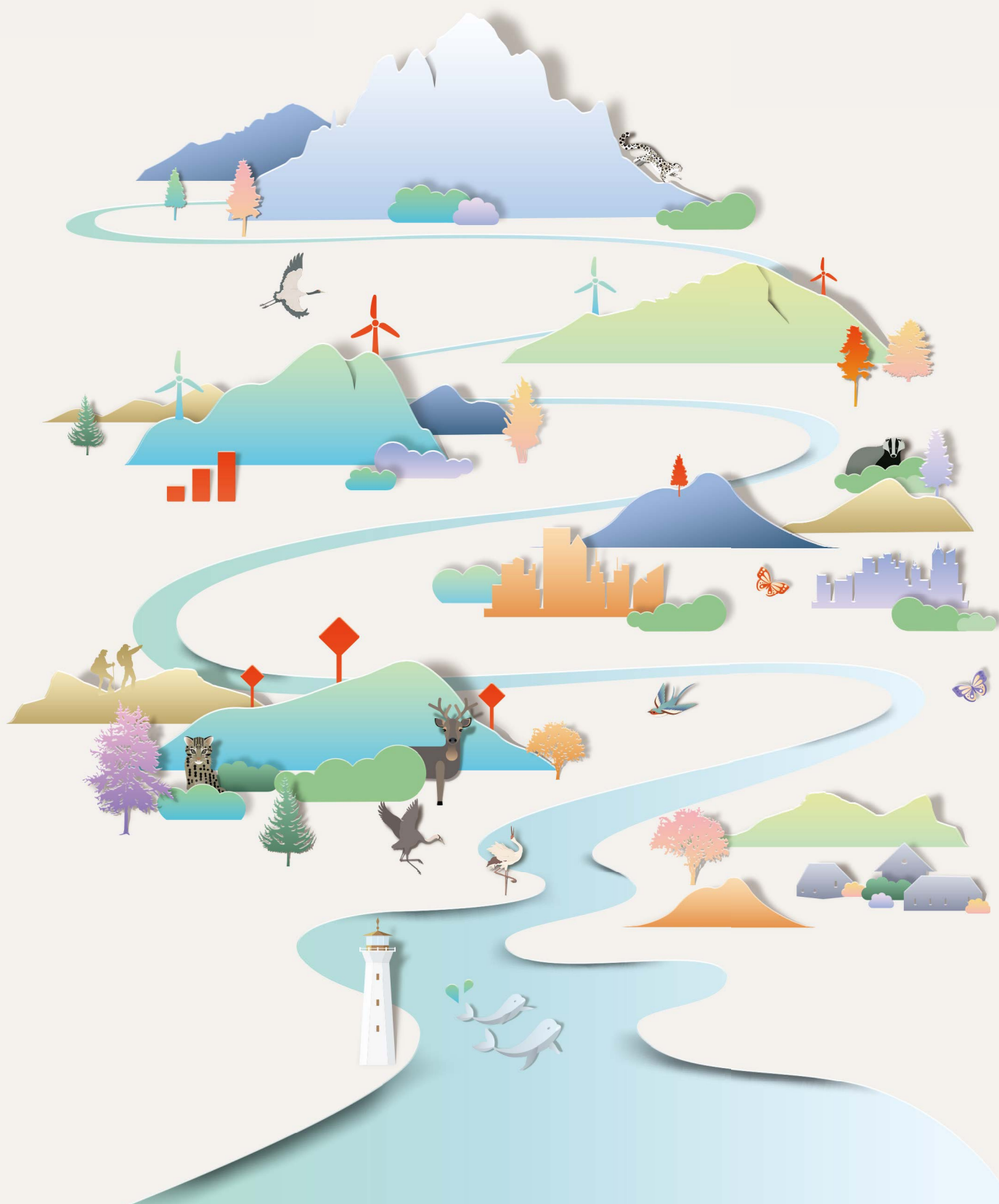




2021 CSR

HUATAI SECURITIES
SOCIAL RESPONSIBILITY REPORT



HUATAI SECURITIES

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



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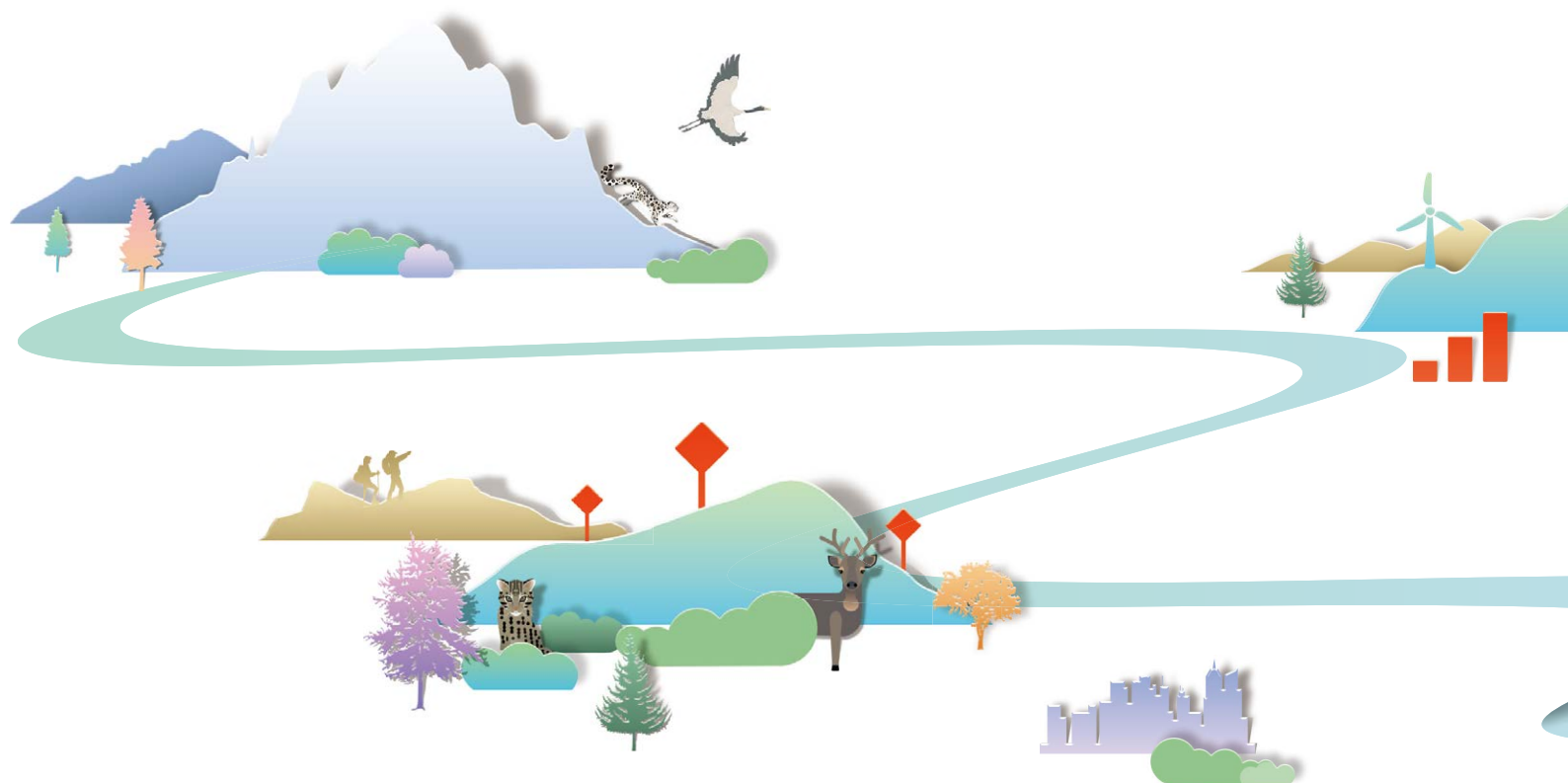
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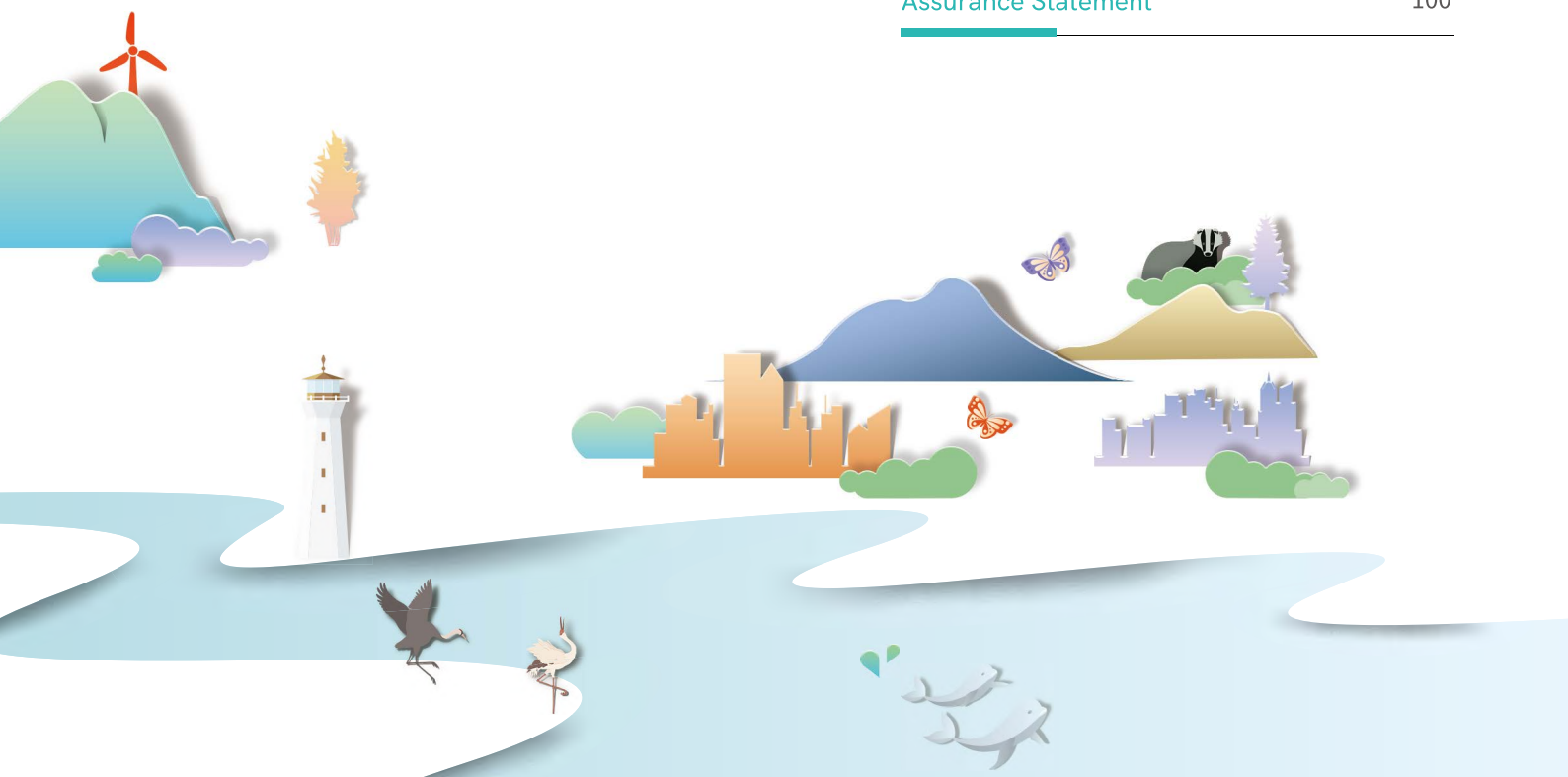
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Environmental, Social and Corporate Governance (ESG) Statement by the Board

2021 marks the first year of the “14th Five-year Plan” period as well as the 30th anniversary of the establishment of Huatai Securities. Looking back to the 30 years of development, the Company has been fortunate to grow and develop with China’s capital market. The Company has been always considering customers as the origin of its thoughts and acts, braving in reshaping itself fundamentally and prospectively initiated the internet-based strategy, achieving the leapfrog development from a local securities firm to an international securities group listed in Shanghai, Hong Kong and London.

The Company continued to infuse responsibility and undertaking into the core spirit of corporate culture and fulfilled corporate social responsibilities in green finance, ecological protection, rural revitalization and other industries. It promoted financial input in goodness with professional capabilities through various means such as the establishment and improvement of the ESG governance structure and the implementation systems, the inclusion of ESG risks into the risk management mechanism, the actively practicing of the responsible investment principle and the innovation in financial services to assist the “carbon neutrality” target.

The Company closely followed national policies, regulatory requirements and industry trends, identified and summarized material topics related to the Company and determined the importance and priority of issues through surveys on shareholders, management, staff, customers and other stakeholders. In 2021, the Company actively responded to key concerns of stakeholders, increased the attention to “Responding to Climate Change”, “Responsible Investment” and other issues, included “Industry Cultural Construction”, “Rural Revitalization” and other issues into the scope of the ESG work and amended the Environmental and Social Management Statement, the Responsible Investment Statement and other ESG management systems, fully demonstrating the Company’s targets, measures and results in responding to the calls for “carbon neutrality”, promoting responsible investment, supporting rural revitalization and other areas.

Maintain steady operation and promote standard and orderly governance

On the basis of improving the governance system, enhancing risk management and promoting compliance operation, the Company continued to strengthen the strategic leadership of

the ESG concepts and continually enhanced the systematization and effectiveness of its ESG management. The Board of Directors of the Company fully discharged the decision-making and supervision responsibilities on ESG-related affairs and considered and approved various ESG-related affairs in 2021. The ESG Committee of the Company is responsible for formulating ESG strategies and supervising the implementation, identifying ESG-related opportunities and risks in the development of the Company and evaluating the importance of ESG-related affairs which will be taken into consideration in business operations. In 2021, the Company convened three meetings of the ESG Committee and effectively promoted the implementation of the ESG work.

Adhere to the orientation of services and lead the wave of digital transformation

The Company continued to promote the digital transformation, deepened the application of researches and technologies on artificial intelligence, cloud computing and big data in the financial field, integrated full-business chain resources based on the integration of advanced technology platforms and efficiently empowered customer services driven by data. The Company included ESG factors into the business evaluation, gave full play to professional financial advantages and provided supports to the development of green industries, technological innovation industries and private enterprises through direct and indirect financing, equity investment and other financial services. Huatai Securities Asset Management, a subsidiary of the Company, joined the United Nations-supported Principles for Responsible Investment (UNPRI) in July 2021 and will continue the two-way empowerment on responsible investment from the two ends of investment and financing so as to boost sustainable and long-term returns.

Keep open and inclusive and build professional talents teams

To assist the international development strategy, the Company developed a common sense to keep open, inclusive, respectful and diversified thoughts and deeply implemented the international talent introduction and training strategy. The Company carried out the professional manager system and equity incentive plans for core employees and further built market-based systems and mechanisms and development platforms. The Company built the talent cultivation system covering the whole life cycle to meet the development demands

of staff in different stages of career in all dimensions and improve their professionalism and core competitiveness.

Boost concerted efforts on public welfare and contribute to social and ecological construction

2021 is the first year for consolidating and expanding the results of poverty alleviation and achieving the effective connection of poverty alleviation and rural revitalization. The Company focused on village-enterprise construction, industrial assistance, consumption support and public welfare support and integrated the capital, technology, talents, management and other modern production factors into rural areas to contribute to the comprehensive vitalization of rural areas in the new times. Relying on public welfare projects of “One Commonweal Heart of Huatai”, the Company has been devoted to the ecological protection along the Yangtze River, rural education and other public welfare projects and consistently supporting the sustainable development of society and nature for years. Meanwhile, in order to focus on more professional public welfare, the Company initiated the establishment of Huatai Foundation, which is committed to focusing on key areas, carrying out public welfare projects in a more professional and transparent manner and making contributions to the promotion of social fairness and justice.

Conduct low-carbon operation and effectively respond to climate change

The Company has been fully aware of the severity and urgency of addressing the impact of climate change. It comprehensively identified, assessed and analyzed climate-related risks and

opportunities on its own operation and strived to control climate-related risks and seize climate-related opportunities through including environment, climate and other factors into the ESG due diligence on customers and carrying out energy saving and emission reduction in operation. In 2021, the Company set targets on carbon emission, energy management, water resource management and waste management and will report actions on environmental management and review the achievement of targets each year to assist in achieving of the “carbon peaking and carbon neutrality” targets.

With its outstanding performance in ESG management, the MSCI ESG rating of Huatai Securities was raised to Grade A in 2021, achieving upgrade for three consecutive years and reaching the highest level among domestic securities industry. The ecological conservation project “One Commonweal Heart of Huatai One Yangtze River” has been selected into the “100+ Biodiversity Positive Practices and Actions Around the World” at the 15th meeting of the UN Conference of the Parties to the Convention on Biological Diversity (CBD COP15) as the only case of financial enterprises. Looking forward, as China embarks on a new journey in modernization construction and the capital market opens up to reform with more firmly steps, the Company will continue to forge ahead, unswervingly practice the ESG concepts and constantly promote the efficient interaction between economic development and ecological conservation with responsibilities of undertaking missions and professional, efficient and high-quality financial services to contribute more power to green, low-carbon and sustainable development.

March, 2022



1.About Huatai Securities

1.1 Company Overview

» Company Profile

The Group 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. Our principal businesses comprise wealth management business, institutional services business, investment management business and international business. 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 investment bank with strong domestic advantages and global influence.

Basic Information of Huatai Securities

Chinese name	华泰证券股份有限公司
English name	HUATAI SECURITIES CO., LTD.
Principal businesses	Wealth management, institutional services, investment management and international business
Major subsidiaries	Huatai Securities Asset Management, Huatai International, Huatai Purple Gold Investment, Huatai Innovative Investment, Huatai United Securities, Huatai Futures and Jiangsu Equity Exchange
Domestic branches	245 securities branches and 28 branches in total
Overseas operating entities	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
Total assets	RMB 806,651 million ¹
Operating income	RMB 37,905 million
Total number of employees	14,372

Note 1: The data in this table are derived from the consolidated financial statements prepared by the Group in accordance with the Chinese Accounting Standards for Enterprises

Overview of the Company's Shares/Depository Receipts

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

Strategic Vision of Huatai Securities

Huatai Securities will comprehensively implement the “two-pronged” development strategy of wealth management and institutional services under technology empowerment. Relying on the highly collaborative business model, the cutting-edge digital platform and the extensive and engaging customer base, it will promote the all-round development of wealth management business, institutional services business, investment management business and international business, vigorously develop differentiated competitive advantages for the future, and aims to become a leading integrated investment bank with strong domestic advantages and global influence.

Fintech Empowers Four Business Lines



Wealth management

Maintaining leadership in service and platform



Institutional services

Providing customers with first-class full-cycle comprehensive integrated financial services



Investment management

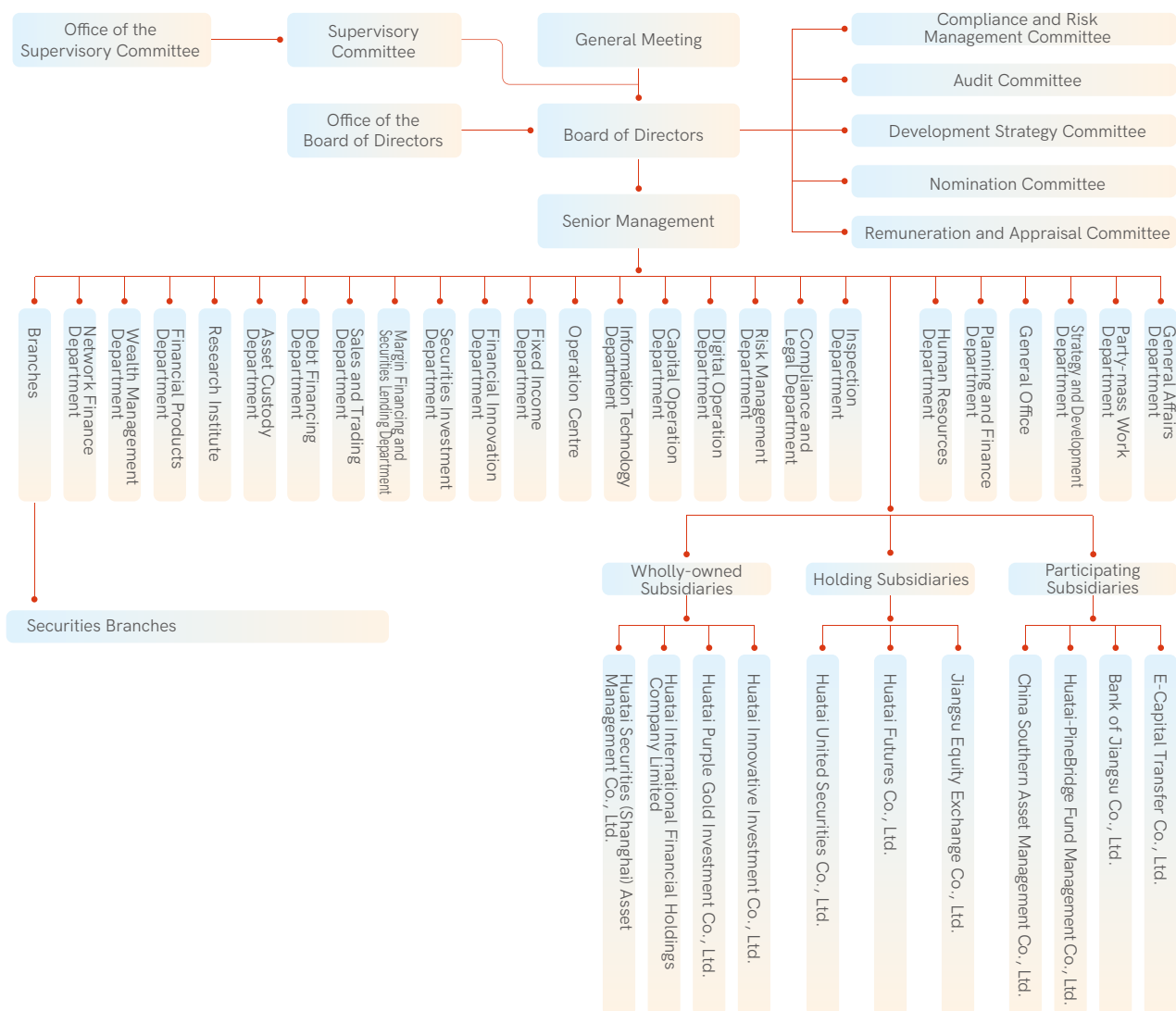
Developing outstanding asset management brand



International business

Helping customers grasp the opportunities of international asset allocation

» Organizational Structure



» Major Events in Recent Three Years

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.

2020

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;

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

2021

The accumulated number of downloads of "ZhangLe Fortune Path" exceeded 65 million;

The Company launched "Securities Lending Path 3.0";

The Company launched its global wealth management platform "ZhangLe Global 3.0";

Huatai Securities Asset Management, a subsidiary of the Company, joined the United Nations-supported Principles for Responsible Investment (UNPRI).

1.2 Honors, Awards and Rating Recognitions

With its unremitting efforts in corporate social responsibility, responsible investment, sustainable development and other aspects in 2021, the Company was further recognized by international rating agencies and the capital market with increasing influence on sustainable development and continuous improvement in international competitiveness.

ESG Rating and Recognition of Huatai Securities in 2021

Rating and recognition	Corporate performance
	The MSCI ESG rating of the Company was improved in three consecutive years. In August 2021, its MSCI ESG rating was raised to A, reaching the highest level in the domestic securities industry and surpassing 79% of its peers globally.
	In 2021, the CDP rating for climate change of the Company stood at B, ranking high among its peers in China.
Standard & Poor's	The Standard & Poor's long-term issuer credit rating of the Company and Huatai International was raised from BBB to BBB+, the highest rating among domestic securities companies currently with the credit rating outlook being "stable".
CBD COP15	The "One Yangtze River" of the Company was selected into the "100+ Biodiversity Positive Practices and Actions Around the World" at the 15th meeting of the UN Conference of the Parties to the Convention on Biological Diversity (CBD COP15).
CSRC	In 2021, the Company was rated Class AA under Category A according to the classification of securities companies by the CSRC.
Caijing magazine	The Company was awarded the "Evergreen Award in 2021-Green Award for Sustainable Development".
Sina Finance	The Company was awarded the "ESG Golden Responsibility Award in China in 2021-Best Securities Company Award for Responsible Investment".
National Business Daily	The Company was awarded the "China Jinding Award in 2021-Most Socially Responsible Securities Company".
China Times	The Company was awarded the "15th Golden Cicada Award-Outstanding Enterprise Award for ESG".
Caijing.com.cn	The Company was awarded the "Inspection on ESG Practice of Chinese Enterprises in 2021-ESG Enterprise in 2021".

1.3 Enhancing Cultural Construction

The 30 years of development history of Huatai Securities fully demonstrates the power of culture. In 2021, the Company was deeply rooted in the corporate culture gene of “technology empowerment, innovation and initiative”, developed the cultural competency in line with “striving to become a first-class investment bank with both domestic advantages and global influence” and continuously enriched and deepened the cultural connotation of “openness, inclusiveness, innovation, struggle and responsibility”, accumulating lasting power and vitality for the in-depth promotion of the “two-pronged” strategy.

The Company actively responds to the call and relevant requirements of the CSRC and the Securities Association of China on enhancing Industry cultural construction and vigorously practices the cultural concept of “compliance, integrity, professionalism and stability” in the industry. Taking the opportunity of celebrating the 100th anniversary of the founding of the Party and the 30th anniversary of the establishment of the Company and devoted to the people-oriented philosophy, the Company built an open and inclusive cultural value system and management system and improved systems and mechanisms demonstrating the cultural orientation.

Key Work in Cultural Construction in 2021

Formulated or revised the Administrative Measures for Management Personnel, the Systems on the Protection of Investors’ Interests, the Integrity Manual, the Administrative Measures for Digital Innovation and other relevant systems.

