effective implementation of responsible investment, the Company continuously improved the investment decision-making mechanism with ESG factors included in 2020.

It included three important factors, namely environmental responsibility, social responsibility and corporate governance, into regular investment decision-making. For investment business in mining, energy, chemical engineering and other heavy chemical industries in particular, the Company uses ESG factors as restrictive indexes. In the process of specific investments, the Company has included ESG factors in preliminary screening on investment targets, in-depth analysis of the investment and research team, approval and decision-making of the investment decision-making committee to have effects on the final investment decision-making.

#### Inclusion of ESG Factors in Investment Decision-making



#### » Responsible Investment Strategies and Application

To actively practice the concept of responsible investment and with reference to major strategies of international responsible investment, Huatai Securities formulated responsible investment strategies for different classes of assets to achieve the selection and elimination of investment targets.

#### Major Responsible Investment Strategies and Applications of Huatai Securities

Investment strategies	Application of strategies
Positive screening	In selection of target industries for investment, we focus on those with similar ESG concept, such as new energy industry; and among traditional industries such as non-ferrous metals, select the enterprises with lower energy consumption per unit output value and less impact on the environment.
Negative elimination	In selection of investment targets, we eliminate the industries that have material and negative impact on the society, such as gambling, etc.; for the investment targets that have occurred severe pollution, serious casualties and other serious and negative events, conduct prudential assessment before making any investment decision.

Investment strategies	Application of strategies
Inclusion of ESG factors	The Company has established the ESG scoring module under the CAMS intelligent rating system, which reminds relevant ESG risks on investment targets based on five major aspects, including industrial issues, financial issues, environment and accidents, general illegalities and corporate governance, and restricts investment in targets with significant ESG risks.
Impact investment	The Company has actively participated in bonds investment, proceeds of which will be used for targeted poverty alleviation, shantytown renovation, resettlement zone construction and others.

Note: The responsible investment strategies of Huatai Securities are not limited to the above four classes. For details about the full text of investment strategies and application, please refer to the [Responsible Investment Statement of Huatai Securities Co., Ltd.](#) on the official website of Huatai Securities.

The Company made full use of the ESG evaluation in conducting the securities investment business to explore the negative information on investment targets besides the financial statements. Meanwhile, if the enterprise proposed to be invested operates in agriculture, biodiversity, energy utilization, forestry, mining, petroleum and natural gas, transportation, raw materials and other industries with high environmental risks, the Company will consistently verify and track if targets meet the standards of ESG evaluation. For those cannot meet the standards of ESG evaluation, it will re-evaluate the investment decisions.

Under the overall framework of responsible investment, the Company constantly promoted the application of responsible investment strategies in the investment business. In July 2020, Huatai Asset Management, a subsidiary, and the ESG Department of Huaxia Wealth Management jointly established the “Huatai Asset Management-Huaxia Bank ESG Collective Asset Management Scheme”, which mainly duplicates and tracks the Huaxia ESG index and creates long-term returns from A-share core equity assets with high-quality ESG for customers. Meanwhile, the Company vigorously participated in green bonds investment and impact investment and balance social and environmental benefits while seek economic benefits.

**Green Bonds Investment Supports the Development of Green Industries**

The Company firmly practices the green development concept. Based on the Catalog of Green Bonds-backed Projects (2020 Version), the Company proactively participated in investments in green bonds with the proceeds mainly used for the construction and operation of green projects on wind power generation, hydroelectric generation, waste-incineration power generation and other industries. The Company invested in the 2018 green corporate bonds (tranche 1) of China Longyuan Power Group Corporation Limited and the proceeds are used in the construction of 7 green projects, including the Nanri offshore 400MW wind power generation project in Fujian and the Sifangzhang wind power generation project in Bobai.

As of the end of 2020, the Company held positions in 26 green bonds with a total amount of RMB1.92 billion. The Company plans to further expand investment in green bonds in the future and increase the investment in green bonds at a rate of no more than 10% based on market conditions to support the business development of green industries.

**Impact Investment Facilitates Poverty Alleviation of Enterprises in Impoverished Areas**

To give full display to the role of the capital market and serve the national poverty alleviation strategy, the Company actively participates in investment in poverty alleviation bonds and the proceeds are mainly used in infrastructure construction in impoverished villages, urban affordable housing projects and relocation for poverty alleviation. For example, the Company invested in 16 Shaanxi 02 and 16 Shaanxi 10 bonds and the proceeds were mainly used in relocation for poverty alleviation, migration relocation in south and north Shaanxi and other poverty alleviation projects.

As of the end of 2020, the Company held positions in poverty alleviation bonds with a total amount of RMB1.6 billion. The Company plans to continuously participate in investment in poverty alleviation bonds and support financing by enterprises in impoverished areas in the future. It will increase the investment in poverty alleviation bonds at a rate of no more than 10% based on market conditions and give play to the positive role of impact investment in poverty alleviation.

## » Research and Communication on Responsible Investment

In order to improve responsible investment, the Company established the industrial research team on the sustainable development of new energy and other industries. It arranged ESG investment analysis professionals, included the preliminary study on investment into the ESG consideration and promoted the effective integration of the process of regular investment business and the ESG process and mechanism and incorporated ESG requirements into processes and systems, achieving the tracking, analysis and monitoring on the ESG performance of investment targets.

ESG training is an effective measure for the Company to reinforce the ESG concept. The Company appointed ESG investment analysis professionals to be responsible for the analysis of ESG-related matters and ESG training and carried out online trainings on ESG in 2020, covering overseas mainstream active investment strategies on ESG, overview of the ESG evaluation factors and system, the relevance of ESG rating and revenue and the application of the ESG system, in order to continually enhance the staff's awareness of ESG risk management and ESG investment concept.



## Establishing Capital and Protection Dialogue Platform and Holding the “One Yangtze River” Sustainable Development Forum

With the increasing public awareness on green development, ESG investments have been increasingly concerned in the capital market. On 17 December 2020, Huatai Securities and Shan Shui Conversation Center, China Environmental Protection Foundation, Peking University Center for Nature and Society and Peking University Centre for Energy and Environment held the “One Yangtze River” Sustainable Development Forum in Beijing with the theme of “Exploring the Ecological and Environmental Access to ESG Investments” to establish a platform for dialogue between the capital market and ecological protection and promote capital inflow. Representatives from the Ministry of Ecology and Environment, the National Forestry and Grassland Administration, Shanghai Stock Exchange, Peking University, the Chinese Academy of Sciences, environmental protection organizations and real economies and the financial industry jointly explored practical paths for promoting the protection of biodiversity and sustainable development.

Meanwhile, biodiversity impact assessment (BIA) instruments

were released at the forum. Based on the biodiversity and the environmental appraisal information of construction projects, they identify possible risks on biodiversity and financial risks of investment projects and provide construction, investment and planning units with inquiry and evaluation on the effect on biodiversity.





## 4. Holding Fast to Risk Compliance to Achieve Long-term Development

### 4.1 Deepening Comprehensive Risk Management

The Company attaches great importance to risk management and adheres to a prudent risk culture with the target of ensuring that risks are measurable, controllable and tolerable and the core idea of “high engagement, full coverage and deep penetration”. It continuously improves the comprehensive risk management system and prospectively and actively manages various risks in daily operation to practically guarantee the sustainable and steady operation of the Company.

In 2020, seizing the opportunity of the pilot project of consolidated supervision, the Company focused on risk prevention, system establishment and digitalization in risk management and constantly advanced risk management in the Group. It continued to enhance risk management and control in key businesses and industries, deeply inspected sources of risks and specified bottom-line requirements. It also deepened the penetration management of professional risks of the Group to comprehensively make the risk management more targeted and effective. Meanwhile, the Group further intensified the management and control of ESG-related risks and established the ESG due diligence management mechanism, achieving the organic integration of the management and control of ESG and credit risks with business development.

The Company deepened the establishment of a unified credit risk management system and made the management of clients’ credit risk more targeted and effective through the improvement of counterparty management systems and the implementation of the Credit Risk Management Guidelines and the Clients’ ESG Due Diligence Guidelines. Meanwhile, the Company promoted the implementation of the bottom line management plan on credit bonds and other key credit businesses and formulated the rules on business access and quota of all units linked with the CAMS internal rating to strengthen the substantive management of the credit risk on businesses.

The Company adheres to risk management through technology empowerment. With data as the base and systems and platforms as carriers and efficiency and capability improvement as the

target, it continuously promoted the digital transformation of risk management and the fourth-stage building of the Enterprise Risk Management Platform (“ERMP”), optimized and improved the risk discovery system and the risk control system on trading businesses to further enhance the capabilities of the Company on risk identification, alarming and discovery, measurement and monitoring as well as risk management and control.

The Company implemented “strengthening risk awareness and fostering risk culture” in daily operation and continued to organize various activities to advocate risk culture. In 2020, the Company organized 28 risk management trainings, including risk management benchmarking with world-leading investment banks, introduction of new businesses and risk management and interpretations of rules and systems. In addition, the Company published 35 publicity articles through its internal public account “Link Risk Expert” (鈴客風險管家) and deeply analyzed typical cases out of the industry in order to improve the penetration and availability of risk management trainings and promote the integration of risk management trainings with businesses.

### Carrying out Risk Management Training on “Digital Operation and Full-process Management and Control”

In November 2020, the Company held a training and communications activity on the initiation of self-appraisal on internal control in 2020 towards all departments of the headquarters and all subsidiaries of the Group. Over 70 employees participated in the training.

With the theme of “Digital Operation and Full-process Management and Control”, the training mainly interpreted the overall arrangement on and key aspects of self-appraisal on internal control in 2020 and analyzed historical internal and external risk events and the reverse risk discovery mechanism.

It will promote digital process and systematic management and control based on the appraisal results in the future to ensure in-place control and the balance of various defense lines on control.



#### 4.2 Improving the Compliance Management System

The Company establishes and constantly improves its organizational structure and system of compliance management, and defines in the compliance management system the compliance management responsibilities of the Board of Directors, Supervisory Committee, senior management, chief compliance officer, subsidiaries, compliance management department and compliance management personnel.

In 2020, the Company amended the Measures for Daily Compliance Management Work, the Administrative Measures for Compliance Management Personnel, the Measures for Compliance Management of Subsidiaries and other compliance management systems, further improved the organizational structure and working responsibilities on compliance management of the Company and enhanced the effectiveness of the overall compliance management. The Company evaluates the effectiveness of compliance management once a year and appoints an external agency to evaluate the effectiveness of compliance management once three years. It includes the evaluation report on the effectiveness of compliance management in the compliance report of the Company and rectifies compliance management problems identified in the evaluation.

Meanwhile, based on the compliance management framework with the integration of business, clients, institutes and employees, the Company advanced the second-stage upgrading of the compliance effectiveness platform to fully improve the digital compliance and working efficiency.

#### Compliance Publicity Enhances Compliance Cultural Construction

In July to August 2020, the Company held knowledge lectures, compliance articles competition, knowledge contests and other “Compliance with You” publicity activities towards all departments and branches of the headquarters and employees of subsidiaries with the theme of “Compliance Empowerment Facilitating Development”. During the activities, the Company received 390 effective contributions and collected over 3,400 competition questions with over 900 participants in the final. It enhanced the knowledge and recognition of employees on compliance culture and promoted the organic integration of business and compliance.

In August to September 2020, the Company organized 5 trainings on further compliance for responsible persons and employees of 28 branches and nearly 700 business departments with the theme of “Business Compliance Integration”.

Meanwhile, the Company invited external experts to give trainings on the new Securities Law, the Civil Code, Minutes of National Court Civil and Commercial Trial Work Meeting and the changes of other laws and systems. It deepened the employees’ awareness of compliance practice, observance of disciplines and laws and protection of investors’ legitimate rights and interests, guided the first-line business staff to practically perform the responsibility as the “watchdog” in the intermediary institutional market and fully implement the requirements on the propriety management of investors to build a new ecosystem with mutual promotion of compliance and businesses.



### 4.3 Anti-money Laundering

The Company actively fulfilled its anti-money laundering responsibility as a financial institution and revised 8 internal control systems on anti-money laundering, including the Basic System for Anti-Money Laundering and Anti-Terrorism Financing and the Administrative Measures for Evaluation of Money Laundering Risks of Customers in strict accordance with the Anti-money Laundering Law of the People’s Republic of China, Administrative Measures for the Client Identification and the Keeping of Client Identity Data and Transaction Records by Financial Institutions and Measures for the Administration of Financial Institutions’ Reporting of High-Value Transactions and Suspicious Transactions. It also formulated the Guidelines for Emergencies on Money Laundering and specified emergency management requirements on emergency accidents with significant money laundering risks.

Meanwhile, the Company pays close attention to the latest requirements of relevant laws and regulations on anti-money laundering, regularly reviews relevant anti-money laundering systems and makes amendments based on the changes of laws, regulations and regulatory requirements to ensure the timeliness and effectiveness of anti-money laundering management systems.

In 2020, leveraged on the all-dimensional online and offline publicity and training systems on anti-money laundering and the full display of the official account “Vision of Compliance”, the WeChat public account “Investor Education Base of Huatai Securities” and other platforms, the Company conducted anti-money laundering trainings for all employees and publicized anti-money laundering knowledge.

#### Strengthening Public Awareness on Preventing Money Laundering

In 2020, the Company carried out themed publicity on anti-money laundering on Douyin towards all branches. It solicited 62 Douyin (Tik Tok) short videos on “learning anti-money laundering knowledge and understanding anti-money laundering obligations” with the theme of anti-money laundering and selected 5 high-quality and innovative short videos for display on the electronic screen at the headquarters of the Company.

The Company is devoted to effectively enhancing the public awareness on the prevention of money laundering risks and creating an atmosphere with public participation in anti-money laundering and fighting against money laundering and terrorism financing through popular and easy-to-understand short videos.

#### Training Performance on Anti-money Laundering Publicity in 2020

The “Online Questions on Anti-money Laundering” recorded over **13,330** participants in total; **7,812** participants attended the examination on anti-money laundering knowledge.

**5** online training courses on anti-money laundering practice were conducted for all employees and **29,006** participants completed online courses.

**3** special lectures on anti-money laundering were conducted through “Huatai Lecture”, “Yijian Live” and other online live broadcasting with **1,802** participants.

**2** special trainings on anti-money laundering were carried out and **2** induction trainings were conducted for new employees or new compliance staff with **477** trainees completed the trainings.



#### 4.4 Anti-corruption

The Company has attached great importance to anti-corruption and corruption-related work, and in strict accordance with the requirements of the Regulations on the Integrity of Securities and Futures Business Institutions and Their Staff. Based on the provisions of the new Securities Law, it revised the Administrative Measures for Securities Investment of Staff and formulated the Integrity Practice Management Measures. It also improved management measures such as assessment and accountability, continued to improve the professional ethics of employees, to build a strong line of defense for the integrity of the practice system. At the same time, the Company regularly reviewed the integrity of employees' practices every year, summarized and formed annual reports on the integrity of their practices, and submitted them to regulatory agencies.

In 2020, the Company officially launched the "Huatai Securities Integrity Risk Management System", integrated the integrity risk management into the Group risk management system, and established a joint prevention and joint control mechanism covering the headquarters management departments, subsidiaries, and branches to ensure that we can effectively prevent in advance, monitor in real-time and evaluate afterwards. In 2020, the Company focused on more than 1,200 key internal control points in the four major business sectors, and identified 340 integrity risks through the "Huatai Securities Integrity Risk Management System" to strictly prevent corruption.

The Company formulated the Anti-Commercial Bribery Clauses, which clearly prohibits employees and suppliers from actively or passively offering bribes, and requires company managers and

project managers to sign the Incorruption Commitment Letter, in an effort to improve employees' awareness of anti-commercial bribery.

Regarding the protection of whistleblowers, the Company strictly abided by the Opinions on Regulating Discipline Inspection and Supervision Reporting Work in accordance with Discipline and Laws, Interim Provisions on Punishments for Violation of Reporting Work Discipline", Regulations on Dealing with Reporting Work of Disciplinary Inspection and Supervision Organs and other regulations, and made the Measures for the Centralized Management of Reporting, which clearly stipulates that it shall "strictly implement confidentiality regulations, and assign special persons to be responsible for important letters and visits and reports, strictly control the scope of knowledge, in order to resolutely prevent the information leakage".

The Company has always taken integrity education and anti-corruption warning education as an important measure to strengthen the integrity of management. In 2020, the Company has guided all employees of the Company to, through the "National Security and Clean Party and Government Building" warning education seminars, the "Prevention of Duty Crimes" special law education activities, watching warning education films, and visiting the Clean Party and Clean Government Warning Education Base, etc., understand the anti-corruption situation and create a clean and honest atmosphere of working by sticking to the bottom line of integrity.



## 5. Improving Customer Service Experience by Trust and Win-win Cooperation

### 5.1 Fintech Empowering Digital Transformation

Finance is the foundation of Huatai Securities, and technology is an important driver of business innovation. The Company has always adhered to the concept of "Technology empowering the future, data driving development", and focused on the strategic goal of "digital transformation", continued to promote digital transformation, with an aim to provide customers with high-quality products and services.

In 2020, the Company has continued to deepen the research and application of new technologies such as cloud computing, big data, artificial intelligence, and fast trading, focused on optimizing the layout of financial technology infrastructure, strengthened data governance and data asset precipitation, and used financial technology to innovate financial scenarios and ecology, thus continuing to empower the Company's business development.

#### Fintech Empowering Business Development

<p><b>Cloud Computing</b></p>	<p>It has continued to build a self-developed private cloud plus public cloud hybrid cloud platform, completed the launch of the Zhangle application system, and initially form a national layout of the wealth management business Internet application hybrid cloud.</p> <p>In terms of collaborative work cloud, it has built the industry's largest, most comprehensive, and functional office desktop cloud, achieving 100% coverage of the Group's office desktop cloud.</p>
<p><b>Big Data</b></p>	<p>Provided an integrated, one-stop, safe and compliant user platform with functions such as data asset management, data development, and distributed financial computing, to continue to empower business transformation.</p> <p>The data center continued to strengthen data governance and the precipitation of commonly used high-value assets, realized the access and sharing of information market and securities lending data, to quickly support the digital operation and innovation of the business.</p>
<p><b>Artificial Intelligence</b></p>	<p>Added new algorithm services such as industry policy news analysis and public opinion risk monitoring to meet the construction needs of the CAMS system in important scenarios such as industry research, risk warning, and credit rating.</p> <p>Built an artificial intelligence empowerment platform to apply leading technologies to investment transactions, research, and operations in multiple fields to help core business development and improve operational efficiency.</p>
<p><b>Speedy Trading</b></p>	<p>Completed the regional construction of the speedy trading network to include the on-market brokerage business speedy trading, option trading and other systems to support the speedy network demand of self-operated, institutional and other businesses.</p>

In 2020, the parent Company has invested RMB**1.765** billion in information technology.

In order to comprehensively promote digital and intelligent operation capabilities, in 2020, the Company has focused on strengthening the digital operation of the "Xing Zhi" platform. By organizing live roadshows, launching high-quality videos, etc., it has brought customers a digital era with new model of service through diversified operation service methods.

### Performance Achievements of "Xing Zhi" Platform in 2020

As of 2020, the cumulative number of users of the "Xing Zhi" platform has exceeded **120,000**, and the maximum number of monthly active users has exceeded **35,000**.

Since the launch of the mobile wealth management terminal "Zhangle Fortune Path" in 2014, the Company has continued to optimize and upgrade it. In 2020, the company's "Zhangle Wealth Link" released a total of 22 versions, with more than 64 online functions, completing the user experience innovation and optimization of multiple modules such as homepage, market information, trading, wealth management, and account, making it more efficient, intelligent and convenient to meet the diversified needs of customers.

At the same time, the Company attached great importance to customers' suggestions and consultations on "Zhangle Fortune Path" by 95597 hotline, offline business outlets and other channels, and actively sorted out the types of problems according to relevant functional modules, steadily promoted demand optimization by providing investors with faster and more intelligent and caring service.

### Performance Achievements of "Zhangle Fortune Path" in 2020

The number of downloads for the whole year of 2020 was **7,855,900**, and the cumulative downloads since its launch was about **58,062,500**; the average monthly number of active users in 2020 was **9,115,300**, ranking **the first** in the securities company APPs; the number of active users in July 2020 exceeded **10,000,000 for the first time**, becoming **the first** brokerage APP with monthly activity exceeding tens of millions.

