

2017

# **Environmental, Social and Governance Report**

Everbright Securities Company Limited

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## About the Report

### Report Description

This report is the second annual Environmental, Social and Governance (“ESG”) Report of Everbright Securities Company Limited (hereinafter referred to as “**Everbright Securities**”, the “**Company**”, “**we**” or “**us**”). This report truly and objectively describes the efforts of Everbright Securities to perform its social responsibilities as a good corporate citizen in 2017, and focuses mainly on the disclosure of the Company's performance in business, society, environmental protection and governance. All the currency involved in this report refers to Renminbi (“**RMB**”).

### Scope of the Report

Time duration: from January 1, 2017 to December 31, 2017. This report is prepared on an annual basis.  
Scope of reporting organizations: unless otherwise specified, this report covers the head office, branch companies, branches and subsidiaries of the Company.

### Basis of Preparation of the Report

This report was prepared with reference to, among other things, the *Guidelines to State-owned Enterprises Directly under the Central Government on Fulfilling Corporate Social Responsibilities* issued by the State-owned Assets Supervision and Administration Commission of the State Council, the *Guidelines for Environmental Information Disclosure of the Companies Listed on the Shanghai Stock Exchange* and the *Report on the Performance of Corporate Social Responsibilities by Companies* issued by the Shanghai Stock Exchange, the *Environmental, Social and Governance Reporting Guide* contained in Appendix 27 to the *Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited*, the *Guidelines on Preparation of Corporate Social Responsibility Report for Enterprises in China* issued by the Chinese Academy of Social Sciences, and the *ISO26000: 2010 Guidance on Social Responsibility* issued by the International Organization for Standardization (ISO).

### Confirmation and Approval

This report is confirmed by the management and approved by the board of directors on March 26, 2018.

### Access of the Report

This report comes in both traditional Chinese version and English version. The online version of this report is available on the websites of The Stock Exchange of Hong Kong Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.ebscn.com](http://www.ebscn.com)).

We value the opinions of the stakeholders and welcome readers to contact us through the following contact details. Your opinions will help us further improve this report and Everbright Securities's ESG performance.

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## Chapter 1 About Us

### 1.1 Company Profile

Established in 1996, Everbright Securities Company Limited is a national comprehensive joint-stock securities company invested and majority-controlled by China Everbright Group Ltd. (“Everbright Group”), and is also one of China’s first three securities firms licensed to engage in “innovative” business approved by the China Securities Regulatory Commission (the “CSRC”). The Company successfully issued A shares on August 4, 2009 to raise the proceeds of a total amount of RMB 10.962 billion and was listed on the Shanghai Stock Exchange on August 18, 2009 under the abbreviated stock name of “光大證券” and the stock code of “601788”. On August 18, 2016, the H shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”), raising around 8.9 billion Hong Kong dollars, under the abbreviated Chinese stock name of “光大證券”, the abbreviated English stock name of “EB SECURITIES” and the stock code of “6178”.

The Company is a leading full-service securities group in the industry with strong competitiveness, and has established a nationwide operational network. It has strong innovation capabilities and an integrated onshore and offshore business platform. Our subsidiaries in Hong Kong is one of the largest overseas business platforms among Chinese brokerage firms. As one of the core financial service platforms of the Everbright Group, the Company conscientiously fulfill its social responsibilities, fully serve the real economy, we firmly leverage the integration of onshore and offshore capital markets, focuses on medium-and-high net worth clients, puts clients’ demand as its priority, and expands capital intermediary businesses, in order to achieve the constant growth of its business. The Company’s business scale and key operating indicators rank top among domestic securities firms.

In 2017, the Company's keynote is “seeking advancement in stability”, which means to seek for breakthroughs while securing the solid foundation. The Company will continue to consolidate client loyalty, and improve our comprehensive financial service, managerial effectiveness and overall quality of our team. In addition, the Company will persist with its commitment to the real economy, reverse its focus back on core investment banking services and strive to achieve steady improvement asset size and quality as well as continuous improvement of its social impact, so as to help the Company become a “leading full-service investment bank” in China.

#### Corporate Culture

##### ◆ Corporate Vision

To become a leading full-service investment bank in China.

##### ◆ Core Values

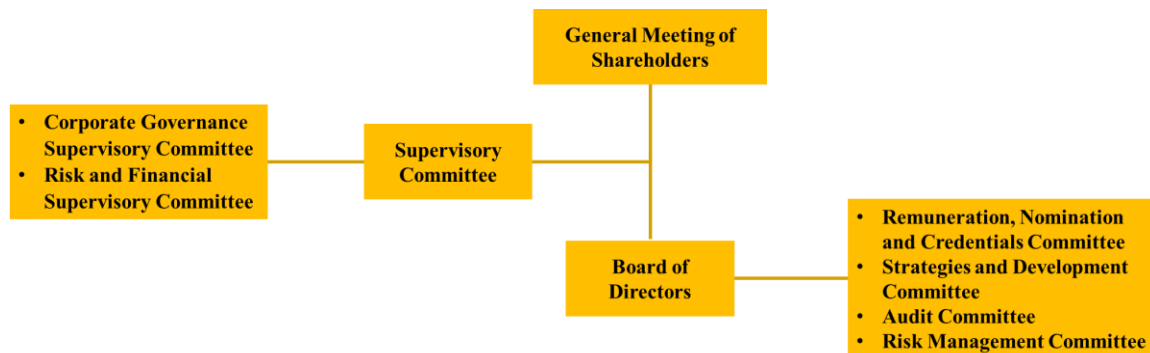
To grow stronger for the country and accumulate wealth for the world.