Organized diversified cultural activities, such as celebration parties, awarding ceremonies, a popular TV show as The Shining One, sports meeting for young employees and opening days on fintech to enhance the concepts, value and cultural recognition of all employees.

Promoted the deep integration of cultural construction with corporate governance, development strategies, development models and standardization of staff behaviours and converted cultural advantages into competitive advantages.

Key Orientations of Cultural Construction of Huatai Securities



In 2021, the Company obtained

Class-A

appraisal in the assessment on the practice of cultural construction of securities firms in 2020 conducted by the Securities Association of China, **significantly enhancing the “soft power” of cultural construction.**

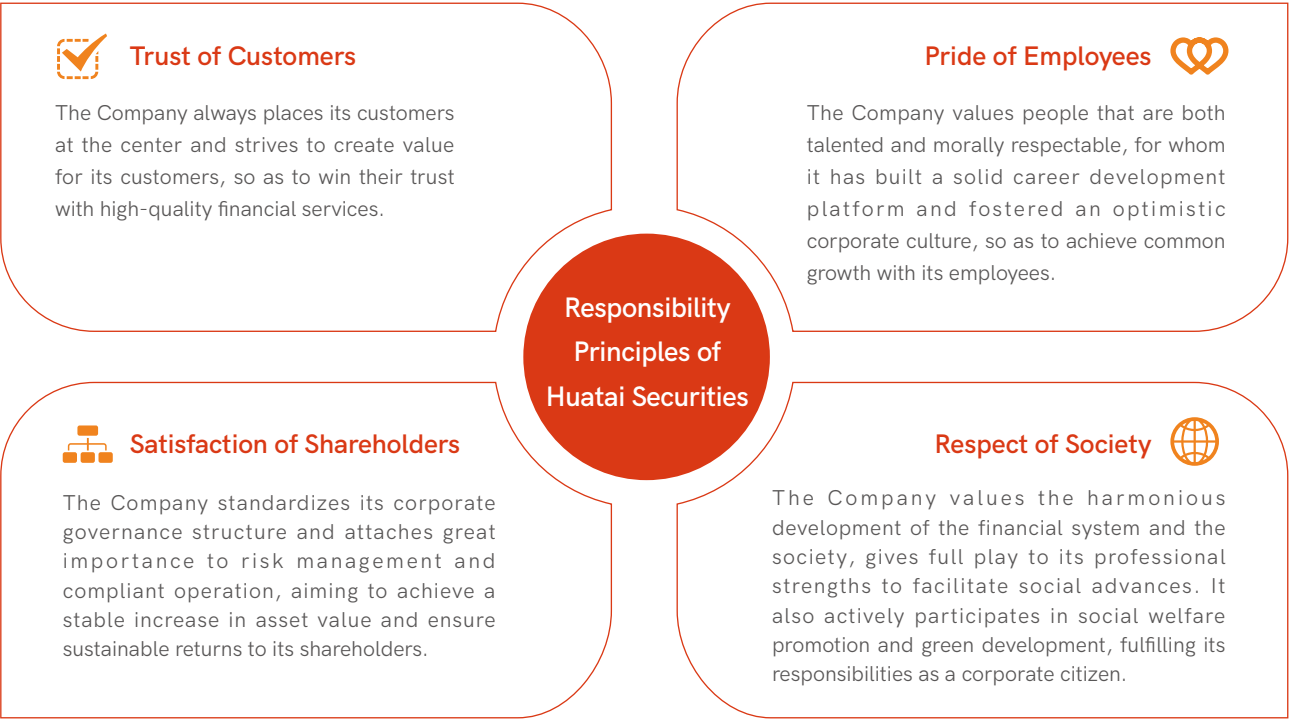


2.Social Responsibility Management

2.1 Social Responsibility Principles and Management Systems

» Responsibility Principles

The Company 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”, integrating ESG standards into the routine businesses of the Company, striving to create value for customers, shareholders, employees, society and other stakeholders.



» ESG Governance and Management Systems

The Company considers the environmental, social and corporate governance (ESG) as the core driver to the overall social responsibility performance and a scientific and effective governance structure as the basis for promoting ESG-related works. Employing ESG management as part of its development strategy, the Company set up the ESG committee under the senior management to continuously improve its ESG management structure, established an ESG management mechanism with the linkage between upper and lower levels and continued to improve the systematicness and effectiveness of its ESG management.

The Board of Directors of the Company fully performed responsibilities for consideration, decision-making and supervision on ESG-related affairs. In 2021, the Board of Directors of the Company considered and approved ESG-related affairs on corporate governance, information disclosure, risk management and green finance.

Major ESG-related Affairs Considered by the Board of Directors in 2021

ESG topics concerned	Contents considered
Corporate governance	Considered and approved the “14th Five-Year” Strategic Development and other proposals on corporate governance of the Company
Information disclosure	Considered and approved the 2020 Corporate Social Responsibility Report, covering climate change, employment development and trainings, responsible investment and other contents
Risk management	Considered and approved the Overall Risk Management Measures (amended in 2021) and the 2020 Risk Assessment Report and monitored the construction, implementation and operation of risk management mechanisms
Compliance management	Considered the 2020 Annual Compliance Report of the Company and listened to the Work Report on Anti-money Laundering of the Company for 2020
Social welfare	Considered and approved the Resolution on Sponsoring a Foundation and the Administrative Measures for Donations of Huatai Securities Co., Ltd. (amended in 2021)

With the executive director and CEO serving as the chairman, the ESG Committee of the Company assists and supports the Board of Directors and senior management of the Company in performing responsibilities under the authorization of the Board of Directors and actively improves the performance of the Company on responsible investment and sustainable actions.

In 2021, the Company convened three meetings of the ESG Committee, considered and released the Environmental and Social Management Statement of Huatai Securities Co., Ltd. (amended in 2021), the Regulations on Anti-Corruption and Integrity of Huatai Securities Co., Ltd. and the Responsible Investment Statement of Huatai Securities Co., Ltd., (amended in 2021), demonstrating the Group's targets and measures in the response to the carbon neutrality call, the improvement of employees' ethics, the promotion of responsible investment and other industries and better building the corporate image of actively undertaking social responsibilities.

ESG Management Structure of Huatai Securities

Supervision level

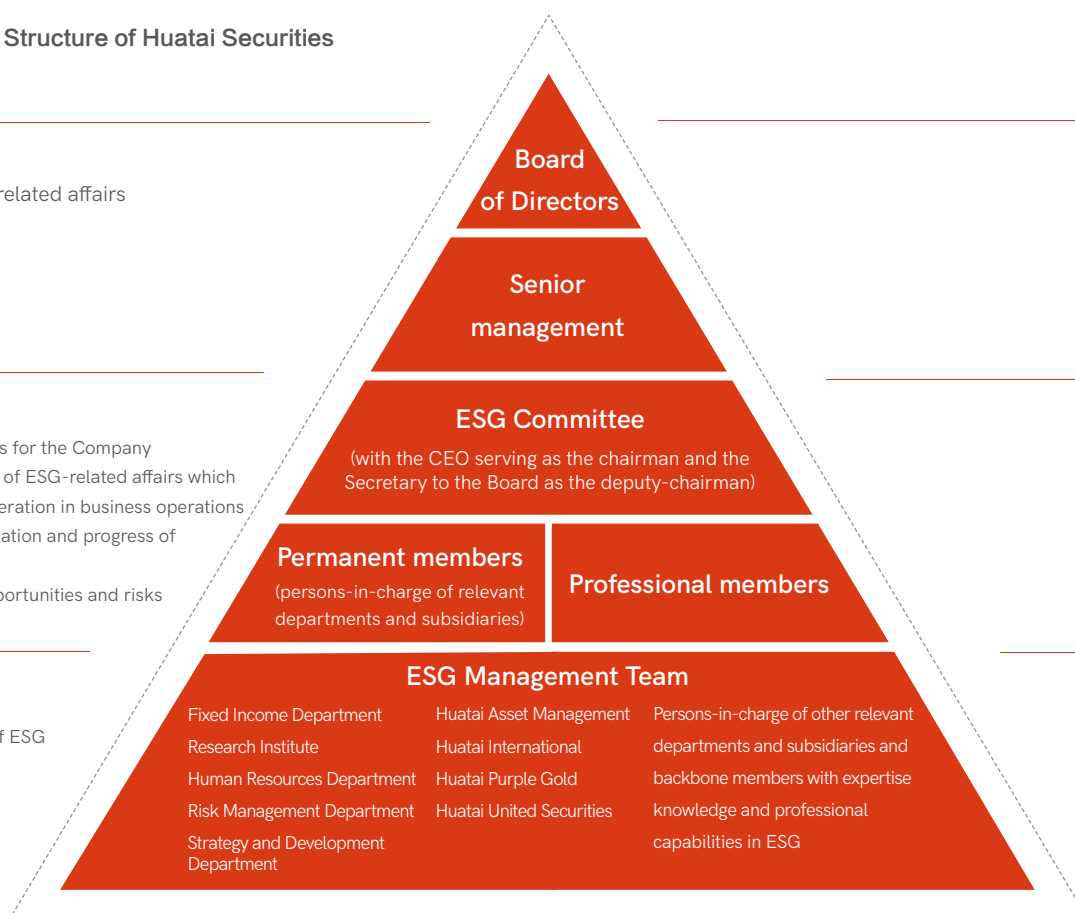
- Fully supervise ESG-related affairs

Management level

- Formulate ESG strategies for the Company
- Evaluate the importance of ESG-related affairs which will be taken into consideration in business operations
- Supervise the implementation and progress of ESG strategies
- Identify ESG-related opportunities and risks

Execution level

- Actual implementation of ESG relevant work



2.2 Communication with the Stakeholders

The demands and expectations of stakeholders are core factors to be considered when the Company formulates ESG strategies and optimizes the ESG management. The Company focuses on concerns of six stakeholders including shareholders and creditors, government and regulatory authorities, customers, employees, suppliers and partners, and communities, on sustainable development and integrates the concerns of all stakeholders into the operation and decision-making processes through the normalized communication mechanism to create value for them.

Communication with and Response to the Stakeholders of Huatai Securities

Key stakeholders	Concerns	Communication and response
Shareholders and Creditors	Corporate governance Compliance operation Risk management Information disclosure Business ethics	General meeting Regular 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 Compliance operation Serving the real economy Business ethics Industry cultural construction	Cooperation with regulatory authorities in inspection and review Participation in government surveys Policy implementation Information disclosure
Customers	Improving services for customers Data security and privacy protection Responsible marketing Financial technology Responsible investment	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	Compliance operation Supplier management	Cooperation and communication Formulating procurement management methods Daily communication Bidding activities
Community	Rural revitalization Social welfare Environment-friendly operations Financing Environmental Impact Responsible investment	Community activities Volunteers' activities Research and implementation for public welfare projects such as rural revitalization and environmental protection Supporting real economy related business Promoting paperless operations Green buildings Development of green finance Practicing responsible investment concept

2.3 Identification and Analysis of Material Topics

On the basis of the corporate strategies and the characteristics of the industry, in accordance with the Environmental, Social and Governance Reporting Guide of the Hong Kong Stock Exchange, with reference to the Sustainability Reporting Standards of the Global Reporting Initiative and combined with internal and external stakeholders' evaluation on issues on the potential list of issues as well as the business characteristics of Huatai Securities, the Company identified and summarized 21 material topics on social responsibilities. Meanwhile, it prioritized the importance of issues through peer benchmarking, consulting experts' opinions and feedbacks of the management and obtained the matrix for material topics.

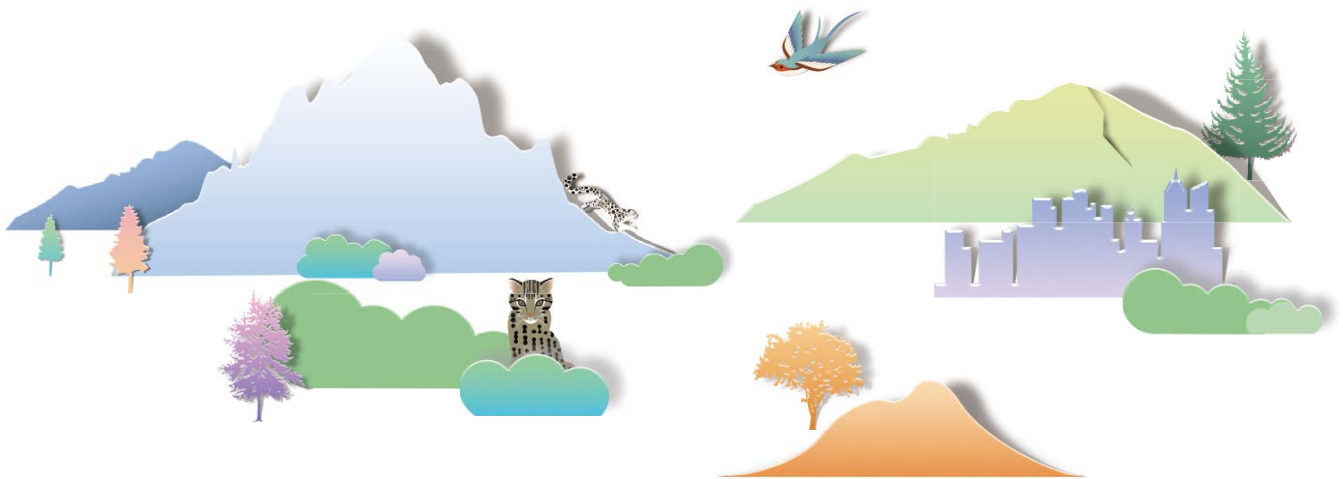
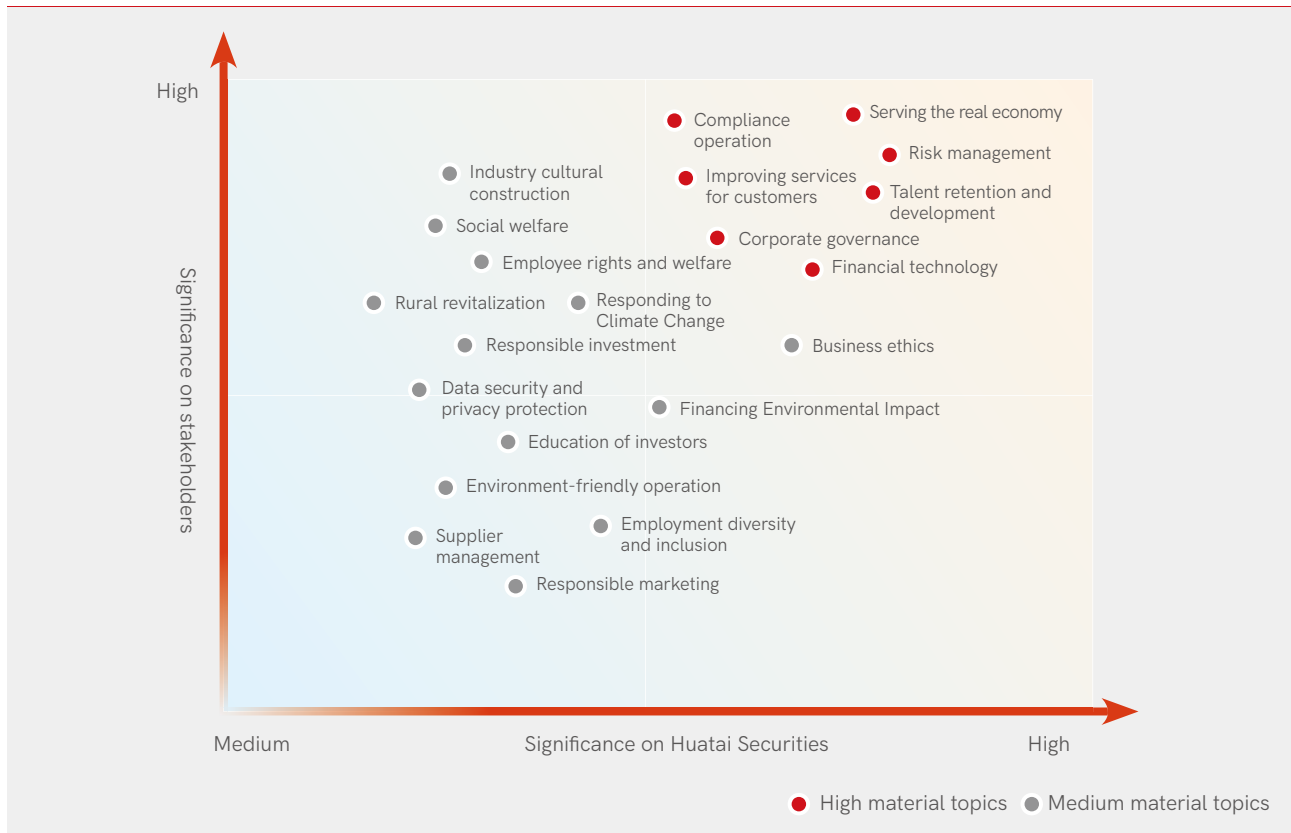
Major Changes in Material Topics of Huatai Securities in 2021

Material topics in 2020	Material topics in 2021	Reasons for changes
—	Industry cultural construction	Responding to the trends of the securities industry and the Ten Key Points regarding the Establishment of Culture of Securities Industry issued by the Securities Association of China in 2021.
Anti-corruption	Business ethics	Responding to concerns of international rating institutions and in the capital market more comprehensively.
Customer privacy protection	Data security and privacy protection	Extending contents of issues and responding to regulatory requirements.
Volunteer services Community investment	Rural revitalization Social welfare	Responding to the "14th Five-year" Plan and other latest policies of the state, demonstrating the Company's strategies and actions in promoting the target on rural revitalization and showing major work of the Company on social welfare more directly.

Analysis Process of Material Topics of Huatai Securities

Identification stage	Interpreting macro policies and industrial hotspots and specifying the policy orientation and development opportunities in fulfilling responsibilities by Huatai Securities; updating and adjusting social responsibility topics based on the requirements of new ESG regulations of the Hong Kong Stock Exchange, the Company's development strategies and social responsibility practices.
Evaluation stage	Evaluating 21 topics in respect of the significance on stakeholders and the significance on Huatai Securities based on the surveys and key concerns of stakeholders combined with interviews with key departments of the Company and the judgments of external experts.
Reporting stage	Building the matrix for material topics based on evaluation results, obtaining the priority results of topics combined with the significance of topics and making key disclosure of topics with high significance in the report.

Matrix for Material Topics of Huatai Securities



3.[Topic] Promoting Sustainable Development with Responsible Finance

Huatai Securities has profoundly recognized the significance of sustainable development to the Company and integrated ESG risks into the risk management mechanism with an aim to effectively identify, analyze and manage potential ESG risks of client. It actively practiced the concept of responsible investment, which prevents investment risks, creates economic benefits and enhances social benefits of investments at the same time. It promoted the development of green finance with a high sense of responsibility and missions to facilitate the realization of national “dual carbon” goals.



Performance Highlights in 2021:

Underwrote **46** green bonds
with a total financing scale of RMB **50,314** million

Issued **6** carbon neutrality and green ABS
with an amount of RMB **11,010** million

Hosted the **Summit on Carbon Neutrality and Green Finance** and other communications activities in the industry

Huatai Securities Asset Management officially joined the **United Nations-supported Principles for Responsible Investment (UNPRI)**

» Strengthening ESG Risk Management on Clients

The clients’ ESG risks include risks on three major aspects, namely environmental, social and corporate governance. The Company continuously strengthened the clients’ ESG risk management to facilitate the Company in managing and controlling non-financial risks of clients, prevent the Company from suffering credit and reputational risks due to clients’ ESG issues and promote the sustainable development of the Company in the long run.

Based on the Guidelines for Due Diligence on Clients’ Environmental, Social and Corporate Governance (ESG) (referred to as “the Clients’ ESG Due Diligence Guidelines”) formulated in 2020, the Company set up evaluation indicators with universal applicability and operability on environmental, social and governance aspects, specified the triggers, identification, tracking and escalation mechanism for clients’ ESG risks with an aim to effectively identify, analyze and manage possible ESG



risks of clients and prevent the conversion of clients' ESG risks into the credit risk of the Company.

To further improve the clients' ESG risk management system on and respond to key concerns in the capital market, the Company amended the Clients' ESG Due Diligence Guidelines in 2021, specifying that for agriculture, biodiversity, energy use, forestry, mining, oil and gas, transport, materials and other industries with high environmental risks, it shall strengthen due diligence on clients' ESG risks and industries with high environmental risks shall meet relevant industrial policies. Meanwhile, the Company additionally released the Reference Index of Policy Documents on Industries with High Environmental Risks, Biodiversity and Climate Change to relevant business lines as a supporting instrument in ESG due diligence to respond to industrial policies and relevant requirements of the state.



Clients' ESG Due Diligence Evaluation System of Huatai Securities

Scope of application of the clients' ESG due diligence evaluation system	Key topics of the clients' ESG due diligence evaluation system	Setting "triggering indicators" and "plus items" on the environmental aspect	Enhancing the management mechanism on high ESG risks
It integrates the ESG due diligence evaluation system into the full process of the financing, equity investment, investment banking businesses, covering due diligence, decision-making and approval, subsequent management and risk reporting, for management and control.	Environmental (E): environmental protection and sustainable development Social (S): human resources, product liability, public relations and social public welfare Governance (G): corporate governance and commercial activities	Clients will be involved in high-risk items if they trigger the indicators on the environmental aspect (and occurrence of significant environmental impact events). 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).	Clients with an ESG due diligence scoring of less than 60 or triggering "significant environmental impact events" risk indicators are classified as "high risks". The Company will further intensify its review requirements, specify the escalation process and strengthen the tracking and investigation on the ESG in subsequent management.

In 2021, the Company continued to promote the integration of the clients' 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 all relevant business units have implemented normalized clients' ESG due diligence in relevant business processes. For example, Huatai Innovative Investment and Huatai Purple Gold Investment, subsidiaries of the Company, have formulated the Implementation Plan on Clients' ESG Due Diligence to integrate and implement the requirements on clients' ESG due diligence in the process of the private equity investment business.

Case: Strengthening Due Diligence on Clients' Environmental Impact in Industries with Energy Utilization

Enterprise A operates in an industry with energy utilization. During the due diligence on the project, the Company carried out in-depth investigations on its compliance in the environmental aspect and its environmental risk management capability based on the ESG due diligence evaluation system.

Based on the inquiry results on the website of the Ministry of Ecology and Environment, Enterprise A is not a discredited production and operation entity in the environmental protection sector. Meanwhile, based on the investigation, Enterprise A has formulated environmental protection policies and relevant systems on the management of hazardous wastes and pollutants based on the extent of its effects on environment with strong capabilities on environmental risk management. In addition, Enterprise A continuously promoted the clean development of traditional energy and the improvement of efficiency in the industry, actively advanced the two-pronged project on emission reduction and greening and fully initiated the construction of demonstration green mines and green factories in line with industrial policies of the state. The Company believed that the risk on environmental impact of the customer is controllable and the overall evaluation results of the ESG due diligence are not "high risks". After comprehensively considering the conditions of all aspects at the same time, the Company carried out business cooperation with the corporate customer.

The Company is devoted to fully enhance the awareness and capability of risk officers and business line employees on including ESG factors into risk management and control and carrying out business to intensify ESG risk identification on clients or projects.

Carrying out Trainings on ESG Risk Management for Risk Officers and Business Line Employees

In 2021, the Company organized special trainings on ESG risk management for relevant staff conducting clients' ESG due diligence within the Group, including all risk officers, investment bankers and other business line employees. It carried online lecturing based on HTSC Cloud Academy during the trainings. On the basis of the Clients' ESG Due Diligence Guidelines, the contents of the trainings covered the process of implementation of clients' ESG due diligence, the application model of the evaluation form for clients' ESG due diligence and triggering conditions

of high-risk projects. As at the end of 2021, a total of 830 participants have completed course learning.

In addition, the Company published the Interpretation of the Guidelines for Due Diligence on Clients' ESG (amended in 2021), a publicity article on ESG risk management, through its internal public account "Link Risk Expert" (鈴客風險管家) for all risk officers to deeply understand the connotation and specific operation of ESG risk management and improve their ESG risk management capability.

» Practicing the Concept of Responsible Investment

With the concept of responsible investment gradually popularized in the market and recognized in domestic and overseas capital markets, the Company actively responds to domestic and overseas development trends. The Company amended the Responsible Investment Statement of Huatai Securities Co., Ltd. In 2021, gradually improved three aspects of responsible investment, namely the organizational structure and management, research and communication, as well as investment strategy and application, and strived to prevent investment risks, create economic benefits and enhance 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 procedures with ESG considerations integrated. In terms of ESG management, the Company has established and improved the ESG Committee and an ESG management team and arranged liaison officers in relevant departments of the headquarters and in subsidiaries and has kept improving the effectiveness of ESG management including the responsible investment. In the process of 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.

The Company clearly requires relevant business units to incorporate ESG factors into the full investment process of company-wide equity investment business (including equity investment in listed companies and equity investment in emerging markets), fixed-income investment business, private equity investment and equity investment in alternative investment business. It includes three important factors, namely environmental responsibility, social responsibility and corporate governance, as restrictive indexes, into regular investment decision-making. (For details of the "Particulars of Incorporating ESG Factors into Investment Processes across Asset Classes, please refer to the Responsible Investment Statement of Huatai Securities Co., Ltd. (amended in 2021))

Responsible Investment Framework System of Securities Investment Business

Internal consensus	Reach consensus from the top to the bottom and ensure the consistency of ESG strategies with the Company's missions, visions and core values
Guidance of principles	Review investment principles, amend investment policies and use them as guidance on investment decision-making
Review and integration	Integrate ESG factors into the process of strategic asset allocation and scenario analysis when reviewing existing assets and planning asset allocation, such as considering ESG factors in forward-looking judgments or stress tests
Inspection and implementation	Require selecting specific ESG investment strategies when establishing investment portfolios based on asset allocation plans and focus on reviewing and evaluating investment managers' capability in integrating ESG factors in the establishment of investment portfolios and investment decision-making
Evaluation and reporting	Monitor and regularly report its own ESG investment activities, including investment managers' review on the interpretation and implementation of their investment concepts and policies, investment results ascription of ESG factors and analysis on environmental and social effects of ESG investments, to prevent the conversion of investment targets' ESG risks into the Company's potential investment risks

Under the overall framework of responsible investment, the Company continuously promoted the application of responsible investment strategies, such as positive screening, negative screening, ESG integration, sustainability themed investing and impact investment, in the investment business. The Company actively participated in green bonds investment and impact investment to seek economic benefits and balance social and environmental benefits.