Adhering to the concept of platformization and openness, Huatai Securities is committed to building a financial technology innovation ecosystem and promoting the digital transformation of the entire industry to a new level. In 2020, while continuously improving its R&D capabilities, Huatai Securities has carried out a forward-looking layout by deepening cooperation in the field of financial technology to create a digital financial synergy mechanism and service platform with cross-border cooperation, resource sharing, and complementary capabilities.

### To Build an Innovative Ecosystem Together, Huatai Securities Hosted the 2020 Fintech Investment Summit

In December 2020, the 2020 Huatai Financial Technology Investment Summit was held in Nanjing, with representatives from hundreds of institutions including regulators, technology companies, and financial institutions. With the theme of "Sharing the Smart Ecology, Sharing the Vision of the Future", the summit focused on the joint construction of financial ecological technology to jointly promote the high-quality development of the industry. At the meeting, Huatai Innovation and 5 cutting-edge technology companies launched a financial technology innovation strategic ecological cooperation, which would support outstanding business to incubate solutions that truly meet the needs of the industry and accelerate the comprehensive digital transformation of Huatai Securities through open cooperation, resource sharing, technology co-creation, and ecological win-win.

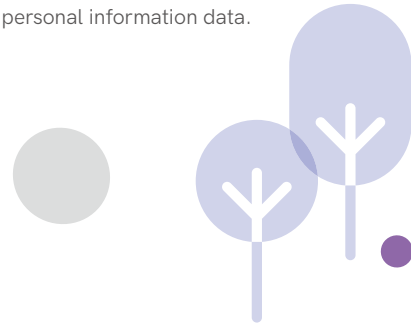


## 5.2 Data Security and Privacy Protection

The Company valued greatly the customer data security and therefore it has established a complete data and information security management system in accordance with the requirements of national laws, regulatory regulations, and industry norms to conduct standardized management of customer data and personal information.

The Company has established rules for the classification and hierarchical management of personal information, and relying on the Company's data center, using automatic identification technology, has realized the automatic classification and hierarchical management of personal information data. The

personal information data of the Company's data center is divided into levels 1-4 according to the sensitivity from low to high. Authority control measures are set up for different levels of personal information data query, update, deletion, and export. It has strictly abided by the principle of least necessity when processing personal information data.



### Huatai Securities Data and Information Security Management System

<b>Laws and regulations</b>	The Constitution of the People's Republic of China
	Civil Code of the People's Republic of China
	National Security Law of the People's Republic of China
	Cyber Security Law of the People's Republic of China
	Regulations on the Security Protection of Computer Information Systems of the People's Republic of China etc.
<b>Internal systems of Huatai Securities</b>	Information Technology Management Measures of Huatai Securities Co., Ltd.
	Information Security Governance Regulations of Huatai Securities
	Data Standard Management Measures of Huatai Securities Co., Ltd.
	Data Quality Management Measures of Huatai Securities Co., Ltd.
	Data Asset Classification and Hierarchical Management Standards of Huatai Securities Co., Ltd.
	Data Asset Access Authentication Process Management Rules of Huatai Securities Co., Ltd., etc.
<b>Management Mechanisms of Huatai Securities</b>	The Company has established a data joint governance mechanism, incorporating data governance into the Company's information technology management, and each department is responsible for customer data protection, fulfilling the Company's various management requirements

The Company continued to strengthen its technological innovation capabilities for data security and customer privacy protection. In 2020, the Company completed the construction of a traceability platform for customer information operations, combined with big data, artificial intelligence and other technologies to actively perceive customer data and privacy risk operations, thus effectively preventing risks such as data outsourcing, data abuse, and data leakage.

### Carrying Out Information Security and Privacy Protection Related Training and Publicity

In 2020, the Company has carried out training and publicity on information security and privacy protection. Through simulated phishing email exercises, elevator video playback, and publicity activities, the Company has effectively strengthened employees' awareness of information security and privacy protection. In 2020, the Company posted 5 articles related to information security through the official Wechat account, and conducted a special lecture on personal privacy protection.



In terms of customer mobile service platforms, the Company carried out security assessments on "Zhangle Fortune Path" from 12 areas and 141 assessment points in accordance with the Self-Assessment Guidelines for APP Citizens' Personal Information Protection of Huatai Securities, continuously improving Zhangle Fortune Path in maintaining the level of information security. At the same time, the Company revised the Zhangle Fortune Path Privacy Agreement in 2020, added the Zhangle Fortune Path User Agreement. It also reviewed and updated the Zhangle Fortune Path Privacy Agreement every year. All these measures were to fully practice good business ethics to protect customers' right to know, and their privacy.

The Company's customer service center has established a more complete mechanism for the transfer of customer information security complaints, and formed a unified customer information security complaint response technique. It has provided timely feedback to the Company's information security department for analysis upon identifying new suspected methods of fraud and information leakage. In response to the current situation of customers receiving harassment calls from financial sales, the Company used "Zhangle Fortune Path" to send information security risk reminders to customers, reminding them to protect personal information. In 2020, the Company has not found any leakage of customer information and privacy.





### 5.3 Carrying Out Investor Education

The Company has exerted great efforts to investor education and protection. In 2020, relying on the Company's "Zhangle Fortune Path" platform and self-media platform, it has given full play to the offline functions and advantages of business outlets and investor education bases, and extensively carried out investor education and protection themed activities to help investors establish rational investment concepts.

With regard to the construction of investment education bases, the Company has continued to promote the construction and upgrading of five entity investment education bases in Nanjing, Hubei, Beijing, Guangzhou, and Shenzhen based on the concept of "regarding investment and education as a service", completed the optimization from community visiting to experiencing by building multi-dimensional service scenarios and content based on user needs, providing investors with immersive service experience, and offering a variety of investment and education activities, so as to cultivate mature and rational market investors.

In 2020, the Company has carried out a total of more than **1,000** investor education activities, with online and offline investment education works and activities covering more than **10 million** persons.

In 2020, the Company's investor education base won the **"Excellent"** rating in the annual investor education base evaluation by the China Securities Regulatory Commission.

In 2020, the Company closely followed the regulatory theme to carry out a series of activities of "5·15 National Investor Protection Publicity Day", special investment and education activities for science and technology innovation board, financial knowledge popularization month, World Investor Week, etc., aiming to promote financial knowledge to enhance the self-protection ability of investors.

In 2020, the Company won the **"Excellent Organization Award"**, **"Excellent Investment and Educational Work Award"**, **"Best Video Creative Award"**, **"Best Graphic Design Award"**, **"Excellent Sales Department"** and many other awards by the Shanghai Stock Exchange, Shenzhen Stock Exchange, Equity Exchange Company, Investment Fund and other regulatory agencies.

### Together with the Sci-tech Innovation Board, Achieving Progress with Rationality -- Special Investment and Education Activity for Science and Technology Innovation Board

On the first anniversary of the opening of the Sci-tech Innovation Board, the Shanghai Stock Exchange and Huatai Securities organized a special activity for investor education on the Sci-Tech Innovation Board " Together with the Sci-tech Innovation Board, Achieving progress with rationality". From June to December 2020, the Company successively carried out special investor education activities on the science and technology innovation board in 18 cities including Nanjing, Guangzhou and Shanghai, and held investment and education activities for nearly 540,000 investors, continuing to improve investors' awareness of risk prevention.



### "World Investor Week" Series of Activities

During the "World Investor Week" event, Huatai Securities invited cross-industry experts, financial professionals, and well-known anchors in various fields such as real estate, college student employment, and children's family education to the Huatai Securities Investor Education Base to launch the "Finance and Business Expert Hall" themed series of activities.

During the event, Huatai Securities investment consultants and cross-industry experts jointly shared financial knowledge behind social phenomena, helped investors to sooth life anxiety, gain investment experience, and transmit the rational values and investment views of "investment is everywhere in life".



## 6. Making Finance Serve the Real Economy in a High-quality and Efficient Way

### 6.1 Creating a Strong Backing for Financial Anti-epidemic

In January 2020, the Corona-Virus Disease (referred to as the "COVID-19") quickly spread to all parts of the country, affecting hundreds of millions of people. After the outbreak of the COVID-19, the People's Bank of China and other five ministries jointly issued the Notice on Further Strengthening Financial Support to Prevent and Control the New Coronavirus Pneumonia Epidemic, requiring financial institutions to give full play to their professional advantages and improve the efficiency of financial services such as bond issuance.

Huatai Securities actively responded to national policies, promoted multiple epidemic prevention and control support projects, including guiding the flow of funds to epidemic prevention material manufacturers, virus detection kits and vaccine research and development companies, epidemic prevention medical infrastructure construction companies and other anti-epidemic front-line companies, to pool financial power to help fight the epidemic and win the battle against the epidemic. In 2020, Huatai Securities issued 32 bonds for epidemic prevention and control, with a total financing scale of RMB16.105 billion.

### Assisting in the Issuance of the First Asset-backed Notes for Epidemic Prevention and Control of Private Enterprises

CaoCao is a new energy vehicle-sharing travel platform. During the prevention and control of the COVID-19, it made full use of its unique advantages of B2C online car-hailing to quickly establish emergency support fleets in 16 cities to provide safe and high-quality transportation guarantee for medical workers commute, resident rescue in communities and emergency material transfer in the region.

In February 2020, Huatai Securities, as the lead underwriter, assisted Hangzhou Youxing Technology Co., Ltd. (referred to as "Youxing Technology") to issue the first asset-backed notes for epidemic prevention and control of private enterprises, with an issuance scale of RMB1 billion. The funds raised were used for CaoCao, its subsidiary, to prepare emergency support fleets in key cities for epidemic prevention and control to serve the overall work of the national epidemic prevention and control.

### Assisting Shaanxi Construction Engineering to Build Epidemic Prevention and Medical Infrastructure

Shaanxi Construction Engineering Group Co., Ltd. (referred to as "Shaanxi Construction Engineering Group") is the first leading construction enterprise in Northwest China to achieve "double 100 billion" in operating income and asset scale. After the outbreak of the COVID-19, Shaanxi Construction Engineering Group actively participated in the construction of the "Xi'an Public Health Center (Emergency Center)" project, a key guarantee project for fighting the epidemic in Xi'an.

In February 2020, Huatai Securities, as the joint lead underwriter, assisted Shaanxi Construction Engineering Group to issue the first public securitization product for epidemic prevention and control in the market, with an issuance scale of RMB1 billion. Through this issuance, the Company strongly supported the construction of epidemic prevention and medical infrastructure and the replenishment of working capital for enterprises to resume work and production, and contributed financial strength to epidemic prevention and control.

## 6.2 Facilitating the Development of Science and Technology Enterprises

Speeding up scientific and technological innovation is necessary for ensuring people's high-quality life. Huatai Securities has resolutely implemented the concept of national policy reform and been committed to providing continuous liquidity guarantee for the steady development of technological innovation enterprises and continuously introducing new innovation and development forces into the capital market, through financial services such as boosting the listing of these enterprises on the Science and Technology Innovation Board.

### Helping Trina Solar to List on the Sci-tech Innovation Board

On June 10, 2020, Trina Solar Co., Ltd. ("Trina Solar"), the world's leading provider of integrated photovoltaic smart energy solutions, was listed on the Science and Technology Innovation Board of the Shanghai Stock Exchange, with Huatai United Securities acting as the sole sponsor and lead underwriter.

As the sole sponsor and lead underwriter of this issuance, Huatai United Securities provided continuous guidance to the said company and proposed targeted and standardized operation plans based on the characteristics of Trina Solar's business layout, capacity planning, and operating conditions. At the same time, Huatai United Securities helped Trina Solar successfully raise a total of RMB2.531 billion in funds with its abundant market resources, further promoting the development of our country's new energy industry represented by solar photovoltaic.



In 2020, Huatai United Securities, a subsidiary of Huatai Securities, successfully promoted **13** companies including Trina Solar, Farasis Energy, Aidea Pharmaceuticals, Shijia Photons and other companies to log on to the Sci-tech Innovation Board, ranking **No.2** in the number of enterprises sponsored by us. Since the opening of the STAR Market, it has sponsored **44** enterprises, ranking **No.2** in the industry.

### Assisting the Listing of Farasis Energy, the First Stock of Power Battery on the Sci-tech Innovation Board

Farasis Energy (Ganzhou) Co., Ltd. ("Farasis Energy ") is one of the world's leading ternary soft pack power battery companies, focusing on the R&D, production and sale of lithium-ion power batteries for new energy vehicles and vehicle battery systems, providing overall solutions for power batteries for new energy vehicle companies.

Since 2017, Huatai United Securities has continued to provide Farasis Energy with comprehensive services for the entire industry chain of investment banking. As a financial consultant, the Company assisted Farasis Energy to complete the C to D+ round of financing, with a cumulative financing amount of RMB6.5 billion; as the sole sponsor, it assisted the Farasis Energy to clarify the shareholding structure and complete the equity incentive; as the lead underwriter, it assisted in the introduction Strategic placing investors such as Daimler-Benz, and in July 2020 it helped Farasis Energy successfully land on the Sci-tech Innovation Board, making Funeng the first listed stock on the Sci-Tech Innovation Board in the power battery industry, with a total of RMB3.405 billion raised.

Huatai United Securities has accompanied Farasis Energy at all stages of its growth with "full-life and full-cycle investment banking services", deeply excavated Farasis Energy's corporate value, conformed to the trend of energy reform and development, and used capital to promote the green development of China and the sustainable development of human society.



### 6.3 Supporting Private Enterprises

As the domestic economic development shifts from a stage of rapid growth to a stage of high-quality development, promoting the development of private enterprises has become an important part of building a modern economic system. Huatai Securities is committed to providing professional financial services for high-growth private enterprises and innovative enterprises. Focusing on the needs of various stages of enterprise development, Huatai Securities provides comprehensive full-cycle financial services for the entire industry chain, and grows together with the enterprises.

At the same time, after years of accumulation and continuous and effective good services, the stickiness of private enterprise customers to the Company has continued to increase. In 2020, the Company has provided continuous services to 14 companies including Aier Eye and WuXi AppTec, fully supporting the sustainable and healthy development of private companies.

#### Hand in Hand with Aier Ophthalmology to Make a New Attempt in Industrial M&A

Aier Eye Hospital Group Co., Ltd. ("Aier Eye") is a professional ophthalmology chain medical institution. Huatai United Securities served as the sole sponsor and lead underwriter of Aier Eye in 2017 to help it raise funds through non-public issuance of stocks and Part of the raised funds, which was used for industrial mergers and acquisitions.

In 2020, Huatai United Securities acted as the sole independent financial adviser and lead underwriter to assist Aier Eye in acquiring 30 eye hospitals through the issuance of shares and payment of cash, with a transaction scale of RMB2.36 billion (including the raising of supporting funds). This move would help Aier Eye accelerate its continuous deployment in the third and fourth-tier markets, and further consolidate its leading position in the industry.

This transaction was an attempt by Huatai United Securities to assist customers in discovering a new industrial merger and acquisition based on customer needs and transaction nature. It was also the first industrial merger and acquisition by Aier Eye by issuing shares to purchase assets since its listing, reflecting the Company's consistent professional advantages and outstanding innovation capabilities in its service to private enterprises.

#### Assisting WuXi AppTec, a Leading Company in the R&D of New Drugs, to Set Sail Again

Wuxi AppTec Co., Ltd. ("WuXi AppTec") is an internationally leading open-access capability and technology platform that provides comprehensive and integrated new drug R&D and production services for the global biomedical industry. Over the years, Huatai Securities has provided WuXi AppTec with continuous capital market financing services, including helping it to list its A and H shares in two places, to achieve leapfrog development with the help of capital market forces.

In September 2020, Huatai United Securities, as the sponsor and lead underwriter, assisted WuXi AppTec to successfully issue non-public A shares, raising a total of RMB6.528 billion. Through the investment and construction projects with funds raised from the said A-shares, Huatai United Securities assisted WuXi AppTec to expand its production capacity, strengthen its service capabilities for the entire industry chain, and realize its corporate vision "Every drug can be made and every disease can be treated" as soon as possible.



## 6.4 Assisting Chinese Companies to "Go Global"

As the only company in China that has both GDR issuer and underwriter experience, Huatai Securities has actively conformed to the national strategy and made full use of domestic and foreign resources to provide professional and comprehensive financial services for Chinese companies to "go global", and all-round support for building a new pattern of opening capital market to the outside world.

### Helping Yangtze Power Become a A+G Share Listed Company Across Two Capital Markets

As the largest listed electric power company in China and the largest listed hydropower company in the world, China Yangtze Power Co., Ltd. ("Yangtze Power") has been deeply involved in the field of clean energy for a long time. It adheres to the development of main business of hydropower and actively expands power distribution and integrated energy business. It has built up four giant hydropower stations on the main stream of Yangtze River and have steadily promoted the development of international business.

In September 2020, Huatai Financial Holdings, as the joint global coordinator and joint bookrunner, helped Yangtze Power successfully issue 76 million "Shanghai-London Stock Connect" Global Depository Receipts on the London Stock Exchange. The issuance is the largest GDR issuance under the Shanghai-London Stock Connect mechanism, also the first GDR issuance by an industrial enterprise in China, and an important milestone for Yangtze Power's in-depth integration into the international market and the promotion of the development of its internationalization strategy. It is also an important manifestation of Huatai Securities' service for helping Chinese companies to go global.



### Taking the lead in assisting China Pacific Insurance's GDR issuance and listing

In June 2020, China Pacific Insurance (Group) Co., Ltd. ("CPIC") successfully issued the "Shanghai-London Stock Connect" GDR under the framework of the Shanghai-London Stock Connect in the London Stock Exchange, in which Huatai Financial Holdings served as the joint global coordinator and joint bookrunner, and took the lead in domestic and overseas regulatory approvals, investor marketing, etc. to facilitate CPIC to enter the European capital market.

Through this issuance, Huatai Financial Holdings has successfully helped CPIC to become a leading domestic "A+H+G" listed group with comprehensive insurance products. It is an important node for CPIC's internationalization and an important milestone in the opening up of China's insurance industry, reflecting Huatai Securities' commitment to making full use of domestic and foreign resources and determination to provide better and optimized services for Chinese companies to "go global."



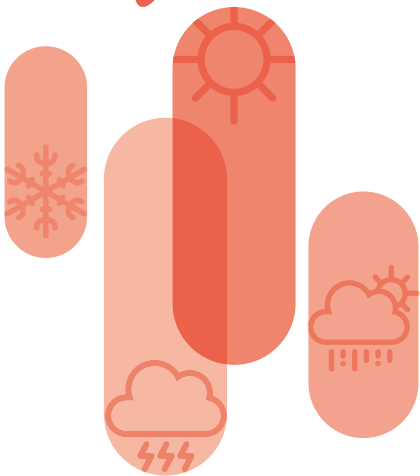
## 7. Low-carbon Transformation to Boost the Development of Green Economy

### 7.1 Active Response to Climate Change

How to deal with climate change is a global issue facing mankind. In September 2020, President Xi Jinping delivered an important speech at the general debate of the 75th United Nations General Assembly, pointing out that China would increase its nationally determined contributions and strive to reach the peak of carbon dioxide emissions by 2030, and achieve carbon neutrality by 2060.

Huatai Securities has been fully aware of the severity and urgency of addressing the impact of climate change. According to the unified climate change-related information disclosure framework developed by the Task Force on Climate-Related Financial Disclosures (TCFD), it has comprehensively assessed climate-related risks and opportunities, and formulated corresponding management measures in response to the focus of the attention of investors and regulatory agencies.

In 2020, Huatai Securities participated in the CDP climate change questionnaire and was awarded the **B grade** for the first time.



### » Management Framework in Response to Climate Change

The board of directors of Huatai Securities is responsible for comprehensively supervising ESG issues related to climate change issues, including assuming overall responsibility for the Company's climate change management and regularly reviewing climate change-related management guidelines, policies, strategies, objectives, risks and opportunities, action plans and other major decisions.

The Company's ESG committee, as the decision-making and deliberative body for ESG work, is responsible for reviewing strategies, goals and other major decisions related to environmental protection, climate change and other sustainable development, and conducting important tasks such as climate change strategy formulation, determination of the importance of climate change issues, and identification of risks and opportunities of climate change. At the same time, it is responsible for the construction and management of climate-related mechanism, and coordination of the formation and overall implementation of climate change strategies.

The ESG management team is also responsible for the implementation and promotion of environmental and climate change-related policies, including the statistics of energy and resource consumption, and the accounting of greenhouse gas emissions. All business departments and subsidiaries will jointly promote the implementation of climate change actions.