##### ◆ Corporate Philosophy

Dedicated to provide comprehensive services, Everbright always attaches great importance to internationality, innovation and regulatory requirements.

## 1.2 Corporate Governance

The Company is committed to strictly abide by, among other things, the law and regulations of the *Company Law of The People's Republic of China (Company Law)*, the *Securities Law of The People's Republic of China (Security Law)*, the *Code of Corporate Governance for Listed Companies in China*, *Rules for Governance of Securities Companies* and the *Rules Governing the Listing of Securities on the Hong Kong Stock Exchange*. Abiding by the law and regulations mentioned above, the Company has established a governance framework consisting of the General Meeting of Shareholders, the Board of Directors, the Board of Supervisors and the Senior Management of the Company, and formed a coordinating mechanism with checks and balances among the authority unit, the decision-making unit, the supervisory unit and the executive unit to continually enhance the Company's corporate governance level.



In accordance with the requirements of the *Company Law*, the *Articles of Association* and other relative laws and regulations, the Supervisory Committee of the Company performed its duties proactively and independently according to laws, supervised over the implementation of resolutions of the general meetings by the Board and the ordinary operations, financial position, compliance and internal control of the Company. The *Articles of Association* was revised in October, 2017 to further protect the legitimate rights and interests of the Company, its shareholders and stakeholders as well as to further guarantees the standardized operation of the Company.

### Enhancing Information Disclosure

As a responsible listed company, the Company is dedicated to effective protection of minority shareholders of the Company and their full right of information so as to ensure the fairness of information disclosure. The Company has also continued to take a series of concrete actions to further improve and intensify its communication with investors. The Company has successively formulated the *Information Disclosure Management System of Everbright Securities Company Limited*, *Registration system of Persons with Knowledge of Inside Information of Everbright Securities Company Limited* as well as other rules and regulations. The Company appointed the secretary to the Board and the company secretary to be responsible for information disclosure. The office of the Board assist in information disclosure and maintenance of investor relations.

In 2017, the Company strictly complied with the laws, regulations and regulatory requirements in disclosing all material information to ensure that its investors are kept informed of the significant events of the Company. During the reporting period, the company disclosed 69 temporary announcements, 4 regular reports and 12 monthly financial data briefs on the website of the Shanghai Stock Exchange. All disclosures were accurate and the disclosure process was standardized. During the reporting period, the company had no information disclosure violations.

### Actively Initiating Investor Relationship Management

During the reporting period, by upholding its principles of standardization and fairness, the Company actively initiated investor relationship management. The Company actively listened to the reasonable advices and recommendations from various investors. The investors were informed timely with the circumstances of the Company while the issues that the investors concerned about and important feedbacks were in turn delivered to the management and the Board, which facilitated the interaction between the Company and the capital markets.

### Reinforcing Internal Control Standard

The Company has established a comprehensive corporate internal control structure which defines the responsibility of the Board, the Supervisory Committee, the management, internal control supervisory department, all internal organizations and the relevant units in internal control in accordance with the requirements and the relevant regulatory requirements of *The Basic Standard for Enterprise Internal Control* and its supplementary guidelines. On top of the Leadership Group for Internal Control Appraisal and the Working Group for Internal Control Appraisal, the Company has also established the mechanism for internal control contact, which is responsible for conducting the annual self-assessment on internal control of the Company. Meanwhile, the Company has engaged an accounting firm to perform the annual internal control audit. By advocating internal control as everyone's business, the Company continuously enhances its capabilities in operational management and risk prevention through strengthening and standardizing its internal control.



In 2017, the Company has drawn up *Measures for the Supervision of Stock Trading Behaviors of Everbright Securities Company Limited*, which clarifies regulations in terms of division of duties, main control measures, warning, continuous supervision and violation or irregularity control. In addition, the Company has revised and improved multiple mechanisms and regulations.

### Continuously Implementing Anti-Money Laundering

The Company has set up Anti-Money Laundering Leadership Group, and keeps optimizing and improving internal regulations relevant to anti-money laundering. The Company fully implements anti-money laundering operations while improving the effectiveness of anti-money laundering and anti-terrorist financing operations, so as to prevent and crack down all sorts of money laundering activities. While constantly optimizing the management system, the Company closely monitored the implementation of anti-money laundering and continued to carry out anti-money laundering trainings.