Case: Applying the Negative Screening Strategy to Prevent ESG Risks

During the scoring on the enterprise B in the coal industry (referred to as "Enterprise B") in May 2021, the CAMS-ESG module of the Company reminded that Enterprise B has large defects in safety production as it has continuously recorded injuries and deaths since 2017. But the long-term credit rating and the credit rating on bonds issuance of the external subject of Enterprise B remained at AA+ level.

After considering the ESG performance and other factors of Enterprise B, the Company granted a CAMS rating of "high-yielding level" to Enterprise B with higher default risks, thus preventing the business staff of the Company conducting regular bond investment to avoid potential ESG risks.

Definition of "high-yielding level": With higher default risks and the debt-paying ability relying on the sound economic environment, external supports and other factors, on-site inspections are recommended and investment judgments by investment research professionals based on the risk-return ratio are required.

Green Bonds Investment and Impact Investment in 2021

Green Bonds Investment Supports the Development of Green Industries

The Company actively participated in the “public issuance of 2018 green corporate bonds (tranche 1) of China Longyuan Power Group Corporation Limited” and other green bonds investments. As at December 31, 2021, the Company held positions in 11 green bonds with a total amount of RMB740 million. The proceeds from the bonds invested are mainly used for the construction and operation of green projects on wind power generation, hydroelectric generation, waste-incineration power generation and other industries.

In the future, the Company plans to further expand the scope and size of investment in green bonds based on the definition of green bonds in the Catalog of Green Bonds-backed Projects (2020 Version) and set target to 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 Serves the National Poverty Alleviation Strategy

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. As of the end of 2021, the Company held positions in poverty alleviation bonds with a total amount of RMB2.08 billion, representing a year-on-year increase of 30%. The proceeds from the bonds invested are mainly used for rural revitalization, poverty alleviation, renovation of rundown urban areas and urban affordable housing projects.

In the future, the Company will support enterprises in impoverished areas in raising funds through debt financing instruments and participate in investment in poverty alleviation bonds and set target to increase the investment in poverty alleviation bonds at a rate of approximately 10% based on market conditions and give play to the positive role of impact investment in poverty alleviation.



Huatai Securities Asset Management officially joined the United Nations-supported Principles for Responsible Investment (UNPRI) in July 2021 and became an asset management subsidiary with the largest size of asset management among Chinese securities companies in the UNPRI. It will continue the two-way empowerment on responsible investment from the two ends of investment and financing and build an ESG investment research framework, carry out the integration of ESG into investment systems and develop ESG-related investment products under the guidance of the six principles for responsible investment with a view to more comprehensively managing investment risks and enhancing sustainable long-term investment returns.

UNPRI' s Six Principles for Responsible Investment

We will incorporate ESG issues into investment analysis and decision-making processes

We will be active owners and incorporate ESG issues into our ownership policies and practices

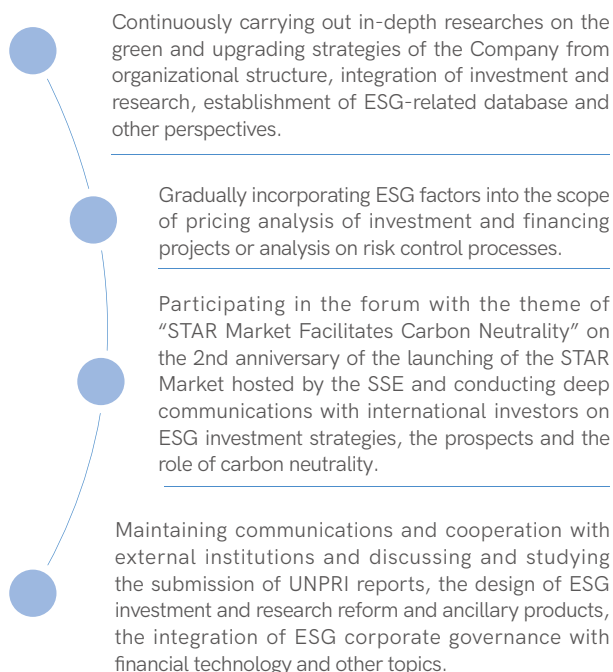
We will seek appropriate disclosure on ESG issues by the entities in which we invest

We will promote acceptance and implementation of the principles for responsible investment within the investment industry

We will work together to enhance our effectiveness in implementing the principles for responsible investment

We will each report on our activities and progress towards implementing the principles for responsible investment

Major Actions of Huatai Securities Asset Management in Promoting Responsible Investment in 2021



In terms of offering sustainability consulting services and research, the Company released four research reports on ESG investment in 2021, including the CSI 300 ESG Benchmark Index of ESG Investment Instruments and the Development and Regulation of Global ESG Sustainable Investment, to assist and facilitate investors considering ESG factors in decision-making on investments. In addition, the Company conducted in-depth analysis on review of investment practices with ESG indexes of overseas elderly care institutions, the application of ESG investment in risk management and future trends of sustainable investment, laying a solid foundation for customers to carry out ESG investment.

» Facilitating "Carbon Neutrality" through Financial Innovation

The Report on China's Environmental Protection Industry in 2020 pointed out that the realization of the goals on "carbon peak and carbon neutrality" (referred to as "dual carbon" goals) is an important part in ecological conservation in China and will bring an annual average investment of over RMB1 trillion in green economy from 2020 to 2060. Such huge capital demands require the full participation of market capitals including the financial system and green finance will play a key role in the realization of the "carbon peak and carbon neutrality" goals.

The Company 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 and successfully explored in facilitating "carbon peak and carbon neutrality" through financial innovation.

In 2021, Huatai Securities underwrote **46** green bonds, with a total financing scale of RMB **50,314** million.

Huatai Securities Asset Management issued **6** carbon neutrality and green ABS with an amount of RMB **11,010** million.

Case: Facilitating the Successful Issuance of the First “Carbon Neutrality” ABS in the Stock Exchange Market

China Longyuan Power Group Corporation Limited (referred to as “Longyuan Power”) is a pioneer specialized in wind power development in the PRC and has developed into a large-scale comprehensive power generation conglomerate focusing on new energy. It possesses over 300 wind farms as well as PV, biomass, tidal, geothermal and coal power generation projects distributed in the PRC.

In March 2021, the “Tranche 2 Special Green Asset-backed Plans on Tariff Premium of Renewable Energy (Special for Carbon Neutrality) of Longyuan Power” with an issuing scale of RMB1.030 billion were successfully issued on the Shenzhen Stock Exchange with Huatai Securities Asset Management acting as the manager and Huatai United Securities acting as the financial advisor. It is the first ABS on “carbon neutrality” in the stock exchange market in China and the proceeds will directly facilitate Longyuan Power’s clean energy and wind power generation, achieve the effect of reducing carbon and pollutants emissions and further promote the construction of the low-carbon and energy-saving ecosystem.



◆ “Carbon Neutrality” ABS of Longyuan Power

Facilitating the Issuance of the First Green Corporate Bond for Carbon Neutrality in the Stock Exchange

China Energy Investment Group Co., Ltd. (國家能源投資集團有限責任公司) (referred to as “China Energy Group”) operates eight business segments including coal, thermal power, new energy, hydropower, transportation, chemicals, environmental technology and finance. It is the world’s

largest producer of coal, thermal power, wind power, as well as coal-to-liquids and coal chemical products.

In April 2021, Huatai United Securities, acting as the joint lead underwriter, facilitated China Energy Investment Group in issuing the “Tranche 1 Green Corporate Bonds in 2021 of China Energy Investment Group Co., Ltd. (國家能源投資集團有限責任公司) (Special for Carbon Neutrality)”. It is the green bond with the largest scale among the first batch of green corporate bonds for “carbon neutrality” on the SSE with an issuing scale of RMB5.0 billion. The proceeds will be mainly used in green projects with carbon emission reduction effects to facilitate the construction of a clean, low-carbon, safe and efficient energy system and contribute to the realization of the “carbon peak and carbon neutrality” goals.



◆ Bond for “Carbon Neutrality” of China Energy Group

Facilitating the Successful Listing of Haili Wind Power on ChiNext

Jiangsu Haili Wind Power Equipment Technology Co., Ltd. (referred to as “Haili Wind Power”) is principally engaged in the R&D, production and sale of components of wind power equipment and is a leading manufacturer of components of wind power equipment in the PRC.

In November 2021, Huatai United Securities, acting as the sole sponsor and lead underwriter, facilitated the successful listing of Haili Wind Power on the ChiNext of Shenzhen Stock Exchange and raised RMB3.297 billion, setting the highest record of A-share listed companies in Nantong City in terms of IPO fundraising. Through facilitating the listing of Haili Wind Power, Huatai United Securities further explored cooperation paths and models

between the wind power industry and the high-end equipment manufacturing industry. It fully promoted the construction of large offshore wind power bases in the Yangtze River Delta, the Guangdong-Hong Kong Bay Area and the Bohai Bay, accelerated the development of three industrial segments, namely wind power equipment manufacturing, new energy development and wind power operation and maintenance, and facilitated the realization of the “carbon peak and carbon neutrality” goals in the PRC.



◆ Listing of Haili Wind Power on ChiNext

“Carbon neutrality” and “green recovery” have become global trends and promote the continuous expansion of the global green financial market. The Company hosted the summit on carbon neutrality and green finance, the finance salon themed “Green Finance Development in the New Era of Carbon Reduction” and other communication activities on green finance in 2021, striving to enhance the public awareness on green finance and green development and jointly promote the healthy development of green finance with all parties.

Communication Activities on Green Finance in 2021



◆ Site of Finance Salon

In July 2021, Huatai International held the finance salon themed “Green Finance Development in the New Era of Carbon Reduction” and discussed on how to seize development opportunities brought by green finance and embrace the wave of the development of green finance in the new era of carbon reduction in Hong Kong as the core city in the construction of the Guangdong-Hong Kong-Macao Greater Bay Area.

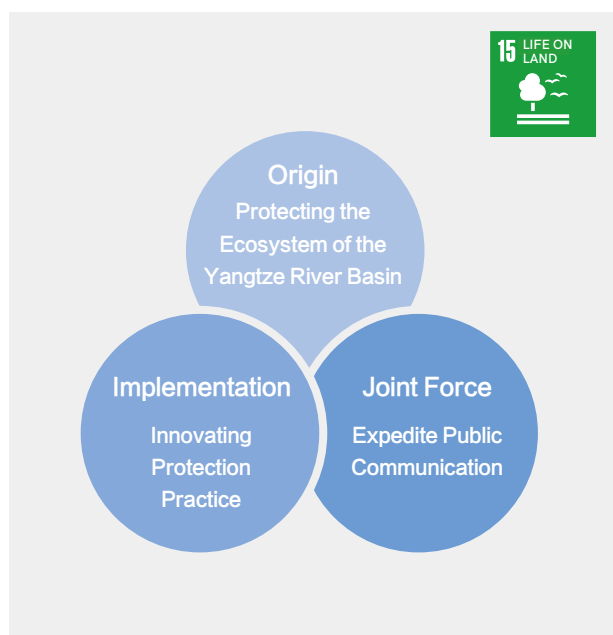


◆ Summit on Carbon Neutrality and Green Finance

In November 2021, the Company hosted the summit on carbon neutrality and green finance in Shanghai. It invited experts from the Chinese Academy of Sciences and Shanghai Environment and Energy Exchange to share views and discussed on topic such as industrial changes and investment transformation under the “dual carbon” goals and jointly explore the economic trends in the next decade under carbon reduction.

4.[Topic] Protecting Biodiversity in the Name of Love

With the continuous increase in the attention and importance of ecological security issues, Huatai Securities established the public welfare project of “One Commonweal Heart of Huatai One Yangtze River” on ecological protection in 2018. It joined hands with public welfare organizations, university research institutions and the public to jointly protect the biodiversity of the Yangtze River Basin and promote sustainable development, promote the dialogue and coordination between ecological protection and the capital market, boost the strategic input of green finance and incubate nature-based solutions for ecological protection.



Performance Highlights in 2021:

The “One Yangtze River” project was selected into **the “100+ Biodiversity Positive Practices and Actions Around the World” at the COP15**

The **first asset management product with the theme of public welfare** was launched

Over **9,000** hectares of natural forest were protection and forest carbon sequestration increased by **19,700** tonnes/year

4K documentary “One Yangtze River Vibrant Life” on protecting biodiversity was launched and displayed more than **1.58** million times

Public communication of “One Yangtze River Thousands of Cranes” attracted over **1.53** million participants in interactions

» Origin: Protecting the Ecosystem of the Yangtze River Basin

As a securities company started from the Yangtze River Delta, the Company never forgets its source. It actively serves the national strategy of Great Protection of Yangtze River and promotes the popularization of the protection of biodiversity. Through the establishment of featured environmental protection programs, the innovation in the publicity of ecological conservation and the launching of public welfare products on green finance, the Company incubates nature-based resolutions for the realization of the “carbon neutrality” target and makes an innovative demonstration in sustainable development.

Huatai Securities launched the campaign “One Commonweal Heart of Huatai One Yangtze River” in 2018 and cooperated with

public welfare organizations such as the World Wildlife Fund (referred to as “WWF”) and Shan Shui Nature Conservation Center (referred to as “Shan Shui”), as well as university research institutions and the public, to jointly protect the biodiversity of the Yangtze River Basin and promote the harmonious development of the ecological environment.

In September 2021, the project was selected into the “100+ Biodiversity Positive Practices and Actions Around the World” at the 15th meeting of the UN Conference of the Parties to the Convention on Biological Diversity (CBD COP15). It is the only case of financial enterprises among the 19 cases selected.

» Implementation: Innovating Practice in Protecting Biodiversity

In 2021, the Company continuously united professional forces, conveyed the warmth of finance, promoted the dialogue and coordination between ecological protection and the capital market, boosted the strategic input of green finance and guided capital inflow into public welfare.

Joining Hands with NGOs in Promoting Biodiversity Conservation of the Yangtze River Basin

In the source region of the Yangtze River, the Company supported Shan Shui in conducting species monitoring and community protection with shepherds playing the primary role, supported Peking University and other research institutions in carry out researches and filled the blankness in ecological study on climate change and the coexistence of snow leopards and *Panthera pardus* in the PRC with the monitoring network with over 400 infrared cameras. It has established a community protection base with a total area of 2,000 square kilometers and constantly improved resolutions on the ecological protection and the balanced development of communities. Through the protection of a total of over 9,000 hectares of natural forest in Liziba Village in the source region of Jialing River and Zhaoyang Village in the source region of the Hanjiang River, it increased the forest carbon sequestration by approximately 19,700 tonnes each year, playing an active role in safeguarding the health of the ecological system and mitigating the impact of climate change.



- ◆ The Public Welfare Project of “One Commonwealth Heart of Huatai One Yangtze River” on Ecological Protection

In the middle and lower reaches of the Yangtze River, the Company and the WWF jointly launched the project “One Yangtze River Small Fund for Wildlife Protection” (Phase-II) to support the protection of nine representative threatened species, including the Yangtze porpoise and *Aythya baeri*, and their habitats by Fudan University, Wuhan Bird Watching Society and other local institutions, filling the blankness in the protection of certain threatened species. Huatai United Securities, a subsidiary of the Company, also supported

surrounding areas of national parks in the Yangtze River Basin in exploring innovative models of ecological poverty alleviation through nature experience, environmental education and brand franchise.

Launching 4K Documentary on Biodiversity Protection

In 2021, the Company and professional documentary production teams jointly launched “One Yangtze River Vibrant Life”, a 4K documentary on biodiversity protection, which tells vivid and scientific image and video stories on animal protection, further enhances the scientific knowledge of the public on ecological protection and enlightens in-depth thinking on the ecological environment and animal protection. With three episodes in total, the documentary draws materials from three authentic protection cases under the project of “One Commonwealth Heart of Huatai One Yangtze River” in the Yangtze River Basin and has been displayed more than 1.58 million times.



- ◆ 4K Documentary “One Yangtze River Vibrant Life”

Episode 1 Jiatang: Land of Rainbow

The Company supports the Jiatang government in Yushu, Qinghai and Shan Shui in building the “Chengduo Jiatang Community Protection Base” and guides local shepherd to play key and fundamental roles in protection.

Episode 2 Home of Raccoon Dogs

The Company supports Shan Shui and the research team on biological protection led by Wang Fang from Fudan University in launching the “Citizen Scientist in Urban Areas” and invited citizens acting as volunteers to participate in the research and protection of urban wildlife represented by racoon dogs in Shanghai and other central cities in the Yangtze River Delta.

Episode 3 Guarding the Yun-meng Lakes

The Company, WWF and Earth Wildlife Fund (OPF) in Shenzhen jointly launched the project “One Yangtze River Small Fund for Wildlife Protection” to support Wuhan Bird Watching Society in the protection of *Aythya baeri* and their habitats.

Huatai Securities Asset Management Launches the First Asset Management Product with the Theme of Public Welfare

In October 2021, Huatai Securities Asset Management and Beijing Entrepreneur Environmental Protection Foundation launched the first asset management product with the theme of public welfare under the series of One Commonweal Heart of Huatai on the opening day of the 15th meeting of the UN Conference of the Parties to the Convention on Biological Diversity (CBD COP15).

The products under the series integrate and connect high-quality capitals and resources, focus on the development of green and low-carbon industries and select targets with outstanding ESG performance as underlying assets. While providing financing supports to green industries, it also supports the protection of biodiversity through the donation of certain management fees. The first donation project has subsidized the coast wetland restoration carried out by environmental protection organizations under the project of "One Commonweal Heart of Huatai One Yangtze River" on ecological protection and jointly explored sustainable fishery with local communities.

» Joint Force: Expedite Public Communication on Biodiversity

The public is an importance force in promoting "capital inflows into nature" and their understanding of biodiversity plays a key role in improving biodiversity. According to the Research Report on Public Awareness on Biodiversity in China jointly released by the WWF and other organizations in 2021, the current public awareness on the protection of biodiversity is weak.

To reduce the barriers in the public awareness on ecological protection, promote the concept of sustainable development and encourage more people to participate in biodiversity protection, the Company, the Beijing Representative Office of the International Crane Foundation and the research center of Beijing Forestry University on bird migration in East Asia and Australasia launched the public communication of "One Yangtze River Thousands of Cranes" through online and offline integration in 2021 and attracted over 1.53 million participants in interactions.

Public communication of "One Yangtze River Thousands of Cranes"



Online

Launched the science communication on the protection of cranes with the theme of "One Yangtze River Thousands of Cranes" through Douyin and Weibo and invited Tamdrin, the popular tourism ambassador of Litang County, Tibetan Autonomous Prefecture of Garze, Sichuan among young people to transfer knowledge on protection through sending Spring Festival greetings.



Offline

Hosted the crossover art tour exhibition on cranes protection in Beijing, Shanghai and Nanjing under the "One Yangtze River Thousands of Cranes" and brought knowledge on the protection of cranes to the public through hand-made arts, creative board games, theme exhibition, celebrity salons and other diversified forms to publicize the concept of sustainable development.



◆ Site of tour exhibition of "One Yangtze River Thousands of Cranes"



◆ Public communication of “One Yangtze River Thousands of Cranes” during the Spring Festival

The Company consolidates public welfare resources, promotes citizen science and continuously carries out citizen scientist actions covering Shanghai, Hangzhou, Suzhou, Nanjing, Wuhan, Chengdu and other central cities in the Yangtze River Basin as well as Beijing, Shenzhen and other tier-1 cities. Combined with local ecological resources and protection projects and through the design of natural observation programs, it allowed the public to experience the beauty of nature, learn about nature in a more scientific manner and make them new forces in protection. At the same time, it explored innovation in forms of public communication to lower barriers on public access to environmental protection and public welfare and speed up the publicity of public welfare in “expanded circles”.

Citizen Scientist Actions

Design of natural observation programs	“Four Seasons on Campus of Peking University” “Four Seasons in Beijing”
Supporting public activities	Over 10,000 people directly participated in the “Urban Nature Challenge in Shenzhen”
Setting up live broadcasting column	Set up Weibo live broadcasting column of “Some Time for Nature”, launched live broadcasting activities on career development in the environmental protection industry and how to share modern cities between human beings and wild animals and invited program experts and employees’ children to participate in dialogs and provide supports
Empowerment by high-traffic platforms	Leverage on Weibo, Douyin, Bilibili and other high-traffic Internet-based platforms in publicity in expanded circles



◆ Weibo live broadcasting column of “Some Time for Nature”

5. Guaranteeing Compliance and Stable Operation

Under the overall background of the transformation of real economies driven by the supply-side reform and the increasingly strict financial regulation, Huatai Securities promoted the coordination of Party building with the reform and development of the Company, continuously improved the corporate governance structure and systematic building, enhanced overall risk management and assiduously advanced compliance management, anti-money laundering management, incorruptible employment and anti-corruption management to practically guarantee the sustainable and steady operation of the Company.



Performance Highlights in 2021:

The Company was rated the highest-level Class **A** in the 2020-2021 information disclosure evaluation of listed companies by the Shanghai Stock Exchange

22 professional trainings on risk management were organized and conducted

5 special lectures on anti-money laundering were conducted online with over **4,433** participants.

5.1 Enhancing Corporate Governance

» Corporate Governance

The sound corporate governance is the cornerstone for enterprises' sustainable development. As a public company listed in both domestic and overseas, the Company has been operating business in a standard manner and in strict compliance with the requirements set forth in the laws, regulations and regulatory documents of the PRC and the overseas jurisdiction where the shares of the Company are listed, and has made continuous efforts to maintain and enhance the good image of the Company in the market.

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 and has established a system of modern enterprise organization and an operation mechanism with the General Meeting, the Board of Directors, the Supervisory Committee and the senior management. The Company has formulated and improved the Rules of Procedures for General Meetings, the Rules of Procedures for the Board of Directors, the Rules of Procedures for the Supervisory Committee, the Terms of Reference of the CEO and the Executive Committee and other regulatory documents and internal systems. It follows the principles of independent operation, effective checks and balances, mutual cooperation and coordinated operation of various governance bodies and continuously improves the operation mechanism of the Meetings and the management to improve its corporate governance efficiency.

Operation of the General Meeting, the Board of Directors and the Supervisory Committee



The General Meeting

The General Meeting is the organ of the highest authority of the Company. The Company convenes and holds shareholders' general meetings in strict accordance with the relevant provisions of the Articles of Association and the Rules of Procedures for General Meetings to ensure the equal status of all shareholders and enable them to exercise their rights completely.



The Board of Directors

The Company has established the Working System for Independent Directors to ensure that all the independent Directors have independently and objectively worked to protect the legitimate rights and interests of the Company and its shareholders. When the Board of Directors of the Company considered related matters, independent directors expressed independent opinions. In 2021, the related-party transactions of the Company were fair and reasonable, and no circumstances impairing interests of the Company and shareholders have been found.

The Company considers the diversity of Board members in several aspects, including but not limited to gender, age, cultural, educational background, professional experience, skills and knowledge and employs appropriate candidates in a scientific and reasonable manner. As at the Reporting Period, the Board members of the Company are from finance, economics, accounting, laws and other industries.

The Company has established the Audit Committee, the Nomination Committee, the Remuneration and Appraisal Committee, the Compliance and Risk Management Committee and the Development Strategy Committee under the Board of Directors with all special committees performing their own functions and responsibilities and doing their parts to promote the efficient, scientific and standard operation of the Company.



The Supervisory Committee

The Supervisory Committee is composed of 7 supervisors, including 3 employee supervisors. The Supervisory Committee is responsible to the general meeting and effectively supervises the legality and compliance of the Company's finance and the performance of duties by the Board and the management of the Company. The Company maintains and improves the employee supervisor mechanism and allows employee supervisors to participate in corporate governance in an orderly manner.

In 2021, the Company continuously promoted the updating and upgrading of the governance and operation management platforms of the Meetings. It completed the meeting management platform based on the Meetings, achieved online preparation of the Meetings and the provision of electronic documents, effectively improved the digital governance and operation of the Meetings and guaranteed the safe and efficient operation of the Meetings.

Composition of the Board and Particulars on Convening of the Meetings of Huatai Securities in 2021

Composition of the Board		Particulars on convening of the Meetings	
	13 directors of the Board		2 general meetings
	3 executive directors		9 Board meetings
	5 non-executive directors		15 meetings of various special committees under the Board of Directors
	5 independent non-executive directors		5 meetings of the Supervisory Committee
	3 female directors		Approximately 111 proposals and reports in total considered and approved, reviewed, examined or heard

For other details of corporate governance, please refer to the chapter headed “Corporate Governance” in the 2021 Annual Report of Huatai Securities Co., Ltd.

» Information Disclosure

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, the System regarding Insider Registration and Management and Confidentiality 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 2021, the Company disclosed 122 documents on the website of the Shanghai Stock Exchange, 193 documents on the website of the Hong Kong Exchanges and Clearing Limited, and 26 documents on the website of the London Stock Exchange, achieving zero error in the reporting of information. There were no accounting errors, corrections of forecasts, and other report errors.

In 2021, the Company was rated the

highest-level Class **A**

in the 2020-2021 information disclosure evaluation of listed companies by the Shanghai Stock Exchange.

» Communications with Investors

The Company attaches great importance to investor relations management and enhanced communication with investors through various channels and methods such as annual and interim results reports on the e-platform of SSE and online conference of results announcement, so as to promote investors' understanding and recognition of the Company, strengthen the governance capability of the Company, maximize the overall interests of the Company and protect investors' legitimate interests.