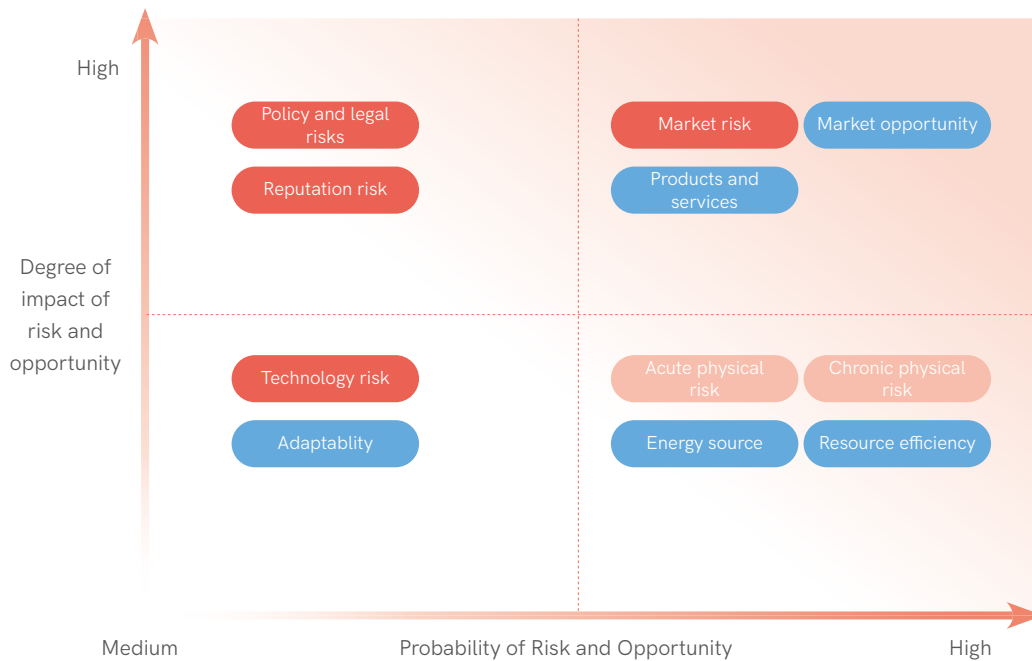
### » Risks and Opportunities of Climate Change

In 2020, in order to better cope with the potential risks and opportunities of climate change, the Company has carried out the identification, evaluation and analysis of climate-related risks and opportunities, established the substantive climate-related risks and opportunities for the Company's business and operations, and evaluated the impact of various risks and opportunities on its own finances.

### Analysis Approach of Climate-related Risks and Opportunities

	<b>Identification</b>	According to the unified climate change-related information disclosure framework developed by TCFD, 6 climate-related risks and 5 climate-related opportunities were identified.
	<b>Evaluation</b>	Based on the Company's business and strategy, combined with expert opinions to evaluate climate-related risks and opportunities.
	<b>Analysis</b>	Construct a climate-related risk and opportunity matrix based on the assessment results, and identify the materiality of the risks and opportunities based on their probability and degree of impact.

### Climate-related Risks and Opportunities Matrix of Huatai Securities



**Climate-related risks**
● Transformation risk
● Physical risk
**Climate-related opportunities**
● Opportunities

### Analysis of the Financial Impact of Climate-related Risks

Materiality of risk	Type of risk	Specific description	Potential financial impact
High	Market risk	The introduction of related policies such as carbon neutrality and green finance has triggered market demand for climate-friendly products or services, thus presenting the Company and its customer businesses in market risks.	Operating income ↓ Portfolio value ↓ Credit risk ↑
Medium	Acute physical risks	Severe climate changes such as typhoons and floods will produce extreme weather or natural disasters, which may affect the normal operation of the Company's business department, thereby affecting the Company's business.	Operating income ↓ Operating cost ↑ Fixed asset value ↓
	Chronic physical risks	Long-term natural pattern changes such as sea level rise and persistent high temperature may affect the Company's normal operations.	Operating cost ↑ Fixed asset value ↓
	Policy and legal risks	The Company and its customers may be held accountable for not complying with climate-related policies or laws in accordance with the law, and suffer from regulatory measures, disciplinary actions, property losses or business reputation risks.	Operating income ↓ Portfolio value ↓ Credit risk ↑
	Reputational risk	The public is paying more and more attention to green operation and green construction. If the Company fails to meet the expectations of stakeholders, it may bring reputational risks to the Company's operations.	Operating income ↓ Portfolio value ↓ Operating cost ↑
Low	Technology risks	In the process of low-carbon technology transformation, the development and application of energy-saving and environmentally-friendly technologies such as renewable energy, new energy, and green data centers may have a certain impact on the Company's operations and business.	Fixed asset value ↓ R&D investment cost ↑

#### Measures to respond to climate-related risks

- Set "energy saving and emission reduction" indicators in the ESG due diligence system, examines customers' actions in reducing greenhouse gas emissions, and evaluates and continuously monitors and tracks customers' risks in climate change.
- Establish relatively complete emergency management measures, implement a 24-hour duty and accident information reporting system for security personnel, and prepare emergency equipment to effectively reduce the impact of extreme weather on company operations.
- Give priority to purchasing new energy vehicles, and equip with new energy charging piles in the underground garage.
- Build a low-carbon data center through measures such as improving the heat dissipation efficiency of equipment and renovating air-conditioning rooms for light and heat insulation.



### Financial Impact Analysis of Climate-related Opportunities

Opportunity materiality	Opportunity type	Specific description	Potential financial impact
High	Market Opportunities	The introduction of related policies such as carbon neutrality and climate change investment and financing have a guiding effect on green finance business and the market. Focusing on climate-friendly products and services to develop business is conducive to opening up new growth space for the Company.	Operating income ↑ Portfolio value ↑ Credit risk ↓
	Products and Services	The Company researches and innovates climate-friendly products, or provides financial services to customers in green industries such as environmental protection, energy saving, and clean energy, which is conducive to opening up new growth space for the Company.	Operating income ↑ Portfolio value ↑ Credit risk ↓
Medium	Resource efficiency	By building green data centers, the Company promotes energy conservation and emission reduction through improving resource and energy use efficiency, etc., which is conducive to reducing operating costs.	Operating cost ↓
	Energy sources	The use of clean energy and low-carbon energy to replace traditional high-carbon energy will help reduce the Company's energy expenditure in the future.	Operating cost ↓
Low	Resilience	Through conducting business research and industry exchanges related to climate change, the Company can improve its ability to respond to climate risks, seize opportunities in it, and enhance the brand image by fulfilling social responsibilities.	Operating income ↑ Operating cost ↓ Portfolio value ↑

#### Measures to respond to climate-related opportunities

- Research and create climate-friendly products and services such as climate bonds, green bonds, and ESG products.
- Huatai Securities Plaza received the LEED-NC Gold Certification issued by the United States Green Building Council (USGBC), demonstrating the recognition for its resource and energy use efficiency.
- Equip offices with solar photovoltaic power generation systems, solar water heating systems, solar light induction lighting systems, ground source heat pump systems, etc., to make full use of renewable energy.
- Strengthen ESG research and industry exchanges by publishing ESG investment-related research reports and holding sustainable development forums.

## » Measures to Respond to Climate Change

Huatai Securities is fully aware of the impact of climate change on the global economy and the urgency of responding to climate change. By actively serving green industries such as environmental protection, energy conservation, and clean energy, Huatai Securities has guided and encouraged more social funds to invest in the green economy and help China achieve the goal of carbon neutrality.

### Facilitating the Issuance of the First Domestic Non-financial Corporate Climate Bond

Nanjing Jiangbei New Area Public Assets Investment Co., Ltd. ("Jiangbei Public") was established in 1997, which mainly engages in the five main businesses of water, energy, ecological environment, transportation, and new infrastructure and aims to build a smart, green and livable new Jiangbei and leads the green development of new businesses in the new area.

On April 29, 2020, Huatai United Securities acted as the sole lead underwriter to assist Jiangbei Public to successfully issue the first domestic non-financial corporate climate bond in a non-public with an issuance scale of RMB490 million and an interest rate of 3.75%, which was lower than the loan benchmark rate of the People's Bank of China during the same period. All raised funds were used for the construction of green environmental protection projects in Jiangbei New Area.

As an innovative product, the said bond not only met the domestic green certification standards, but also successfully obtained the "Water Facility" green certification of The Climate Bonds Initiative. It was a new breakthrough for Huatai United Securities in the underwriting of green bonds and also another milestone of striving to practice green finance.



The Company has advocated low-carbon and environmentally friendly operations and work methods, strengthened energy conservation and emission reduction management, and adopted green office and green meeting actions to reduce energy consumption and greenhouse gas emissions during daily operations and contribute to the fight against climate change.

### Energy Conservation and Emission Reduction Measures of Huatai Securities

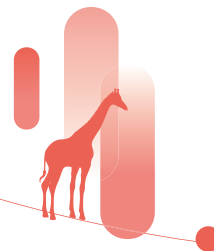
**Adoption of renewable energy:** the photovoltaic power generation system has saved 85,578 kilowatt-hours of electricity in 2020;

**Implementation of the low-nitrogen transformation of boilers:** the low-nitrogen transformation of 6 boilers had been completed in July 2020, upon which, the nitrogen oxide emission concentration of a single boiler had been reduced from 120-150mg/m<sup>3</sup> to 30mg/m<sup>3</sup>;

**Application of light-guided lighting system:** has cumulatively saved more than 400,000 kWh of electricity throughout the year through such measures as light-guided lighting system, water pumps in gardens and intelligent lighting control in office areas;

**Application of video conferencing system:** reduced the number of on-site meetings and therefore reduced carbon emissions due to business travel;

**Green and low-carbon travel:** prioritized the purchase of new energy vehicles and encouraged green travel to reduce environmental pollution caused by vehicle exhaust emissions.



### Participation in the "Earth Hour" Environmental Protection Relay for 4 Consecutive Years

"Earth Hour" is an environmental action initiated by the World Wide Fund for Nature (WWF) in response to global climate change. As a public welfare partner of WWF, Huatai Securities has participated in the "Earth Hour" environmental protection relay for 4 consecutive years.

In the "Earth Hour" event in 2020, the Company guided the public to pay attention to biodiversity and promote sustainable development by turning off the lights of its headquarters and some of its branches and subsidiaries for one hour, leveraging its mobile intelligent terminal "ZhangLe Fortune Path" APP to promote activity information, developing and testing "ecological judgment" award-winning games and publish them on the Company's WeChat official account.



### "One Yangtze River" Sustainable Development Forum advocating "Zero Waste"

On December 17, 2020, Huatai Securities held the "One Yangtze River" Sustainable Development Forum in Beijing. As a conference focusing on the theme of ecological and environmental protection, the "One Yangtze River" Sustainable Development Forum was committed to achieving "zero waste", reducing the consumption of new and old items and the generation of solid waste throughout the forum.

#### Green Action Initiative of "One Yangtze River" Sustainable Development Forum

- Try to choose to take public transportation to the venue;
- Not provide bottled water, disposable plastic cups, and paper cups at the venue unless being asked;
- Try to bring necessary stationery yourselves, such as notebooks and pens;
- QR codes of all materials are provided in the venue for reference instead of paper conference materials;
- Try tasting other ecological products; not provide separately packaged tea bags and coffee;
- Cooperate with the classification of garbage as the forum has set up three types of garbage bins at the venue, namely "food waste", "recyclable" and "others";
- Replace badge with participation pass; badge can be taken as a souvenir after the meeting.



With the continuous development of cloud technology, large-scale data centers with high energy consumption rise continuously, which also brings about the continuous increase of carbon emissions of data centers. In recent years, China has issued Guiding Opinions on Strengthening the Construction of Green Data Centers and other relevant documents on the construction of green data centers, which have put forward requirements for energy conservation in data centers, to which the Company has actively responded by promoting the construction of green data centers.

### Building a Green Data Center

Huatai Securities Plaza Data Center covers an area of approximately 3,600 square meters. From the pre-construction to post-operation and maintenance, the Company's goal is to build a green data center. To meet this goal, various methods have been adopted to improve energy efficiency.

By adopting cold aisle enclosed energy-saving technology, improving the isolation effect of hot and cold aisles, and renovating and updating the return louvers of air-conditioning rooms, the Company has reduced the energy loss of the data center, realized energy saving and emission reduction, and achieved a reduction of PUE value from 1.9 to 1.7. At the same time, the Company set the lighting system to work mode and energy-saving mode according to different operating scenarios of the data center to further reduce power consumption. In 2020, it had saved more than 262,800 kWh of electricity, equivalent to the carbon absorption of more than 8,000 trees in a year.

Note: The carbon absorption is estimated based on the coefficient "Each tree reduces 23 kilograms of carbon dioxide equivalent per year" provided by the How to Prepare Environmental, Social and Governance Report Appendix II: Reporting Guidelines for Environmental Key Performance Indicators issued by Hong Kong Stock Exchange.

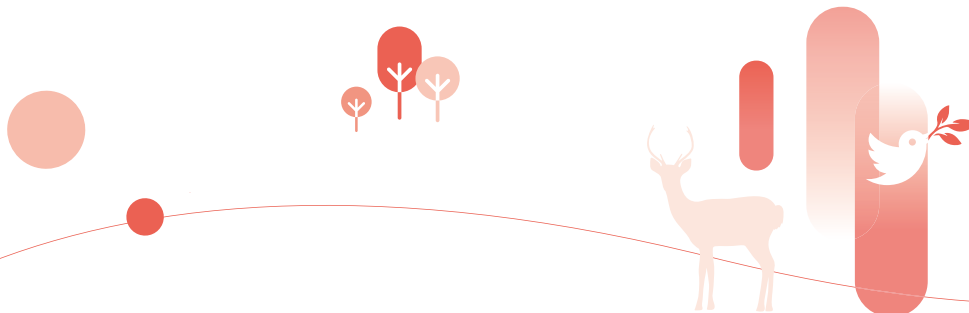
## 7.2 Speeding Up the Development of Green Finance

The development of green finance is an important driving force for achieving green development. Since the 18th National Congress of the Communist Party of China, the Party Central Committee has attached great importance to green development and has repeatedly emphasized the use of green credit, green bonds, green stock indexes and related products, green development funds, green insurance, carbon finance and other financial tools to serve green development.

Huatai Securities has promoted the development of green finance with a high sense of responsibility and mission, and contributed to the sustainable development of our country's green finance by supporting the listing of energy-saving and environmentally friendly companies, the issuance of green bonds, and the establishment of innovative products. In 2020, Huatai Securities underwrote 27 green bonds, with a total financing scale of RMB22.122 billion.

### Exploring New Channels for Green Finance to Help Yuanda Environmental to Issue Special Green Asset-backed Plans

State Power Investment Corporation Yuanda Environmental Protection Co., Ltd. ("Yuanda Environmental Protection") is an A-share listed company with energy conservation and environmental protection as its main business. It is also the first batch of pilot enterprises for desulfurization franchise determined by the National Development and Reform Commission. The desulfurization and denitrification franchise model is the third-party governance system mechanism attracting and expanding social capital investment in environmental pollution control set by the Party and the state in order to promote coal-fired generating units to reduce pollutant emissions and improve air quality, with the guidance of



"marketization, specialization, and industrialization" in pollution control.

In March 2020, with the strong support of the Shanghai Stock Exchange, Huatai Securities, as the general coordinator of the project and the lead sales agency, helped Yuanda Environmental Protection to successfully issue the special green asset-backed project Huatai-Pioneer-Yuanda Environmental Protection Desulfurization and Denitrification Service Fee Income Right, the first asset securitization project of desulfurization and denitrification income right issued in the entire market, setting an innovative benchmark for energy-saving and environmental protection enterprises to effectively accelerate capital turnover and make a breakthrough in financing channels and methods.



**Helping Nanjing Environment to become one of the first listed companies under the GEM registration system**

Nanjing University Environmental Planning and Design Institute Co., Ltd. ("Nanjing Environment") is a high-tech enterprise controlled by Nanjing University. Its main business includes environmental technology services and environmental engineering services, with a commitment to providing customers with efficient, scientific and overall environmental solutions.

In July 2020, as the sole sponsor and lead underwriter, Huatai United Securities accurately presented the development path and layout plan of Nanjing Environment in the field of environmental technology services based on the development history and technological evolution trend of the environmental service industry, and deeply analyzed the core competition of Nanjing Environment, helping it to successfully land on the ChiNext and become one of the first listed companies under the ChiNext registration system.

Through this issuance and listing, Huatai United Securities assisted Nanjing Environment to carry out projects such as environmental service capacity improvement and environmental protection technology R&D center upgrades, further enhancing its technological and R&D advantages, and its contribution to seeking for "bluer sky, cleaner water, cleaner ground, better ecosystem".



## 8. Empowering People by Building a Platform for Employee Development

### 8.1 Creating a Diverse and Inclusive Workplace

With the globalization of competition, cross-regional and cross-border exchanges between the Company's business and personnel have become more frequent, and the concept of diversification has become one of the core elements that Huatai Securities has always adhered to in the process of business progress and employee development. The Company always implements an international talent introduction and training strategy, provides employees with an equal working environment, so as to build a diversified talent team.

In 2020, leveraging the annual talent inventory of the headquarters and branches, the Company identified high-potential personnel, explored the establishment of a classified

and hierarchical headquarters and branch talent pool, to further enrich the reserve of branch leaders.

The Company pays attention to the introduction of young talents, and has set a goal of recruiting more than 30% of fresh graduates in the annual school recruitment. In 2020, the Company created the "4+1" school recruitment program for fresh graduates and current students, and reached out to many fresh graduates from colleges and universities at home and abroad through air presentations, school recruitment carnival live broadcasts, and Vlogs of school seniors, to help fresh graduates complete their career planning ahead of schedule and find suitable school recruitment projects.

#### "4+1" School Recruitment Project Planning of Huatai Securities in 2020

Group-oriented	Project name	Project content
Fresh graduates from colleges and universities at home and abroad	Recruitment ahead of official campus recruitment	Summer internships and employment recruitment for all fresh graduates, offering campus recruitment positions in Huatai Securities headquarters and branches.
	Recruitment in the financial and technology special schools	Recruitment for fresh graduates with IT professional background, offering campus recruitment positions in the Information Technology Department and Digital Operations Department of the headquarters.
	Autumn campus recruitment	The autumn campus recruitment for all fresh graduates, offering the autumn campus recruitment positions of the headquarters and branches of Huatai Securities.
	Special overseas recruitment	Recruitment and training for overseas graduates, offering campus recruitment positions in Huatai Securities headquarters and positions based on specific overseas demands.
Current students in colleges and universities at home and abroad	Kingsman Star Training Camp	Provide a one-week full-business chain intensive training and a six-week rotation internship for each business line for current students to cultivate future elites with full-business chain knowledge and an international vision for the financial industry.

### Campus Recruitment in 2020 of Huatai Securities

In 2020, the Company's campus recruitment program received **37,000** resumes, invited more than **1,200** interns, and issued more than **350** offers.

The Company won the

**2020 SHL China  
"Talent Acquisition Practice Award",**

**2020 ""Integrated Marketing Award"  
based on college students' choice,**

**2020 "Best Aerial Presentation"  
based on college students' choice.**



In addition, through online summits and online career development sharing sessions, focusing on the development trend of the capital market, financial hot issues, and paying attention to the career development plan of overseas returnees, the Company has provided diversified career opportunities and development suggestions for domestic and foreign financial and cross-field talents.

### 2020 Star Forum ( 星空論壇 ) and Career Development Online Sharing Session

The Star Forum is an exchange platform initiated by Huatai Securities to observe the development trend of the capital market and focus on the career development of professionals in finance and various sectors. With a forward-looking vision of the industry and an exploration spirit in various industry, it is committed to providing diversified career development paths for domestic and foreign talents in finance and various sectors.

On October 25, 2020, the 2020 Star Forum and Career Development Online Sharing Session was broadcast live to the world, inviting domestic well-known economists, investment institution partners, corporate executives, chief economists of securities firms, and human resources experts to share the opportunities and challenges focusing on the capital market in the PRC through the online summit, and fully demonstrating the booming development trend of the domestic capital market and the career development opportunities in the financial industry.



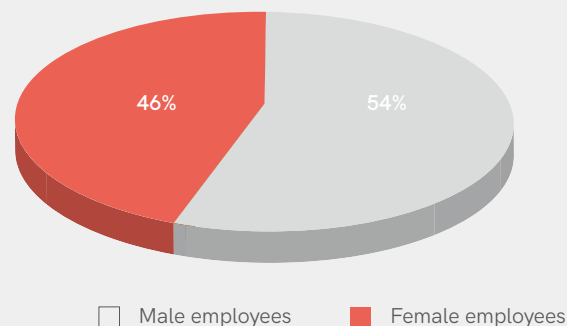
### Overseas Recruitment in 2020

During the overseas recruitment season in 2020, the Company posted **33** recruitment positions in **17** departments/subsidiaries for overseas talents.