In 2017, according to the supervision requirements and risk evaluation results of the market, the Company carried out 11 targeted inspections and rectifications. In the same year, the Company cooperated with

accounting firms and carried out comprehensive compliance inspections in business departments in 12 branch companies, targeting scope of business, incentive policy and risk management.

### **Strictly Preventing Commercial Bribery, Extortion and Fraud**

The Company strictly abides by the *Anti-Unfair Competition Law of the People's Republic of China*, *Anti-Commercial Bribery Convention of the Members of Asset Management Association of China* and other laws and regulations as well as industry conventions. The Company attaches great importance to shareholders' interest and strictly prevents compliance risk. A series of tasks focusing on prevention of commercial bribery were launched.

In 2017, the Company organized all employees to sign the *Anti-Commercial Bribery Commitment Letter of Everbright Securities Limited*. Meanwhile, with an aim of further raising the legal awareness of anti-commercial bribery among its employees, the Company has uploaded courses relevant to anti-commercial bribery to the E-learning platform for further reference of the employees.

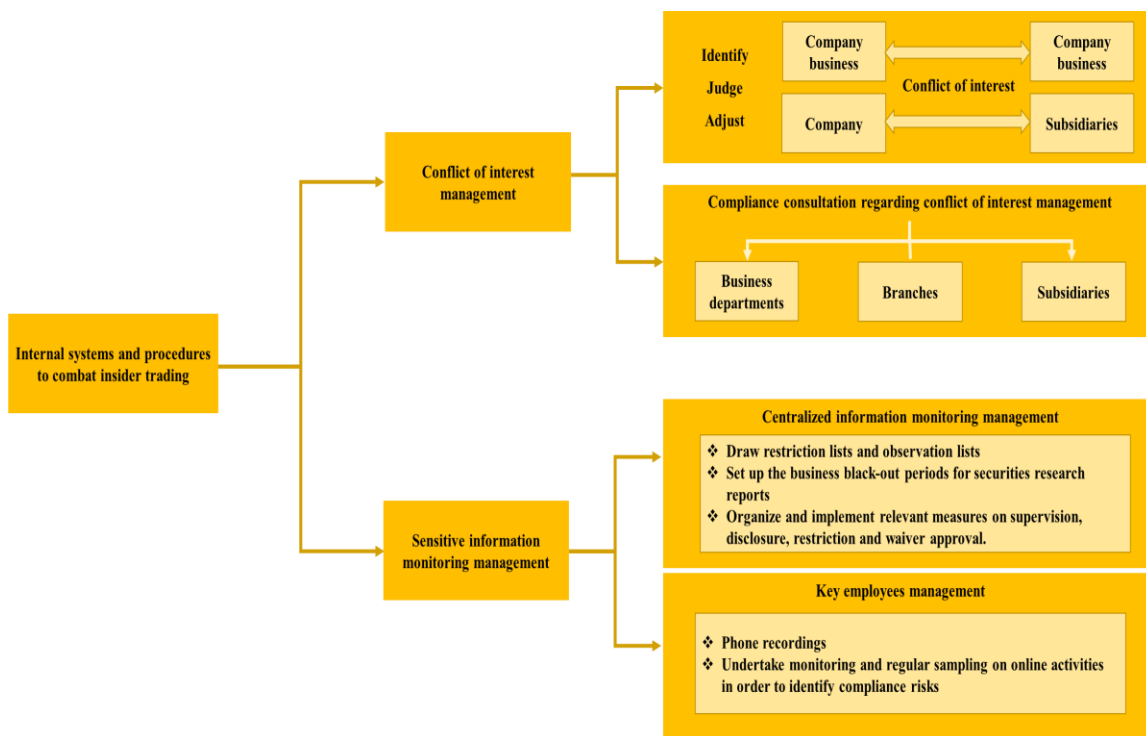
### **Reinforcing the Chinese Walls System**

Having the *Measures for the Administration of Chinese Walls of Everbright Securities Company Limited* as the backbone, coupled with the respective Chinese Walls systems on different business lines, the Company has constructed a relatively comprehensive Chinese Walls system. The Company has strictly complied with the external regulatory requirements and internal policies. It implemented basic isolation measures such as department isolation, personnel isolation, capital independence, accounts independence, physical isolation and information system isolation and its relevant cross-wall approval procedures for reverse isolation to ensure effective isolation and individual management of organizations, personnel, office premises, information system, capitals and accounts. On the basis of undertaking the basic isolation measures, by way of combining information technology control and manual control, the Company adopted supervision, disclosure or restrictive measures towards the relevant incident of conflict of interest. An independent central controlling room was built to monitor and carry out regular comparison analysis on businesses that contain potential risk of conflict of interest.