Main Jobs for Communications with Investors of Huatai Securities in 2021

Channels and methods of communications	Main jobs
Network platform	· Maintained and optimized the column of "Investor Relations" on the official website · Replied to investors' questions through the interactive e-platform of SSE · Replied to investors' inquiries through email of the Board
Online results presentation	· Held the annual results announcement for 2020 and briefing on performance of the interactive e-platform · Held the interim results announcement for the first half 2021 and briefing on performance of the interactive e-platform
Others	· Received a total of 16 batches 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

To improve the communication efficiency with investors and optimize the communication experience of investors, the Company launched "Xing Zhi" (行知) APP, an exclusive platform for financial services, for investors, providing research services, investment banking services, credit businesses and other services. It significantly improves the efficiency of meetings and expands the coverage of meetings through the cloud roadshow function and provides investors with convenient and diversified participation experience.

"Xing Zhi" APP Empowers 2020 Annual Results Announcement Conference

Under the background of the comprehensive prevention and control of the pandemic in 2021, the Company adhered to the concept of "professional guidance, technology empowerment, in-depth planning, inclusiveness and sharing", kept the information channels for high-quality two-way communications with investors unobstructed and efficiently and accurately conveyed information on the Company. It held the 2020 annual results announcement conference online through the cloud roadshow function of "Xing Zhi" APP. More than 2,000 people watched the online results announcement conference and approximately 300 investors participated in and raised 32 questions in total.

Prior to the convening of the conference, "Xing Zhi" APP launched a special publicity column to popularize the convening of the Company's results announcement. "Xing Zhi" APP conducted full-process live broadcasting during the announcement. It also supports the display of roadshow materials and live image on the

same screen, simultaneous interpretation and other functions, allowing investors to participate in real-time interactions through the comment section and promoting further communications between investors and the management. After the announcement, "Xing Zhi" APP immediately opened the video playback function for investors having failed to participate in the conference.



◆ 2020 Annual Results Announcement Conference of Huatai Securities

» Building of Party Organizations

The Company always adheres to and practices the requirements of two “consistent implementation principles” and implements the leadership of the Party in the whole course of decision-making, execution and monitoring of the Company, refining the top design, systems, matters, procedures and lists level by level and promoting the coordination and deep integration of Party building with the reform and development of the Company.

In 2021, under the overall leadership of the “Year for Consolidating Party Building” and towards the orientation of “standardized, digital and brand-based development”, the Company simultaneously promoted “standardized Party building” and “effective Party building”, continuously advanced brand building on Party building and constantly consolidated systematic building on Party building, providing strong supports to the high-quality development of the Company.

Newly formulated or Amended Systems on Party Building of Huatai Securities in 2021

Guiding Opinions on Strengthening the Political Building of the Party

Implementation Opinions on Establishing and Improving the Long-term Mechanism on Remaining True to Original Aspirations and Keeping Mission Firmly in Mind

Opinions on Further Promoting the Implementation of the Spirit of the Important Instructions Made by General Secretary Xi Jinping and the Decision-making Deployment of the Party Central Committee

“First Issue” System of Meetings of Party Organizations

Tour and Guest Learning Systems on Theoretical Learning

Implementation Opinions on Strengthening the United Front Work of Huatai Securities under New Situations (Trial Implementation)

The Company adheres to technology empowerment and continuously innovates work models to promote the improvement of quality and efficiency in Party building work. Through the launch of the payment platform for Party membership dues, the introduction of the digital staff “July 1” in Party building and the establishment of phase-II information platform for Party building, the Company has preliminarily established the digital services system on Party building.

Developing IP Image of “Light Chaser” in Party Building

In 2021, the Company successfully developed the “Light Chaser”, an IP (Intellectual Property) on Party building, making the ideological and political work more vivid and popular. Under the guidance of the advanced culture of the Party, the Company established the common value orientation of “seeking, chasing, becoming and spreading light” among all employees and made the “Light Chaser”, an IP on Party building, a driver to uniting people and promoting reform and development.

Through carrying out special inspections on the ideological and political work of young employees and holding hierarchical and classified symposiums, the Company has developed the IP image of “Light Chaser”, launched various cultural works as planned and built the traffic matrix. It launched the documentary “Light Chaser” and won the first prize in the creation competition on all-media works for education on Party members of the province

with the theme of “One Hundred Years of Glory”. It also released the MV “Light Chaser” with the theme of celebrating the 100th anniversary of the founding of the Party, which is widely spread among the media.



◆ Shooting Bloopers of MV “Light Chaser”

Activities on Celebrating the 100th Anniversary of the Founding of the Party

In July 2021, the Company prepared sites and arranged members of the Party and the League and employees to watch the important speech delivered by General Secretary Xi Jinping on July 1. The theoretical study center of the Party committee organized special seminars on study and invited experts and scholars to provide special tutoring. It uploaded materials on the special study to HTSC Cloud Academy and promoted Party members to study practically and thoroughly, learn from the history, forge ahead and pledge to the Party to make the country strong.

The Company distributed a set of commemorative Party emblems and a knowledge calendar with the Party's history to

each Party member. It solicited stories on original aspirations and collected memories of struggling across the Company and encouraged Party members to tell their stories on original aspirations and review splendid stories since the establishment of the Company with old photos and archives with aims to stimulate Party members to remain true to original aspirations, enhance the undertaking of missions, earnestly perform duties and enhance the sense of honor, belonging and responsibility of young employees.

The Company also carried out the activity of "One Hundred Revolutionary Classics Recommended" and solicited the most touching revolutionary books and movies. The revolutionary classics solicited are recommended to and popularized among employees to carry forward revolutionary genes and draw mental strength.



◆ Telling Stories on Original Aspirations



◆ Commemorative Party Emblems and Knowledge Calendars with the Party's History



5.2 Comprehensive Risk Management

The Company 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.

The Company always attaches great importance to technology-driven risk management capabilities and efficiency improvements, and adopted digital thinking to create a centralized, time-efficient, quantitative and penetrating risk management technology platform. In 2021, the Company has established the risk data mart at the group level, comprehensively covering all business lines. It also continuously improved the data quality to carry out in-depth analysis and scenario-based application.



Comprehensive Risk Management System of Huatai Securities

The Company has established and improved the risk management organizational structure and developed a multi-layered working mechanism with mutual connection and effective balance:

- The Board is ultimately responsible for the overall risk management;
- The Compliance and Risk Management Committee is set up under the Board to review and make recommendations on overall risk management targets and fundamental policies; evaluate and make recommendations on the risks of major decisions which require the Board’s review, as well as the solutions to these risks;
- The Supervisory Committee is responsible for supervising overall risk management;
- The senior management is specifically responsible for the implementation of risk management;
- Chief risk officer is responsible for leading the overall risk management of the Company;
- The risk management department is accountable to the senior management and is responsible for the overall risk of the Company and performs the overall risk management duties;
- All professional risk management departments are responsible for professional risks under their leading management and other departments, branches and subsidiaries are responsible for the management of various risks in their respective lines;
- The audit department incorporates overall risk management into the audit scope.

In 2021, the Company formulated and released the Guideline on Risk Management of Stock Pledged Repurchase Business and the Administrative Measures for Credit Risk of Counterparties in Entrusted Funding Business of Huatai Securities Co., Ltd., amended and improved the Administrative Measures for Credit Risk of Issuers of Huatai Securities Co., Ltd. (Trial Implementation), continuously strengthened credit risk management and deepened the bottom line management and normalized risk management and control on investment and financing, issuers and other key credit businesses.

The Company continued to strengthen the management and control of clients' ESG risks. In 2021, it amended the Guidelines for Due Diligence on Clients' Environmental, Social and Governance (ESG) and formulated the Reference Index of

Policy Documents on Industries with High Environmental Risks, Biodiversity and Climate Change and further specified industries with high environmental risks requiring strengthening due diligence on clients to make the ESG risk management more targeted and effective.

The Company attaches great importance to the penetration of the publicity of the risk management culture. In 2021, the Company organized 22 professional trainings on risk management, including the in-depth interpretation of the ESG Due Diligence Guidelines and the Administrative Measures for Risks in Equity Investment Business. The Company published a total of 84 articles through its internal public account "Link Risk Expert" (鈴客風險管家) and posted seven articles related to views on risk management through official WeChat account of "ZhangLe Fortune Path".

5.3 Strengthening Compliance Operation

» Construction of Compliance System

Following the working principle of "attaching great importance, full coverage, deep inspection and timely handling", the Company closely followed laws, regulations and regulatory trends, continuously improved the organizational structure and system of compliance management and strengthened the risk identification and discovery capability. It completed 4 special verifications on illegal securities activities including over-the-counter funding risks as well as various targeted verifications.

Main Jobs for Compliance Management of Huatai Securities in 2021

Digital transformation	•The Company established the compliance control platform on online private products, achieved full-process compliance management of the sales of private products and solved the problem with complicated compliance control requirements and higher compliance risk on private products; •It added intelligent instruments such as automatic posting of articles and automatic adjustment of authority on the compliance efficiency platform and improved the frontline compliance efficiency; •It continuously improved the compliance inspection, communications with regulatory authorities and other basic functions of the platform, established the list scanning control centre of the Group and integrated sanction compliance scanning into business processes, achieving closed-loop control over sanction compliance process.
Internal audit	•It ensures at least one audit on business departments and holding subsidiaries each year and one audit on all institutions across the Group every three years; •It lists the use of state-owned assets, the implementation the decision-making mechanism on "three significant and one material" issues and the economic responsibilities of Party and political cadres as key audit points. It has organized and completed special audits on compliance in project construction, IT management and IT risk assessment, anti-money laundering, fund sales business, asset custody and services businesses and completed a total of 171 audit programs during the year.
Compliance trainings	•A total of 12 compliance trainings on anti-money laundering and sanction were conducted; •7 special trainings on the management of abnormal securities transactions were organized for business departments and branches; •The "Escort" special training on new compliance staff was organized and conducted; •Diversified publicity activities on rule of law were carried out within the Company to enhance employees' compliance awareness and build the compliance culture of the Company.

Month of “Legal Tai” Publicity of Laws

In 2021 and with the focus on the theme of “Better Life with the Companion of the Civil Code”, the Company led and conducted the month of “Legal Tai” publicity of laws with the Civil Code as the primary line of publicity. It focused on the centralized publicity of the Personal Information Protection Law and held the law publicity activity with online and offline coverage through knowledge contests, live broadcasting of lectures and legal consultation for free. The Company solidly promoted the rule of law in state-owned enterprises through creating an atmosphere of rule of law with everyone “knows, understands and abides by laws” and developing “multi-dimensional and immersive” publicity activities on laws.



◆ Publicity of the Personal Information Protection Law

» Anti-money Laundering

The Company actively fulfills its anti-money laundering responsibility as a financial institution and actively promotes the effective integration of anti-money laundering work with business practices. It pays close attention to the latest requirements of relevant laws and regulations on anti-money laundering, regularly reviews relevant anti-money laundering systems and updates them in a timely manner. Meanwhile, the Company continuously optimizes and upgrades the monitoring system on anti-money laundering and establishes monitoring indicators on suspicious transactions based on the characteristics of its own business development. The quality of its reports on suspicious transactions is recognized by relevant competent authorities.

In 2021, in accordance with the requirements of the Guidelines on Self-Evaluation of Money Laundering and Terrorism Financing Risks of Corporate Financial Institutions and other laws and regulations, the Company amended two basic internal control systems, namely the Administrative Measures for Self-Evaluation of Money Laundering Risks of Huatai Securities Co., Ltd. and the Administrative Measures for Monitoring on the List of Money Laundering and Sanction Risks of Huatai Securities

Co., Ltd., specifying relevant monitoring requirements on self-evaluation of money laundering risks and the list of anti-money laundering.

In August 2021, the Company released the Announcement on Improving Clients' Occupational Information of Huatai Securities Co., Ltd., requiring customers to update their occupational categories in a timely manner to practically perform due diligence obligation on “anti-money laundering” of customers.

Meanwhile, relying on the multi-dimensional anti-money laundering training systems with online and offline integration and fully leveraging on live broadcasting, online institutions and new media publicity methods, the Company carried out anti-money laundering trainings for all employees to publicize anti-money laundering knowledge. In terms of online trainings, 5 special lectures on anti-money laundering were conducted through “Huatai Lecture”, “Yijian Live” and other online live broadcasting with over 4,433 participants.

Anti-money Laundering Publicity Activities under “My Rules on Money”

In 2021, the Company organized all branches and conducted a series of anti-money laundering publicity activities under “My Rules on Money” with the themes of “Say No to Money Laundering Crime” and “My Account Rules”.

The Company integrated education into entertainment through short videos, sand paintings, script killing and other new publicity models. It carried out a total of 3 live broadcasts, produced over 150 publicity videos on anti-money laundering, conducted over 70 online quiz games and held over 40 presentations in communities and colleges, which effectively enhanced the public awareness on the prevention of money laundering risks and created a sound atmosphere with public participation in anti-money laundering and cracking down laundering crimes and terrorism financing activities.

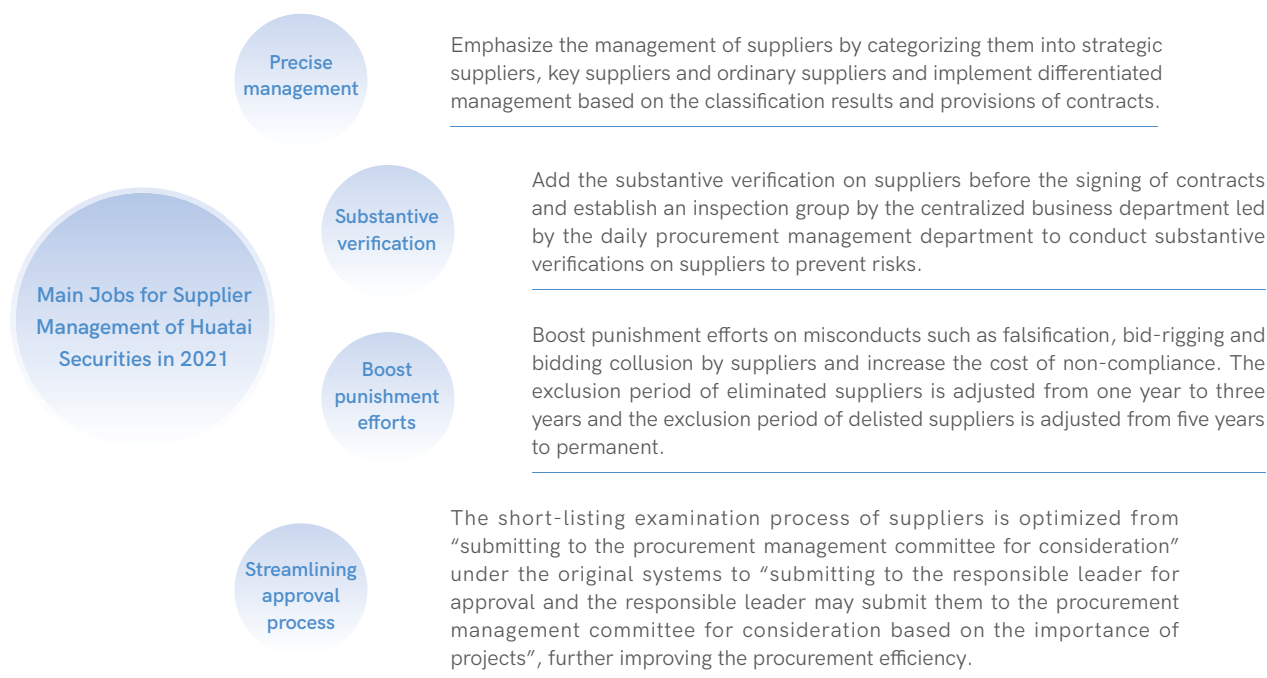


◆ Anti-money Laundering Publicity Activities

» Supplier Management

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

In 2021, 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 further optimized management method of suppliers and created sound supplier cooperation ecosystem.



In terms of promoting the anti-corruption management of suppliers, the Company formulated the Code of Conduct on Suppliers of Huatai Securities Co., Ltd., making explicit provisions on the compliance and ethics standards, environmental protection, employees' interest and other environmental and social aspects of suppliers and requiring suppliers to abide by the Regulations on Anti-corruption and Integrity of Huatai Securities Co., Ltd. and other anti-corruption policies.

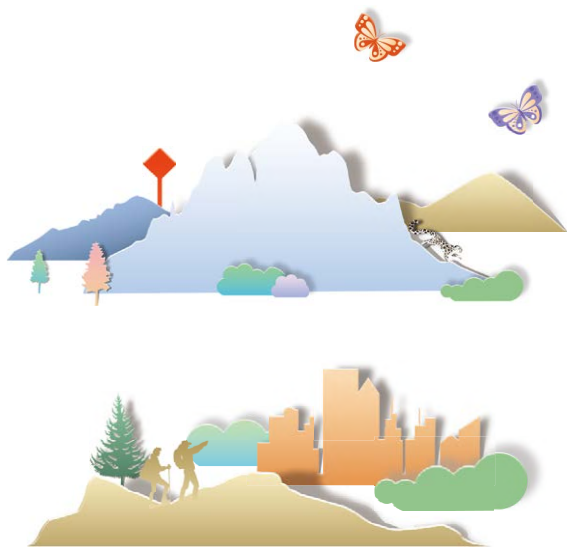
Besides, the Company added anti-commercial bribery clauses in all purchase contracts, required all suppliers to enter into the integrity agreement, strictly forbid active and passive bribes of suppliers and specified punishment rules on the violation of contracts, thus effectively preventing the corruption of suppliers.

In addition, the Company insisted on promoting the concept of sustainable development. As clearly stipulated in Procurement Management Measures of Huatai Securities Co., Ltd., "the Company shall give priority to purchasing energy saving and environmental protection products in procurement".

» Intellectual Property Management

With the continuously enhancing of the awareness on intellectual property protection and the introduction of national policies, the scope and contents of objects under intellectual property protection are increasingly expanded and deepened and intellectual property management gradually becomes an integral part of corporate governance. In strict compliance with the Patent Law of the People's Republic of China, the Copyright Law of the People's Republic of China, the Trademark Law of the People's Republic of China and other laws and regulations, the Company effectively protects its own intellectual properties and avoids the infringement of others' intellectual properties to control legal risks.

In 2021, the Company continued to detail the management of intangible assets involving patent rights, technology, software, trademark rights and other intellectual property rights. When revising the template of the software development contract to be signed with developers, it focused on requiring developers to guarantee that the software and development services provided for the Company are not involved in the infringement of the intellectual properties or other rights of any third parties and all software and instruments used by the appointed service staff have obtained the corresponding authorizations without infringing the intellectual properties, ownership or use right of any third parties.



» Responsible Marketing

Financial products and services are characterized by high information asymmetry, which raises higher requirements on the marketing of financial institutions. Financial institutions should actively perform social responsibilities in marketing, provide customers with true and complete product information and ensure that customers understand the return and risks of products.

To strengthen the management of marketing publicity activities and prevent risks resulting from illicit marketing publicity, the Company strictly complies with various requirements on financial marketing publicity and product advertisement stipulated by the Advertisement Law, the Notice on Further Standardizing Financial Marketing Publicity, the Measures for Supervision and Administration of the Sales Organizations of Securities Investment Funds in Public Offering and the Interim Regulations on the Administration of Publicity and Marketing of Securities Investment Funds in Public Offering and formulated the Administrative Measures for Marketing Publicity Activities and the Administrative Measures for Proxy Sale of Financial Products, specifying the preparation, review and use of publicity materials and code of conduct on marketing and publicity as well as special requirements on the marketing of financial products and continuously establishing and improving the internal control systems on the advertising and marketing management of financial products.

The Company carries out strict management on marketing and promotional materials and activities of marketing staff, so as to make sure customers are updated with true and complete product information. For example, the Company requires that marketing and promotional materials shall be audited and provided by the headquarters and forbids exaggerated publicity by marketing staff. Meanwhile, the Company provides various channels for customers to learn about complete product information, including the "Publicity and Information Disclosure" column on the official website of the Company, basic information elements and text of contracts available for checking when buying products through ZhangLe Fortune Path and other trade terminals, 95597 hotline and 7*24-hour online customer services.

In 2021, the Company committed no violations regarding products or services in marketing, nor did it commit any marketing non-compliances.

5.4 Anti-corruption Management

The Company always gives top priority to anti-corruption and anti-bribery work. In strict accordance with the requirements of the Regulations on the Integrity of Securities and Futures Business Institutions and Their Staff and the Securities Law, the Company continuously improves management measures such as assessment and accountability, requires all employees to sign the incorruption commitment letter and improves the professional ethics and anti-corruption awareness of employees to build a strong line of defense for the integrity of the practice system. In 2021, the Company released the Regulations on Anti-corruption and Integrity of Huatai Securities Co., Ltd., further improved the policy systems of anti-corruption and integrity and standardized the management of anti-corruption and integrity.

In 2021, the Company vigorously promoted the information-based construction on the prevention and control of integrity risk. It incorporated the “Integrity Risk Management System” established in 2020 into the comprehensive risk management system and jointly developed seven professional risk management systems covering “market risk, credit risk, operational risk, liquidity risk, reputational risk, compliance risk and integrity risk”. In 2021, the Company required all subsidiaries to provide information on integrity practice online to dynamically master and control the prevention and control of integrity risk by all subsidiaries and carry out anti-corruption work specifically.

The Company regularly sends the Administrative Regulations and Newsletters on the Hong Kong Capital Market, the Report of the Hong Kong Financial Reporting Council, the Monthly Newsletter of Huatai Securities and other materials to the directors and supervisors of the Company with punishment cases on the corruption and other illicit activities of directors, supervisors and senior management included to enhance the anti-corruption awareness of the directors, supervisors and senior management of the Company.

In 2021, the Company organized and held the “Warning Education Seminar on Clean Party and Government Building” and specially invited experts to provide special tutoring. The Company arranged the Information Technology Department, the Strategic Development Department and other departments to carry out special warning education activities with the theme of “Constantly Guarding Against Corruption and Learning from the Lesson” at the Clean Party and Clean Government Warning Education Base in Jiangsu in four batches. Over 120 Party carders and employees of relevant departments participated in the visit and study.

Special Warning Education Lecture on Integrity Themed “Holding Fast to the Bottom Line and No Crossing of the Red Line”

In 2021, the Company organized the special warning education lecture on integrity with the theme of “Holding Fast to the Bottom Line and No Crossing of the Red Line” for over 40 employees. It interpreted the importance of integrity, self-discipline and compliance practice and promoted employees to build a strong bottom line of disciplines and laws.

The contents of the special lecture mainly cover four aspects, including the introduction to the responsibilities of the discipline inspection and supervision group of Huatai Securities, the interpretation of the Regulations on the Integrity of Securities and Futures Business Institutions and Their Staff, the Detailed Implementation Rules for the Integrity of Securities Business Institutions and Their Staff and other regulations, the sharing of the main contents of the Disciplinary Punishment Regulations of the Communist Party of China and the Law of the People’s Republic of China on Administrative Discipline for Public Officials and the introduction to the interpretation of provisions of the Criminal Law on the securities industry among the 88 duty crimes under the administration of the Supervisory Commission.



◆ Special Warning Education Lecture on Integrity Themed “Holding Fast to the Bottom Line and No Crossing of the Red Line”

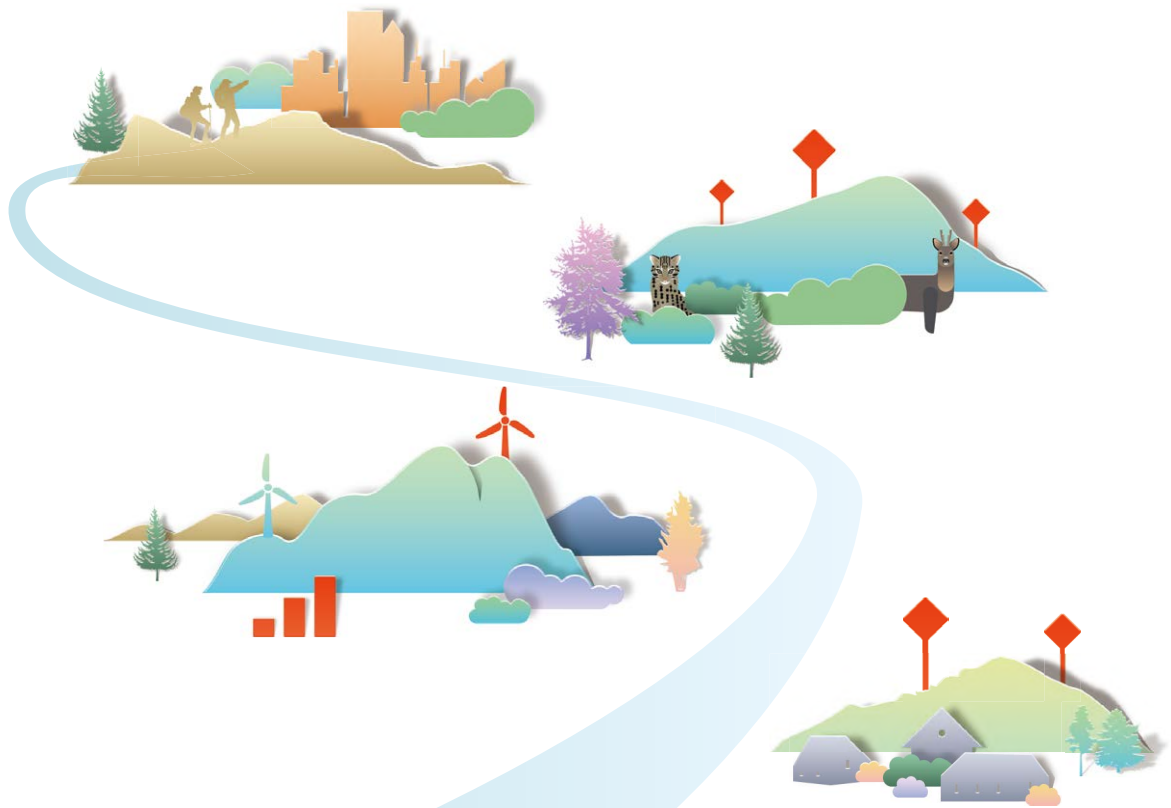
In terms of business ethics audits, the Company formulated and improved the Administrative Measures for Internal Audit and the Administrative Measures for Internal Audit on Staff at Key Positions. It regularly carries out internal audits and ensures to complete one business ethics audit across the Group at least every three years. During the audit process, the Company is

mainly concerned about the employees' compliance with national laws and regulations, industrial regulations and all compliance management systems of the Company and the practitioners' compliance with codes of conduct and self-discipline on integrity. It also pays attention to the reasonableness and compliance of the Company's procurement activities to prevent corruption in all dimensions.