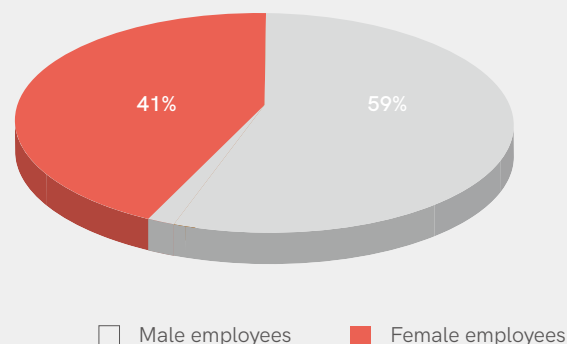
As of the end of 2020, the Company has received a total of **3,227** resumes from overseas talents, forming a rich talent pool, laying a talent foundation for the Company's international and diversified development.

In terms of equal employment, the Company worked out and kept improving the Employee Management Measures and other internal rules, firmly opposed discrimination in employment, equally treated every jobseeker and employee, and ensured fair employment and occupational development that does not be affected by race, belief, sex, religion, nationality, ethnic group, age, marital status, disability, social status, etc. In addition, the Company paid attention to the employment of female candidates and minority ethnic candidates, and provided equal and fair employment opportunities for female candidates.

Percentage of number of male and female employees



Percentage of number of new male and female employees





## 8.2 Support for Employee Development

Based on the technology-empowered “two-pronged” strategy and empowering people, the Company built a talent development system with the quality as an international investment banking employee should have, customer value-added capabilities and digital transformation capabilities, so as to practically improve the systematization, pertinence and practicality of training, and effectively support employees to continuously improve their comprehensive qualities and professional competence at every stage of their career.

The HTalent™ talent development system of the Company continues to focus on employee growth, and has established a development empowerment system covering the whole career development of employees and whole business chain, effectively meeting the dynamic needs of employee growth and lays the foundation for building a talent team with high-quality and high performance.

### HTalent™ Talent Development System



### Development-empowered System of Huatai Securities

Training programs	Subjects	Training target
Huatai “Star” series	Students recruited from campus	Cultivation of employees with a deep understanding of the Company’s whole business chain and with the quality as an international investment banking employee should have.
“HIPO” series	High potential/core employees	Targeted improvement of the comprehensive capabilities of backbone employees with high potentials.
“BAL” series	Middle and junior management	Comprehensive improvement of the comprehensive managerial ability of middle and junior management and aiming to cultivate management echelons in line with the Company’s strategic needs.

### Cultivation of “HIPO–talent program” Fintech Professionals

In order to implement the technology-empowered “two-pronged” strategy, in 2020, the Company launched the “HIPO-Talent Program” fintech talent training project, which is committed to cultivate the innovation culture of the Company through the combination of training and practice, established the fintech talent pool, and completed the important exploration of transformation and upgrading for the Company’s talent cultivation.

During the nine-month cultivation period, the Company carried out training methods such as “cloud learning, centralized training and practice, learning in action, short-term rotation, and external communication”, and broke through the difficulties in digital transformation of key business areas through cross-border exchanges and empowerment of fintech, so as to cultivate compound leading talents with both business vision and technological thinking.

### Promotion of Leadership Improvement Through “BAL” Relay Training Programs

From April to October 2020, the Company launched the “BAL” relay training programs for securities branch managers, aiming to improve the comprehensive managerial ability of middle and junior management. A total of 27 new management cadres participated in the half-year leadership empowerment tour.

During the project period, in response to the challenges faced by the new securities branch managers at different stages, the Company combined online and offline training methods to develop the new securities branch managers from “individual winners with management potential” to “managers leading the team to success” through the training scope of “internal courses, ability assessment, copyright management courses, learning in action, Mentor empowerment, efficiency breakthrough courses and growth tracking”.



### “Huatai STAR · Star Future” New Employee Induction Training

In August 2020, the Company launched training program of “Huatai STAR · Star Future” for students recruited by headquarters from campus graduated in 2020, with the participation of a total of 257 new employees. The program gave top propriety to “shaping the spirit of HTSC STAR”, and set up four content modules “Solidarity, Trustworthy, Aspiration and Resilience” to help new employees to complete the transition from “college graduates” to “Huatai STAR”.

This training, deeply integrated with the charity brand of “Commonweal Heart of Huatai”, innovatively integrating charitable initiatives into experiential learning. Through focusing on “One Commonweal Heart of Huatai One Yangtze River” project, the Company held a charitable gala themed with “assistance it back to nature with charitable initiatives ( 助它重返自然, 益起出发 )” jointly with the Amity Foundation. 257 Huatai STAR focused on the theme of “environmental protection and animal rescue”, conveying the charitable concept of protecting biodiversity to the society by music, dance, drama and other innovative forms. This charitable gala attracted the attention of public wealth activists, raising a total of RMB13,900.



The Company has implemented the internationalization strategy, strengthened the integration and coordination of domestic and foreign resources, and promoted management transformation with internationalization. The Company continues to carry out overseas training programs and overseas exchange activities to bring a broader financial horizon for outstanding talents, explores opportunities for cross-border business development, and promotes the strategic layout of the whole business chain.

### Cultivation of International Horizon Through HTSC Financial Express Online Forum

In October 2020, the Company launched six HTSC financial express online forums, inviting 21 important guests at home and abroad to participate in sharing views on international development, building a communication platform for the Company to gather and disseminate the wisdom of overseas capital market experts, and providing employees with timely views of international market experts, with 3,000 employees participated in the live forum.

This online forum effectively promoted the connection of businesses of Huatai Securities at home and abroad, provided comprehensive support for the transformation and technological innovation of the core business model under the Company’s internationalization strategy, and facilitate the Company in cultivating a team of leading talents with an international insight and familiar with international standards, so as to accelerate the pace of Company’s internationalization.



In addition to offline training programs, relying on the online learning platform - HTSC Cloud Academy, the Company has upgraded the cloud learning system in a steady pace, continued to improve the offline and cloud “two-dimensional” learning ecology and created a good learning atmosphere and sharing culture.

In 2020, in order to overcome the impact of the COVID-19 on offline learning and training activities, HTSC Cloud Academy launched the “R2 HTSC Cloud 8-week Learning Activities” with the participation of all employees and a combination of online and offline, and carried out seven activities themed by Career Energy (職涯 Energy), Wealth Energy (財富 Energy), Strategy Energy (戰略 Energy), Digital Intelligence Energy (數智化 Energy), Partner Strength (合夥人 Strength), Respondent Strength (答人 Strength), and HTalk Strength, so as to comprehensively improve the comprehensive quality of employees.

### Training Performance of “R2 HTSC Cloud 8-week Learning Activities”

Launching of more than **500** new online courses

Organization of **202** online live broadcast

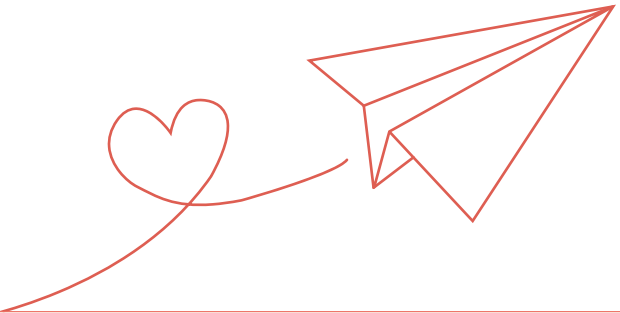
Completion of a total of more than **160,000** hours of online courses



The average number of participants per day exceeding **8,000**

In terms of employee promotion, the Company has established a scientific and reasonable dual-channel promotion mechanism and set up two professional channels in respect of management and professionalism to meet the different development aspirations of employees, realize the free conversion between management and professionalism, and fully respect employees’ independent choice in career development.

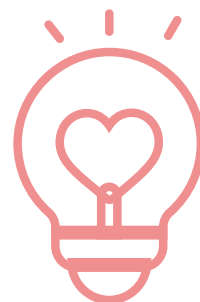
### 8.3 Caring for Employees

The Company is committed to creating a warm and harmonious working environment. In 2020, the Company promote employee communication and support through employee engagement survey and aid employees in difficulty. Relying on "Sunshine Huatai", "Thank You for being with us all Along" and "3 I" trade union brand, we balanced employees' work and life, and further enhanced the cohesion and sense of belonging of employees.



 <p>Employee engagement survey</p>	<p>In 2020, the Company continued to carry out an employee engagement survey of "listening to employees' voice", which focused on the survey of working environment, working atmosphere and human resource management. Through anonymous questionnaires, the Company explored the key factors affecting employee engagement from the dimensions of thought, behavior and attitude, with the questionnaire response rate of 93.3%.</p> <p>The survey result showed that the percentage of engaged employees in the Company was 4.8% higher than the market average level, indicating a relatively higher recognition and engagement of our employees to the Company and their work. According to the survey result, the Company further communicated with all departments and provided some suggestions on the improvement of caring for employees, team building, process optimization, human resources management and other aspect.</p>
 <p>Aid employees in difficulty</p>	<p>The Company took the initiative to aid employees in difficulty, conducted dynamic management over the database of employees in difficulty, and insisted on visiting and encouraging employees in difficulty. In 2020, the Company visited and encouraged 50 party members and employees in difficulty, 177 employees giving birth and in hospital, giving out a total of RMB514,000 for relief of their difficulties.</p>

Advocating the concept of “healthy life · happy work”, the Company built the “3I” trade union brand, namely “I Sports”, “I Life” and “I Work” and launched a series of activities to convey care to employees and enhance their sense of gain and happiness.



### “3I” Employee Care Brand

<p>“I Sports”</p>	<p>The Company has carried out “I Walk Plan” on a regular basis to increase employees’ enthusiasm for participation in the form of check-in, interactive game, and point redemption, etc. In 2020, the Company has carried out a total of six phases of walking activities and attracted more than 900 employee participants. In addition, the Company organized sport competitions such as basketball games with peers in the industry to give employees a chance to develop their personal interests and enhance team cohesion.</p>
<p>“I Life”</p>	<p>The Company has focused on creating the “HUATECH” band brand to promote multi-dimensional communication among young employees by music, and organized music salon night activities to enrich employees’ lives. In addition, the Company has opened outdoor activities of interest groups such as football and nature observation in an orderly manner to guide employees to engage in work and life with a stronger physique and a more noble-minded spirit.</p>
<p>“I Work”</p>	<p>The Company has cared for the physical and mental health of employees, optimized physical checkup program for employees, implemented physical checkup services of employees, with a view to strive to create a “worry-free” working environment.</p>

In 2020, the Company actively explored online activities during the epidemic, and create a healthy and sustainable working environment for female employees through the cloud activities on Women’s Day and caring for the needs of female employees.

### Cloud Activities on Women’s Day

On March 8, 2020, the Company launched the activities themed on “Cloud Learning - Caring for Women Energy (女性關愛 Energy)” and “Short Video Cloud Recruitment - Collection of Clever Ideas in Work and Life (工作、生活巧思妙想收集令)” to encourage female employees to truly record the tips and golden ideas found in home life and cloud work through new media channels during the epidemic, showing the expert at all sorts of trades of “Huatai Goddess (泰女神)”, and actively create a positive working environment of “healthy life and happy work” within the Company.



## 9. Dedicating to Public Welfare and Working Together to Protect an Ecological Friendly Environment

### 9.1 Promotion of the Protection of the Biodiversity of Yangtze River Basin in a Systematic Manner

In 2020, the gloom of COVID-19 hung over the world, which re-raised public concern to the relationship between human and nature, and also increased the attention and importance of ecological security issues.

Huatai Securities launched the campaign “One Commonweal Heart of Huatai One Yangtze River” in 2018 in active response to the national strategy of Great Protection of Yangtze River, and cooperated with NGOs such as the World Wildlife Fund (WWF) and Shan Shui Nature Conservation Center, as well as other private protection authorities, university research institutions and the public, to jointly protect the biodiversity of the Yangtze River Basin and promote sustainable development.

#### Huatai Securities Worked with WWF to Fund the First Batch of 13 Local Teams to Help Protecting the Biodiversity of the Yangtze River Basin

In December 2019, the World Wildlife Fund (WWF), Huatai Securities and Earth Wildlife Fund (OPF) in Shenzhen, jointly launched the project “One Yangtze River Small Fund for Wildlife Protection” (referred to as the “Small Fund”), to support the conservation of rare and endangered species less concerned in the PRC, to fill the gaps in the protection of certain threatened species through funding the private wildlife protection authorities or institutions at the primary level, and to popularize the status of species survival and protection to the public. While promoting the conservation and publicity, it also supports the growth of local NGOs in the PRC.

After project declaration, review and defense, 11 conservation projects of 13 teams including Fudan University were the first batch to receive support from the fund in 2020. The project supported by this Small Fund covered 11 representative species in the Yangtze River Basin, including the anthya ferina which was once common and recently critically endangered in the Yangtze River Basin, the emberiza aureola which is critically endangered due to illegal consumption, and Chinese pangolin which is rarely found in the wild, contributing to the harmony between human and nature as well as the sustainable development.



“Every ‘small steps’ you made will make a big difference for the protection of national biodiversity in the future.”

- Wang Ding (王丁), Secretary-General of the Chinese National Committee for Man and the Biosphere Programme, UNESCO and Researcher of the Institute of Hydrobiology, Chinese Academy of Sciences

“Huatai Securities’ Design of the Small Fund with OPF, and supporting the protection of those rare and endangered species less concerned with WWF are of extraordinary significance and are a key measure to practice the Great Protection of Yangtze River and restore the river of life.”

- Lei Gang (雷刚), Chief Expert of WWF Freshwater Project

**Joint Initiative: Say “No” to Consumption of Wild Animals**

On February 24, 2020, the Decision on a Complete Ban of Illegal Wild Animals Trade and the Elimination of the Unhealthy Habit of Excessive Consumption of Wild Animals for the Protection of Human Life and Health (《關於全面禁止非法野生動物交易、革除濫食野生動物陋習、切實保障人民群眾生命健康安全的決定》) was considered and approved at the 16th meeting of the Standing Committee of the National People’s Congress, from the perspective of maintaining public safety, the consumption of wild animals shall be completely banned, illegal wild animals trade shall be severely cracked down to provide a powerful legislative guarantee for protecting the lives, health and safety of the people.

As a strategic partner, Huatai Securities has worked together with Shan Shui Nature Conservation Center to launch the propaganda of “Say “no” to Consumption of Wild Animals” through Guangming Daily, Santian Life Weekly (三聯生活週刊), Toutiao and other media, as well as Sina Weibo platforms such as Weibo Environmental Protection (微博環保) and gongyi.weibo.com (微公益), and the Company’s WeChat official account, to popularize wild animals such as paguma larvata, elaphe taeniura, hoplobatrachus rugulosus, marmota himalayana, pangolin, and rhinolophus sinicus to the public, and guide the public to form consumption patterns, eating habits and ecological folk customs that respect, protect and reverence for nature.



## 9.2 Uniting of Multiple Forces to Build a Public Welfare Ecosystem

The target of public welfare is provision of long-term and systematic solutions to social problems, which requires the joint building of the government, enterprises, public welfare organizations and the public to continuously promote the improvement of social problems by creating a public welfare ecosystem. In order to jointly build a public welfare ecosystem, Huatai Securities, on the basis of taking initiative to launch the public welfare project of "One Commonweal Heart of Huatai", has invited employees, the media, customers, and the public as participants to convey the concept of public welfare to all stakeholders, and continue to promote the building of public welfare ecosystem.

For the employees of Huatai Securities, volunteer culture is an important part of corporate culture, and also the first public welfare course for new employees to join in Huatai Securities. The Company has incorporated "One Commonweal Heart of Huatai" charitable initiatives into campus recruitment and new employee training programs. For the KINGSMAN project, the Company cooperated with Nanjing Hongshan Forest Zoo, and interns from top universities went to the Xiaohongshan area to carry out local species monitoring and other citizen scientist actions, so as to accumulate species data for biodiversity conservation in such area. For the new employee training program, the Company and the Amity Foundation jointly planned the "One Commonweal Heart of Huatai" volunteer salon and the "help it back to nature (助它重返自然)" charity show to raise funds for urban wild animals rescue. In addition, the Company has also provided employees

with a wealth of volunteer service opportunities such as visiting children in difficulties, biodiversity monitoring in the Giant Panda National Park, anti-poaching patrols, forest fire prevention and control, and urban nature observation, and guided employees to pay attention to public welfare and practice their responsibilities from a professional perspective.

In 2020, the Company has launched "Citizen Scientist Actions" in Wuhan, Beijing, Suzhou, Shenzhen and other places. As an important part of the ecological protection project of "One Commonweal Heart of Huatai One Yangtze River", more and more customers, the public and employees could be able to take the first step in understanding biodiversity "from home" through nature observation projects, and became the "seed power" to promote the concept of ecological protection.

### Creation of "One Commonweal Heart of Huatai" Ant Forest Jingxi Public Welfare Protected Area, and Establishment of Emotional Connection with 30 million Internet Users

The COP15 of the Convention on Biological Diversity will be held in China to promote biodiversity conservation as the focus of society. On October 25, 2020, China Environmental Protection Foundation established the Biodiversity Conservation Fund under the guidance of the Department of Nature and Ecology Conservation of the Ministry of Ecology and Environment and the COP15 Executive Committee Office. Huatai Securities became the first sponsor and public welfare support partner of such fund.





In October 2020, Huatai Securities together with Ant Forest and China Environmental Protection Foundation to establish the “One Commonweal Heart of Huatai · Ant Forest Jingxi Public Welfare Protected Area” under the guidance of the Department of Nature and Ecology Conservation of the Ministry of Ecology and Environment, the COP15 Executive Committee of the Convention on Biological Diversity and Beijing Gardening and Greening Bureau. Through co-construction and co-management, the project has supported the Shan Shui Nature Conservation Center and Beijing Jingxi Forest Farm in establishing a public welfare protected area in such area, so as to carry out the restoration and conservation of biodiversity.

“One Commonweal Heart of Huatai” Ant Forest Jingxi Public Welfare Protected Area has supported Jingxi Forest Farm and Shan Shui Nature Conservation Center in carrying out scientific research and monitoring, close-to-nature forest management and other work in the area, and based on the results of biodiversity monitoring and conservation to develop environmental education and nature experience products themed on nature observation, and regularly invited the public as volunteers to participate in biodiversity monitoring and daily patrols, so that the public truly become a part of the biodiversity conservation, building a platform for all sectors of society to participate in it.

### “One Yangtze River” Sturdy Grass Carnival with Nearly 400,000 People Witnessed the Stunning Debut of Wild Animals

From September 5 to September 6, 2020, Huatai Securities cooperated with SEE Ecological Association and other institutions in Alxa to hold the “One Yangtze River” sturdy grass carnival in Shanghai, 13 ecological protection lectures, 109 wildlife photography works, and a public welfare market composed of 13 environmental protection partners, attracting nearly 400,000 online and offline participants, and ranked at the Weibo Hot Searches. This carnival led the public to focus on the ecological environment and species conservation of the Yangtze River Basin. While enjoying the magnificent scenery of mountains, rivers and oceans, they also achieved close encounter with interesting nature education.

“I consider that citizen science will be a means of managing cities in the future, community residents are important participants, universities, governments and citizens will be involved to discuss what urban wildlife will look like in the next 20 to 30 years, or even longer, so as to make cities better in the future.”

- Wang Fang(王放), researcher of Fudan University



## 10. Remaining True to Our Original Aspiration to Jointly Create a Harmonious Community

### 10.1 Consolidation and Expansion of the Results of Poverty Alleviation

Since the 18th National Congress of the Communist Party of China, the Chinese government has promoted poverty alleviation from the overall perspective of building a well-off society in an all-around manner. The Company has actively responded to the initiative of “One Company Helps One County” assistance in pair and the “Five-Party Linkage” targeted assistance in the economically unprivileged counties of northern Jiangsu,

proactively assumed the social responsibility for poverty alleviation, and explored the targeted poverty alleviation model in various aspects. 2020 has been a critical year to overcome the challenges of poverty alleviation. The Company has taken assisting poverty alleviation as principal political mission and continued to increase its efforts in assistance.