In 2017, the Company has continuously upgraded the Chinese Walls system and has rebuilt the Chinese Walls system. The Company optimized, among other things, content control, data compliance and intensification of supervision, comprehensively systemized information system; and improved managing efficiency.

### **Combating Insider Trading**

In 2017, the Company continued to implement the requirements of Chinese Walls in accordance with the internal and external requirements. The Company set up and improved a series of internal systems and procedures. In addition, the Company continued to promote compliance education and training on prevention of insider trading and conflict of interest prevention.



### Proactively Fulfilling Taxpayer's Responsibility

Everbright Securities believes that payment of taxes according to law is central to the fulfillment of its corporate social responsibility. Since its establishment, Everbright Securities has always adhered to the philosophy of paying taxes honestly according to law, truthfully and timely declaring and paying various taxes as a way of repaying society in fulfilling its social responsibility.

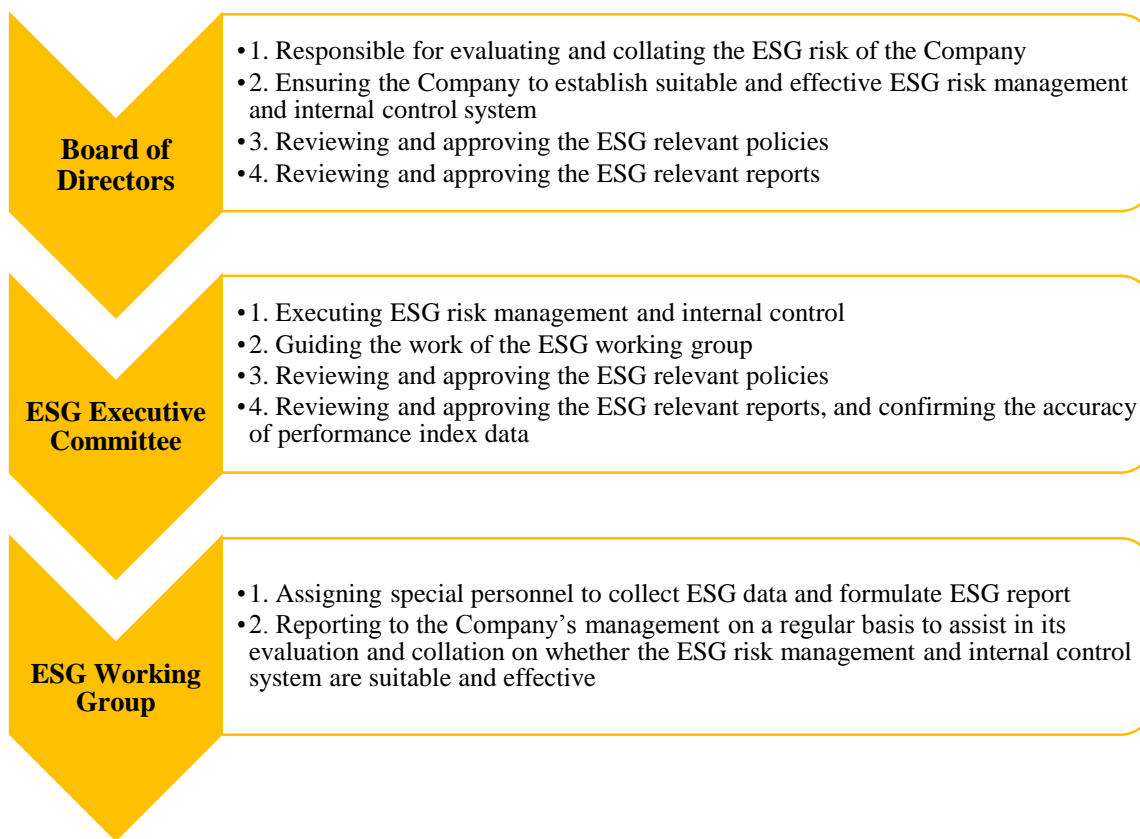
### Continuously Returning to Shareholders

The Company highly values the reasonable investment returns to shareholders, and the shareholders' legitimate interests of receiving gains on assets have been fully safeguarded. The Company has specified the adoption of consistent and stable profit distribution policy in the *Articles of Association* and formulated the *Dividend Management Measures of Everbright Securities Company Limited*. The profit distribution policy of the Company values the reasonable investment returns to investors while taking into account the sustainable development of the Company.

## 1.3 ESG Management

Everbright Securities adheres to the core values of "Growing stronger for the country and accumulating wealth for the world". While creating good economic benefits, we strive to undertake corresponding social responsibilities and conscientiously does a good job of social citizen, thus winning social respect. In combination with our own business and development, the Company constantly optimized management in areas of trust of clients, public welfare and poverty alleviation, employee development and environmental protection. Through active communication with stakeholders and continuously strengthening corporate governance, the Company strives for a sustained economic, social and environmental development.