The Company set up and publicized whistle-blowing channels, including letters and petitions, online whistle-blowing and telephone whistle-blowing, to supervise and prevent the seeking or transferring improper benefits. Regarding the whistleblower protection, the Company strictly abided by the Regulations on Dealing with Reporting Work of Disciplinary Inspection

and Supervision Organs, the Implementation Measures for the Establishment and Improvement of the Clarification and Protection Mechanism on Falsely and Wrongly Accused Party Members and Cadres (Trial Implementation) and other regulations and explicitly provided that it shall "strictly implement confidentiality regulations, designate special staff to register and handle the whistle-blowing within the scope of acceptance, strictly control the range of knowledge and resolutely prevent the leakage of secrets" to practically guarantee the right of supervision of whistleblowers.

In 2021, no lawsuits relating to corruption occurred which were against the Company or its employee.



6. Providing High-quality Financial Services

In undertaking the new mission of promoting the “dual circulation” between domestic and overseas markets, Huatai Securities actively responds to national strategies and supports the high-efficient development of science and technology enterprises, private enterprises and other real economies and industries. It advances digital transformation with financial technology and enhances the data security and privacy protection of customers to comprehensively optimize the service experience of customers. It carries out investor education and help investors build the awareness on rational investment.



Performance Highlights in 2021:

Facilitated the listing of **17** enterprises in the STAR Market, **ranking high in the industry** in terms of the number of enterprises sponsored

The total amount of investment in information technology reached RMB **2,228** million in 2021

Over **1,000** investor education activities

covering over **10** million participants in total

The investor education base won the **“Excellent” rating** in the annual investor education base evaluation by the CSRC

6.1 Serving Real Economies

» Serving Science and Technology Enterprises

Science and technology are primary productive forces and scientific and technological innovation is the motive power to the national economic development and the improvement of the international status of the country as well as the foundation to make the country strong. Science and technology enterprises play an essential role in the high-quality growth of the national economy.

The Company actively responds to national strategies and provides science and technology enterprises with all-round financial services, including assisting the listing of science and

technology enterprises, direct capitals investment and assisting in financing, to effectively solve the problems such as huge R&D inputs and poor profitability and capital liquidity in the preliminary stage of science and technology enterprises and promote the stable and efficient development of science and technology enterprises.

Since 2012, the Company has provided services to over **170** clients in technology, media and telecommunications (TMT), healthcare and new energy industries and the market value of technological innovation enterprises served by the Company totaled RMB **7.4** trillion. In 2021, Huatai United Securities successfully promoted **17** companies to log on the STAR Market, **ranking high** in the number of enterprises sponsored by us.

Tranche 1 Huatai-Jiangbei Yangzi Special Asset-backed Plan on Intellectual Property

Huatai Securities Asset Management established the Tranche 1 Huatai-Jiangbei Yangzi Special Asset-backed Plan on Intellectual Property with a total size of RMB100 million in September 2021. The project allows the packaging of scattered intellectual properties through the innovative establishment model of secondary approval and conducts financing with state-funded entities with strong credit as the backer. 155 authorized patents are involved in the pooled assets and it supports a total of 19 technology enterprises in Jiangbei New Area of Nanjing in obtaining low-cost financing, providing precious experience to the exploration in securitization products in Nanjing.

The project set a new record with the lowest issue interest rate among similar projects across the country and the largest issue size among similar projects across the province. It provided innovative financing channels with intellectual properties to science and technology enterprises requiring huge R&D inputs, brought about a new situation on finance with intellectual properties in the new area, explored new paths for solving the financing difficulties and high financing cost of enterprises and will further expedite the application and transformation of scientific and technological results of enterprises.

Support the Development of Science and Technology Enterprises with Direct Investment

Wuxi Rongzhi Technology Co., Ltd. (referred to as "Wuxi Rongzhi") is a high-tech company specialized in the corporate application of AI (artificial intelligence) technologies and focuses on the RPA (robotic process automation) track. The RPA technology can imitate human beings and carry out some regular and repeated clerical work on computers and data analysis to achieve the purposes of reducing costs and improving efficiency.

YUSUR Technology Co., Ltd. (referred to as "YUSUR") is a hard technology enterprise specialized in the R&D of computing architecture and is devoted to providing chips and product resolutions for intelligent computing. The hardware developed by YUSUR supports the improvement of the computing efficiency, facilitates the reduction of energy consumption and contributes to the reduction of energy consumption in industries and the society.

In 2021, Huatai Innovative Investment invested in Wuxi Rongzhi and YUSUR with direct investments to assist the financing and business development of enterprises, which is in line with national development strategies and supports the high-efficient development of science and technology industries in the country.

» Serving Private Enterprises

Private enterprises are important parts of the national economy. They create huge economic value, promote the development of the macro economy, provide various employment opportunities and comprehensively increase national incomes, playing an important role in creating market vitality and driving economic growth. The Company is committed to providing professional financial services for high-growth private 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.

After years of accumulation and continuous and effective good services, the stickiness of private enterprise customers to the Company has continued to increase. The Company also continuously improved the quality of financial services and supported the development of private enterprises in all dimensions to achieve mutual benefits and win-win results and promote the national economic growth. In 2021, the Company has provided continuous services to companies including Wingtech Technology, S.F. Holding, CNGR, Trina Solar and HYC, fully supporting the sustainable and healthy development of private enterprises.

Assisting Wingtech Technology in Issuance of Convertible Corporate Bonds

Wingtech Technology Co., Ltd. (referred to as "Wingtech Technology") is principally engaged in three business segments, namely IDM of semiconductors, optical modules and the integration of communication products. In August 2021, the convertible corporate bonds of Wingtech Technology Co., Ltd. (referred to as "Wingtech Technology") were successfully launched with a total fundraising of RMB8.6 billion, making it the biggest re-financing project of private enterprises on the SSE since 2021.

Huatai United Securities acted as the independent financial advisor of Wingtech Technology in the acquisition of Nexperia and Guangzhou Delta Imaging Technology Co., Ltd. as well as the sponsor and lead underwriter in the public issuance of convertible corporate bonds. It assisted Wingtech Technology in the acquisition of assets with a total amount of nearly RMB36 billion and a total financing amount of over RMB20 billion, facilitating the strategic transformation of Wingtech Technology from a service company into a great product company and vigorously promoting the high-quality development of the semiconductor and electronics industry in China.

Assisting S.F. Holding in Non-public Issuance of Stocks

S.F. Holding Co., Ltd. (referred to as “S.F. Holding”) is the fourth largest express enterprise worldwide and is committed to becoming a data and technology-driven service company providing independent third-party solutions.

As of 2021, Huatai United Securities has provided services to S.F. Holding for seven consecutive years. In November 2021, acting as the joint sponsor and lead underwriter of the non-public issuance of stocks, Huatai United Securities assisted S.F. Holding in the successful issuing of non-public issuance of stocks in 2021 and the listing on the Shenzhen Stock Exchange.

It raised a total amount of **RMB 20 billion** through the issuance, making it **the biggest** non-public issuance in terms of the amount raised in the issuance of A shares through market-based inquires since 2015.

Facilitating the Issuance of the First ABS on New Energy Vehicles Leasing in China

Acting as the sole financial advisor, Huatai United Securities facilitated Shanghai NIO Co., Ltd. (referred to as “NIO”) in successfully issuing the “NIO Leasing-Huatai-Yongzheng-Special Green Asset-backed Plans on New Energy Financial Leasing (Special for Carbon Neutrality)” with a total size of RMB1.03 billion, making it the first asset securitization product on new energy vehicles leasing special for carbon neutrality in China.

The successful issuance of the project marks the debut of NIO in the domestic capital market. The leasing subjects in the project are pure electric intelligent vehicles with new energy in the scope of green industries and adopt clean production technologies, which significantly reduce the consumption of raw materials and energy and strive to achieve few inputs, high yields and low pollution. It is an important manifestation of Huatai United Securities’ response to “carbon peak and carbon neutrality” policies with financial strength.

» Assisting Chinese Companies to "Go Global"

As the only company in China that has both GDR issuer and underwriter experience, the Company is capable and obliged to conform 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.

Assisting Full Truck’s Listing on NYSE

Full Truck Alliance Co. Ltd. (referred to as “Full Truck”) is a world-leading digital freight platform and persists in transforming the Chinese road transport industry through digitalization, standardization and intelligentization.

As the joint bookrunner in the transaction, the Company has been serving the diversified capital operation demands of Full Truck. In the IPO in the US stock market, the Company assisted Full Truck in obtaining large subscription orders and introducing well-known investment institutions by leveraging on the advantages of big platforms and fully coordinating the markets in Mainland China, Hong Kong (China) and the US, facilitating Chinese enterprise to go global.

Assisting Onion Global’s Listing on NYSE

Onion Global Limited (referred to as “Onion Global”) is specialized on the brand platform offering the next-generation lifestyles and focuses on the provision, incubation, marketing and distribution of global new, fashionable and future brands to young people across the world.

As the joint bookrunner in the transaction, the Company assisted Onion Global in completing the analysis on investment highlights, communications with investors, roadshow, pricing and other work on the IPO. Relying on its diversified investor resources, the Company fully coordinated the markets in Mainland China, Hong Kong (China) and the US and introduced well-known institutional investors, assisting Onion Global in successfully completing the issuance in the US stock market. As the sole stabilizing manager, the Company is fully responsible for the operation on the over-allotment option/green shoe option after the listing of Onion Global and provides high-quality services to Chinese enterprise to go global.

6.2 Technology Empowering Services

» Financial Technology

Adhering to the concept of “Fintech Empowerment Returning to the Origins of Financial Services for Common Development of Technology and Business”, the Company continued to promote digital transformation and improve the efficiency and quality of its own services through fintech empowerment.



Main Fields with Fintech Empowerment in 2021



Since the launch of the mobile wealth management terminal “ZhangLe Fortune Path” in 2014, the Company has continued to optimize and upgrade it. In 2021, “ZhangLe Fortune Path” released a total of 28 versions. With the purposes of developing scenarios and instruments with contents interaction, providing immersive business handling experience and building featured market transactions and account services, the Company actively established technology platforms focusing on new trends of wealth management for customers to comprehensively improve customer services with the improvement of customer interaction and the expansion of the number of customers and asset size as key points.

In 2021, the Company has continued to deepen the research and application of technologies such as artificial intelligence, cloud computing and big data and continuously upgraded and updated existing products, making new breakthroughs in technology innovation, achieving fruitful results and significantly enhancing the platform capability.



As of the end of 2021, the cumulative users who download the “ZhangLe Fortune Path” APP was **65,319,600**.



In 2021, the parent company has invested RMB **2,228** million in information technology.

Fintech Empowerment

Artificial Intelligence	Applied intelligent recommendation, document parsing (NLP), intelligent voice, intelligent trading and other AI capabilities to assist the automatic market making of the central trading room with high frequency and provide technology supports to personalized services of ZhangLe Fortune Path and Xing Zhi and supported intelligent review on account opening, intelligent reading of research reports and public opinion analysis, automatic handling of valuation orders and other functions to effectively reduce labours and operational risks and significantly improve the work efficiency.
Cloud Computing	New progresses have been achieved in online application of core business cloud, achieving 100% online use of middleware for centralized trading. Completed the planning, construction and putting into use of the dual-plane cloud desktop for the collaborative work cloud in 2021, achieved the coordination and synergy between two cloud desktop platforms and provided all-scene cloud desktop service systems covering office, operation and maintenance and businesses.
Big Data	Digital smart intelligent middle office integrated data middle office and AI ability, released the 3.0 version, focused on exploration scenarios and comprehensively consolidated data base to achieve “strong technologies, outstanding data, outstanding products and stable operation”. Digital smart intelligent middle office covered all business lines, 6 categories and 20 sub-classes of external information and introduced the most complete data from research reports and real-time data announced by stock exchanges to provide solid data support to precise marketing, real-time decision-making on margin trading and securities lending, risk management and other scenarios combined with the capability on real-time data.

The HEADS elephant platform (referred to as the “Elephant Platform”) is an open big trading platform developed by the Company with “trading + risk control + quantization” as the core and supports investment transactions in the fixed income business and automatic and intelligent risk management to improve the efficiency of business operation. In 2021, with the strategic target of building an integrated comprehensive financial services platform across level I and level II, asset categories, on- and off-market transaction and domestic and overseas markets, the Elephant Platform proposed four core goals, namely “core services of the platform”, “off-market derivative system”, “risk management system” and “relocation of investment business platform”. All sub-items were under orderly and smooth implementation centering on core goals.

Main Upgrades of the Elephant Platform in 2021

It reduced the complexity of market monitoring and operation of traders during trading hours and released most of manual trading of traders. It fully displayed the advantages with high performance and low delays with the time consumed in strategic computing and operation maintained at 100μs.

It completed the construction of self-operation and market making links in the on-market option system and the fundamental functions of the return swap business system and provided one-stop and streamlined resolutions, achieving the modularization of data processing, strategy backtests, simulated trading, real-time operation and risk management and effectively improving the risk management capability and trading efficiency.

It achieved the systematic integration of the risk management capability, improved the account and authority system and the risk monitoring system and enhanced the risk analysis capability.

It launched various formatted strategy researches on stable operation and significantly improved the execution rate of trading.

Meanwhile, the Company actively holds and participates in various communication activities on fintech in the industry to share advanced experience, benefit from each other, advance together and jointly explore the orientation of digital technologies and their implementation and application in the financial sector.



Holding Summits to Explore Future Trends of Fintech

On December 16, 2021, the 2021 Huatai Securities Fintech Investment Summit was held in Nanjing. Participants, including young founders, CTO and overseas technology experts of technology companies and fintech experts of Huatai Securities, discussed on the digital transformation of finance, wealth and asset management technologies, the next-generation computer architecture and other key issues to jointly explore and lead the new step in the future.

It proposed various viewpoints at the summit, including that it is an inevitable trend for financial institutions to adopt open-source technologies in a large scale, all businessmen will be digital staff with the capability to independently develop and establish personalized business systems as well as the characteristics of the next-generation core trading platforms, providing reference for the Company's layout on fintech in the future.



◆ Fintech Investment Summit



» Improving Customer Services

With the target of continuously improving customer services and ultimately enhancing customer satisfaction, the Company will continue to improve the efficiency and experience of consultation, feedback, account opening review and other basic services with intelligent and platform-based customer services. At the same time, it will focus on the pilot reform of the platform-based and centralized operation of business lines, explore the “people + platform” operation model of centralized services for basic retail customers, facilitate the upgrading of services at the customer service center and promote the transformation of customer service employees towards professional, intelligent and platform-based operation.

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. The Company standardized all aspects of complaint acceptance, handling and feedback as well as return visit, clarified the division of responsibilities among various units, and improved the efficiency of complaint handling.

» Data Security and Privacy Protection

The Company highly values data security and gives priority to the protection of customers' privacy. In 2021 and in accordance with the Data Security Law of the People's Republic of China, the Personal Information Protection Law of the People's Republic of China and other laws and regulations, the Company continuously improved and formulated various rules and systems on information security and customer information protection, specifying subject responsibilities and organizational labor division and effectively enhancing the information safety and customer privacy protection of the Company.

New Systems under the Data and Information Security Management System of Huatai Securities in 2021

Network Security	Administrative Measures for Network Security of the Company
	Provisions on the Administration of the Application of System Passwords of the Information Technology Department
Safety Production	Provisions on the Administration of IT Safety Production of the Information Technology Department
	Regulation on the Administration of IT Equipment of the Data Centre of the Information Technology Department
	Provisions on the Administration of Database Operation of the Information Technology Department
	Provisions on the Administration of Production Data Backups the Information Technology Department
	Provisions on the Administration of the Warning of Information Systems of the Information Technology Department
	Provisions on the Administration of Information on the Clients' Trading Terminals of the Information Technology Department
Development and Construction	Operational Process of Technology Development of the Company
	Provisions on the Hierarchic Management of the Information System of the Company
Network Management	Administrative Measures for the Network System of the Company
Emergency Management	Provisions on the Administration of Emergency Technical Proposals on the Information System of the Company
	Detailed Rules for the Implementation of Accountability and Incentives on Network Security Incidents of the Information Technology Department



In terms of network security, the Company has generally established an in-depth defense system with all-round network security perception on network attacks in 2021. Thanks to its outstanding performance in guaranteeing network security, the Company was awarded an “outstanding enterprise in network security in the 100th anniversary of the founding of the Party” by the Cyberspace Administration of Jiangsu Province.

The Company actively practices the concept of “Adopting Security Procedures in Preliminary Stage” and prevents and controls security risks from the source. The DevSecOps practice was awarded as the “Best Practice Case on Network Security in Jiangsu Province in 2021” and completed the testing and rectification of the personal privacy protection of four customer APPs. The Company has spotted no serious defects in the

Internet-side resources in four consecutive years.

In terms of personal information security, the Company established and improved the management system and improved relevant measures to enhance the overall management. The Company adopted ZhangLe push notification, WeChat message box, one-click login without verification codes and other means to replace text messages, significantly reducing the use of text messages and effectively reducing risks bothering customers due to the leakage of text messages. In addition, the Company carried out education on security awareness and conducted themed publicity of the Data Security Law and the Personal Information Protection Law. The Company also cooperated with external institutions in heavily fighting against phone frauds and protecting the legitimate interests of customers.

Training System on Data Security and Customer Privacy Protection of Huatai Securities

Regularly pushing security reminders through internal communication instruments and enhancing the security awareness of all employees of the Company;

Organizing special trainings and carrying out special trainings on security for relevant departments of the Company to improve the security knowledge and skills of relevant employees;

Carrying out induction trainings on security for new employees and arranging unified security knowledge publicity and trainings on security skills for new employees;

Conducting offline security education and trainings. Through the themed publicity of network security, themed seminars on network security and knowledge contest on network security, the Company arranged **15** exhibition and demonstration sites covering over **2,000** employees. **572** employees participated in offline activities and **474** participated in knowledge contests. Such activities have improved the network security awareness and skills of employees of the Company and promoted the enhancement of the overall security management and protection capability of the Company.



◆ Week for Network Security Publicity of Huatai Securities



◆ Employees' Active Learning

6.3 Investor Education

» Promoting the Construction of Investor Education Bases

The Company is actively devoted to investor education. In accordance with the Working System on Investor Education of Huatai Securities Co., Ltd., the Company established and improved relevant management mechanisms, systems and processes and carried out the publicity of securities laws and regulations, the popularization of securities knowledge, the communication on the rational investment concept and the disclosure of investment risks for investors.

In 2021, the Company further upgraded the service model of investor education. Through the classified output of the contents of the platform-based and intelligent investor education services, it integrated investor education services into the process of customer services to make the investor education services more targeted and effective. Meanwhile, the Company established the investor education platform matrix with "ZhangLe + Investment education bases + External self-media platforms" in 2021 and continuously conducted the platform-based output of services towards the basic retail customers of the Company and users across the market through various forms such as short videos, graphs, live broadcasting and courses.

With regard to the construction of investor education bases, the Company promoted the construction of three investor education bases in Hangzhou, Changsha and Chengdu based on their regional layouts and differentiated functional orientations and gradually developed service orientations with

In 2021, the Company has carried out a total of more than **1,000** investor education activities, covering more than **10** million persons

The Company's investor education base won the **"Excellent"** rating in the annual investor education base evaluation by the Investor Protection Bureau of CSRC

The Company's investor education base won the **"Best Investor Education Base in 2021 China's Financial Annual Champion Awards"**

The Company's investor education work won the **"Excellent Investment and Educational Work Award"**, the **"Excellent Organization Award"**, the **"Best Survey Organization Award"** and many other awards by the Securities Association of Jiangsu Province, Shenzhen Stock Exchange and other regulatory agencies

their characteristics. The Company gradually established long-term and friendly cooperation plans with regulatory authorities, featured media and institutions, public welfare institutions, universities, middle and primary schools, local community organizations and third-party cross-border institutions in different areas and designed more refined contents of activities for different groups, which further expanded the network of investor education and broadened the diversity and breadth of the investor education brand battlefield.

Special Investor Education Activities in Communities

Based on the unified deployment of the CSRC on carrying out the activity of the month for the prevention of illegal securities and futures publicity in 2021 and under the arrangement of the special activity of "Guard against Gang Crimes and Keeping away from Securities and Futures Investment Traps—Investor Education in Communities" in 2021 organized by the Shanghai Stock Exchange, the Company actively carried out special investor education activities in communities based on its own investor education activities in "four areas" with the theme of "I Handle Practical Issues for the Public".

In 2021, the Company's investor education bases joined hands with the Financial Bureau of Qinhuai District, Nanjing, the Party-mass Service Centre of Xiaoxihu Community, Nanjing, the Party-mass Centre of Zhangzhuang Village, Xuzhou, the Hubei Investor Education Base of Huatai Securities and the Party-mass Service Centre of Chengshang Community, Jurong, Zhenjiang and carried out special online and offline investor education activities in five communities. On the basis of fully considering the prevention and control of the pandemic, offline activities attracted 150 community residents and online live broadcasting recorded a total of over 5,000 views.



◆ Investor Education Activities in Communities

» Carrying Out Investor Education Activities

While carrying out investor education activities, the Company pays attention to financial quotient education on citizens and actively responds to national calls to promote the incorporation of financial quotient education into the system of national education.

5·15 National Investor Protection Publicity Day & “Dream Program” Public Welfare Project on Financial Quotient

During the activities of the “5·15 National Investor Protection Publicity Day” and under the guidance of the Jiangsu Office of the CSRC, the Investor Education Base of the Company, Jiangsu learning platform of Xuexi.cn and the Amity Foundation jointly initiated the “Dream Program” public welfare project on financial quotient. With rural revitalization, investor education and education support as the starting points and the education on financial quotient quality and values as the focus, it connected college, middle school and primary school students and urban and rural groups, drew on social resources and enhance the awareness and concerns of the society and parents on financial quotient education to jointly promote the improvement of the financial quality of citizens.

The “Dream Program” has attracted over 1,000 families to participate in the online paintings collection since 2021. Over 60 Chinese and foreign college student volunteers across the country joined the recruitment of volunteer lectures. The program team joined local regulatory authorities, social resources and branches and visited 21 suburban and rural primary schools in 10 regions, including Gaochun, Jiangsu, Wanyuan, Sichuan and Yichang, Hubei, and brought over 200 “financial quotient +” quality development courses and activities and donated materials to over 6,000 pupils.



◆ Dream Program in Yichang, Hubei



◆ Dream Program in Wanyuan, Sichuan

Cooperation with Universities on Optional Courses

In 2021, the Company closely cooperated with the SSE, Jiangsu Office of the CSRC and Nanjing University in consolidating high-end lecture resources and established the “star mentors” to visit Nanjing University, offering 8 courses on “Frontier in the Securities Industry and Career Development” to over 200 college students. Meanwhile, it joined hands with Dalian Commodity Exchange and Huatai Futures Co., Ltd. and carried out the project on the cultivation of futures talents in universities. It opened the course teaching on Financial Derivatives for 140 students in Nanjing University of Finance & Economics and Nanjing Agricultural University.

Such optional courses facilitate the “new forces” in the capital market to establish the correct values on wealth through systematic knowledge and contents and the sharing of cutting-edge practical experiences in the industry.



◆ “Frontier in the Securities Industry and Career Development” Enters Nanjing University



7. Creating a Diverse and Dynamic Workplace

With the continuous acceleration in the international layout, the concept of diversification and inclusiveness has become one of the core elements that the Company 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 a complete talent cultivation mechanism, scientific career advancement channels and sound welfare guarantee systems, so as to build a diversified platform for career development.



Performance Highlights in 2021:

Total number of employees reaching **14,372**
with female employees accounting for **45** %

Coverage ratio of staff training being **100** %

with average training hours per capita of **66.80** hours

Annual number of participants on the HTSC Cloud learning platform reaching **1.38** million

with total learning hours of **370,000** hours

7.1 Staff Diversity and Inclusion

» Promoting Introduction of Talents

The Company continuously enhances the introduction of talents in core business areas, leading talents and international talents. In 2021, the Company intensified channel inputs and recruitment resources allocation on the introduction of talents on fintech, digitalization and business areas and other high-quality talents and accelerated the improvement of the recruitment capability and the transformation of results in key areas of the Company. Meanwhile, to promote the benign flow of internal talents, the Company supports the cross-department flow of outstanding employees through the "Phase-II New Journey Program", an

internal talent recruitment project, facilitating employees to expand career development paths and further stimulating the vitality of employees and organizations.

The Company pays attention to the introduction of young talents, and has set a goal of recruiting no less than 30% of fresh graduates in the annual school recruitment. In 2021, the number of fresh graduates through campus recruitment accounted for 31.6% of the total number of new employees. The Company continued to deepen the systematic operation of campus recruitment and the construction of the university-enterprise ecosystem to improve the brand awareness as an employer on campus recruitment and increase the reserve of outstanding young talents.

Campus Recruitment Locking Outstanding Graduates in Advance

In 2021, the Company continued the system of the “4+1” campus recruitment project. Focusing on the product-based, differentiated, ecological and brand-based strategies and concepts and through the expansion of the scope of group campus recruitment of “Huatai”, the “month for Huatai lectures” organized by the School of Management of Fudan University, the participation in employment activities of Peking University and other campus recruitment projects, the Company enhanced the cooperation and communications with target colleges on talents and found outstanding fresh graduates in advance.