#### Poverty Alleviation Efforts and Major Achievements of Huatai Securities in 2020

Major aspects	Specific efforts and achievements
The Company committed itself to poverty alleviation through supporting industries to enhance the endogenous power in poverty-stricken areas	<p>The Company allocated RMB2,000,000 for high-efficiency agricultural facilities for increasing farmers' income, road hardening, cultural square, publicity of targeted poverty alleviation by financial aid and other projects in the area to help Dengzhuang village in Feng County of “Five-Party Linkage” targeted assistance to accomplish the task of poverty alleviation.</p> <p>In Xinghe County, Inner Mongolia, the Company invested RMB3,010,000 to aid in establishing water purification project and the deep processing project of beef and mutton products to improve local production and living environment, and generate steady income for the village collective.</p>
The Company also carried out poverty alleviation through consumption to broaden the income channel of the local people	The Company invested a total of RMB949,100 to procure apples in Xianyang, Shaanxi Province, Sihong rice in Jiangsu Province, “Selenium-Rich rice” in Taying village, “Dazhao Shengquan (大昭聖泉)” mineral water in Tibet, camellia oil in Hubei Province and other products for supporting the poverty alleviation through consumption.
The Company committed itself to implement other poverty alleviation missions to provide more living guarantee for people in difficulties	<p>The Company visited 59 poverty-stricken families in the Fengxian County, Jinzhai County and other assistance-in-pair areas.</p> <p>The Company donated RMB200,000 to the special assistance fund for caring for girls in Tongren, Guizhou Province who are out of school.</p> <p>The Company donated RMB1,000,000 to the “Rong Yao Jin Sheng (戎耀今生)” care project of the Yangzi Veterans Care Foundation in Jiangsu Province.</p> <p>The Company donated RMB500,000 to the Poverty Alleviation and Education Funding Project with the Help from Provincial Enterprises ( “省屬企業滴水築夢” 扶貧助學工程 ).</p> <p>The Company donated RMB1,000,000 to the “99 Charity Day” event of Jiangsu Charity Federation.</p> <p>In response to the initiative of Shanghai Stock Exchange, the Company donated RMB 300,000 to support the “Special Support Plan for Charitable Assistance” in Susong, Anhui Province.</p> <p>In response to the needs of Jiangsu Command Office for Frontline Support in Kezhou, Xinjiang, the Company subscribed RMB500,000 of assistance fund to the renovation and upgrading project along 306 provincial highway, where the Halajun Township government is located (Qonghalajun Village).</p>

### Leverage of the Professional Advantages of Huatai Futures to Expand the “Insurance + Futures” Pilot Project

In 2020, Huatai Futures has expanded the pilot project of “Insurance + Futures” in poverty stricken areas, launched the “Insurance + Futures” project of natural rubber in Jiangcheng County, Yunnan, launched the “Insurance + Futures” project of corn and soybean meal in Nanjiang County, Sichuan, and paid premiums in advance for farmers in difficulties to reduce their cost of participating in the “Insurance + Futures” project, guaranteed the basic income of farmers, so as to achieve poverty alleviation through supporting industries. In particular, the “Insurance + Futures” project of natural rubber in Jiangcheng County, Yunnan received a compensation of RMB2.61 million, benefiting 5,427 farmers, of which 2,085 were families listing on the administrative record. The “Insurance + Futures” project of corn and soybean meal in Nanjiang County, Sichuan received a compensation of RMB1.17 million.

### Launching of Public Welfare Agreement of Huatai United Securities and Conducting of Studies and Visits in Three Project Sites

At the beginning of 2020, the public welfare agreement of Huatai United Securities was officially launched. The Company invested more than RMB7.3 million to support three public welfare projects, namely Comprehensive Development Project of Poverty Alleviation for Industries in Susong County, Poverty Alleviation and Development Project for Yushu Tibetan Autonomous Prefecture in Qinghai Province, Franchise Development Project for Communities in National Parks, to promote targeted poverty alleviation from the aspects of industry, education and ecology.



In order to make the use of public welfare funds more transparent and efficient, the Company, together with the Amity Foundation, Shan Shui Conservation Center and China Foundation for Poverty Alleviation, went to Yushu Tibetan Autonomous Prefecture in Qinghai Province and Susong County in Anhui Province to conduct study and visiting for a period of seven days from August 24 to August 30, 2020, and mobilized party members to participate as volunteers. Through field inspections, a large amount of primary information about the project was obtained, providing a rich basis for the improvement and advancement of the project plan.

In 2020, Huatai Securities got full marks in the special evaluation of social responsibility performance such as poverty alleviation by the Securities Association of China, and was awarded the honorary title of “2018-2019 Advanced Unit for Provincial Assistance” by the Jiangsu Leading Group for Poverty Alleviation.



On the basis that all targeted assistance units went out of poverty, the Company effectively connected comprehensive poverty alleviation and rural revitalization, and closely connected talents, technology, resources and rural industrial development. In the “Ten Thousand Enterprises Connecting Ten Thousand Villages to Adhere to the Road of Rejuvenation ( 萬企聯萬村共走振興路 )” of Jiangsu Province, the Company connected 10 villages in central Jiangsu and northern Jiangsu, strived to make use of the advantages of the capital market industry and financial expertise, and explored “Insurance + Futures”, “Internet + agriculture” and other village-enterprise construction model with Huatai characteristics, taking comprehensive poverty alleviation as a new starting point to actively participate in rural revitalization.

## 10.2 Safeguarding the Growth of Left-behind Children in the Countryside

The Company has provided a high-quality growth environment for rural children, playing a vital role in the development of education. Huatai Securities adheres to the concept of “people-oriented” and has launched the “One Commonweal Heart of Huatai One Tomorrow” rural education program for five consecutive years. The Company integrated public resources, introduced expert resources in such aspects as psychology, pedagogy, sociology, tangible cultural heritage and ecology to the five aided schools in Jinzhai and Yuexi in Anhui Province, Enshi, Hubei Province, Suqian, Jiangsu Province, Yushu, Qinghai Province, offered targeted services to left -behind children and teachers according to the differentiated demands of the schools, including neighborly action, summer training for class teachers, funding for children in need, natural education, psychological counselling, expert lectures in schools and heritage of folk dance of Tujia nationality.

As at December 31, 2020, the “One Commonweal Heart of Huatai One Tomorrow” rural education program benefited **48,582** children and **2,773** teachers.

### Carrying Out the “Funding Program for Children in Need” ( 困境兒童資助計劃 ) for Three Consecutive Years

Since 2018, the Company has worked with the Amity Foundation to launch the “Funding Program for Children in Need” on the public welfare platform of Tencent for three consecutive years, subsidizing the living expenses of children in need in five schools funded by the Company for one year, so as to improve their study and living condition.

In 2020, the third “Funding Program for Children in Need” was launched on the public welfare platform of Tencent, raising RMB500,600 to help 238 children in need and families of children in need severely affected by the epidemic to improve their living conditions. The project attracted more than 60,000 participants, representing a year-on-year increase of 235% as compared with that of 2019, and the number of children in need covered increased by 67% as compared with that of 2019.

In 2020, under the severe situation of epidemic prevention and control, the Company proactively communicated with project schools and supported rural schools to resume classes through donating epidemic prevention materials. At the same time, the Company integrated online resources and developed online training courses to help improve the professional skills of the teachers of left-behind children, with a view to the implementation of “suspending classes without stopping study and teaching”.

### Procurement of Epidemic Prevention and Control Materials to Support Rural Schools in Resuming Classes

In order to help children in rural schools to resume classes smoothly, after resumption of work during the Spring Festival in 2020, the “One Commonweal Heart of Huatai” project team learned about the procurement of epidemic prevention materials of four “One Commonweal Heart of Huatai One Tomorrow” project schools in Enshi, Hubei Province, Jinzhai and Yuexi in Anhui Province, and Suqian, Jiangsu Province, and cooperated with the Amity Foundation to coordinate and purchase, and delivered the shortage materials to the school, so as to fully support the school to prepare for the resumption of classes.

In addition, the Company also donated anti-epidemic supplies such as masks and disinfectants to 18 schools in the surrounding mountainous areas of Hubei Province, which were greatly affected by the epidemic and relatively short of epidemic prevention materials, assisting rural schools in preventing and controlling the epidemic.

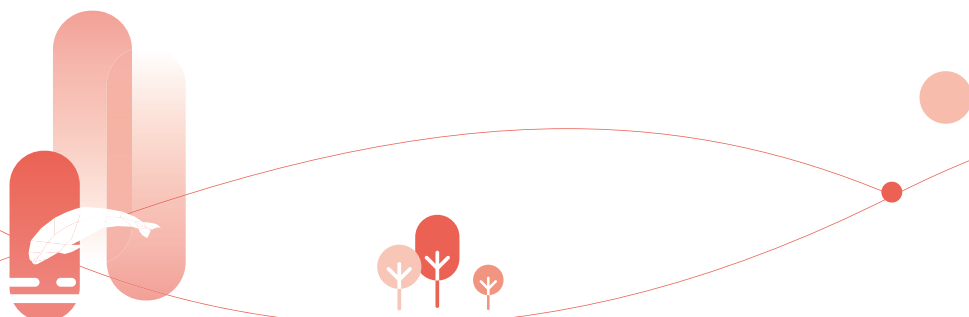


### Holding of an Online Teacher Forum to Ensure “Suspending Classes Without Stopping Learning and Teaching”

In order to improve the professional skills and psychological counseling standards of teachers of left-behind children, since 2018, Huatai Securities has carried out summer training for class teachers for left-behind children for two consecutive years. In 2020, in order to help the project schools to implement the “suspending classes without stopping learning and teaching”, the “One Commonweal Heart of Huatai” project team cooperated with East China Normal University to launch the “Internet + Training” program for the project schools and develop online courses for teachers, with 106 teachers participating in the

training, which helped the teachers of left-behind children to improve their professional skills and psychological counseling standards.

In September 2020, the Company together with East China Normal University and the Amity Foundation to hold an online teacher forum. Through the cloud platform, education experts, principals of project schools and frontline teachers together to communicate and share on the current social focus such as children’s mental health, work methods of class teachers, campus management under the epidemic, nearly 700 teachers from all teachers of the five project schools and teachers of other left-behind children concentrated schools watched the live broadcast of the forum.





### 10.3 Supporting the Normalized Anti-epidemic by Active Actions

From the beginning of 2020, the Corona-Virus Disease 2019 (“COVID-19”) has been a concern for people across the nation. Faced with the tense situation of epidemic prevention and control, Huatai Securities responded quickly, while ensuring prevention and control of the epidemic within the Company,

immediately took such actions as establishing special fund of public health, donating epidemic prevention materials and providing special support for special groups involved in the epidemic to support epidemic prevention and control in infected areas, and demonstrate responsibility with practical actions.

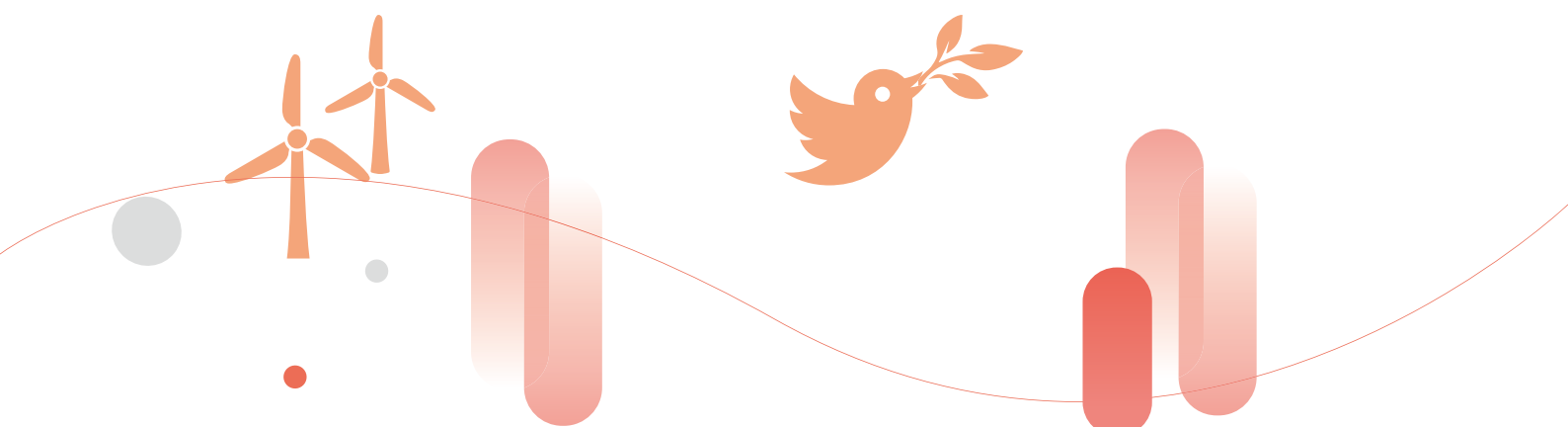
#### Anti-epidemic Public Welfare Actions of Huatai Securities

Major aspects	Main actions
The Company set the “Special Fund for Public Health of One Commonweal Heart of Huatai”	The Company set the “Special Fund for Public Health of One Commonweal Heart of Huatai” (the “Special Fund”) jointly with the Amity Foundation, and cumulatively donated RMB14 million to the Fund for prevention and control of COVID-19 in Hubei and other areas.
The company donated anti-epidemic materials to support the frontline anti-epidemic	The Company worked together with their partners in the big health, logistics and other related fields to help the Amity Foundation in the emergency procurement of materials in short supply for epidemic prevention and control, such as medical face shields, positive pressure electric air breathing apparatus, virus detection reagents, monitors, infusion pumps, etc. through the Special Fund, to alleviate the urgent need for epidemic prevention and control in the infected areas.
The Company provided special support for special groups involved in the epidemic	<p>The Company co-established the “Special Fund on Major Public Event Report” with Caixin Foundation (later renamed as “Woodpecker Foundation”) to offer grants and insurance guarantees to journalists working in the Coronavirus-attacked areas.</p> <p>The Company cooperated with the Jiangsu Charity Federation through the Special Fund to provide support to Jiangsu-based medical team staff assisting Hubei.</p> <p>Huatai Asset Management and Huatai-PineBridge participated in the “Tribute to Angels in White” special fund sponsored by Shanghai Asset Management Association and co-established with Shanghai Municipal Health Commission to support and recognize the medical workers fighting against the disease on the front lines of the outbreak.</p>
The Company devoted to the fight against the global epidemic	<p>Through the Special Fund, the Company donated 10,000 civilian masks to Shibuya, Tokyo, Japan, which were distributed to medical staff, the elderly and the disabled.</p> 
The Company devoted to the fight against the global epidemic	<p>As a partner of Nasdaq, Huatai Securities, together with the World Health Organization and the Centers for Disease Control and Prevention of the United States, carried out public welfare promotion of epidemic prevention and control, and spoke up for safeguarding global public health in Times Square, New York.</p> 

As the domestic epidemic prevention and control situation has entered a stable period, improving the construction of the public health system and carrying out health science popularization for the whole people have become new hot topics. The Company cooperated with professional partners to promote health knowledge to the public by launching children’s epidemic prevention cartoons.

### Launching of Children’s Epidemic Prevention Animation, and Carrying Out Health Science Popularization for Youth and Children

In 2020, Huatai Securities cooperated with the well-known media in the medical and health industry “8 a.m. Health Insight”, to launch a public welfare animated short film that vividly propagandized and educated epidemic prevention knowledge, namely “Guoguo Fantasy Adventure (《果果奇幻历险记》)” targeted at youth and children under the guidance of Wang Qua (王荃), director of the emergency department of Beijing Children’s Hospital, and together with the Amity Foundation, Aier Ophthalmology, BioGerm Medical, Kidswant, GeteinBiotech, Mindray Medical, Vazyme, Ping An Good Doctor, Lifotronic Technology, Chain Medical Labs, Physician Services (醫師服務), Parenting Science to promote, so as to improve the self-protection awareness of youth and children. The short film was released on platforms such as xuexi.cn (學習強國), Sina Weibo (新浪微博) and v.qq.com (騰訊視頻), and has been viewed more than 700,000 times.



## 11. ESG Management and Performance

### 11.1 From Aspects of Governance

#### » Economic Performance

##### Economic Performance Indicators

Index	Unit	2018	2019	2020
Operating income	RMB10,000	1,610,826.23	2,486,301.20	3,144,454.61
Total profit	RMB10,000	644,867.03	1,158,596.51	1,350,437.60
Tax paid	RMB10,000	180,684.10	315,701.90	381,539.22
Total assets	RMB10,000	36,866,587.41	56,218,063.83	71,675,123.50
Expenses on employee benefits	RMB10,000	642,596.95	607,555.61	761,045.38
Total external donation investment	RMB10,000	1,016.73	2,077.05	3,240.81
Basic earnings per share	RMB/share	0.66	1.04	1.20
Social contribution per share <sup>1</sup>	RMB	2.54	2.88	3.33

Note 1: Calculation method: social contribution per share = (net profit of the Company + tax paid to the state during the year + salaries paid to employees + interest on borrowings paid to banks and other creditors + value created for other stakeholders, e.g. donations - other social costs due to environmental pollution)/total number of shares of the Company.



## » Optimizing Corporate Governance

In strict accordance with the dual regulatory requirements for listed companies and securities companies, the Company conscientiously implements the Company Law, the Securities Law, the Standards for the Governance of Listed Companies (《上市公司治理準則》) and other documents, keeps promoting the modernization of its corporate governance system and governance capacity and optimizing the operation mechanism for operation and management of general meetings, scientific decision-making of the Board, efficient implementation of senior management and strict supervision of the Supervisory Committee following the principles of independent operation, effective checks and balances, mutual cooperation and coordinated operation of various governance bodies to improve its corporate governance efficiency.

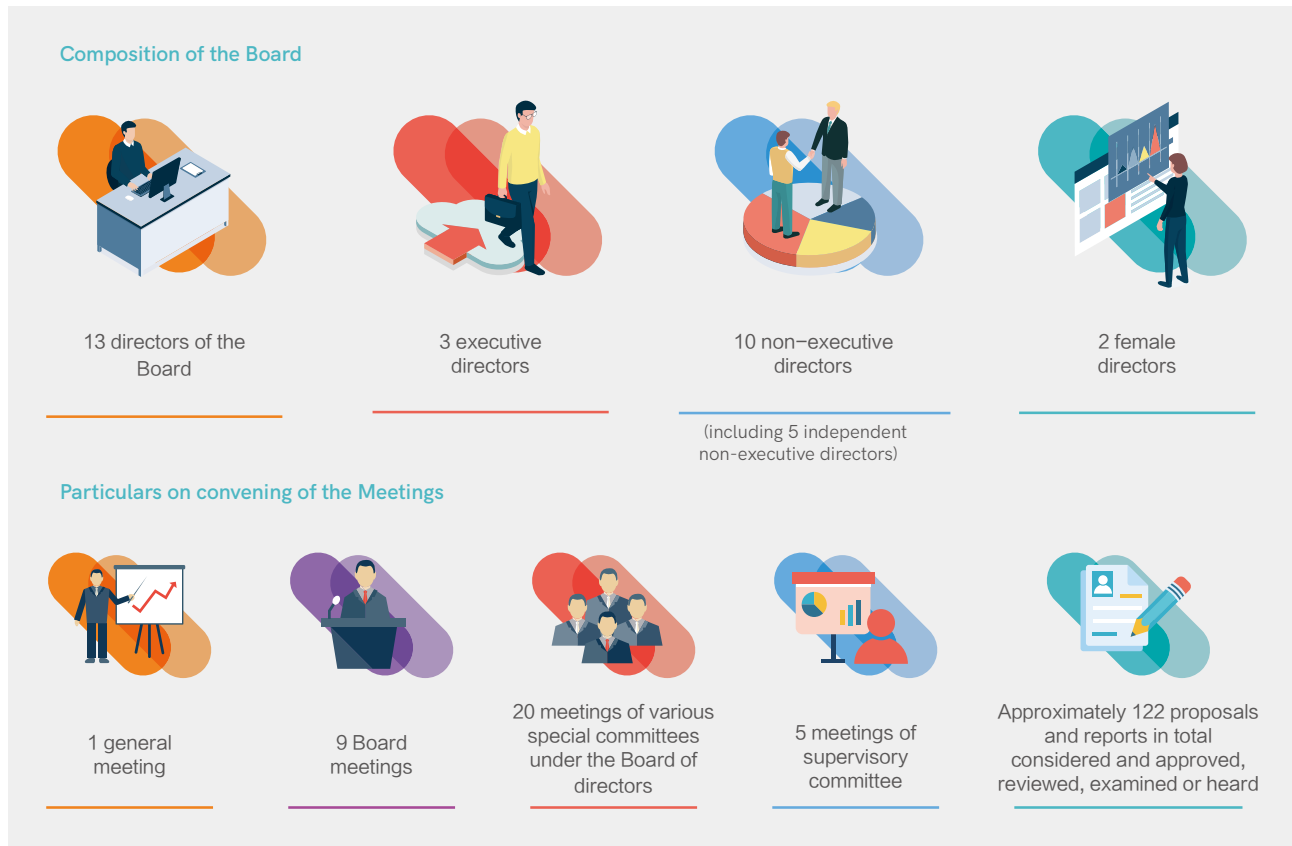
In 2020, Huatai Securities continued to be rated

## CLASS AA UNDER CATEGORY A

by the China Securities Regulatory Commission in its categorized assessment of securities companies.