### Communication with Stakeholders

Everbright Securities attaches great importance to good communication with stakeholders, and carries out effective communication activities on a regular basis. Believing that good communication with stakeholders is an important prerequisite for enterprise development and business success, the Company is committed to building a platform for communication and cooperation with mutual respect and mutual trust so as to improve our products and services.

We identified several key stakeholders who have decision-making power or influence over us and are closely related to the Company, including the following groups:

- Employees
- Shareholders / investors
- Government and regulators
- Clients
- Communities

Everbright Securities actively communicates with different stakeholders to learn about the issues of their concern, and regularly reviews effectiveness of the actions to improve communication channels and fully reflect the views of the stakeholders. The following table lists issues of concern to different groups of stakeholders during the reporting period.

<b>Groups of stakeholders</b>	<b>Issues of concern</b>	<b>Communication channels/Feedback forms</b>	<b>Frequency/Number of times</b>
<b>Employees</b>	<ul style="list-style-type: none"> <li>-Promotion and development</li> <li>-Rights and benefits</li> <li>-Education and training</li> </ul>	<ul style="list-style-type: none"> <li>- Labor unions</li> <li>- Various employee activities</li> <li>-Internal publications (newspapers and magazines)</li> <li>- Employee performance assessment</li> </ul>	<p>The internal journal “Golden Sunshine”</p> <p>Irregular union welfare and activities</p>
<b>Shareholders /investors</b>	<ul style="list-style-type: none"> <li>-Business development</li> <li>-Corporate governance</li> <li>-Economic performance</li> </ul>	<ul style="list-style-type: none"> <li>- General Meeting/Extraordinary General Meeting of Shareholders</li> <li>- Investors Conference</li> <li>- Results Announcement</li> <li>- Press release/announcements</li> <li>- On-site investigation</li> </ul>	<p>The General Meeting of Shareholders is held once a year. In case of special circumstances, the Extraordinary General Meeting of Shareholders shall be held.</p> <p>Irregular Investor Conferences, Results Announcement and on-site investigation are held;</p> <p>Annual Results Announcement</p>
<b>Government and regulators</b>	<ul style="list-style-type: none"> <li>-Compliance management</li> <li>-Risk management</li> <li>-Investor education</li> </ul>	<ul style="list-style-type: none"> <li>- On-site investigation</li> <li>- Talks</li> </ul>	<p>Irregular on-site investigation and talks</p> <p>Investor education activities are held every year.</p>
<b>Clients</b>	<ul style="list-style-type: none"> <li>-Information secrecy</li> <li>-Product innovation</li> <li>-Service quality</li> </ul>	<ul style="list-style-type: none"> <li>- Investor education activities</li> <li>- Client satisfaction survey</li> <li>- Client service line</li> <li>- Official media platform</li> </ul>	Irregular
<b>Community</b>	<ul style="list-style-type: none"> <li>-Public welfare and poverty alleviation</li> <li>-Community contribution</li> <li>-Anti-corruption</li> </ul>	<ul style="list-style-type: none"> <li>- Press release/announcements</li> <li>- Various poverty alleviation activities</li> </ul>	<p>Financial poverty alleviation project</p> <p>Community activities</p> <p>Volunteer activities</p>