In 2021, the Company’s campus recruitment program



received **35,000** resumes



invited more than **1,600** interns



issued more than **400** offers

In addition, the Company held the “Shining Forum”, the conference of recruitment partners, to deeply promote the ecosystem on university-enterprise cooperation and social recruitment. It carried out the “Star Forum” online summit and provided diversified career opportunities and development suggestions for domestic and overseas financial and cross-border talents to reserve outstanding domestic and overseas talents and lay the talent foundation for the international and diversified development of the Company.



◆ “Shining Forum”, the Conference of Recruitment Partners

In 2021, the Company and Jiangsu TV jointly developed “The Shining One”, a youthful workplace observation program. It deepened the publicity of campus recruitment with the focus on the concept of “shining” and invited shining interns to participate in campus publicity and shining mentors to participate in the production of air presentations, achieving the brand interaction and resources sharing between TV shows and campus recruitment. In addition, the Company launched various publicity activities such as shining air publicity, shining quick questions and overseas carnivals of school seniors to deepen the brand influence of the Company as an employer.

In 2021, the Company held **4** air presentations
with an average of over **100,000** views

held **2** carnivals of school seniors
with the domestic one and the overseas one
respectively covering **100,000** and **64,000** persons

launched **4** seckilling business courses to overseas students

accepting applications from over **700** students
from overseas top universities.

as of the end of 2021, the “Huatai Securities Recruitment”
WeChat official account has a total of **67,170** followers,
representing a year-on-year increase of **21** %



◆ “Star Forum” Online Sharing Session on Career Development

“The Shining One” Leading the Public to Explore Financial Workplace

In 2021, Huatai Securities and Jiangsu TV jointly developed “The Shining One”, a youthful workplace observation program focusing on the securities industry and its classic business scenarios and provided in-depth supports in professional mentors, business scenario designs and shooting scenes. The program recorded outstanding telecast audience ratings after the broadcasting of the first season and was thumbed up by People’s Daily, China Youth Daily, China Daily, Brokerage China (《券商中國》) and other mainstream media.

Through telling the stories of young people in job hunting in the financial industry in the new era, “The Shining One” showed the positive image of the securities industry in serving public wealth management and the development of enterprises and empowering real economies, bringing positive and extensive influence on the public and young people in the contemporary era and further strengthening the brand image of the Company as an employer.



◆ Poster of Mentors in “The Shining One”

» Regulating Employment Management

The Company persists in the establishment of standard, fair and equal employment and dismissal procedures. It 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, continuously formulated and improved the Employee Management Measures and other internal systems to carry out standard management on employment and dismissal, equal employment, working hours management, rest and holidays and the prevention of child labour and forced labour.

In 2021, no confirmed event concerning illegal employment and labour was found in the Company.

Staff Employment Management

Recruitment and dismissal

Regulating procedures for active and passive resignation of employees in accordance with the Administrative Measures for Employees, signing labour contracts with all employees according to law on an equal and consultative basis and regulating procedures for employee resignation and dismissal

Equal employment

Firmly opposing discrimination in employment and ensuring fair employment and occupational development not be affected by race, belief, sex, religion, nationality, ethnic group, age, marital status, disability, social status, etc.

Promoting diversity

Paying attention to the employment of female candidates and minority ethnic candidates, and providing equal and fair employment opportunities for female candidates and minority ethnic candidates.

Working hours and holidays

Clearly specifying working hours according to the Administrative Measures for Attendance of Employees and ensuring that all employees were entitled to public holidays, official holidays and other vacations as prescribed by the country.

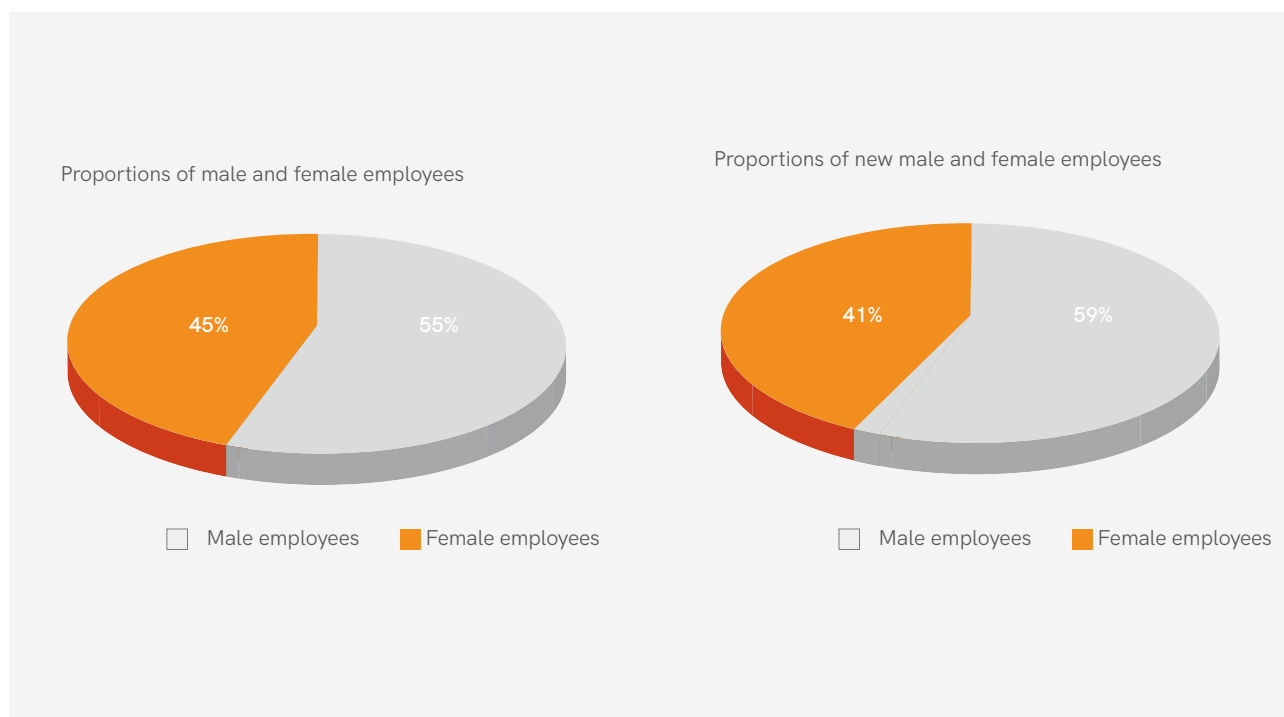
Preventing child labour

Strictly observing the Law on the Protection of Minors (《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 refuse recruitment of child labour.

Avoiding forced labour

Examining employees’ work intensity on a regular basis to avoid the occurrence of forced labour

Employee Diversity Performance in 2021



The Company fully respects employees' independent choice in career development. It has set up two professional channels in respect of management and professionalism to meet the different development aspirations of employees, realizing the free conversion between management and professionalism. In terms of grade promotion, the Company has established the MD grade system based on the comprehensive capabilities and value contribution and provided career growth spaces matching their capabilities and contributions to employees with outstanding performance and contributions on the basis of equality and fairness. In terms of position promotion, the Company is not limited to one pattern and selects outstanding young talents to fill vacancies of management positions. It has established systems on the promotion of outstanding young talents and developed a growth path of "new employees—business cadres—compound elites—management leader" to meet their development demands in different stages of their career.

7.2 Employee Training and Development

Based on the technology-empowered “two-pronged” strategy and empowering people strategy, 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 and meet their dynamic demands in career growth.

In 2021, based on the Measures for Training Management of Huatai Securities Co. Ltd., the Company established and continuously optimized the talent cultivation system based on the whole life cycle for talent growth, including the

“Seaworthiness Program” for new employees, the “Sailing Program” for young business cadres of branches, the “Huangpu Program” for outstanding young talents at the headquarters and the “Pilot Program” for middle management backup employees, fully meeting employees’ development demands in different stages of career.

Meanwhile, the HTalent talent development system of the Company continues to focus on employee growth, and has offered corresponding training programs for each stage of their career and established a development empowerment system covering the whole career of employees, including three series of training programs, namely the Huatai “Star”, the “HIPO” for core employees and the “BAL”.

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 for core employees	Core employees with high potential	Targeted improvement of the comprehensive capabilities of backbone employees with high potentials.
“BAL” series	Middle and junior management	Comprehensive improvement of the leadership and the comprehensive managerial ability of middle and junior management.

» Trainings on Leadership and Managerial Ability

With the target to improve the leadership and comprehensive managerial ability, the “BAL” series of the Company is the cultivation program dividing management at different levels into “relayers, climbers and leaders” with an aim to cultivate a management echelon meeting the strategic demands of the Company. Among them, the “relayers”, “climbers” and “leaders” are targeted at new junior management, mature junior management and middle and senior management, respectively.



Promotion of Leadership and Managerial Ability Improvement Through “BAL” Series of Training Programs

From April to May 2021, the Company launched the “BAL” training programs for team leaders at the headquarters, including one session of “relayers” training for new team leaders and three sessions of “climbers” advanced trainings on the managerial ability of senior team leaders. A total of 185 management cadres participated in the trainings. We customized training contents with reference to the capability models of management officers of the Company, to help team managers enhance their leaderships, strategic execution power and team management skills comprehensively.

From April to December 2021, the Company launched the “relayer” training programs for new securities branch managers. During the nine months of trainings, the Company developed comprehensive cultivation plans on securities branch managers based on their challenges and through online and offline “massed learning, cloud learning, practice check-in and mentor empowerment” with an aim to develop new securities branch managers into “outstanding business coordinators and enabler”.



◆ “Climber” Trainings for Senior Team Leaders



◆ “Relayer” Trainings for New Securities Branch Managers

» Job-specific Development Trainings on Professional and Business Capabilities

Focusing on the two-pronged technology-empowered strategy, the Company has established the training systems covering the whole business chain including “wealth management, institutional business, technology empowerment and international business”. It launched multi-layered digital talents cultivation programs for “digital employees, technical talents, compound talents and leading talents” and job-specific development training programs on investment advisory, public and private products as well as special training programs on digital operation and wealth management and continuously carried out overseas training programs and overseas communications activities with an aim to improving employees’ business capabilities and professionalism and cultivating their international horizon.

Cooperating with External Educational Institutions in Cultivating Leading Fintech Talents

In 2021, the Company deeply implemented the technology empowerment strategy and jointly launched the “HIPO-Talent Program” leading fintech talent training project in 2021 with Shanghai Jiao Tong University and Shanghai Advanced Institute of Finance with the focus on new targets on business and technological innovation and the construction of core technological capabilities.

During the six-month cultivation period, the Company carried out cultivation methods such as “cloud learning, centralized training and practice, learning in action, short-term rotation, and external communication”, sought breakthroughs in digital topics through cross-border exchanges and empowerment and adopted the talent cultivation model with the combination of trainings and practice, so as to cultivate leading fintech talents with both professional capabilities, technological capabilities and leadership.



◆ Group Photo of “HIPO-Talent Program” Trainees

Promotion of International Presence Through HTSC Financial Express Online Forum

From September to October 2021, the Company launched four HTSC financial express online forums, inviting guests from Huatai International and Wall Street 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 1,200 employees participated in the live forum.

Such online forum effectively promoted the connection of Huatai International and local businesses, provided comprehensive support for the transformation and technological innovation of the core business model under the Company's internationalization strategy, and facilitated 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.



◆ Posters of HTSC Financial Express Online Forum



Support all Employees for Continuing Degree Education and Professional Qualification Certifications

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 organized and continuously strengthened 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 all 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 degree education, so as to systematically improve their comprehensive quality and professional level. The Company further supported employees participating in the study for more high-quality professional qualification Certifications.

» Online Training Empowered by HTSC Cloud Learning Platform

Leveraging on digital means and relying on the online learning platform, the Company has established a digital learning development system with the integration of "digital learning content + digital learning users + digital learning activities" and continued to improve the offline and online "two-dimensional" learning ecology, so as to comprehensively improve the comprehensive quality of employees.

Digital Learning Development System

Key aspect	Specific content
Digital learning content	- Establishing an online and offline isomorphic digital learning system with setting corresponding online projects based on offline projects such as Huatai "Star" series and "BAL" series - Empowering employees in making specialized courses with 1,240 internal courses newly added, 36 thematic courses launched and 480 course live streaming organized
Digital learning users	- Designing learning mechanisms such as community learning and reward points to enhance employees' engagement and activeness, with daily active users of 1,073 on the cloud learning platform - Providing customized and intelligent learning solutions for employees with recommending appropriate course content to over 10,000 employees from more than 600 positions
Digital learning activities	- Launching learning-themed months on a monthly basis and planning various learning-themed activities such as "World Book Day-High Book, Experience Officer of Cloud Academy and High Run - Launching six learning-themed activities including "Work ability Ready, Fintech Ready, Internationalization Ready, High Thanks, High Survey and High livestream

In 2021, the participants on HTSC Cloud Learning

Platform per year were

1,380,000

with total

370,000 hours

namely the average learning hours
of per employee amounting to

48.7 hours

In June 2021, the Company was awarded

"Excellence Awards of Digital L&D for Enterprise"

in the selection of "2020-2021 TOP20 Digital L&D
Best Practices Awards" organized by CEIBS Online.

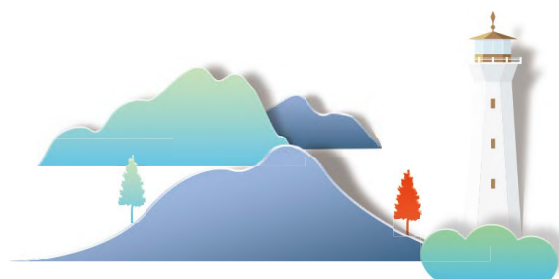


◆ Presentation Ceremony of "Excellence Awards of Digital L&D for Enterprise"

7.3 Employee Rights and Welfare

» Remuneration and Welfare of Employees

The Company has established a market-leading remuneration and incentive package and a standardized, market-oriented and humanized welfare security system to effectively satisfy the needs of employees for multi-level and personalized welfare security, while also earnestly safeguard the basic rights of employees. The Company continued to improve the welfare security system for all full-time contract employees and contractors. In 2021, it gradually improved the welfare benefits for dispatched employees with purchasing commercial casualty insurance for them in headquarters. In the future, the Company will also continually improve the rights and interests guarantee of dispatched employees.



Remuneration and Welfare System

Key aspect	Specific content
Remuneration incentive	Providing employees with competitive remuneration based on market orientation
Welfare system	"Six insurances and two funds" composed of endowment insurance, medical insurance, unemployment insurance, maternity insurance, work injury insurance and supplementary medical insurance, and housing provident fund and enterprise annuity fund
Endowment insurance	Constructing a two-pillar pension security system composed of "basic endowment insurance + corporate annuity fund"
Medical security	Constructing a three-pillar medical security system composed of "basic medical insurance + supplementary medical insurance + optional benefits", and purchasing commercial supplementary medical insurances for spouse and minor children of employees to provide comprehensive medical security for employees and their families
Employee care	Employee Assistance Program (EAP), dispatched employee care, anniversary care for employees joining the Company, birthday care and festival gifts
Union benefits	Festive food sponsoring, birthday celebration, daily visit to employees, difficulty assistance for employees, annual medical examination, cultural and sports activity, education-themed activity, female employees care, etc.

» Health and Safety of Employees

With highly emphasizing on the health and safety of employees, the Company is committed to creating a safe, healthy and harmonious working environment for employees through maintaining safety in workplace, safeguarding their physical health and caring for their psychological health.

In terms of safeguarding office safety, the Company formulated and issued Notice on Effectively Enhancement of Safety Work of Fire Fighting in Office Area to 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, raise the awareness of employees on fire safety and improve their self-help ability under emergency.

The Company annually coordinates and implements matters related to medical examination for all employees and conducts big data analysis on the medical examination results in a timely manner, so as to continuously improve the quality of service throughout the process and help staff understanding their health conditions. In 2021, the Company invited experts from Jiangsu Cancer Hospital to conduct a seminar on “I serve for Your health” (我服務你健康), which provided professional guidance on enhancing health awareness and developing scientific lifestyle for employees.

In terms of protecting the psychological health of employees, the Company, through the EAP online platform, constantly promoted the EAP psychological counseling hotline to facilitate psychological counseling for employees and provide a channel for employees to cope with working stress and release negative emotions. In addition, the Company organized psychological salon of “Combating COVID-19 • Caring from Huatai” to help employees and customers relieving the pressure of home isolation during the pandemic.

In 2021, the Company did not experience any non-compliance related to employees’ occupational health and safety.

» Employee Incentive

In order to further establish and improve a medium and long-term incentive and restraint mechanism, gather scarce, leading and high-end talents of cutting-edge businesses and promote the concept of sustainable development with employees,

the Company implemented the Restricted Share Incentive Scheme of A Shares for senior and middle management and core key employees in April 2021, under which a total of 45,488,000 restricted A Shares were granted to 810 targeted participants in aggregation, including the parent company and its seven domestic and overseas Tier 1 subsidiaries, which fully demonstrated the concept of benefits sharing and sustainable development with employees, so as to further stimulate the market-oriented organizational vitality.

In 2021, the Company established the HT Cheers honor recognition system with “Heavenly Achievement, Heavenly Excellence and Heavenly Future” (星耀成就、星耀卓越、星耀未來) as the core. It granted honors to 30 outstanding employees who have persevered, strived for excellence, selflessly dedicated and made outstanding contributions, in conjunction with the annual honor recognition of “Starlight Huatai Shining in the Future” (星光華泰 閃耀未來) launched for the 30th anniversary of the Company, in bid to create an organizational culture of struggle and responsibility, innovation and initiative, further promote the Company’s core values and cultivate a corporate culture of “openness, inclusiveness, innovation, struggle and responsibility”.

» Employee Performance Appraisal Management

The Company, based on the Employee Management Measures of Huatai Securities Co., Ltd., has established a comprehensive and normative performance appraisals and feedback management mechanism covering performance planning, management, tutoring, appraisal, result application and performance feedback and grievance, and initiated the employee performance management process on an annual basis. In addition, the Company continually arranges performance management-themed training for superior officers to empower them with capabilities on continuously improving performance management and leadership, while also constantly conducts industry interviews and research on performance management to cater for the Company’s strategic direction, introduces excellent industrial practices on performance management and prospectively optimizes performance management system.

Performance Management System

Key aspect	Specific content
Performance appraisal procedure	The performance evaluation is conducted on an annual basis, covering performance contribution, comprehensive quality and ability, and risk control work of compliance of employee. The Company identifies high-performing talents via evaluating the performance beyond expectations showed by employees during the course of business, thus to promote performance and corporate culture.
Performance feedback procedure	Performance feedback is an important part of employee performance management. With feedback from direct management on employee performance and behaviour, the Company enhances performance level of employees to propel the mutual growth and development with employees.
Performance grievance procedure	Employees dissenting on the results of the performance appraisal 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 grievance escalation procedures, safeguarding employees' rights and interests when properly processing their appeals.

»» Communication and Exchange with Employees

In order to promote democratic management and improve the effectiveness of communication, the Company, upholding the "employee-centric" work approach, has established and improved the democratic management mechanism and seriously implemented the employee representatives conference system with three employee representatives conferences convened in 2021, so as to fully solicited opinions and recommendations on matters such as the resolution on the election of additional employee supervisors and the recommendation of candidates for the National Financial May Day Labor Medal. It has conscientiously collected feedback from all employee representatives to protect the legitimate rights and interests of employees throughout the process of reform and development.

The Company actively listens to employees' voices, solves their demands and encourages them to offer advice and suggestions. Through launching a monthly activity of "Employee Reception Day", the leaders of the Company is responsible for the reception of employees on site to listen their demands and opinions. In 2021, the Company opened a special post of "Freely Talk Inner Voices, Offer Help with Same Empathy" (暢談心聲 共情同力) in the special column of "Colleague Bar" (同事吧), our internal instant messaging APP, for online interaction between the leaders of the Company and employees. Moreover, it also established a supervisory system to collect and send feedback from the column to the relevant responsible departments in a timely manner, defining clear division of responsibilities on response and implementation, thus to achieve everything has an answer.

The company conducts employee survey every year, aiming to discover potential management problems in time and carry out countermeasures to further improve employee satisfaction and enthusiasm.

Conducting an Annual Survey on Listening to Employees' Voice to Explore the Key Factors Affecting their Satisfaction

In 2021, the Company continued to conduct the survey on "listening to employees' voice" to explore the key factors affecting their satisfaction through anonymous questionnaires on three dimensions of thought, behaviour and attitude, and focusing on researching working environment, internal atmosphere and human resource management.

The survey result showed that the satisfaction of employees was scored 5.11 (up 2% over 2020), which was higher than the market average, indicating a relatively higher recognition and satisfaction of our employees to the Company and 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, in an effort to build a high-performing and highly dedicated organizational culture.



In addition, the Company conducted extensive employee surveys on human resources such as the development of human resources mobile platform, optimization of onboarding experience, attendance management, and training and development, to fully listen to employees' advises and make targeted optimization on human resources management, thus to facilitate two-way communication and effective communication between the Company and our employees. The maximum score for satisfaction in various activities of employees in survey was 5, while the survey results were all above 4.8, demonstrating higher satisfaction of employees in various activities of the Company.

» Employee Care

For aiding employees in difficulty, the Company took the initiative to aid employees in difficulty, and standardized the daily condolence process to further improve the efficiency and quality of services. In 2021, the Company provided timely assistance for employees suffering from domestic calamity, illnesses or childbirth, with visiting 181 employees during the year. At the same time, the Company implemented dynamic tracking and management over the database of employees in

need, and insisted on visiting those employees on important festivals such as New Year's Day and Spring Festival, with visiting 61 employees in need in 2021.

Focusing on work-life balance, the Company has actively advocated the concept of "healthy life · happy work" on a companywide basis. It has launched a variety of employee care projects such as carnivals, anniversary celebrations and women's day activities for all employees, in bid to enhance their sense of belonging, increase organizational cohesion and happiness in the workplace.



◆ "I Walk Plan" - Walking Event

Employee Care Projects and Activities in 2021

Name of activity	Content
"T.AI Love Family" Dispatched Employee Care	The Company arranged activities such as "Family Fun", "T.AI Love Letter" and "Family Dating" for all general managers and employees from dispatched branches, as well as their families to thank their families' understanding and support of expatriate assignment.
"Heart Follows Huatai, Happiness of You and Me" Employee Carnival	Activities are designed around the corporate culture of "openness, inclusiveness, innovation, struggle and responsibility", including dokkan battle, shuffleboard, motion sensing game and SPINNING, to fully mobilize employees' engagement, with a satisfaction of 99%.
"Thank You for Being with Us All Along" Anniversary Celebration	The Company held anniversary celebration for employee joining the Company, and mailed gift sets of its 30th anniversary to employees' families, sharing the joy of growth with the Company with families of long-serving employees and enhancing employees' sense of belonging and organizational cohesion.
"A Week for Goddess Season" Event	In order to celebrate the 111th International Working Women's Day, the Company launched special activities such as cloud learning, graphic collection and body sculpture with a total of 726 employees participating, which created a contented and happy as well as meaningful festive effect.
"I Walk Plan" and Interest Group Activities	The Company regularly organized "I Walk Plan" with more than 1,000 participating in a total of 6 walking events held in 2021. At the same time, the Company also arranges interest group activities such as badminton, football, basketball, yoga and band to direct employee to devote themselves in work and life with a stronger physique and a more high-spirited spirit.



◆ "A Week for Goddess Season" Event



◆ "Thank You for Being with Us All Along" Anniversary Celebration



◆ "Heart Follows Huatai, Happiness of You and Me" Employee Care Carnival

Employee Volunteer Activities Organized by Huatai United Securities

In 2021, alongside with the Children's Day and World Environment Day, the third "Volunteer Service Day" also was organized by Huatai United Securities, a subsidiary of the Company, with focus on eye health of "migrant children" and environmental protection on top of other public welfare activities such as book donation and story angels.

Employee volunteers of Huatai United Securities joined hands with 240 people from all walks of life such as families of "migrant children", non-governmental organizations (NGOs) and AIER Eye Hospital, gathering in four locations to inspire volunteers' think about the health of "migrant children" and ecological environmental protection through activities in various themes and forms, such as eye health check for "migrant children" in need.



◆ Group Photo of Employee Volunteer Service Activity



◆ Eye Health Check for "Migrant Children"

8. Jointly Creating a Harmonious and Civilized Society

Practicing new development concepts and fulfilling social responsibilities are the proper meanings of high-quality development of the securities industry. Huatai Securities positively responds to the national strategy by establishing a public welfare foundation, participating in the public welfare action of promoting rural revitalization. The Company continually helps to improve the balance, coordination and inclusiveness of national development through a series of measures such as industrial support, consumption support, and public welfare support. Meanwhile, Huatai Securities proactively contributed to the national goal of “double carbon” and gradually improved the management mechanism of climate-related risks and opportunities to promote the construction of ecological civilization in China.



Performance Highlights in 2021:

Total external donation investment of RMB **460** million

The “One Commonweal Heart of Huatai One Tomorrow” rural education program benefited

55,758 children and **9,195** teachers

The emissions of greenhouse gas (GHG) per unit area (Category 1 and Category 2) was **0.11** tCO₂e/ m², representing a decrease of **31.25** % as compared with 2020

The solar photovoltaic power generation systems of Huatai Securities Plaza achieved annual power-saving of **89,767** kWh, representing a decrease of **63.15** tCO₂e as compared with 2020

8.1 Focus on Professional Public Welfare

Since its establishment, the Company has been actively fulfilling its social responsibilities, devoting itself to poverty alleviation and rural revitalization and plunging into public welfare fields such as education, medical care and ecological protection. The social benefits are remarkable, and the public welfare brand of “One Commonweal Heart of Huatai” is increasingly popular. In order to focus on more professional public welfare, the Company initiated the establishment of Huatai Foundation, which is committed to gathering professional advantages in the field of technology, empowering the public welfare and charity industry and making contributions to the promotion of social fairness and justice.

In March 2022, Jiangsu Huatai Foundation received the Certificate of Registration on Foundation Legal Person issued by the Department of Civil Affairs of Jiangsu Province, and the foundation was officially established. As the founder of the foundation, the Company donated RMB20 million as the original fund and will continue to make donations according to the development needs of the foundation and other circumstances.