In 2020, the Company continued to work on the construction of operation and management platform for governance of general meeting of shareholders, Board meeting and meeting of supervisory committee (the "Meetings"). The Company managed to save, update and share the materials of the Meetings, documents and files of corporate governance-related system and training materials, enhancing confidentiality of documentary management and security of file in use, in support for a standard and orderly corporate governance.

## Composition of the Board and Particulars on Convening of the Meetings of Huatai Securities in 2020



### » Disclosing Information in a Timely and Effective Manner

Acted in strict accordance with the Administrative Measures for the Disclosure of Information of Listed Companies issued by the CSRC and other legal norms and relevant requirements, the Company also formulated the Management Measures for Information Disclosure, the Internal Reporting System for Material Information and other rules and regulations to provide comprehensive regulation on information disclosure of the Company, so as to disclose information in a truthful, accurate, complete and timely manner, and ensure that all shareholders have equal access to relevant information of the Company.



In order to strengthen the management of inside information, the Company amended the System regarding Insider Registration and Management and Confidentiality in 2020, which was considered and approved by the Board of directors to effectively maintain the confidentiality of inside information, ensure fair disclosure of information and protect the legitimate rights and interests of investors.

During the Reporting Period, the Company disclosed 192 documents on the website of the Shanghai Stock Exchange, 221 documents on the website of the Hong Kong Exchanges and Clearing Limited, and 22 documents on the website of the London Stock Exchange, achieving zero error in the reporting of information. There were no accounting errors, omissions, corrections, corrections of forecasts, and other report errors and corrections.

### » Enhancing Communication with Investors

As the Company’s strategy of globalization continued to move forward, the Company amended the Administrative System Regarding Investor Relationship to further improve the operation of investor relationship, dedicated to the establishment of sound and smooth bridge for communication with investors both at home and abroad.

In 2020, the Company enhanced communication with investors through various channels and methods such as daily and monthly reports on investor relations, online conference of result announcement and field research, so as to fully guarantee investors’ right to know particulars of the Company’s business development, result movement and other operation information.

### Main Jobs for Communication with Investors of Huatai Securities in 2020

Channels and methods of communication	Main jobs
Network platform	Maintained and optimized the column of “Investor Relations” on the official website Replied to investors’ questions through the platform of SSE E-interactive Replied to investors’ inquiries through email of the Board
Online conference of result announcement	Held conference of annual result announcement for 2019 and conference of interim result announcement for the second half of 2020 through “Xing Zhi” (行知) APP Convened online meeting of annual result for 2019 on SSE Roadshow
Others	Received researchers and investors for their field researches and telephone interviews Streamlined and optimized investor logs and research indexes Arranged personnel to attend strategy seminars and investment forums organized by domestic and foreign securities operators

## » Strengthening Organizational Building

Centred on the “two-pronged” strategy, the Company implemented the requirements of the “Year for Enhancing Party Building” in the whole course of work, carefully performed its subject responsibility of Party committee, and actively promoted standardized, normalized and digital Party building work, in order to build a comprehensive battlefield integrating image display, Party spirit education and Party member activity.

In 2020, the Company implemented digital Party building work, continuously promoted the construction of information platform for Party building, constantly consolidated the foundation at the grassroots level, achieved the standardization and normalization of Party building work, and improved the quality and efficiency of the construction work at the grassroots level with help from technological energy. Meanwhile, the Company continued to accelerate its brand building of the Party and demonstrated its accomplishments gained from comprehensive and strict governance of the Party committee through production of Party building feature films, preparation of the annual report on construction work and other methods.

In addition, the Company continued to consolidate the result of themed education of “Remaining True to Our Original Aspiration and Keeping Our Mission Firmly in Mind”. The Company conducted various forms of virtue education and learning propaganda to guide the many members of the Party and employees to stick to their firm faith and belief so as to actively implement the Company’s general strategy and take initiative in their work, building consensus for high-quality development of the Company.

## » Anti-corruption

The Company raised employees’ awareness of incorruptible employment and regulated their work accordingly through systematic building and training related to anti-corruption. In 2020, no lawsuits relating to corruption occurred which were against the Company or its employee.

## Anti-corruption-related Performance Indicators

Indicators	Unit	2018	2019	2020
Number of anti-corruption training	Time	3	4	5
Number of people participating in anti-corruption training <sup>1</sup>	Person	2,309	3,310	9,449
Average anti-corruption training hours per capita of staff <sup>2</sup>	Hour	—	—	1.93

Note 1: In 2020, the Company enhanced anti-corruption training work by sending anti-corruption-related materials and typical cases to employees through the WeChat group “Discipline Inspection Working Group”, leading to a relatively larger number of people participating in anti-corruption training.

Note 2: Calculation method: Average anti-corruption training hours per capita of all staff for each year = total anti-corruption training hours of all staff / total number of staff; the Company has not calculated the total anti-corruption training hours of the staff for 2018 and 2019.

## 11.2 In Social Aspect

### » Employee Recruitment and Employment

The Company strictly observed the Labour Law of the People's Republic of China (《中華人民共和國勞動法》), Labour Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》) and other laws and regulations and formulated the Administrative Measures for Recruitment of Huatai Securities Co., Ltd., the Regulations on Procedures for Active and Passive Resignation of Employees and other internal policies. It signed labour contracts with all employees according to law on an equal and consultative basis and regulated procedures for employee resignation and dismissal, fully safeguarding the legitimate rights of employees during the recruitment and dismissal.

The Company strictly observed the Law on the Protection of Minors (《中華人民共和國未成年人保護法》), the Provisions on the Prohibition of Using Child Labour (《禁止使用童工規定》) and other laws and regulations, by strictly verifying employees' information to resolutely put an end to the recruitment of child labour. Meanwhile, the Company formulated the Attendance Checking System of Huatai Securities Co., Ltd., which clearly specifies employees' working hours, and examined employees' work intensity on a regular basis to avoid the occurrence of forced labour. In 2020, no confirmed event concerning illegal employment and labour was found in the Company.

### Employee Performance Indicators<sup>1</sup>

Indicator		Unit	2018	2019	2020
Total number of employees <sup>2</sup>		person	8,826	9,486	9,784
By gender	Male	person	4,757	5,127	5,320
	Female	person	4,069	4,359	4,464
By age	>50	person	276	334	391
	30-50	person	5,538	5,984	6,364
	<30	person	3,012	3,168	3,029
By region	Mainland China	person	8,665	9,288	9,560
	Overseas (including Hong Kong, Macao and Taiwan)	person	161	198	224
By education degree	Doctor	person	103	128	133
	Master	person	3,337	3,994	4,440
	College	person	4,769	4,880	4,814
	Technical school and below	person	617	484	397
Number of new employees		person	1,944	1,724	1,322
By gender	Male	person	1,076	1,006	777
	Female	person	868	718	545

Indicator		Unit	2018	2019	2020
By age	>50	person	4	9	5
	30-50	person	609	668	484
	<30	person	1,331	1,047	833
By region	Mainland China	person	1,875	1,639	1,259
	Overseas (including Hong Kong, Macao and Taiwan)	person	69	85	63
Graduates		person	754	618	582
Minority ethnic group		person	222	246	246
Handicapped		person	2	2	2
Loss of staff <sup>3</sup>		%	8.52	7.06	9.37
By gender	Male	%	9.89	7.89	10.09
	Female	%	6.87	6.06	8.51
By age	>50	%	5.49	2.46	2.30
	30-50	%	7.77	6.01	7.75
	<30	%	9.84	8.99	13.70
By region	Mainland China	%	7.95	6.79	9.13
	Overseas (including Hong Kong, Macao and Taiwan)	%	38.64	18.29	19.64
Labour discrimination		Case	0	0	0
Percentage of labour contracts signed		%	100	100	100

Note 1: The statistical caliber: The figures in 2018 are for Huatai Securities, Huatai United Securities, Huatai Purple Gold Investment, Huatai Futures, Huatai Asset Management, Huatai Financial Holdings (Hong Kong) (excluding AssetMark) and Jiangsu Equity Exchange. The figures regarding minority ethnic employees in 2019 and 2020 are for Huatai Securities, Huatai United Securities, Huatai Purple Gold Investment, Huatai Futures, Huatai Asset Management, Huatai Innovation Investment and Jiangsu Equity Exchange, and the rest are for Huatai Securities, Huatai United Securities, Huatai Securities (USA), Huatai Purple Gold Investment, Huatai Futures, Huatai Asset Management, Huatai Innovation Investment, Huatai Financial Holdings (Hong Kong) (excluding AssetMark) and Jiangsu Equity Exchange.

Note 2: The figures in 2018 and 2019 include the staff that have retired and were re-employed by the Company; the figures in 2020 excludes the staff that have retired and were re-employed by the Company; both the parent company and subsidiaries of Huatai Securities only accepted a small number of dispatched labour for positions such as security guard, cleaner and driver, and such dispatched workers have not been calculated.

Note 3: Calculation method: Loss rate of a particular type of staff = loss number of such type of staff during the year / number of such type of staff at the end of the year.

## » Employees' Rights and Benefits

The Company provided its employees with market-leading salary and incentive package. It offered competitive remunerations and ensured that all employees were entitled to public holidays, official holidays and other vacations as prescribed by the State as well as statutory benefits including social insurance and provident fund to earnestly safeguard basic rights of employees.

To further establish and improve the long-term incentive mechanism, the Company actively promoted the implementation of an equity incentive plan to further stimulate the vitality of the Company and encourage senior and middle management members and core talents who are closely related to the development of the Company's business to create long-term value for the Company. The total number of participants granted by Company under the equity incentive plan was 813,

representing 7.73% of the total number of 10,516 employees enrolled of the Company as of 31 December 2020.

The Company offered an all-round welfare security system for its employees. It guaranteed the post-retirement benefits of employees in all respects by formulating the Administrative Measures for Internal Early Retirement of Huatai Securities Co., Ltd., providing its employees with supplementary medical insurance, annual medical examinations and other welfare benefits and establishing the corporate annuity scheme. The Company also purchased commercial supplementary medical insurances for spouse and underage children of employees to provide comprehensive medical security for employees and their families and further relieve concerns of employees.

### Employee Welfare Security System

Welfare	Major contents of welfare
Basic Welfare	Pension insurance, medical insurance, unemployment insurance, work-related injury insurance and maternity insurance as well as housing provident fund
Employee Care	Employee assistance plan (EAP), Young employee care plan, anniversary care, birthday care, festival greetings and theme educational activity
Health Scheme	Comprehensive medical insurance, critical illness insurance, accident injury insurance, optional benefits and medical examination
Long term security	Corporate annuity

In 2020, the Company issued Notice on Effectively Enhancement of Safety Work of Fire Fighting in Office Area (《關於切實加強辦公區域消防安全工作的通知》) to further raise the employees' safety awareness of firefighting and strengthen safety work of fire fighting in office area. It also organized fire evacuation drill and educational training of firefighting on a regular basis so as to generalize firefighting know-how and improve self-help ability of employees under emergency.

The Company implemented medical examination matter for employees and assisted them to cope with working stress and release negative emotions through physical and mental health care project of "Sunshine Huatai" and other activities such as online saloon of "Combating Covid-19 pandemic and caring Huatai people" and caring day for customer service center, offering a scientific method for employees to stay healthy both physically and mentally. In 2020, the Company did not see any non-compliant events related to employees' occupational health and safety.

Employee Performance Indicators<sup>1</sup>

Indicator	Unit	2018	2019	2020
Coverage of social insurance	%	100	100	100
Number of female employees using maternity leave	person	589	201	249
Percentage of female employees returning to work after maternity leave <sup>2</sup>	%	100	100	100
Number of employees who die at work	person	0	0	0
Rate of work-related accidents <sup>3,4</sup>	‰	3	3	2
Number of working days lost due to work-related injury	day	90	65	97.5

Note 1: The statistical caliber: The figures in 2018 are for Huatai Securities, Huatai United Securities, Huatai Purple Gold Investment, Huatai Futures, Huatai Asset Management, Huatai Financial Holdings (Hong Kong) (excluding AssetMark) and Jiangsu Equity Exchange; the figures in 2019 and 2020 are for Huatai Securities, Huatai United Securities, Huatai Securities (USA), Huatai Purple Gold Investment, Huatai Futures, Huatai Asset Management, Huatai Financial Holdings (Hong Kong) (excluding AssetMark) and Jiangsu Equity Exchange.

Note 2: Calculation method: Percentage of female employees returning to work after maternity leave = number of female employees returning to work after maternity leave / number of female employees using maternity leave.

Note 3: Calculation method: Rate of work-related accidents = number of work-related accidents / total number of employees.

Note 4: According to the Regulation on Work-related Injury Insurances issued by the State Council, all work-related injuries occurring in the Company in three recent years did not meet the criteria of disability.

Attaching great importance to bidirectional communication with employees, the Company, based on the Employee Management Measures of Huatai Securities Co., Ltd., has established a comprehensive and normative performance management mechanism covering performance planning, management, tutoring and evaluation, result application and performance feedback and appeal, evaluating the performance of employees on a regular basis.

In the meantime, the Company established employee performance appeal mechanism under which dissenting employees may make performance appeal and human resource department will timely investigate the appeal case and form an opinion from investigation while applying strict confidential throughout the whole process of appeal, safeguarding employees' rights and interests when properly processing their appeals. In 2020, the Company received one performance appeal and, after forming opinion from investigation, handled such employee performance appeal by a closed-loop solution.

## » Staff training and development

Based on the Measures for Training Management of Huatai Securities Co. Ltd., the Company effectively instructed employees to make continuous progress in their career through advanced career development, online think tank, tutorial system, rotational training, business practice, external exchange and other diverse training models. The Company worked with external training institutions both at home and abroad such as Franklin Covey and Kellogg as well as Moody and other companies to conduct staff training so as to further enhance employees' leadership skills and occupational and professional capacity. Meanwhile, the Company not only arranged employees to actively take part in relevant training activities organized by industrial association and Shanghai Stock Exchange but also provided cooperative lecturers for the above-mentioned institutions.

To support the skill improvement and career development of employees and regulate the practice of securities and

fund practitioners of the Company to meet the requirements for industrial development, the Company organizes and continuously strengthens training on laws and regulations, practice code of conducts, business knowledge and professional skills and other aspects. The Company also reimbursed them for relevant training fees, raising their comprehensive quality and awareness of incorruptible employment and honest expansion of business.

Meanwhile, by providing reimbursement of fees and learning credit incentive, the Company encouraged employees to participate in external training, qualification tests and title appraisal recognized by competent securities institutions and the industry as well as on-job courses of continuing education for diploma, so as to systematically improve their comprehensive abilities and professional level. The Company further explored the means for supporting relevant employees in participating in the study for more high-quality professional qualification authentication.

### Staff Training Performance Indicators<sup>1</sup>

Indicator		Unit	2018	2019	2020
Staff training attendance <sup>2</sup>		person-time	63,382	71,823	2,338,658
Total expense of staff training		RMB10,000	2,041.61	2,364.21	1,382.64
Coverage ratio of staff training <sup>3</sup>		%	100	100	100
By gender	male	%	100	100	53.19
	female	%	100	100	46.81
By staff type	ordinary staff	%	100	100	86.45
	junior management	%	100	100	12.28
	senior and middle management	%	100	100	1.26
Average training hours per capita of all staffs for each year <sup>4</sup>		hour	51.50	54.44	64.06
By gender	male	hour	51.30	54.20	63.94
	female	hour	51.80	54.70	64.19
By staff type	ordinary staff	hour	46.70	47.50	55.77
	junior management	hour	85.00	88.00	114.24
	senior and middle management	hour	126.00	130.00	145.16



Note 1: The statistical caliber: The figures about staff training attendance, total expense of staff training and coverage ratio of staff training in 2018 are for Huatai Securities, Huatai United Securities, Huatai Purple Gold Investment, Huatai Futures, Huatai Asset Management, Huatai Financial Holdings (Hong Kong) (excluding AssetMark) and Jiangsu Equity Exchange, and the rest figures are for Huatai Securities; the figures of staff training attendance and total expense of staff training in 2019 are for Huatai Securities, Huatai United Securities, Huatai Securities (USA), Huatai Purple Gold Investment, Huatai Futures, Huatai Asset Management, Huatai Innovative, Huatai Financial Holdings (Hong Kong) (excluding AssetMark) and Jiangsu Equity Exchange, and the rest figures are for Huatai Securities; the figures in 2020 are for Huatai Securities.

Note 2: The figure of staff training attendance in 2020 included the attendance of online learning on the platform of HTSC Cloud Academy, therefore recording a substantial increase as compared with 2019.

Note 3: The calculation method of coverage ratio of staff training in 2018 and 2019: Coverage ratio of staff training for each type = number of staff participating training for such type / total number of staff for such type. According to How to prepare an ESG Report- Appendix 3: Reporting Guidance on Social KPIs(March 2020) issued by Hong Kong Stock Exchange, the calculation method for 2020 was adjusted to: Coverage ratio of staff training for each type = number of staff participating training for such type / total number of staff participating training.

Note 4: Calculation method: Average training hours per capita of for each type of staff each year = total training hours for such type of staff / total number of such type of staff.

## » Intellectual Property Management

In accordance with the Trademark Law, Copyright Law, Patent Law and other laws and regulations, the Company formulated and issued the Interim Measures for the Management of Intangible Assets, gradually detailing the management of intangible assets involving patent rights, technology, software, trademark rights and other intellectual property rights. In 2020, the Company comprehensively amended the intellectual property management system, timely supplemented the specific requirements of laws and regulations, updated the management responsibilities and management contents of each department, and improved the timeliness of the intellectual property management system.

In 2020, the Company organized and carried out the education activities to popularize legal knowledge related to the intellectual property rights by ways of a combination of online and offline forms, and invited experts in the field of intellectual property law to provide professional training and interpretation with respect to copyright protection, privacy protection, network security and other related matters so as to promote relevant knowledge of the intellectual property rights and raise the awareness of protecting intellectual property rights.

## » Responsible Marketing

In strict compliance with various requirements on financial marketing publicity and product advertisement stipulated by laws and regulations such as Advertisement Law, Notice on Further Standardizing Financial Marketing Publicity and Measures for Supervision and Administration of the Sales Organizations of Securities Investment Funds in Public Offering, the Company formulated the Administrative Measures for Marketing Publicity Activities of Huatai Securities Co., Ltd. and the Administrative Measures for Proxy Sale of Financial Products by Huatai Securities Co., Ltd. to carry out strict management on marketing and promotional materials and activities, so as to make sure customers are updated with true and complete product information and protect the legitimate rights and interest of clients.

Meanwhile, the Company prohibited marketers from misleading investors into purchasing financial products through exaggerated or false publicity, etc., and made complete product information available to customers through its official website "www.htsc.com.cn", ZhangLe Fortune Path and other trade terminals, hotline at 95597, online customer service, etc. In addition, the Company provided hotline at 95597 and other ways for customers to feedback or complain about illegal publicity. In the return visit of financial product sales, special questions were also set to learn whether there were improper behaviors such as exaggerated or false publicity and over-zealously promoting products beyond customers' risk tolerance in the process of selling products.

In 2020, the Company committed no violations regarding product or service information or marks, nor did it commit any marketing non-compliances.

## » Supply Chain Management

The suppliers of Company are mainly categorized into those related to IT hardware, IT software, products for project construction, comprehensive materials, products for Internet marketing, information products and relevant services.

By strictly following the Tendering and Bidding Law of the People’s Republic of China (《中華人民共和國招標投標法》), the Government Procurement Law of the People’s Republic of China (《中華人民共和國政府採購法》) and other laws and regulations, the Company revised the Procurement Management Measures of Huatai Securities Co., Ltd. (amended in 2020) in 2020, further optimized management method of suppliers and created sound supplier cooperation ecosystem by strengthening the precise management, improving the substantive verification mechanism, increasing the cost of non-compliance and simplifying the short-listing examination and approval process.