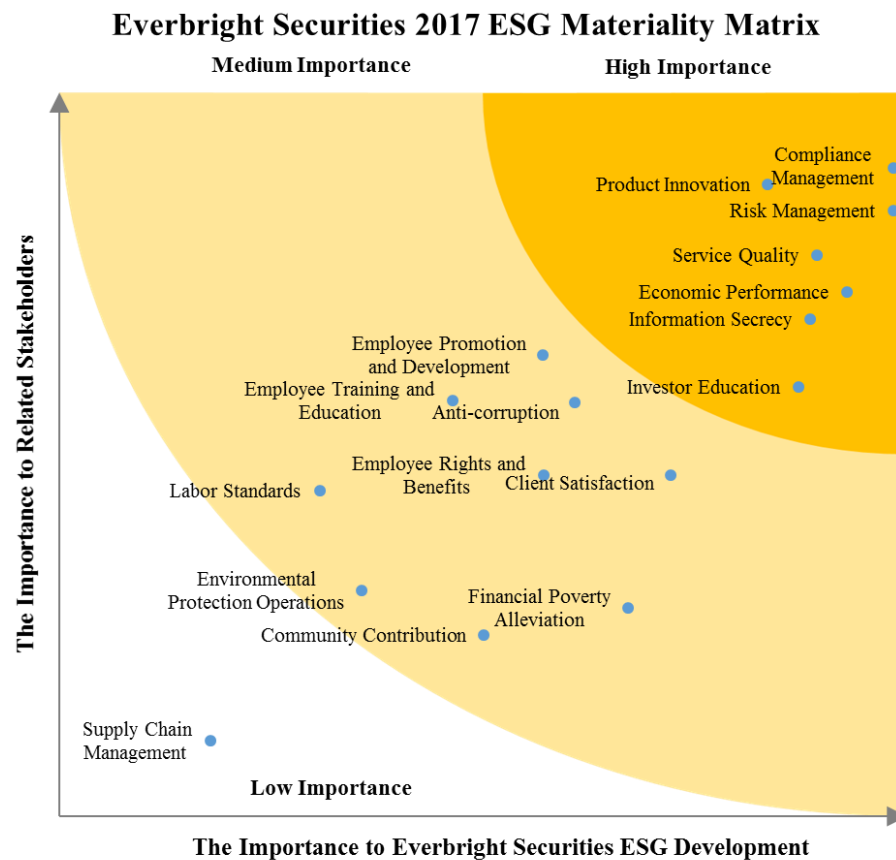
### Materiality Analysis

In 2017, Everbright Securities actively conducted communication with stakeholders to learn about their views and expectations on the ESG issues of the Company. We drew up a matrix of materiality issues through stakeholders’ feedback and provide a strong basis for us to formulate a long-term strategy.

## Evaluation Process of Materiality Issues

1. Identifying potential materiality issues	Through detailed review of internal publications, media analysis, peer benchmarking analysis and other relevant documents, The Company identified potential materiality issues that can reflect the impact of our business on the economy, environment and society, or issues that can influence the evaluation and decision-making of stakeholders.
2. Sorting out potentially important issues	A communication plan for stakeholders has been worked out and a comprehensive and in-depth interview has been conducted to find out the priority issues of stakeholders to re-examine the matrix of materiality.
3. Reviewing	It was checked whether the report content provides a reasonable description of the impact of the Company and our ESG performance, and whether the process of compiling the report content reflects the intention of the report principle. We will invite stakeholders to give advice in this regard.

Through the above evaluation process, the ESG issues that are important to Everbright Securities are identified and constitute an important part of this report. The Company will disclose the relevant content in detail in this report.



## Chapter 2 Win-win with Clients

Adhering to the core philosophy of client-orientation, the Company regarded the clients as “employers”, and kept the word “client” in mind. The client’s standard is our standard. The client’s interest is our interest, and the client’s success is our success. Being market-oriented, the Company has continuously deepened our client service system. Through regular and irregular client service training for employees, collection of clients’ comments and suggestions, and service innovation and other ways, we have optimized our business processes, continuously improved the efficiency, quality and experience of services, and thus improved the level of comprehensive financial services.

### 2.1 Innovating Services

The Company carries on product and service innovation, discovers the needs of clients to obtain the incentive to innovate. Committed to making more of the Company’s initiative technology, product and model become the industry standards, we continue to carry forward the spirit of innovation and increased investment in scientific and technological innovation. Through the development of financial technology, the Company has provided the clients with financial services of higher efficiency, quality and accuracy.

#### The Release of Everbright Securities “Intelligent Investment Magic Cube”



In 2017, under the environment of close combination of finance and new technologies such as big data, cloud computing and artificial intelligence, the Company launched its latest Internet comprehensive financial service product “Intelligent Investment Magic Cube”, and gradually constructed our Internet financial ecological system. Relying on big data and artificial intelligence to integrate intelligent wealth management, financial community, intelligent consultation and big data precision marketing, the “Intelligent Investment Magic Cube” platform provides one-stop wealth management. The Company has provided precise services and actively reach to clients by providing users with platform and integrated one-stop wealth management that is contextualized, social, intelligent and personalized.

In the future, we will continue to increase investment in the field of financial science and technology. Driven by financial science and technology, the Company will strengthen internal and external cooperation, enhance our comprehensive service capability, and widen service innovation field to develop new businesses led by science and technology, and meet the increasing service demand of clients in the information age.

#### Ensuring a Stable Trading System

In 2017, through strengthening system building and process control, the Company effectively strengthened our daily operation management and risk control, achieving safe operation throughout the year with no incident. The Company continuously optimized the business system and process, constantly enhanced the

convenience of counter operation by innovative means, and strengthened business error control, ensuring the security and stability of the trading system.