In 2021, after winning the battle against poverty and building a moderately prosperous society in all respects, the State promulgated the Opinions of the Central Committee of the Communist Party of China and the State Council on Comprehensively Promoting Rural Revitalization and Accelerating Agricultural and Rural Modernization (《中共中央國務院關於全面推進鄉村振興加快農業農村現代化的意見》), the Opinions on Realizing the Effective Linkage Between the Consolidation and Expansion of the Poverty Alleviation Achievement and Rural Revitalization (《關於實現鞏固拓展脫貧攻堅成果同鄉村振興有效銜接的意見》) and the Law of the People's Republic of China on the Promotion of Revitalization of Rural Areas (《中華人民共和國鄉村振興促進法》), which propose that China will make the comprehensive advancement of rural vitalization a major task in realizing the great rejuvenation of the Chinese nation with efforts in accelerating the modernization of agriculture and villages to realize the effective linkage between the consolidation

and expansion of the poverty alleviation achievement and rural revitalization.

With serving rural revitalization as an important issue, the Company has established a service system featuring with the leadership and command of the Company established, coordination between different functional departments, specific coordination within branches, and the active engagement of all subsidiaries with their expertise. The Company has given full play to its advantages in market industry and financial expertise, injected its capital, technology, talents, management and other modern production factors into villages with putting major efforts in aspects such as party building and association building, industrial support, consumer support and public welfare support, thus to make contribution to the comprehensive Revitalization of villages in the new era.

In 2021, the Company was awarded the honorary title of "Advanced Unit for Poverty Alleviation 2020" by the Old Liberated Area Construction Association, Foundation for Poverty Alleviation, Association for Poverty Alleviation and Development of Jiangsu Province.



Major Efforts in Serving Rural Revitalization of Huatai Securities in 2021

Village-enterprise Construction	Adhering to Rural Revitalization led by party building and focusing on organizational power, the Company enhanced exchanges and cooperation through resource sharing, co-education of party members, co-organizing activities, co-branding and other ways to carry out party building with village party organizations. With the goal of “build up foundation in the first year, make development in the second year, and gain results in the third year”, the Company carried out “village-enterprise construction” with 10 villages in five counties and cities in central and northern Jiangsu Province.
Industrial support	With research visits to enterprises in rural areas, the Company precisely matched their capital market demand and provided differentiated financial services for enterprises of different sizes, types and stages of development. With emphasizing on improving income of rural collective economy, the Company supported the construction of industrial projects to strengthen the collective economy and implemented various measures to support the development of specialty industries in rural areas. As of the end of 2021, the Company invested a total of RMB6,200,000 to promote the implementation of 14 industrial support projects, which significantly boosted the growth of collective economy under village-enterprise construction and led the villagers to embark on the road towards prosperity at their doorsteps.
Consumer support	With establishing a new production and marketing partnership, the Company took the advantages of its platform to help selling agricultural and sideline products and promote internet resources extend to the third and fourth-tier markets, through which the Company made efforts in building an internet marketing platform to expand online sales channels for agricultural and sideline products. In 2021, the Company accumulatively purchased RMB 2,530,300 of consumer assistance products.
Public welfare support	The Company actively involved in rural public welfare undertakings and supported the development of public utilities such as rural roads, culture, education and healthcare, to further enhance local people’s sense of happiness and contentment. In 2021, the Company donated RMB500,000 to environmental improvement pilot project of Kiziltau Village in Halajun Township, Atushi City, Xinjiang (新疆克州阿圖什市哈拉峻鄉克孜勒陶村莊); RMB200,000 to the charity project of “Precise Poverty Alleviation in Jiangsu and Guizhou - Spring Bud Project” (蘇黔精準扶貧·春蕾計劃); RMB1million to Xi County (隰縣) where was seriously swept by floods, respectively.

“Insurance + Futures” Industrial Poverty Alleviation Project

Leveraging on its Professional Advantages, Huatai Futures gave full play to the role of “Insurance + Futures” in serving rural industrial development, so as to establish price risk protection for farmers. Considering the actual situation of fund shortage and weak financial knowledge of farmers, Huatai Futures reduced the pressure of project premiums for farmers through direct premium donations and assistance in subsidy application to the government and the exchange. Moreover, Huatai Futures actively promoted the project by going to rural areas and holding trainings in Shanglin County, Guangxi and Jingning County, Gansu to answer farmers' questions and resolve their doubts, with an aim to present farmers with the regulating effect of the futures market on the price risk of agricultural products.

In 2021, Huatai Futures participated in **43** “Insurance + Futures” projects of **10** species, donated premiums of RMB **3,552,300** and advanced premiums of RMB **14,294,300** with cumulatively providing protection over RMB **1,021** million and benefiting more than **40,000** farmers.

At the same time, the Company has launched the “One Commonwealth Heart of Huatai One Tomorrow” rural education program for six consecutive years, subsidizing the construction of software and hardware facilities in 5 schools in Jinzhai and Yuexi in Anhui Province, Enshi, Hubei Province, Suqian, Jiangsu Province and Yushu, Qinghai Province. According to the differentiated demands of schools, the Company also introduced expert resources in such aspects as psychology, pedagogy, sociology, tangible cultural heritage and ecology, and regularly offered services to left-behind children and teachers, including neighborly action, summer training for class teachers, funding for children in need, natural education and psychological counselling, in order to continuously improve the specialization of the project.

As of the end of 2021, the projects benefited

55,758 children and **9,195** teachers.



◆ “One Commonwealth Heart of Huatai One Tomorrow” Rural Education Program



Launching the Fourth Phase of “Funding Program for Children in Need”

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 fourth consecutive years to guide the public to donate 1 year of living expenses for children in need in 5 autonomous schools, so as to improve their study and living condition. As of the end of 2021, such program had received over RMB1,711,000 donations from 100,000 employees, customers and the public, cumulatively subsidizing 700 children in need.

In 2021, the fourth “Funding Program for Children in Need” attracted 24,000 participants and raised RMB556,000 to help 200 children in need. Moreover, the Company reinforced such program through various publicity channels such as “WeChat Campaign” of Tencent and “One Commonweal Heart of Huatai” public welfare market with over 1,000,000 participants.

Launching the Fourth Phase of “Summer Training for Class Teachers”

Since 2018, the Company has launched summer training for class teachers of left-behind children for four consecutive years to further improve their professional skills and psychological counselling.

In 2021, the Company joined with Nanjing Normal University to provide offline courses for 55 class teachers and key teachers from 5 subsidized schools, and online live for over 2,000 teachers from more than 150 primary and secondary schools in poor areas, which provided teachers with systematic training on professional skills and psychological counselling and promoted the development of rural education.



◆ “Summer Training for Class Teachers”

Actively Supporting Rural Revitalization by Huatai United Securities

Huatai United Securities, a subsidiary of the Company, together with China Foundation for Poverty Alleviation, the Amity Foundation and Shan Shui Conservation Center, launched the “Comprehensive Development Project of Poverty Alleviation for Industries in Susong County”, “Poverty Alleviation and Development Project for Yushu Tibetan Autonomous Prefecture in Qinghai Province” and “Franchise Development Project for Communities in National Parks”, respectively, with investing more than RMB7,300,000 to support the development of rural industries, education industry and ecological protection.

As of the end of 2021, Huatai United Securities had, in terms of industrial support, carried out organizational construction of cooperative, community cohesion enhancement, technical guidance on sweet potato production, e-commerce training, and trial live commerce on Tao Bao and other matching services. The cooperative included 503 households and 1,200 mu of sweet potato industrial base, with a cumulative sales revenue of RMB1,900,000 and benefiting 4,794 farmers. In terms of education support, Huatai United Securities provided tutorials for left-behind children with weak educational foundation and for children from low-income families, benefiting 2,178 children; in terms of ecological support, Huatai United Securities installed nearly 80 infrared cameras, which generated total revenue of RMB120,000 and benefited more than 3,200 people.



◆ Comprehensive Development Project of Poverty Alleviation for Industries in Susong County



8.2 Responding to Climate Change

How to deal with climate change is a global issue facing mankind. In September 2021, the Central Committee of the Communist Party of China and the State Council published the Working Guidance for Carbon Dioxide Peaking and Carbon Neutrality in Full and Faithful Implementation of the New Development Philosophy (《關於完整準確全面貫徹新發展理念做好碳達峰碳中和工作的意見》) and the Action Plan for Carbon Dioxide Peaking Before 2030 (《2030 年前碳達峰行動方案》), which together form a “1+N” policy framework for delivering carbon dioxide peaking and carbon neutrality of China and serve as the institutional infrastructure for the national action plan for carbon dioxide peaking and carbon neutrality.

The Company has been fully aware of the severity and urgency of addressing the impact of climate change. According to the climate change-related information disclosure framework developed by the Guidelines for Financial Institutions Environmental Information Disclosure (《金融機構環境信息披露指南》) issued by PBOC and 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 regulatory agencies and investors.

» Governance

The Board of Directors of the Company is responsible for comprehensively supervising climatic risk, including assuming overall responsibility for the Company's climate risk management and regularly reviewing climate risk 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. 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 accountable to the ESG Committee and responsible for the implementation and promotion of environmental and climate change-related policies, including the implementation of climate risk management strategy, 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.

» Strategy

In 2021, in order to better cope with the risks and opportunities of climate, the Company carried out the identification, evaluation and analysis of climate-related risks and opportunities to determine the climate-related risks and opportunities which are material for the Company's business and operations, and gradually improved the top-level design for managing climate-related risks and opportunities.

Analysis Approach of Climate-related Risks and Opportunities



Identification

According to the unified climate change-related information disclosure framework developed by TCFD, 6 climate-related risks and 5 climate-related opportunities were identified.



Evaluation

Based on the Company's business and strategy, combined with expert opinions to evaluate climate-related risks and opportunities.



Management

Construct a climate-related risk and opportunity matrix based on the assessment results, analyze relevant risk factors and manage them with implementing corresponding measures.

Analysis of the Potential Financial Impact of Climate-related Risks

Type of climate-related risk	Specific description	Potential financial impact	Type of risk involved
Market risk	As the supply and demand structure of the market changes, there is a greater preference for climate-friendly products and services. The Company's customers/investment targets may be exposed to business risks such as lower product prices, raising raw material prices and failure to meet market demand in terms of products, which may impact their solvency or market valuation. Therefore, the Company may be exposed to credit risk and devaluation of investment portfolio.	Operating income ↓ Portfolio value ↓	Market risk Credit Risk
Acute physical risk	Severe climate changes such as typhoons and floods will produce extreme weather or natural disasters, which may impact the normal operations of the Company's business department, thereby affecting the Company's business to carry out. On the other hand, the Company's customers/investment targets may be impacted by disasters and unable to maintain normal operations, resulting in reduced solvency or lower market valuation.	Operating income ↓ Portfolio value ↓ Fixed asset value ↓	Credit Risk Market risk Operational risk
Chronic physical risk	Long-term natural pattern changes such as sea level rise and persistent high temperature may impact the Company's normal operations. On the other hand, with increasing climatic degeneration, the probability of climate disasters increases, which may impact the market valuation of certain customers/investment targets (such as agriculture, forestry, livestock and fisheries).	Operating cost ↑ Portfolio value ↓	Market risk
Policy and legal risk	The continued introduction of environmental policies and tightening of regulations will impact the normal operations of the Company's customers/investment targets. For example, the carbon-intensive industries may be exposed to cessation of business, resulting in reduced solvency and lower market valuation. 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 Market 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. On the other hand, the Company's customers/investment targets may suffer reputational damage and lower market valuation due to failure of timely response to stakeholder expectations, which may result in higher credit risk and lower portfolio value for the Company.	Operating income ↓ Portfolio value ↓ Operating cost ↑	Reputational risk Credit Risk Market risk
Technology risk	In the process of low-carbon technology transformation, there are opportunities to make significant breakthroughs in energy-saving and Environment-friendly technologies such as renewable energy and new energy, thus gradually to phase out traditional energy/production technologies, which may have impact on solvency and market valuation of certain customers/investment targets that are unable to update their technologies in a timely manner.	Operating income ↓ Portfolio value ↓	Credit Risk Market risk

Analysis of Potential Financial Impact of Climate-related Opportunities

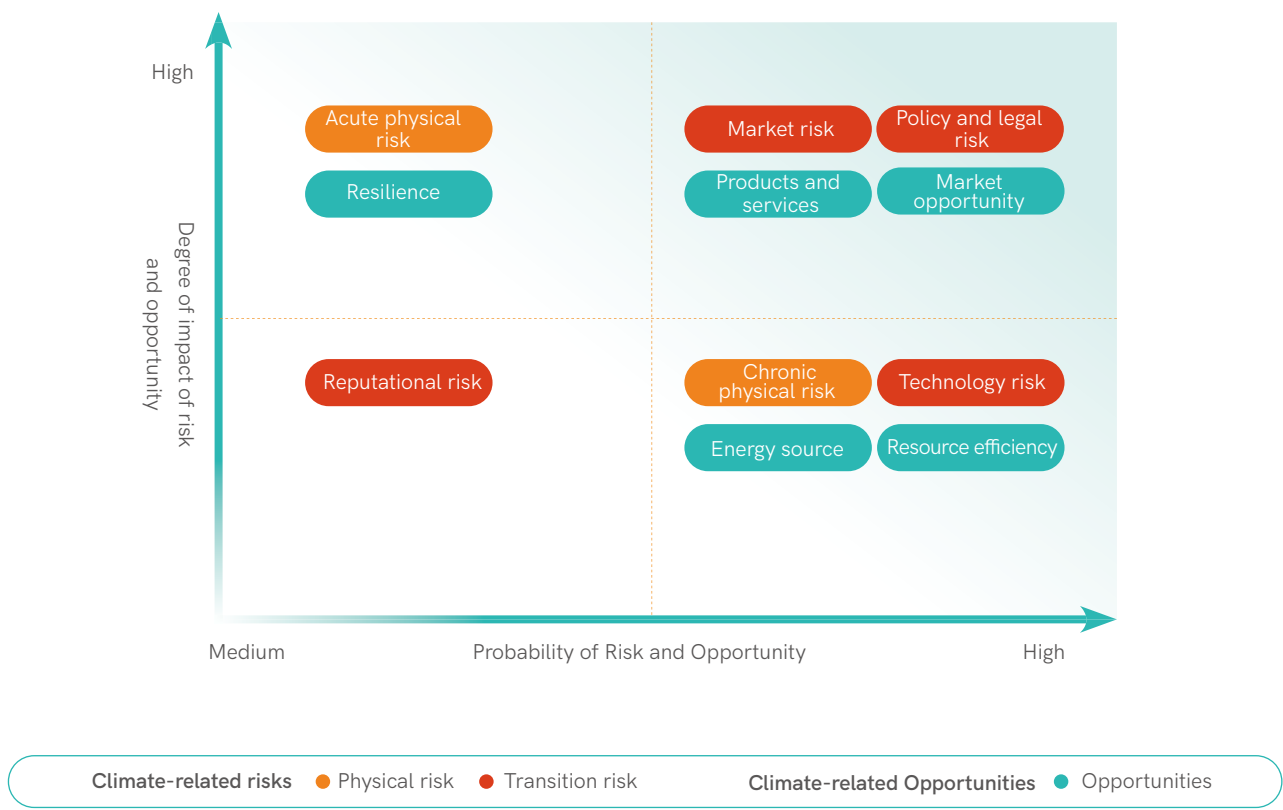
Type of climate-related Opportunity	Specific description	Potential financial impact
Market Opportunities	The introduction of related policies related to carbon neutrality and climate change investment and financing have a guiding effect on green finance business and the market. Focusing on climate-friendly products and services to develop business is conducive to opening up new growth space for the Company, thereby also an increase in the market valuation of the Company's investment targets.	Operating income ↑ Portfolio value ↑
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, thereby also an increase in the market valuation of the Company's investment targets.	Operating income ↑ Portfolio value ↑
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 ↓
Resilience	It is difficult to manage climate risks individually due to few historical data available and the complex structure and transmission processes. Therefore, it can be effective to mitigate the climate risks through improving the Company's resilience to risks.	Operating income ↑ Operating cost ↓



» Risk Management

Based on its business and strategy, and combined with expert opinions, the Company evaluates climate-related risks and opportunities. Moreover, the Company constructs 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, while also improves the mechanism for climate-related risks and opportunities on an on-going basis.

Climate-related Risks and Opportunities Matrix of Huatai Securities



Measures to Respond to Climate-related Risks and Opportunity

- Set “energy conservation and emission reduction” indicators in the ESG due diligence system, examine customers' actions in reducing greenhouse gas emissions, and evaluate and continuously monitor 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.
- Launch innovative climate-friendly products and services such as “carbon neutral” ABS and green bonds.
- 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 carbon neutral and sustainable finance development forums.

With sound management of climate risks, the Company fully grasps climate-related opportunities to provide financial services for enterprises in low-carbon, new energy and environmental governance. At the same time, the Company is committed to facilitating the low-carbon transformation of traditional enterprises within risks controllable, and actively undertakes social responsibility while ensuring revenue.

Facilitating Low-carbon Transformation of Traditional Energy Enterprises

China Shenhua Energy Company Limited (“China Shenhua”) is mainly engaged in coal, electric power, railway, port, shipping and coal chemical industry. In order to achieve low-carbon transformation, China Shenhua has taken the lead in proposing and implementing coal-power ultra-low emission transformation, after which the emission index of dust, sulphur dioxide and nitrogen oxides are all lower than the emission standards for gas-fired power generation with all conventional coal-fired power units achieved ultra-low emission. China Shenhua is a role model of positive transformation for traditional energy enterprises and selected as one of the first batch of 10 “ESG Demonstration Enterprises in China”.

The Company actively participates in secondary market investment of China Shenhua to facilitate the innovative transformation of traditional energy industry. Leveraging on the leading role model in the industry, the Company has actively facilitated more traditional energy enterprises to enhance their environmental governance and engagement on ESG management.



» Metrics and Targets

As a financial enterprise, the Company consumes energy and discharges carbon mainly for daily office work in the course of operations, involving energy such as electricity, natural gas, petrol used for company owned vehicles and diesel used for diesel generators. In 2021, the Company implemented various energy conservation and emission reduction measures such as adopting renewable energy sources, applying light-guided lighting system and advocating green and low-carbon travel, so as to reduce energy consumption and carbon emissions.

The Company annually conducts statistics and analysis of total carbon emissions and energy consumption and intensity to assess the management on climate change issue and accordingly formulate improvement scheme to promote energy conservation and emission reduction. With taking 2021 as the base year, the Company has set carbon emission and energy management targets, and will track and report on the progress of such targets on an annual basis.

Carbon Emission and Energy Management Targets of Huatai Securities



Greenhouse gas emissions per unit area

Take 2021 as the base year, reduce by **2%**
in greenhouse gas emissions per unit area by 2025

Electricity consumption per unit area

Take 2021 as the base year, reduce by **2%**
in electricity consumption per unit area by 2025

Energy Conservation and Emission Reduction Measures of Huatai Securities in 2021

- **Adoption of renewable energy:** the photovoltaic power generation system has saved 89,767 kWh of electricity in 2021, equivalent to a reduction of 63.15 tCO₂e of greenhouse gas emissions;
- **Application of light-guided lighting system:** has cumulatively saved 1,100 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.

Building 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 this end, the Company has continually adopted various methods to improve energy efficiency. In terms of resource deployment, the Company continues to promote business cloudization with intermediate segments of centralized trading, quotation and commission all achieved cloudization in 2021 and nearly 300 physical servers offloaded.

As for the joint design and implementation of machine room, new and efficient energy-saving cold-aisle closure technologies are adopted in the area of machine room to increase the cooling efficiency of the equipment, enhance the effectiveness of the cold-flow utilization and improve the isolation effect of hot and cold aisles. Meanwhile, the Company renovated and updated the return louvers of air-conditioning rooms to reduce resistance in air returning and energy loss; and synchronically deployed temperature-controlled power air diffuser units to provide reasonable and necessary cooling draught for hotter areas. On this basis, the Company achieved precise temperature control and improved the efficiency of cold energy utilization, thereby reducing the run time of air-conditioning compressors in corresponding areas and saving electricity of 10,950 kWh throughout the year, which is equivalent to a reduction of 7.7 tons of CO₂ equivalent of greenhouse gas emissions.

Participation in the “Earth Hour” Environmental Protection Relay for 5 Consecutive Years

“Earth Hour” is an environmental action initiated by the WWF in response to global climate change. As a public welfare partner of WWF, the Company has participated in the “Earth Hour” environmental protection relay for 5 consecutive years.

In the “Earth Hour” event in 2021, the Company turned off the lights of its headquarters and some of its branches and subsidiaries for one hour; held the Star Forum • One Hour One Yangtze River (“一个小时 一个长江”星空论坛) online with focus on biodiversity conservation; and invited experts on the project of “One Yangtze River Small Fund for Wildlife Protection” to discuss with customers, the public, employees and their children, while also promoting such events on Weibo to publicize relevant topics for 1,800,000 times.



◆ Star Dialogue of Earth Hour • One Hour One Yangtze River

8.3 Promoting Green Operation

The Company actively promotes the concept of green operation, complies with relevant laws and regulations such as the Environmental Protection Law of the People's Republic of China and call upon all employees of the Group to integrate the concept of resource conservation and emission reduction into their work and life, in bid to minimize the impact of its operation on the environment.

During the Reporting Period, there were no confirmed violations related to environmental protection that had a material impact on the Company.

In 2021, the Company set targets for water resources management and waste management, and will track and report on the progress of such targets on an annual basis to demonstrate the effectiveness of policies and actions related to environmental protection. At the same time, the Company implemented various measures for water management and waste management, with an aim to constantly promote resource conservation and emission reduction.

As a financial enterprise, Company consumes water mainly for office work during the course of daily operations. With adopting municipal water as the main source, the Company has no problem in sourcing water. Furthermore, it actively implements water saving measures and strives to achieve its water saving target.

Water Saving Measures of Huatai Securities in 2021

Advocate water saving and use water-saving sanitary ware to reduce water consumption;

Make full use of the rainwater recovery system, collect rainwater in the rainy season, and irrigate plants in the dry season;

Conduct regular maintenance on water equipment to prevent evaporating, emitting, dripping, and leaking.

Water and Waste Management Targets of Huatai Securities

Water consumption per unit area

Take 2021 as the base year, reduce by **7%** in water consumption per unit area by 2025

Waste production volume

The Company will gradually improve its waste statistics to maintain a relatively low amount of hazardous and non-hazardous waste generated

During the course of daily operations, material consumption of the Company mainly includes paper consumption by contracts, bills, documents and other paper materials during office work. The Company mainly produces hazardous wastes including electronics waste, toners and cartridges, and non-hazardous wastes including wastewater generated from office work and service provision.

Leveraging on electronic signature platform, the Company continued to promote paperless office in 2021. It reduced the use of paper contracts through electronic stamp and electronic signature, with using electronic stamp for approximately 100,000 times and saving over 3 million sheets of paper.

Waste Management Measures of Huatai Securities in 2021

- Evaluate the usage of discarded office devices and encourage reusing of waste and old materials to reduce unnecessary waste;
- Entrust a qualified company to recycle and dispose of or reuse hazardous wastes;
- Require the property management center to clear and transport office waste to minimize adverse impacts on environment;
- Discharge wastewater into the municipal sewage pipeline and transport wastewater to the municipal wastewater treatment plant.

Key Quantitative Performance Indicators

Economic Performance Indicators¹

Indicator	Unit	2019	2020	2021
Operating income	RMB10,000	2,486,301.20	3,144,454.61	3,790,544.37
Total profit	RMB10,000	1,158,596.51	1,350,437.60	1,627,256.25
Tax paid	RMB10,000	315,701.90	381,539.22	524,202.31
Total assets	RMB10,000	56,218,063.83	71,675,123.50	80,665,083.27
Expenses on employee benefits	RMB10,000	607,555.61	761,045.38	933,848.50
Total external donation investment	RMB10,000	2,077.05	3,240.81	4,600.16
Basic earnings per share	RMB	1.04	1.20	1.47
Social contribution per share ²	RMB	2.88	3.33	4.22

Note 1: The data in this table are derived from the consolidated financial statements prepared by the Group in accordance with the Chinese Accounting Standards for Enterprises or calculated based on the data in the aforementioned statements.

Note 2:[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.

Anti-corruption-related Performance Indicators

Indicator	Unit	2019	2020	2021
Number of anti-corruption training	time	4	5	6
Number of people participating in anti-corruption training	person	3,310	9,449	10,787
Average anti-corruption training hours per capita of staff ¹	hour	—	1.93	2.00

Note 1: 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 2019.

Employee Performance Indicators

Indicator		Unit	2019	2020	2021
Total number of employees ¹		person	9,486	9,784	14,372
By gender	Male	person	5,127	5,320	7,959
	Female	person	4,359	4,464	6,413
By employment type ²	Full-time contract employee	person	9,486	9,784	11,517
	Other employment type	person	—	—	2,855
By age	>50	person	334	391	1,045

Indicator		Unit	2019	2020	2021
	30-50	person	5,984	6,364	8,600
	<30	person	3,168	3,029	4,727
By region	Mainland China	person	9,288	9,560	13,086
	Hong Kong, Macao, Taiwan and overseas	person	198	224	1,286
By education degree ³	Doctor	person	128	133	140
	Master	person	3,994	4,440	5,080
	College	person	4,880	4,814	6,927
	Technical school and below	person	484	397	1,351
Number of new employees		person	1,724	1,322	1,512
By gender	Male	person	1,006	777	910
	Female	person	718	545	602
By age	>50	person	9	5	6
	30-50	person	668	484	621
	<30	person	1,047	833	885
By region	Mainland China	person	1,639	1,259	1,442
	Hong Kong, Macao, Taiwan and overseas	person	85	63	70
Graduates		person	618	582	478
Minority ethnic group		person	246	246	287
Handicapped		person	2	2	1
Loss of staff ⁴		%	7.06	9.37	9.05

Indicator		Unit	2019	2020	2021
By gender	Male	%	7.89	10.09	9.56
	Female	%	6.06	8.51	8.42
By age	>50	%	2.46	2.30	3.43
	30-50	%	6.01	7.75	8.27
	<30	%	8.99	13.70	12.17
By region	Mainland China	%	6.79	9.13	8.47
	Hong Kong, Macao, Taiwan and overseas	%	18.29	19.64	23.60
Labour discrimination		case	0	0	0
Percentage of labour contracts signed		%	100	100	100
Coverage of social insurance		%	100	100	100
Female employees taking parental leave		person	201	249	257
Return rate of female employees taking parental leave ⁵		%	100	100	100

Note 1: [Statistical caliber] The figures of total number of employees include Huatai Securities, Huatai United Securities, Huatai Securities (USA), Huatai Purple Gold Investment, Huatai Futures, Huatai Asset Management, Huatai Innovative Investment, Huatai Financial Holdings (Hong Kong) (including AssetMark) and Jiangsu Equity Exchange. The rest figures such as number of new employees and turnover rate exclude full-time contract employees of AssetMark.