The supplier management system of the Company is connected to the real-time data of the national enterprise credit information disclosure system, and carries out real-time monitoring and early warning on the violation situation of ESG of suppliers. For the suppliers who seriously violate laws and regulations, they will be removed from the system list immediately after verification and added to the company’s supplier blacklist.

The Company insisted on promoting the concept of sustainable development when selecting suppliers. As clearly stipulated in Procurement Management Measures of Huatai Securities Co., Ltd. (amended in 2020), “the Company shall give priority to purchasing energy saving and environmental protection products in procurement”, so as to promote the green transformation of suppliers.

The Company attached great importance to the performance of suppliers in environmental, labor, business ethics and other social responsibilities, and would cross out unqualified suppliers. Meanwhile, the Company set anti-commercial bribery clauses in all contracts with supplier to strictly monitor and prevent all kinds of commercial bribery activities.

In terms of anti-improper competition, the Company issued the Notice on Strengthening the Verification of Associated Relationship of Supplier (Bidder), according to which the verification work shall be taken into consideration in the process of procurement to monitor the associated relationship of suppliers in real time and avoid improper competitive behaviors such as bid-rigging and bidding collusion by suppliers. At the same time, the Company updated relevant systems in accordance with laws and regulations and the requirements of the State Administration of Taxation to ensure the effectiveness and binding force of management policies and regulate business ethics of suppliers.

### Suppliers Performance Indicators<sup>1</sup>

Indicator	Unit	2018	2019	2020
Number of suppliers in Mainland China	supplier	397	503	567
Number of overseas suppliers (including Hong Kong, Macao and Taiwan)	supplier	18	30	28

Note 1: The statistical caliber: the parent company of Huatai Securities. The above data are estimates.



## » Customer Services

The Company accepted customer consultation and complaints through various channels such as the official customer service hotline 95597, online customer service of ZhangLe Fortune Path, official website and offline branch offices. To effectively handle customer consultation and complaints, the Company formulated Customer Complaint and Handling System of Huatai Securities Co., Ltd., standardized all aspects of complaint acceptance, handling and feedback as well as return visit in terms of enhancing customer satisfaction and corporate brand connotation, clarified the division of responsibilities among various units, and improved the efficiency of complaint handling.

In order to create the excellent service experience, the customer service center established a linkage mechanism with the Compliance and Law Department to deal with customer complaints on a refining and professional basis, and actively promoted the optimization of the Company's system and

process. During the Reporting Period, the Company dealt with nearly 4,000 customer complaints or suggestions and feedback, with a complaint handling rate of 100%.

In 2020, the customer service center of the Company fully initiated the development of smart customer service platform, carried out digital transformation of a number of service processes, and effectively strengthened customer service efficiency and improved customer service standards.

In 2020, the Company, through the customer service center, handled 23,370,600 customer service needs from different channels. Customer satisfaction as shown in comprehensive evaluation was 99.75%. Moreover, to listen to the voice of customers in an all-round way, the Company kept paying attention to the service evaluation for the counter business in outlets. During the Reporting Period, customer satisfaction with the business handling in outlets was 98.33%.

### Customer Service Performance Indicators

Indicator	Unit	2018	2019	2020
Number of customer consultation <sup>1</sup>	case	2,159,982	3,175,300	8,806,940
Customer satisfaction surveys conducted <sup>2</sup>	times	329,653	387,057	534,486
Customer satisfaction	%	99.41	99.53	99.72
Ratio of manual customer service to total customer service business <sup>3</sup>	%	14.68	13.03	8.81
Ratio of online customer service to total customer service business	%	28.93	28.08	14.06
Ratio of smart customer service to total customer service business	%	56.39	58.89	77.13

Note 1: The statistical caliber: Inbound service volume of customer service center, manual online service volume and intelligent robot service volume.

Note 2: The statistical caliber: Customer service center and business outlets.

Note 3: Manual customer service represented telephone customer service.

## » Community Investment

The Company continued to expand the volunteer team and constantly improved their service capability through professional training, striving for a professional volunteer services. In 2020, employees in the headquarter, branches and subsidiaries of the Company carried out volunteer activities from such aspects as environmental protection, education and health so as to actively practice the commonweal concept of Huatai Securities. During the Reporting Period, 424 employees spent more than 3,690 hours in volunteer activities.

Alongside with the annual "World Sight Day", the Second Volunteer Service Day of Huatai United Securities also arrived as scheduled in October 2020. Huatai United Securities joined hands with AIER Eye Hospital and Social Work Development Center for Facilitators to bring vision screening and eye care knowledge popularization activities for migrant children. Approximately 170 children in aggregate in Beijing and Nanjing received such vision screening volunteer service in which more than 30 staff volunteers from Huatai United Securities taken part.

## 11.3 In Environment Aspect

### » Energy and Material Management

Energies consumed by the Company mainly include electricity, natural gas and oil consumed by the Company's business vehicles; and material consumption mainly includes paper consumption caused by contracts, bills, documents and other paper materials during office work. The company actively promotes the concept of green operation, implements a number of measures for resource saving and energy saving and emission reduction, making contributions to minimize its impact on the environment. In 2020, there was no violation of laws or regulations in respect of environmental protection within the Company.

The Company continued to promote paperless office, and by leveraging on electronic signature platform launched in 2019, it has reduced the use of paper contracts through electronic stamp and electronic signature and has comprehensively implemented relevant process for all electronic stamp within the Group in 2020. In 2020, the Company used electronic stamp for approximately 37,834 times, saving over 1 million sheets of paper.

### Performance Indicators for Greenhouse Gas (GHG) Emissions and Energy and Material Consumption<sup>1</sup>

Indicator	Unit	2018	2019	2020
Total greenhouse gas (GHG) emissions <sup>2</sup>	tons of CO <sub>2</sub> equivalent	29,407.69	32,671.24	35,114.41
Category 1 greenhouse gas (GHG) emissions	tons of CO <sub>2</sub> equivalent	1,674.83	1,626.25	1,563.48
Category 2 greenhouse gas (GHG) emissions	tons of CO <sub>2</sub> equivalent	20,943.96	23,013.46	23,543.20
Category 3 greenhouse gas (GHG) emissions	tons of CO <sub>2</sub> equivalent	6,788.90	8,031.53	10,007.73
Total greenhouse gas (GHG) emissions per person (Category 1 and Category 2)	tons of CO <sub>2</sub> equivalent/person	4.86	4.31	3.85
Greenhouse gas (GHG) emissions per unit area (Category 1 and Category 2)	tons of CO <sub>2</sub> equivalent/m <sup>2</sup>	0.15	0.16	0.16

Indicator	Unit	2018	2019	2020
Total electricity consumption <sup>3</sup>	kWh	29,940,069	32,796,873	33,631,525
Electricity consumption per person	kWh/person	6,805.70	6,431.81	5,740.74
Electricity consumption per unit area	kWh/m <sup>2</sup>	178.71	199.64	216.28
Total natural gas consumption	m <sup>3</sup>	464,824.40	454,411.80	445,077.50
Natural gas consumption per person	m <sup>3</sup> /person	99.85	79.54	68.20
Natural gas consumption per unit area	m <sup>3</sup> /m <sup>2</sup>	3.10	3.00	2.79
Oil consumption of the Company's vehicles <sup>4</sup>	liter	246,893.49	236,867.77	219,919.18
Diesel consumption of diesel generators <sup>5</sup>	liter	0	400	1,600
Total paper consumption <sup>6</sup>	package	5,500	5,885	6,750

Note 1: The statistical caliber: The figures of diesel consumption of diesel generators are for Huatai Securities Square; the figures of total paper consumption are for headquarters of the parent company of Huatai Securities and its branches; the rest figures are for headquarters of the parent company of Huatai Securities, Huatai Futures, Huatai United Securities, Huatai Innovative, Huatai Financial Holdings (Hong Kong) (excluding AssetMark), Huatai Asset Management, Huatai Purple Gold, Jiangsu Equity Exchange and 28 branches.

Note 2: Category 1 greenhouse gas (GHG) emissions include direct greenhouse gas emissions from natural gas consumption, self-owned vehicles gasoline consumption and diesel consumption of diesel generators of the Company; Category 2 greenhouse gas (GHG) emissions include indirect greenhouse gas emissions from purchased electricity, calculation method of which is with reference to How to prepare an ESG Report - Appendix 2: Reporting Guidance on Environmental KPIs (March 2020) issued by Hong Kong Stock Exchange; Category 3 greenhouse gas (GHG) emissions is estimated by using calculation method for Greenhouse Gas Protocol (Category 3); the figures in 2020 include emission from electricity, natural gas and other consumption by tenants in Huatai Securities Square and emission from traveling by air and resting in hotel on business trip by employees of the Company; the figures in 2018 and 2019 include emission from electricity, natural gas and other consumption by tenants in Huatai Securities Square.

Note 3: In 2019, the Company officially started to use the machine room on the 9th floor of the data center at Huatai Securities Square, and the electricity consumption has therefore increased as compared with that in 2018.

Note 4 and 6: The data of oil consumption of self-owned vehicles and paper consumption are estimates.

Note 5: In 2020, in order to guarantee the security of data center machine room, the Company carried out power off with load test for two machine units in the data center on a quarterly basis with diesel consumption of 400 liter per hour, therefore the consumption of diesel in 2020 increased greatly as compared with that of 2019.

## » Water Resource Management

The Company adopts municipal water as the main source, and consumes water mainly for work in daily operations.

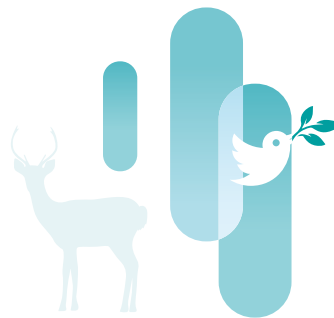
Advocating water saving, the Company uses water-saving sanitary ware to reduce water consumption; makes full use of the rainwater recovery system, collects rainwater in the rainy

season, and irrigates plants in the dry season; conducts regular maintenance on water equipment to prevent evaporating, emitting, dripping, and leaking. In 2020, Huatai Securities Square consumed approximately 153,800 tons of water, representing a decrease of 25,700 tons or 14.33% as compared to 2019.

### Performance Indicators for Water Resource Consumption<sup>1</sup>

Indicator	Unit	2018	2019	2020
Total water consumption	ton	98,837.30	94,915.78	87,012.48
Water consumption per person	ton/person	21.23	16.61	13.33
Water consumption per unit area	ton/m <sup>2</sup>	0.66	0.63	0.55

Note 1: The statistical caliber: Headquarters of the parent company of Huatai Securities, Huatai Futures, Huatai United Securities, Huatai Innovative, Huatai Financial Holdings (Hong Kong) (excluding AssetMark), Huatai Asset Management, Huatai Purple Gold, Jiangsu Equity Exchange and 28 branches.



## » Sewage and Waste Management

The Company mainly produces hazardous wastes including electronics waste, toners and cartridges, non-hazardous wastes including office waste, and wastewater in work and service provision.

Adhering to the concept of “utilizing waste to create value” for waste treatment, the Company evaluates the reusability of

discarded office devices and encourages reusing of waste and old materials to reduce unnecessary waste; entrusts a qualified company to recycle and dispose of or reuse hazardous wastes; requires the property management center to clear and transport office waste to minimize adverse impacts on environment; discharges wastewater into the municipal sewage pipeline and transports wastewater to the municipal wastewater treatment plant.

### Performance Indicators for Waste Production Volume<sup>1</sup>

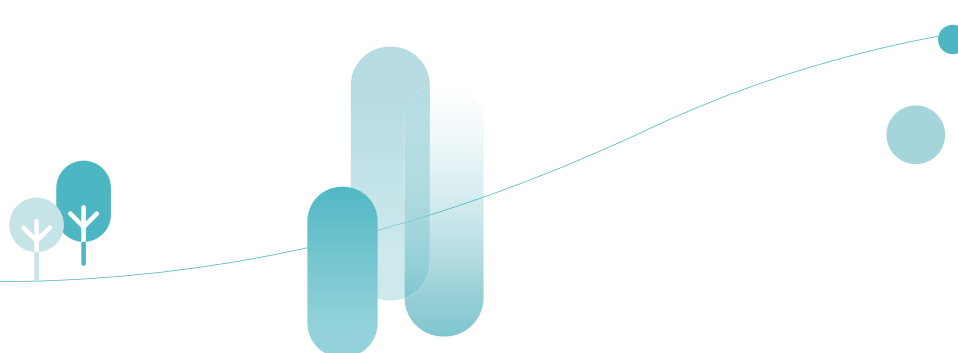
Indicator	Unit	2018	2019	2020
Waste volume of electronics <sup>2</sup>	unit	13,000	8,160	10,713
Toner <sup>3</sup>	unit	130	138	155
Cartridge <sup>3</sup>	unit	525	551	596
Discarded fluorescent tube	unit	—	—	500

Note 1: The statistical caliber: Headquarters of the parent company of Huatai Securities and its branches.

Note 2: The statistical scope of the electronic waste includes laptops, monitors, desktops, all-in-ones, routers, UPS, etc., which are calculated by physical asset management system.

Note 3: The consumption volume data of toners and cartridges are estimates.

Note 4: The Company has not yet made statistics on the office waste since it is cleared by the property management center.



## Definitions

In this report, unless the context otherwise requires, the following terms and expressions have the meanings set forth below:

Terms and expressions	Definitions
CSRC	China Securities Regulatory Commission ( 中国证券监督管理委员会 )
Shanghai Stock Exchange or SSE	the Shanghai Stock Exchange ( 上海证券交易所 )
Shenzhen Stock Exchange	the Shenzhen Stock Exchange ( 深圳证券交易所 )
Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited ( 香港联合交易所有限公司 )
London Stock Exchange or LSE	the London Stock Exchange plc ( 伦敦证券交易所 )
NEEQ Company	National Equities Exchange and Quotations Co., Ltd. ( 全国中小企业股份转让系统有限责任公司 )
Investor Protection Fund	China Securities Investor Protection Fund Corporation Limited ( 中国证券投资者保护基金有限责任公司 )
Huatai Securities, Company or Parent Company	Huatai Securities Co., Ltd. ( 华泰证券股份有限公司 )
Group, Our Group, we or us	the Company and its subsidiaries
Huatai United Securities	Huatai United Securities Co., Ltd. ( 华泰联合证券有限责任公司 ), a holding subsidiary of the Company
Huatai Futures	Huatai Futures Co., Ltd. ( 华泰期货有限公司 ), a holding subsidiary of the Company
Huatai Purple Gold	Huatai Purple Gold Investment Co., Ltd. ( 华泰紫金投资有限责任公司 ), a wholly-owned subsidiary of the Company
Huatai Asset Management	Huatai Securities (Shanghai) Asset Management Co., Ltd. ( 华泰证券(上海)资产管理有限公司 ), a wholly-owned subsidiary of the Company
Huatai International	Huatai International Financial Holdings Company Limited ( 华泰国际金融控股有限公司 ), a wholly-owned subsidiary of the Company
Huatai Financial Holdings (Hong Kong)	Huatai Financial Holdings (Hong Kong) Limited ( 华泰金融控股(香港)有限公司 ), a wholly-owned subsidiary of Huatai International
Huatai Securities (USA)	Huatai Securities (USA), Inc. ( 华泰证券(美国)有限公司 ), a wholly-owned subsidiary of Huatai International
Huatai Innovative	Huatai Innovative Investment Co., Ltd. ( 华泰创新投资有限公司 ), a wholly-owned subsidiary of the Company
Jiangsu Equity Exchange	Jiangsu Equity Exchange Co., Ltd. ( 江苏股权交易中心有限责任公司 ), a holding subsidiary of the Company
China Southern Asset Management	China Southern Asset Management Co., Ltd. ( 南方基金管理股份有限公司 )
Huatai-PineBridge	Huatai-PineBridge Fund Management Co., Ltd. ( 华泰柏瑞基金管理有限公司 )
AssetMark	AssetMark Financial Holdings, Inc.
A Share(s)	domestic share(s) in the share capital of the Company with nominal value of RMB1.00 each, which are listed on the Shanghai Stock Exchange and traded in RMB
H Share(s)	foreign share(s) in the share capital of the Company with nominal value of RMB1.00 each, which are listed on the Hong Kong Stock Exchange and traded in HK dollars
GDR	Global Depository Receipt
CSR	Corporate Social Responsibility
ESG	Environmental, Social and Corporate Governance
IPO	Initial Public Offering
CAMS	Credit Analysis and Management System
Reporting Period	the year of 2020



## Explanations for Preparation of This Report

### Scope

Organization scope: The scope of this report is consistent with that of the Company's annual consolidated financial statements.

Reporting Period: from January 1, 2020 to December 31, 2020.

Reporting Cycle: Annual. The last report is 2019 CSR report.

### Basis

The preparation of this report is in accordance with the Notice on Strengthening Assumption of Social Responsibility by Listed Companies and Issuing the "Guidelines of Environmental Information Disclosure by Companies Listed on Shanghai Stock Exchange" and the Notice on Further Improvement of Information Disclosure of Poverty Alleviation by Listed Companies issued by the Shanghai Stock Exchange, the Environmental, Social and Governance Reporting Guide (2015) set out in Appendix 27 to the Listing Rules issued by the Stock Exchange of Hong Kong, and core plans of the Sustainability Reporting Standards (2016) issued by the Global Reporting Initiative (GRI), and also with reference to the Consultation Conclusions on ESG Reporting Guide (2019) and the Corporate Governance Code set out in Appendix 14 to the Main Board Listing Rules issued by the Stock Exchange of Hong Kong.

### Data Explanation

The data and cases in the report are from the primary record of operation or financial reports of Huatai Securities and its subsidiaries. Unless otherwise specified, the unit of the financial information in this report is RMB. In case of any inconsistency with financial reports, the financial reports shall prevail. Huatai Securities and its subsidiaries mentioned in this report have been searched in the environment database of Shanghai Qingyue Environment Protection Center and there has been no negative environmental report in the reporting period.