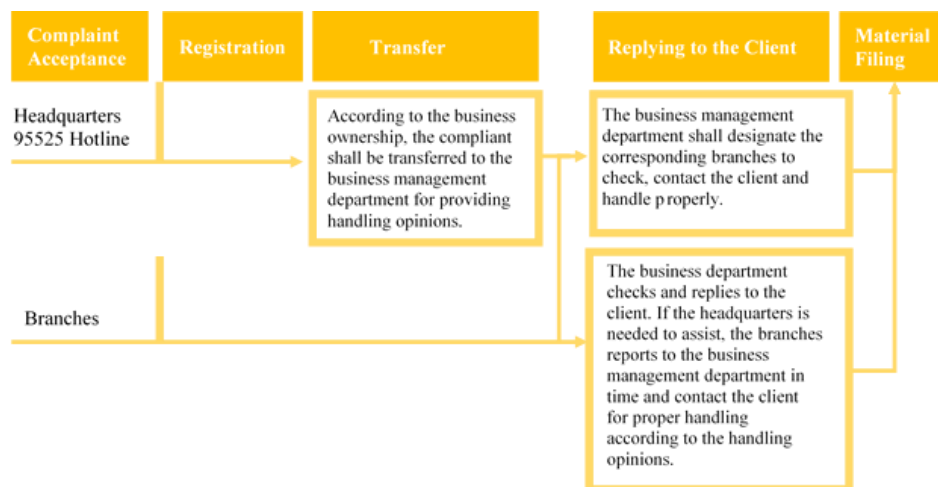
In 2017, the “Data processing method and device for realizing continuous real-time securities trading business processing” applied by the Company was granted the first invention patent in the industry by the State Intellectual Property Office, overcoming the service breakpoints brought by the securities company’s day-end liquidation, business testing and system upgrading, etc. and further enhancing our capability to guarantee the security and stability of the trading system.

## 2.2 Client Communication

### Client Complaint Handling

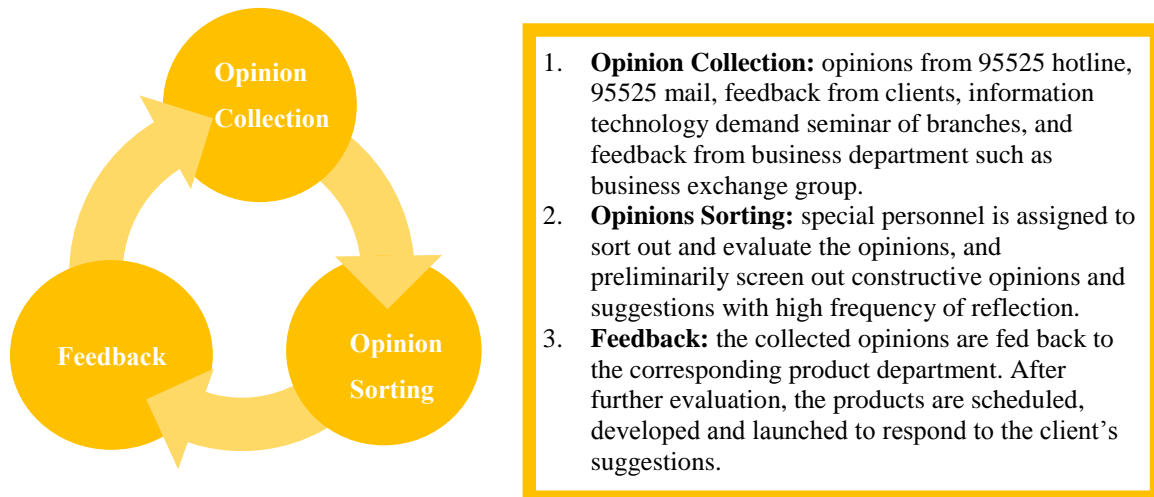
The Company attaches great importance to the legitimate rights and interests of clients and strictly abides by the securities industry laws and regulations such as the *Securities Investment Fund Law* and the *Regulation for Supervision and Administration of Securities Companies*. Having been constantly standardizing the compliance and orderly development of our various brokerage businesses, the Company has improved our complaints handling systems, strengthened client communication and exchange, and improved the quality of client service. According to the applicable regulatory requirements and the situation of the Company, we have formulated the complaints handling systems such as the *Measures for Work involving Petition of Everbright Securities Company Limited (Revised)*, the *Client Complaints Management System for Retail Transaction Business*, and the *Detailed Implementing Rules of the Everbright Securities Company Limited for the Handling of Client Complaints*. Responsibility for implementation was cleared and special posts for complaints handling were also set up to ensure open complaint channels. Under the highest guiding principle of the headquarters, each branch and subsidiary of the Company has formulated their own client complaint resolution measures, defined the organization and responsibility scope, complaint acceptance channels, information publicity and complaint handling procedures and requirements, and strictly implemented the assessment and accountability mechanism to ensure positive and effective client complaint handling.

Client complaints are handled strictly according to three principles, and the client complaint handling procedures are constantly optimized. Adopting the measures of “proactive precautions in advance, timely handling during complaints, and post-complaint analysis and summarization”, the Company endeavors to give the client a satisfactory answer. The client can complain through the client service headquarters hotline 95525 and on-site feedback to each business department. When the client service hotline receives the complaint, the client’s feedback and suggestions are transferred to each business department for proper treatment according to the business ownership. When each business department receives the complaint, the business department itself acting as the first executive department that replies to the client, is responsible for feedback verification and contacting the client to make proper treatment. The suggestions from clients’ feedback are highly valued and will be documented, archived and preserved.



### Listening to Client's Suggestions

The client's suggestions are of great significance to the improvement of the Company's products and services. We implemented a closed-loop process of opinion collection, sorting and feedback to effectively reflect client's suggestions to the product department to assist in product optimization.