Note 2: The number of employees of the Company in 2021 includes labor dispatch, brokers, etc.

Note 3: Due to the internal policies of corporations in the United States, the above statistics do not include those of AssetMark.

Note 4: [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.

Note 5: [Calculation method] Return rate of female employees taking parental leave = total number of female employees returning to work after parental leave / total number of female employees who should return to work after parental leave.

Employee Health and Safety Performance Indicators¹

Indicator	Unit	2019	2020	2021
Number of employees who die at work	person	0	0	0
Rate of work-related accidents ²	%	3	2	6
Number of working days lost due to work-related injury	day	65	97.5	127

Note 1: [Statistical caliber] The figures 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] Rate of work-related accidents = number of work-related accidents / total number of employees. Work-related injuries of the Company for 2021 were caused by traffic accidents and recreational events. 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.

Staff Training Performance Indicators¹

Indicator		Unit	2019	2020	2021
Staff training attendance ²		person-time	71,823	2,338,658	1,396,745
Total expense of staff training		RMB10,000	2,364.21	1,382.64	1,421.24
Coverage ratio of staff training ³		%	100	100	100
By gender	male	%	100	53.19	53.52
	female	%	100	46.81	46.48

Indicator		Unit	2019	2020	2021
By staff type	ordinary staff	%	100	86.45	81.14
	junior management	%	100	12.28	17.69
	senior and middle management	%	100	1.26	1.17
Average training hours per capita of all staff for each year ⁴		hour	54.44	64.06	66.80
By gender	male	hour	54.20	63.94	66.40
	female	hour	54.70	64.19	67.20
By staff type	ordinary staff	hour	47.50	55.77	59.00
	junior management	hour	88.00	114.24	95.00
	senior and middle management	hour	130.00	145.16	138.00

Note 1: [Statistical caliber] The figures in 2021 are for contract employees of Huatai Securities.

Note 2: In 2021, the cloud-based training platform of Huatai Securities launched background play function, which enables the user not to log in again after screen off during the learning process. The learning attendance was no longer included, and the attendance of online learning recorded a decrease as compared to that of 2020.

Note 3: [Calculation method] The calculation method of coverage ratio of staff training in 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 from 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 .

Suppliers Performance Indicators¹

Indicator	Unit	2019	2020	2021
Number of suppliers in Mainland China	supplier	503	567	524
Number of suppliers from Hong Kong, Macao, Taiwan and overseas	supplier	30	28	34

Note 1: [Statistical caliber] The parent company of Huatai Securities. The above data are estimates.

Customer Service Performance Indicators

Indicator	Unit	2019	2020	2021
Number of customer consultation ¹	case	3,175,300	8,806,940	10,338,113
Customer satisfaction surveys conducted ²	time	387,057	534,486	530,217
Customer satisfaction	%	99.53	99.72	99.57
Ratio of manual customer service to total customer service business ³	%	13.03	8.81	8.31
Ratio of online customer service to total customer service business	%	28.08	14.06	5.58
Ratio of smart customer service to total customer service business	%	58.89	77.13	86.11

Note 1: [Statistical caliber] Inbound service volume of customer service center, manual online service volume and intelligent robot service volume.

Note 2: [Statistical caliber] The figures in 2019 and 2020 are for customer service center and business outlets, while the figures in 2021 are for customer service center.

Note 3: Manual customer service represented telephone customer service.

Performance Indicators for Greenhouse Gas (GHG) Emissions and Energy Consumption¹

Indicator	Unit	2019	2020	2021
Total greenhouse gas (GHG) emissions (Category 1 and Category 2) ²	tons of CO ₂ equivalent	24,639.71	25,106.68	28,510.82
Category 1 greenhouse gas (GHG) emissions	tons of CO ₂ equivalent	1,626.25	1,563.48	2,431.91
Category 2 greenhouse gas (GHG) emissions	tons of CO ₂ equivalent	23,013.46	23,543.20	26,078.91
Total greenhouse gas (GHG) emissions per person (Category 1 and Category 2)	tons of CO ₂ equivalent/person	4.31	3.85	3.07
Greenhouse gas (GHG) emissions per unit area (Category 1 and Category 2)	tons of CO ₂ equivalent/m ²	0.16	0.16	0.11
Category 3 greenhouse gas (GHG) emissions ³	tons of CO ₂ equivalent	8,031.53	10,007.73	8,798.01
Total natural gas consumption	m ³	454,411.80	445,077.50	578,814.95
Natural gas consumption per person	m ³ /person	79.54	68.20	62.35
Natural gas consumption per unit area	m ³ /m ²	3.00	2.79	2.26
Petrol consumption of the Company's vehicles ⁴	liter	236,867.77	219,919.18	433,503.84
Diesel consumption of diesel generators	liter	400	1,600	1,800
Total electricity consumption	kWh	32,796,873	33,631,525	44,739,924

Indicator	Unit	2019	2020	2021
Electricity consumption per person	kWh/person	6,431.81	5,740.74	4,819.04
Electricity consumption per unit area	kWh/m ²	199.64	216.28	175.00

Note 1: [Statistical caliber] The figures in 2021 are for headquarters of the parent company of Huatai Securities, Huatai Futures, Huatai United Securities, Huatai Innovative Investment, Huatai Financial Holdings (Hong Kong) (excluding AssetMark), Huatai Asset Management, Huatai Purple Gold Investment and Jiangsu Equity Exchange, 28 branches and their business departments; the figures in 2019 and 2020 are for headquarters of the parent company of Huatai Securities, Huatai Futures, Huatai United Securities, Huatai Innovative Investment, Huatai Financial Holdings (Hong Kong) (excluding AssetMark), Huatai Asset Management, Huatai Purple Gold Investment, Jiangsu Equity Exchange and 28 branches. In 2021, the Company includes the electricity consumption, natural gas consumption and petrol consumption of the Company's vehicles of business departments of branches into the statistical scope, hence the total electricity consumption, total natural gas consumption and petrol consumption of the Company's vehicles recorded an increase as compared to that of 2020.

Note 2: [Calculation method] 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, 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 2 greenhouse gas (GHG) emissions include indirect greenhouse gas emissions from purchased electricity, calculation method of which in 2019 and 2020 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, and in 2021 in accordance with the National Grid Emission Factor in the Corporate Greenhouse Gas Emissions Accounting Methods and Reporting Guidelines for Power Generation Facilities, 2022 Revised Edition issued by the Ministry of Ecology and Environment of the People's Republic of China in March 2022.

Note 3: [Calculation method] Category 3 greenhouse gas (GHG) emissions is estimated by using calculation method for Greenhouse Gas Protocol (Category 3); the figures in 2019 include emission from electricity, natural gas and other consumption by tenants in Huatai Securities Square, and figures in 2020 and 2021 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 headquarters of the parent company of Huatai Securities.

Note 4: The data of oil consumption of owned vehicles are estimates.

Performance Indicators for Water Resource Consumption¹

Indicator	Unit	2019	2020	2021
Total water consumption ²	ton	94,915.78	87,012.48	156,261.15
Water consumption per person	ton/person	16.61	13.33	16.83
Water consumption per unit area	ton/m ²	0.63	0.55	0.61

Note 1: [Statistical caliber] The figures in 2021 are for headquarters of the parent company of Huatai Securities, Huatai Futures, Huatai United Securities, Huatai Innovative Investment, Huatai Financial Holdings (Hong Kong) (excluding AssetMark), Huatai Asset Management, Huatai Purple Gold Investment and Jiangsu Equity Exchange, 28 branches and their business departments; the figures in 2019 and 2020 are for headquarters of the parent company of Huatai Securities, Huatai Futures, Huatai United Securities, Huatai Innovative Investment, Huatai Financial Holdings (Hong Kong) (excluding AssetMark), Huatai Asset Management, Huatai Purple Gold Investment and Jiangsu Equity Exchange and 28 branches.

Note 2: In 2021, the Company includes the water consumption of business departments of branches into the statistical scope, hence the total water consumption recorded an increase as compared to that of 2020.

Performance Indicators for Material Consumption and Waste Production Volume¹

Indicator	Unit	2019	2020	2021
Waste volume of electronics ²	piece	8,160	10,713	11,000
Toner ³	unit	138	155	296
Cartridge ⁴	unit	551	596	823
Discarded fluorescent tube	unit	—	500	300
Total paper consumption ⁵	package	5,885	6,750	7,100

Note 1: [Statistical caliber] The figures are for 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 and 4: The consumption volume data of toners and cartridges are estimates.

Note 5: The paper consumption data are estimates. The Company has not yet made statistics on the office waste since it is cleared by the property management center.

Community Investment Performance Indicators

Indicator	Unit	2019	2020	2021
Number of staff participated in volunteering	person-time	208	424	308
Total hours contributed to volunteering by staff	hour	3,000	3,690	2,812
Total external donation investment	RMB10,000	2,077.05	3,240.81	4,600.16

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	The China Securities Regulatory Commission (中國證券監督管理委員會)
Investor Protection Bureau of CSRC	Investor Protection Bureau of CSRC (中國證監會投資者保護局)
Shanghai Stock Exchange or SSE	The Shanghai Stock Exchange (上海證券交易所)
Shenzhen Stock Exchange	The Shenzhen Stock Exchange (深圳證券交易所)
Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited (香港聯合交易所有限公司)
London Stock Exchange or LSE	the London Stock Exchange plc (倫敦證券交易所)
Huatai Securities, Company or Parent Company	Huatai Securities Co., Ltd. (華泰證券股份有限公司)
Group, Our Group, we or us	the Company and its subsidiaries
Huatai United Securities	Huatai United Securities Co., Ltd. (華泰聯合證券有限責任公司), a holding subsidiary of the Company
Huatai Futures	Huatai Futures Co., Ltd. (華泰期貨有限公司), a holding subsidiary of the Company
Huatai Purple Gold Investment	Huatai Purple Gold Investment Co., Ltd. (華泰紫金投資有限責任公司), a wholly-owned subsidiary of the Company
Huatai Asset Management	Huatai Securities (Shanghai) Asset Management Co., Ltd. (華泰證券 (上海) 資產管理有限公司), a wholly-owned subsidiary of the Company
Huatai International	Huatai International Financial Holdings Company Limited (華泰國際金融控股有限公司), a wholly-owned subsidiary of the Company
Huatai Financial Holdings (Hong Kong)	Huatai Financial Holdings (Hong Kong) Limited (華泰金融控股 (香港) 有限公司), a wholly-owned subsidiary of Huatai International
Huatai Securities (USA)	Huatai Securities (USA), Inc. (華泰證券 (美國) 有限公司), a wholly-owned subsidiary of Huatai International
Huatai Innovative Investment	Huatai Innovative Investment Co., Ltd. (華泰創新投資有限公司), a wholly-owned subsidiary of the Company
Jiangsu Equity Exchange	Jiangsu Equity Exchange Co., Ltd. (江蘇股權交易中心有限責任公司), 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. (華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 Depositary Receipts
CSR	Corporate Social Responsibility
ESG	Environmental, Social and Corporate Governance
IPO	Initial Public Offering
DevSecOps	Development, Security and Operations
FICC	Fixed Income, Currency and Commodities
CAMS	Credit Analysis and Management System
Reporting Period	the year of 2021

Report Index

Index of the Guidelines of Self-regulation of Companies Listed on Shanghai Stock Exchange No. 1 – Standard Operation (《上海證券交易所上市公司自律監管指引第 1 號 – 規範運作》) issued by the Shanghai Stock Exchange

Guidelines of Self-regulation of Companies Listed on Shanghai Stock Exchange No. 1 – Standard Operation	
Disclosure Advice	Section Index
8.1	3. [Topic] Promoting Sustainable Development with Responsible Finance 4. [Topic] Protecting Biodiversity in the Name of Love 5. Guaranteeing Compliance and Stable Operation 6. Providing High-quality Financial Services 7. Creating a Diverse and Dynamic Workplace 8. Jointly Creating a Harmonious and Civilized Society
8.2	5. Guaranteeing Compliance and Stable Operation
8.3	Environmental, Social and Corporate Governance (ESG) Statement by the Board 2. Social Responsibility Management
8.4	Key Quantitative Performance Indicators
8.5	Meet the Requirements
8.6	3. [Topic] Promoting Sustainable Development with Responsible Finance 4. [Topic] Protecting Biodiversity in the Name of Love 5. Guaranteeing Compliance and Stable Operation 6. Providing High-quality Financial Services 7. Creating a Diverse and Dynamic Workplace 8. Jointly Creating a Harmonious and Civilized Society
8.7	5. Guaranteeing Compliance and Stable Operation 7. Creating a Diverse and Dynamic Workplace
8.8	3. [Topic] Promoting Sustainable Development with Responsible Finance 4. [Topic] Protecting Biodiversity in the Name of Love 8. Jointly Creating a Harmonious and Civilized Society

8.9	8. Jointly Creating a Harmonious and Civilized Society Key Quantitative Performance Indicators
8.10	8. Jointly Creating a Harmonious and Civilized Society
8.11	8. Jointly Creating a Harmonious and Civilized Society
8.12	Not Applicable
8.13	Not Applicable
8.14	7. Creating a Diverse and Dynamic Workplace
8.15	Meet the Requirements



Index of Environmental, Social and Governance Reporting Guide (with Effect from January 1, 2022) on Hong Kong Stock Exchange

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.	8.2 Responding to Climate Change 8.3 Promoting Green Operation
KPI A1.1	The types of emissions and respective emissions data.	Key Quantitative Performance Indicators
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Key Quantitative Performance Indicators
KPI A1.3	Total hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production, per facility).	Key Quantitative Performance Indicators
KPI A1.4	Total non-hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production, per facility).	Key Quantitative Performance Indicators
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	8.2 Responding to Climate Change
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.	8.3 Promoting Green Operation
Aspect A2: Use of Resources		
General Disclosure A2	Policies on the efficiency use of resources, including energy, water and other raw materials.	8.2 Responding to Climate Change 8.3 Promoting Green Operation
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).	Key Quantitative Performance Indicators
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production, per facility).	Key Quantitative Performance Indicators
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Key Quantitative Performance Indicators
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.	Key Quantitative Performance Indicators

Aspects, General Disclosures and KPIs	Description	Sections
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
Aspect A3: The Environment and Natural Resources		
General Disclosure A3	Policies on minimizing the issuer's significant impact on the environment and natural resources.	8.2 Responding to Climate Change 8.3 Promoting Green Operation
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	8.2 Responding to Climate Change 8.3 Promoting Green Operation
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.	8.2 Responding 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.	8.2 Responding 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.	7.1 Staff Diversity and Inclusion
KPI B1.1	Total workforce by gender, employment type (for example, full-or part-time), age group and geographical region.	Key Quantitative Performance Indicators
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Key Quantitative Performance Indicators
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	7.3 Employee Rights and Welfare
KPI B2.1	Number and rate of work-related fatalities.	Key Quantitative Performance Indicators

Aspects, General Disclosures and KPIs	Description	Sections
KPI B2.2	Lost working days due to work injury.	Key Quantitative Performance Indicators
KPI B2.3	Description of occupational health and safety measures adopted and how they are implemented and monitored.	7.3 Employee Rights and Welfare
Aspect B3. Development and Training		
General Disclosure B3	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	7.2 Employee Training and Development
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Key Quantitative Performance Indicators
KPI B3.2	The average training hours completed per employee by gender and employee category.	Key Quantitative Performance Indicators
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.	7.1 Staff Diversity and Inclusion
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	7.1 Staff Diversity and Inclusion
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	7.1 Staff Diversity and Inclusion
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.	5.3 Strengthening Compliance Operation
KPI B5.1	Number of suppliers by geographical region.	Key Quantitative Performance Indicators
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.	5.3 Strengthening Compliance Operation
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	5.3 Strengthening Compliance Operation
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	5.3 Strengthening Compliance Operation
Aspect B6. Product Responsibility		

Aspects, General Disclosures and KPIs	Description	Sections
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.	5.3 Strengthening Compliance Operation 6.2 Technology Empowering Services
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.	Key Quantitative Performance Indicators 6.2 Technology Empowering Services
KPI B6.3	Description of practices relating to maintenance and protecting intellectual property rights.	5.3 Strengthening Compliance Operation
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.	6.2 Technology Empowering Services
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.	5.4 Anti-corruption Management
KPI B7.1	Number of corruption lawsuits filed and concluded against issuers or their employees during the reporting period and litigation outcome.	5.4 Anti-corruption Management
KPI B7.2	Describe preventive measures and reporting procedures, as well as related implementation and monitoring methods.	5.4 Anti-corruption Management
KPI B7.3	Description of anti-corruption training provided to directors and staff.	5.4 Anti-corruption Management
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.	8.1 Focusing on Professional Public Welfare 4. [Topic] Protecting Biodiversity in the Name of Love
KPI B8.1	Focus on areas of contribution (e.g. education, environmental issues, labour needs, health, culture, sports).	8.1 Focusing on Professional Public Welfare 4. [Topic] Protecting Biodiversity in the Name of Love
KPI B8.2	Use of resources (e.g. money or time) in the area of focus.	Key Quantitative Performance Indicators

Index of Sustainability Reporting Standards (2016) issued by Global Reporting Initiative (GRI)

Sustainability Reporting Standards Indicator		Disclosure Content
Basis		
101-1	Reporting basis, including reporting principles to define the content and quality of the report.	About 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.	Key Quantitative Performance Indicators
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. [Topic] Promoting Sustainable Development with Responsible Finance; 5. Guaranteeing Compliance and Stable Operation
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 Honors, Awards and Rating Recognitions
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.	Environmental, Social and Corporate Governance (ESG) Statement by the Board

Sustainability Reporting Standards Indicator		Disclosure Content
102-15	Describe key impacts, risks, and opportunities.	Environmental, Social and Corporate Governance (ESG) Statement by the Board
Morality and Integrity		
102-16	Describe the organization's values, principles, standards, and norms of behaviour.	2.1 Social Responsibility Principles and Management Systems
Governance		
102-18	Governance structure.	1.1 Company Overview 2.1 Social Responsibility Principles and Management Systems 5.1 Enhancing Corporate Governance
102-21	Consultations with stakeholders on economic, environmental and social issues.	2.2 Communication with the Stakeholders
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.	2.3 Identification and Analysis of Material Topics
Stakeholder Involvement		
102-40	A list of stakeholder groups engaged by the organization.	2.2 Communication with the Stakeholders
102-41	Percentage of total employees covered by collective bargaining agreements.	Key Quantitative Performance Indicators
102-42	Describe the basis for identification and selection for selected stakeholders.	2.2 Communication with the Stakeholders
102-43	The organization's approach to stakeholder engagement.	2.2 Communication with the Stakeholders
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
Report Overview		
102-45	Entities included in the consolidated financial statements.	About This Report
102-46	Define the report content and the topic Boundaries.	2.3 Identification and Analysis of Material Topics
102-47	List all the material topics identified in the process for defining report content.	2.3 Identification and Analysis of Material Topics

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 Identification and Analysis of Material Topics
102-50	The reporting period for the information provided (e.g. financial year or calendar year).	About This Report
102-51	The date of the most recent previous report (if applicable).	About This Report
102-52	Reporting cycle (e.g. once a year, once every two years).	About 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.	About 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) issued by Global Reporting Initiative (GRI)
102-56	External assurance statements.	Independent 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.	3. [Topic]Promoting Sustainable Development with Responsible Finance; 4. [Topic]Protecting Biodiversity in the Name of Love; 5.4 Anti-corruption Management; 6.1 Serving Real Economies; 8.1 Focusing on Professional Public Welfare Key Quantitative Performance Indicators
103-2	Management approach and its components.	
103-3	Explain how the organization evaluates management.	
Economic Performance		
201-1	Economic value directly generated and distributed by institutions.	Key Quantitative Performance Indicators
Indirect Economic Impact		
203-1	Infrastructure investments and services supported.	3. [Topic]Promoting Sustainable Development with Responsible Finance; 6.1 Serving Real Economies; 8.1 Focusing on Professional Public Welfare

Sustainability Reporting Standards Indicator		Disclosure Content
Anti-Corruption		
205-1	Operations assessed for risks related to corruption.	5.4 Anti-corruption Management
205-2	Communication and training about anti-corruption policies and procedures.	5.4 Anti-corruption Management
205-3	Confirmed incidents of corruption and actions taken.	5.4 Anti-corruption Management; Key Quantitative Performance Indicators
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	8.2 Responding to Climate Change; 4.[Topic]Protecting Biodiversity in the Name of Love; Key Quantitative Performance Indicators
103-2	Management approach and its components.	
103-3	Explain how the organization evaluates management.	
Energy		
302-1	Energy consumption within the organization.	Key Quantitative Performance Indicators
302-3	Energy intensity.	Key Quantitative Performance Indicators
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.	8.2 Responding to Climate Change
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.	5.3 Strengthening Compliance Operation; 6.2 Technology Empowering Services; 7. Creating a Diverse and Dynamic Workplace; 8.1 Focusing on Professional Public Welfare; Key Quantitative Performance Indicators
103-2	Management approach and its components.	
103-3	Explain how the organization evaluates management.	
Employment		
401-1	Total number and rate of new employees and employee turnover by age group, gender and region.	Key Quantitative Performance Indicators
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees.	7.3 Employee Rights and Welfare
401-3	Parental leave.	Key Quantitative Performance Indicators

Sustainability Reporting Standards Indicator		Disclosure Content
Occupational Health and Safety		
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism.	Key Quantitative Performance Indicators
Training and Education		
404-1	Average hours of training per year per employee by gender, and by employee category.	Key Quantitative Performance Indicators
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.	Key Quantitative Performance Indicators
Non-Discrimination		
406-1	Incidents of discrimination and corrective actions taken	7.1 Staff Diversity and Inclusion; Key Quantitative Performance Indicators
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.	7.1 Staff Diversity and Inclusion
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.	7.1 Staff Diversity and Inclusion
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.	5.3 Strengthening Compliance Operation
417-3	The number of violations involving marketing; if no violation of the regulations is found, simply explain.	5.3 Strengthening Compliance Operation
Customer Privacy		
418-1	Total number of confirmed infringements of customer privacy and customer data loss.	6.2 Technology Empowering Services; Key Quantitative Performance Indicators

About 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, 2021 to December 31, 2021.

Reporting Cycle: Annual. The last report is 2020 CSR report.

Basis

The preparation of this report is in accordance with the Contents and Formats of Information Disclosure by Companies Offering Securities to the Public No. 2 – Contents and Formats of Annual Report (Revised in 2021) (《公開發行證券的公司信息披露內容與格式準則第2號——年度報告的內容與格式(2021年修訂)》) (Chapter 5 Environment and Social Responsibility) issued by China Securities Regulatory Commission, the Guidelines of Self-regulation of Listed Companies No. 1 – Standard Operation by Listed Companies issued by the Shanghai Stock Exchange, and the Environmental, Social and Governance Reporting Guide set out in Appendix 27 to the Listing Rules (with effect from January 1, 2022) issued by the Hong Kong Stock Exchange, and core plans of the Sustainability Reporting Standards (2016) issued by the Global Reporting Initiative (GRI).

Principles

This report is prepared in accordance with the reporting principles under the Environmental, Social and Governance Reporting Guide of the Hong Kong Stock Exchange, which include:

Materiality principle: This report identifies material topics to be particularly addressed through materiality analysis, and focuses on reporting the matters related to environmental, social and corporate governance that may be sufficiently important to investors and other stakeholders.

Quantitative principle: This report discloses key quantitative performance indicators and explains the meaning of these indicators as well as the calculation basis and assumptions, so as to assess and verify the effectiveness of environmental, social and corporate governance policies and management system.

Balance principle: The content of this report provides an unbiased picture of objective facts and discloses all information and performance, whether positive or negative, so as to avoid selections, omissions, or presentation formats that may inappropriately influence a decision or judgment by the report reader.

Consistency principle: This report clearly states the statistical methodology and caliber of key quantitative ESG performance indicators disclosed herein, while ensuring that the indicators and calculation methods for different reporting periods are consistent as far as possible to reflect the performance trend.

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.

Accesses

Shanghai Stock Exchange website (www.sse.com.cn); HKEX news website (www.hkexnews.hk); London Stock Exchange website (www.londonstockexchange.com); Huatai Securities Co., Ltd. website (www.htsc.com.cn)



ASSURANCE STATEMENT

SGS-CSTC'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE HUATAI SECURITIES CO., LTD. FOR 2021

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 2021 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 branches or subsidiaries were not included in this assurance process.

The information in the 2021 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 2021 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.

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 more than 2,600 affiliates 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 2021 Corporate Social Responsibility Report verified is accurate, reliable, and provides a fair and balanced representation of Huatai Securities sustainability activities in 2021.

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 2021 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 a 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 stakeholders' expectations and gives stakeholders more objective performances of social responsibility.

Comparability

Huatai Securities shows the historical data comparison to demonstrate the trends 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 reasonably understand Huatai Securities and its industry. Huatai Securities is taking into account the utilization and type of information, and using several 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 clearly discloses the management approach for each subject and instructions for assessing the effectiveness of the management approach.

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 detail.

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 branches or subsidiaries. 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 stakeholders.

As the financial information in the 2021 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. 1st, 2022

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