### Accesses

Shanghai Stock Exchange website ([www.sse.com.cn](http://www.sse.com.cn))

HKEX news website ([www.hkexnews.hk](http://www.hkexnews.hk))

London Stock Exchange website ([www.londonstockexchange.com](http://www.londonstockexchange.com))

Huatai Securities Co., Ltd. website ([www.htsc.com.cn](http://www.htsc.com.cn))

## Report Index

### Index of the Guidelines of Environmental Information Disclosure by Companies Listed on Shanghai Stock Exchange issued by the Shanghai Stock Exchange

the Notice on Strengthening Assumption of Social Responsibility by Listed Companies and Issuing the “Guidelines of Environmental Information Disclosure by Companies Listed on Shanghai Stock Exchange”

Disclosure Advice	Section Index
Article 1	About Huatai Securities
Article 2	ESG Statement by the Board 3. Special on Responsibility: Devoted to Long-term Development of Sustainable Finance 4. Holding Fast to Risk Compliance to Achieve Long-term Development 5. Improving Customer Service Experience by Trust and Win-win Cooperation 6. Making Finance Serve the Real Economy in a High-quality and Efficient Way 7. Low-carbon Transformation to Boost the Development of Green Economy 8. Empowering People by Building a Platform for Employee Development 9. Dedicating to Public Welfare and Working Together to Protect an Ecological Friendly Environment 10. Remaining True to Our Original Aspiration to Jointly Create a Harmonious Community 11. ESG Management and Performance
Article 3	Meet the Requirements
Article 4	11. ESG Management and Performance
Article 5: (1)	3. Special on Responsibility: Devoted to Long-term Development of Sustainable Finance 5. Improving Customer Service Experience by Trust and Win-win Cooperation 6. Making Finance Serve the Real Economy in a High-quality and Efficient Way 8. Empowering People by Building a Platform for Employee Development 9. Dedicating to Public Welfare and Working Together to Protect an Ecological Friendly Environment 10. Remaining True to Our Original Aspiration to Jointly Create a Harmonious Community 11. ESG Management and Performance
Article 5: (2)	7. Low-carbon Transformation to Boost the Development of Green Economy 9. Dedicating to Public Welfare and Working Together to Protect an Ecological Friendly Environment 11. ESG Management and Performance
Article 5: (3)	3. Special on Responsibility: Devoted to Long-term Development of Sustainable Finance 4. Holding Fast to Risk Compliance to Achieve Long-term Development 5. Improving Customer Service Experience by Trust and Win-win Cooperation 6. Making Finance Serve the Real Economy in a High-quality and Efficient Way 8. Empowering People by Building a Platform for Employee Development 11. ESG Management and Performance
Article 6	Meet the Requirements
Article 7	Meet the Requirements

## Index of ESG Reporting Guide (2019) on Hong Kong Stock Exchange

This version was released in 2019 and is effective for fiscal years beginning on or after July 1, 2020

Aspects, General Disclosures and KPIs	Description	Sections
Subject Area A. Environmental		
Aspect A1: Emissions		
General Disclosure A1	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	7.1 Active response to climate change; 11.3 In Environment Aspect
KPI A1.1	The types of emissions and respective emissions data.	11.3 In Environment Aspect
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	11.3 In Environment Aspect
KPI A1.3	Total hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production, per facility).	11.3 In Environment Aspect
KPI A1.4	Total non-hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production, per facility).	11.3 In Environment Aspect
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	11.3 In Environment Aspect
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	11.3 In Environment Aspect
Aspect A2: Use of Resources		
General Disclosure A2	Policies on the efficient use of resources, including energy, water and other raw materials.	7.1 Active response to climate change; 11.3 In Environment Aspect
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production, per facility).	11.3 In Environment Aspect
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production, per facility).	11.3 In Environment Aspect
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	11.3 In Environment Aspect
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	11.3 In Environment Aspect
KPI A2.5	Total packaging material used for finished products (in tons) and, if applicable, with reference to per unit produced.	The Company's products are financial products which are not applicable for this indicator

Aspects, General Disclosures and KPIs	Description	Sections
Aspect A3: The Environment and Natural Resources		
General Disclosure A3	Policies on minimizing the issuer's significant impact on the environment and natural resources.	7.1 Active response to climate change; 11.3 In Environment Aspect
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	7.1 Active response to climate change; 11.3 In Environment Aspect
Aspect A4: Climate Change		
General Disclosure A4	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	7.1 Active response to climate change
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	7.1 Active response to climate change
Subject Area B. Social Employment and Labour Practices		
Aspect B1. Employment		
General Disclosure B1	Information on: (a)the policies; and (b)compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, antidiscrimination, and other benefits and welfare.	8. Empowering People by Building a Platform for Employee Development; 11.2 In Social Aspect
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	11.2 In Social Aspect
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	11.2 In Social Aspect
Aspect B2. Health and Safety		
General Disclosure B2	Information on: (a)the policies; and (b)compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards	11.2 In Social Aspect
KPI B2.1	Number and rate of work-related fatalities.	11.2 In Social Aspect
KPI B2.2	Lost working days due to work injury.	11.2 In Social Aspect
KPI B2.3	Description of occupational health and safety measures adopted and how they are implemented and monitored.	11.2 In Social Aspect
Aspect B3. Development and Training		
General Disclosure B3	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	8.2 Support for Employee Development; 11.2 In Social Aspect

Aspects, General Disclosures and KPIs	Description	Sections
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	11.2 In Social Aspect
KPI B3.2	The average training hours completed per employee by gender and employee category.	11.2 In Social Aspect
Aspect B4. Labour Standards		
General Disclosure B4	Information on: (a)the policies; and (b)compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	11.2 In Social Aspect
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	11.2 In Social Aspect
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	11.2 In Social Aspect
Subject Area B. Social Operating Practices		
Aspect B5. Supply Chain Management		
General Disclosure B5	Policies on managing environmental and social risks of the supply chain.	11.2 In Social Aspect
KPI B5.1	Number of suppliers by geographical region.	11.2 In Social Aspect
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	11.2 In Social Aspect
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	11.2 In Social Aspect
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	11.2 In Social Aspect
Aspect B6. Product Responsibility		
General Disclosure B6	Information on: (a)the policies; and (b)compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters of products and services provided and methods of redress.	11.2 In Social Aspect
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	The Company's products are financial products which are not applicable for this indicator
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	11.2 In Social Aspect
KPI B6.3	Description of practices relating to maintenance and protecting intellectual property rights.	11.2 In Social Aspect

Aspects, General Disclosures and KPIs	Description	Sections
KPI B6.4	Description of quality assurance process and recall procedures.	The Company's products are financial products which are not applicable for this indicator
KPI B6.5	Description of consumer data protection and privacy policies and how they are implemented and monitored.	11.2 In Social Aspect
Aspect B7. Anti-corruption		
General Disclosure B7	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	4.4 Anti-corruption
KPI B7.1	Number of corruption lawsuits filed and concluded against issuers or their employees during the reporting period and litigation outcome.	4.4 Anti-corruption
KPI B7.2	Describe preventive measures and reporting procedures, as well as related implementation and monitoring methods.	4.4 Anti-corruption
KPI B7.3	Description of anti-corruption training provided to directors and staff.	4.4 Anti-corruption
Aspect B8. Community Investment		
General Disclosure B8	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	9. Dedicating to Public Welfare and Working Together to Protect an Ecological Friendly Environment; 10. Remaining True to Our Original Aspiration to Jointly Create a Harmonious Community 11.2 In Social Aspect
KPI B8.1	Focus on areas of contribution (e.g. education, environmental issues, labour needs, health, culture, sports).	9. Dedicating to Public Welfare and Working Together to Protect an Ecological Friendly Environment; 10. Remaining True to Our Original Aspiration to Jointly Create a Harmonious Community 11.2 In Social Aspect
KPI B8.2	Use of resources (e.g. money or time) in the area of focus.	9. Dedicating to Public Welfare and Working Together to Protect an Ecological Friendly Environment; 10. Remaining True to Our Original Aspiration to Jointly Create a Harmonious Community 11.2 In Social Aspect

## Index of Sustainability Reporting Standards (2016)

Sustainability Reporting Standards Indicator		Disclosure Content
Basis		
101-1	Reporting basis, including reporting principles to define the content and quality of the report.	Explanations for Preparation of This Report
Organization Profile		
102-1	Name of the organization.	1.1 Company Overview
102-2	Activities, brands, products, and services.	1.1 Company Overview
102-3	Location of headquarters.	Back Cover
102-4	Number of countries where the organization operates, and the names of countries where it has significant operations and/or that are relevant to the topics covered in the report.	1.1 Company Overview
102-5	Nature of ownership and legal form.	1.1 Company Overview
102-6	Markets served.	1.1 Company Overview
102-7	Scale of the organization.	1.1 Company Overview
102-8	Information on employees and other workers.	11.2 In Social Aspect
102-9	Describe the organization's supply chain, including its main elements as they relate to the organization's activities, primary brands, products, and services.	1.1 Company Overview
102-10	Significant changes to the organization's size, structure, ownership, or supply chain (including changes in the location of, or changes in, operations; changes in the share capital structure and other capital formation, maintenance, and alteration operations; changes in the location of suppliers, the structure of the supply chain, or relationships with suppliers).	1.1 Company Overview
102-11	Precautionary Principle or approach.	3. Special on Responsibility: Devoted to Long-term Development of Sustainable Finance; 4. Holding Fast to Risk Compliance to Achieve Long-term Development
102-12	Externally-developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes, or which it endorses.	Report Index
102-13	Major industry associations or other associations that the organization joins, as well as national or international advocacy organizations.	1.2 International Recognition
Strategy		
102-14	Statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy for addressing sustainability.	ESG Statement by the Board

Sustainability Reporting Standards Indicator		Disclosure Content
102-15	Describe key impacts, risks, and opportunities.	ESG Statement by the Board
Morality and Integrity		
102-16	Describe the organization's values, principles, standards, and norms of behaviour.	2.1 Principles and Management
Governance		
102-18	Governance structure.	1.1 Company Overview
102-21	Consultations with stakeholders on economic, environmental and social issues.	2.2 Communication with the Stakeholders and Analysis of Substantive Issues
102-22	Explain the composition of the highest governance body and its committee.	1.1 Company Overview
102-29	Identification and management of economic, environmental and social impacts.	2.2 Communication with the Stakeholders and Analysis of Substantive Issues
Stakeholder Involvement		
102-40	A list of stakeholder groups engaged by the organization.	2.2 Communication with the Stakeholders and Analysis of Substantive Issues
102-41	Percentage of total employees covered by collective bargaining agreements.	11.2 In Social Aspect
102-42	Describe the basis for identification and selection for selected stakeholders.	2.2 Communication with the Stakeholders and Analysis of Substantive Issues
102-43	The organization's approach to stakeholder engagement.	2.2 Communication with the Stakeholders and Analysis of Substantive Issues
102-44	Key topics and concerns that have been raised through stakeholder engagement, including how the organization has responded to those key topics and concerns, and the stakeholder groups that raised each of the key topics and concerns.	2.2 Communication with the Stakeholders and Analysis of Substantive Issues
Report Overview		
102-45	Entities included in the consolidated financial statements.	Explanations for Preparation of This Report
102-46	Define the report content and the topic Boundaries.	2.2 Communication with the Stakeholders and Analysis of Substantive Issues
102-47	List all the material topics identified in the process for defining report content.	2.2 Communication with the Stakeholders and Analysis of Substantive Issues



Sustainability Reporting Standards Indicator		Disclosure Content
102-48	The effect of any restatements of information given in previous reports, and the reasons for such restatements.	Not Involved
102-49	Significant changes from previous reporting periods in the list of material topics and topic Boundaries.	2.2 Communication with the Stakeholders and Analysis of Substantive Issues
102-50	The reporting period for the information provided (e.g. financial year or calendar year).	Explanations for Preparation of This Report
102-51	The date of the most recent previous report (if applicable).	Explanations for Preparation of This Report
102-52	Reporting cycle (e.g. once a year, once every two years).	Explanations for Preparation of This Report
102-53	The contact point for questions regarding the report or its contents.	Back Cover
102-54	The claim made by the organization, if it has prepared a report in accordance with the GRI Standards, either Core option or Comprehensive option.	Explanations for Preparation of This Report
102-55	Each of the criteria adopted is detailed in the GRI Content Index, and all content disclosed in the report is listed accordingly.	Index of Sustainability Reporting Standards (2016)
102-56	External assurance statements.	Assurance Statement
Economy		
103-1	For each material topic, explain the material reasons for the topic, the Boundaries for the material topic, and any specific limitation regarding the topic Boundary.	6. Making Finance Serve the Real Economy in a High-quality and Efficient Way; 9. Dedicating to Public Welfare and Working Together to Protect an Ecological Friendly Environment;
103-2	Management approach and its components.	10. Remaining True to Our Original Aspiration to Jointly Create a Harmonious Community;
103-3	Explain how the organization evaluates management.	7.2 Speeding up the development of green finance; 11.1 In Governance Aspect
Economic Performance		
201-1	Economic value directly generated and distributed by institutions.	11.1 In Governance Aspect
Indirect Economic Impact		
203-1	Infrastructure investments and services supported.	6. Making Finance Serve the Real Economy in a High-quality and Efficient Way; 7. Low-carbon Transformation to Boost the Development of Green Economy; 9. Dedicating to Public Welfare and Working Together to Protect an Ecological Friendly Environment; 10. Remaining True to Our Original Aspiration to Jointly Create a Harmonious Community

Sustainability Reporting Standards Indicator		Disclosure Content
Anti-Corruption		
205-2	Communication and training about anti-corruption policies and procedures.	11.1 In Governance Aspect
Environment		
103-1	For each material topic, explain the material reasons for the topic, the Boundaries for the material topic, and any specific limitation regarding the topic Boundary	7. Low-carbon Transformation to Boost the Development of Green Economy;
103-2	Management approach and its components.	9. Dedicating to Public Welfare and Working Together to Protect an Ecological Friendly Environment;
103-3	Explain how the organization evaluates management.	11.3 In Environment Aspect
Energy		
302-1	Energy consumption within the organization.	11.3 In Environment Aspect
302-3	Energy intensity.	11.3 In Environment Aspect
Biodiversity		
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	9. Dedicating to Public Welfare and Working Together to Protect an Ecological Friendly Environment
304-2	Significant impacts of activities, products, and services on biodiversity	9. Dedicating to Public Welfare and Working Together to Protect an Ecological Friendly Environment
304-3	Habitats protected or restored	9. Dedicating to Public Welfare and Working Together to Protect an Ecological Friendly Environment
Environmental Compliance		
307-1	Total monetary fines and total non-monetary sanctions for violations of environmental laws and regulations, and cases brought through the dispute settlement mechanism. If this does not happen, make a brief explanation of the facts.	11.3 In Environment Aspect
Society		
103-1	For each material topic, explain the material reasons for the topic, the Boundaries for the material topic, and any specific limitation regarding the topic Boundary.	5.2 Data security and privacy protection;
103-2	Management approach and its components.	8.1 Creating a diverse and inclusive workplace;
103-3	Explain how the organization evaluates management.	8.2 Support for Employee Development;
Employment		
401-1	Total number and rate of new employees and employee turnover by age group, gender and region.	11.2 In Social Aspect
Occupational Health and Safety		

Sustainability Reporting Standards Indicator		Disclosure Content
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism.	11.2 In Social Aspect
Training and Education		
404-1	Average hours of training per year per employee by gender, and by employee category.	8.2 Support for Employee Development; 11.2 In Social Aspect
Diversity and Equal Opportunity		
405-1	Percentage of governance bodies and breakdown of employees per employee category according to gender, age group, and other indicators of diversity.	8.1 Creating a diverse and inclusive workplace; 11.2 In Social Aspect
Child Labour		
408-1	Operations and suppliers considered to have significant risk for incidents of child labour and young workers exposed to hazardous work; operations and suppliers with significant child labour incidents and measures taken by the organization in the reporting period intended to contribute to the effective abolition of child labour.	11.2 In Social Aspect
Forced and Compulsory Labour		
409-1	Operation and suppliers being found of risks of severely forced or compulsory labour incidents, and measures intended to contribute to the elimination of all forms of forced or compulsory labour.	11.2 In Social Aspect
Marketing and Logo		
417-2	The number of violations involving product and service information and identification; if no violation of the regulations is found, simply explain.	11.2 In Social Aspect
417-3	The number of violations involving marketing; if no violation of the regulations is found, simply explain.	11.2 In Social Aspect
Customer Privacy		
418-1	Total number of confirmed infringements of customer privacy and customer data loss.	5.2 Data Security and Privacy Protection 11.2 In Social Aspect



# ASSURANCE STATEMENT

## **SGS-CSTC'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE HUATAI SECURITIES CO., LTD. FOR 2020**

### **NATURE AND SCOPE OF THE ASSURANCE/VERIFICATION**

SGS-CSTC STANDARDS TECHNICAL SERVICES CO., LTD. (hereafter as "SGS") was commissioned by Huatai Securities Co., Ltd. (hereafter as "Huatai Securities") to conduct an independent assurance of the 2020 Corporate Social Responsibility Report. The scope of the assurance, based on the SGS Sustainability Report Assurance methodology, included the text, and data in accompanying tables, contained in the report of Huatai Securities' Headquarters for on-site assurance, which located at Huatai Securities Plaza, No.228 Middle Jiangdong Road, Nanjing City, Jiangsu Province, P. R. China. Data and information of other branch or subsidiary were not included in this assurance process.

The information in the 2020 Corporate Social Responsibility Report of Huatai Securities and its presentation are the responsibility of Board of Directors and ESG Committee of Huatai Securities. SGS has not been involved in the preparation of any of the material included in the 2020 Corporate Social Responsibility Report.

Our responsibility is to express an opinion on the text, data, graphs and statements within the scope of verification with the intention to inform all Huatai Securities' stakeholders.

The SGS protocols are based upon internationally recognized guidance, including the Principles contained within the GRI STANDARDS for accuracy and reliability and the guidance on levels of assurance contained within the AA1000 series of standards and guidance for Assurance Providers.

This report has been assured at a moderate level of scrutiny using our protocols for:

- evaluation of content veracity;
- evaluation of the report against the GRI STANDARDS, HKEX Environmental, Social and Governance (ESG) Reporting Guide (2015), Guidelines on Environmental Information Disclosure of Listed Companies on SSE.

The assurance comprised a combination of pre-assurance research, interviews with relevant employees; documentation and record review and validation with external bodies and/or stakeholders where relevant.

Financial data drawn directly from independently audited financial accounts has not been checked back to source as part of this assurance process.

### **STATEMENT OF INDEPENDENCE AND COMPETENCE**

The SGS Group of companies is the world leader in inspection, testing and verification, operating in more than 140 countries. SGS affirms our independence from Huatai Securities, being free from bias and conflicts of interest with the organisation, its subsidiaries and stakeholders.

The assurance team was assembled based on their knowledge, experience and qualifications for this assignment, and comprised of CSR Lead Assuror, SAI Registered SA8000 auditor, CCAA Registered ISO 9001 auditor, ISO 14001 auditor, ISO 45001 auditor, ISO 37001 auditor and ISO 14064 Verifier.

## **VERIFICATION/ ASSURANCE OPINION**

On the basis of the methodology described and the verification work performed, we are satisfied that the information and data contained within 2020 Corporate Social Responsibility Report verified is accurate, reliable and provides a fair and balanced representation of Huatai Securities sustainability activities in 2020.

The assurance team is of the opinion that the Report can be used by the Reporting Organisation's Stakeholders.

We believe that the organisation has chosen an appropriate option for the reporting.

## **GRI STANDARDS CONCLUSIONS, FINDINGS AND RECOMMENDATIONS**

In our opinion the 2020 Corporate Social Responsibility Report is presented in accordance with the core option for GRI STANDARDS and fulfills all the required content and reporting criteria.

### **Principles**

#### **Stakeholder Engagement**

Huatai Securities establishes a diversified stakeholders dialogue mechanism to ensure the effective engagement of stakeholders in sustainability management, and integrates sustainability behaviors into its decisions and activities.

#### **Sustainability Context**

Huatai Securities considers these factors in terms of data disclosure by analyzing from the economic, environmental and social stakeholders.

#### **Materiality**

Huatai Securities fully demonstrate the principle of materiality in the report. The report discloses that the logic for the formulation of materiality issues was a combination of domestic and foreign macro policies, domestic and foreign social responsibility standards, company development strategy planning, peer benchmarking, etc.. Finally, a matrix of substantive issues was formed. The content reflects the organisation's actions in important environmental, social and economic aspects.

#### **Completeness**

Huatai Securities uses the social responsibility subjects as framework to disclose relevant information and data, and fully reflects the significant impacts of economic, environmental and social.

#### **Balance**

Huatai Securities actively discloses its own positive and negative performances based on the expectations of stakeholders, and gives stakeholders more objective performances of social responsibility.

#### **Comparability**

Huatai Securities shows the historical data comparison to demonstrate the trends and forms that help readers well know the improvement of year-to-year performances.

#### **Accuracy**

Huatai Securities' reporting mechanism is objective and complete, which can disclose more information to stakeholders and reveal that the concept of social responsibility management is consistent with the expectations of stakeholders.

#### **Timeliness**

Huatai Securities discloses its sustainability performance timeliness. Stakeholders can obtain information to make a reasonable decision in a timely manner.

**Clarity**

The report is clear and can be understood by stakeholders who have a reasonable understanding of Huatai Securities and its industry. Huatai Securities is taking into account the utilization and type of information, and using a number of descriptions, charts and pictures and other forms while disclosure of information.

**Reliability**

The data and information can be traced and verified by internal collection, recording, compiling, analysis and disclosure to ensure the quality and materiality of information. In addition, an independent external organisation also provides the reliability of the report.

**Management Approach**

The report has disclosed the management approach of identified material topics.

**General Disclosures**

The general disclosure requirements of the GRI STANDARDS core option in the report can all be met.

**Topic-Specific Disclosures**

Topic-specific disclosures such as the importance of economic, environmental and social impacts on the organisation and the substantive impact on stakeholder assessments and decisions can be described in details.

**Limitations of assurance**

The assurance scope only covered the headquarters of Huatai Securities and certain subsidiaries and did not involve assurance of the original data of other branch or subsidiary. The data for assurance of report information was from the headquarters.

The assurance process only involved interviews with the heads of relevant departments and certain employees and consultation with relevant documents didn't involve external stakeholder.

As the financial information in the 2020 financial report has passed independent assurance, the assurance does not contain traceability and assurance of such information.

**Signed:**



**For and on behalf of SGS-CSTC**

**David XIN Director**

**Knowledge**

**16/F Century Yuhui Mansion, No.73, Fucheng Road, Beijing, China**

**Mar. 1<sup>st</sup>, 2021**

**WWW.SGS.COM**



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