Everbright Securities makes great account of client's suggestions and believe that the analysis and adoption of reasonable suggestions is an important way to improve our service quality and product optimization. In 2017, we collected 160 feedback suggestions from clients, and have successfully adopted a number of reasonable suggestions to optimize the relevant service processes. For example, according to the feedback suggestions of clients, the Company launched the display function of plate index and the money flow on "Golden Sunshine" PC-side, so as to enable the clients to know more clearly about the money flow, the main trend and other information between the plates, further meeting the demand of the clients and improving the service quality.

The Company conducts client satisfaction survey through telephone and the client can conduct satisfaction evaluation after telephone consultation service. The Company adds up and analyzes on the evaluation situation on a regular basis, and makes corresponding optimization and promotion according to the analysis result. At the same time, the Company also has telephone return visits to new clients of different business lines to fully and comprehensively communicate with the clients. In 2017, the excellent rate of our customer satisfaction survey reached 98.78%.

### Strengthening Client Suitability Management

Client suitability management is the focus of general concern in the securities and futures industries. The Company strictly abides by the *Measures for the Suitability Management of Securities and Futures Investors* issued by the China Securities Regulatory Commission (CSRC) and the *Guidelines on the Investors Suitability of Securities Companies* issued by the CSRC, China Banking Regulatory Commission (CBRC) and self-discipline organization (SRO), establishes and improves the client suitability management system, and increases the internal suitability management self-inspection. We continue to track investor information, dynamically evaluate and adjust, and dutifully find out the client's risk bearing capacity, investment experience, relevant business knowledge level and other information, to ensure that the client matches the suitable compliant products and services, assuming the suitability management responsibility of a financial institution.



### Strengthening Investor Education

In order to help investors make rational investments, enhance their knowledge and capabilities in identifying and safeguarding themselves from illegal securities activities, guide them to understand their own rights, and improve their awareness of self-protection and rights protection, the Company has always strengthened our investor education activities. We implement investor education through the stockholder schools of branches, and a series of investor special activities and other ways.

In 2017, the investor education school of branches held 158 investor education activities. The educated customers reached 3,156; the branches held 847 special activities for investors, the educated customers reached 2,876,474.

### Publicity and Education Interaction of “World Consumer Rights Day” on March 15



In 2017, in order to effectively implement the investor education system and safeguard the legitimate rights and interests of clients, in accordance with the 2017 investor education work plan of China Securities Association and Shanghai Securities Association and the *Measures for the Suitability Management of Securities and Futures Investors* implemented on July 1, 2017, the Company organized 190 publicity and education activities on the theme of “World Consumer Rights Day” in March with a total audience of 45,933 from March 15 to March 31, 2017.

The activities were oriented to the small and medium-sized investor groups with insufficient securities financial knowledge and self-protection awareness. In combination with the new situation in the securities market and the new rules for suitability management, the Company have organized on-site and off-site client publicity activities by printing, posting and distributing promotional materials, suspending promotional banners, sending short messages, broadcasting public service advertisements, publishing research articles, organizing training lectures and through various online channels such as new media and We Media.

### Protecting Client’s Information

Everbright Securities attaches great importance to the security and confidentiality of client information, strictly abides by relevant laws and regulations such as the *Anti-Unfair Competition Law of the People’s Republic of China*, the *Measures on the Administration of Client Identity Identification and Materials and Transaction Recording of Financial Institutions*, and the *Guidelines for the Assessment of Money Laundering and Terrorism Financing Risks and Categorized Management of Clients of Financial Institutions*, and formulated the *Measures on the Administration of Client Identity Materials and Transaction Recording of Everbright Securities Company Limited*, and the *Measures on the Administration of Client Materials of Brokerage Business of Everbright Securities Company Limited* and other measures. The Company requires all business departments, branch companies, subsidiaries and all business entities to protect client information

security strictly complying with the relevant requirements, standardize the storage, management and circulation process management of the client data, to strictly protect the information security of the client and the legitimate rights and interests of the client. The Company classifies the client data correspondingly and implements different safekeeping methods for various data.



## Chapter 3 The Sunshine Society

Everbright Securities is one of the first batches of three innovative pilot companies approved by the China Securities Regulatory Commission and one of the core financial service platforms of Everbright Group which is a Fortune Global 500 company. Upholding the core values of “growing stronger for the country and accumulating wealth for the world” and the management concept of “comprehensive operation, internationalized strategy, innovation leading, and compliance”, we actively implement and effectively improve the capabilities of the financial service entity economy, and respond to the call of the country to play the role of the intermediary in the capital market. By utilizing our business advantages and the layout of the Everbright Group's cross-regional operational model, we continue to give back to the society by initiating numerous poverty alleviation activities in both the corporate and employee level, and our efforts have been widely recognized by the society.

### 3.1 Serving the Real Economy

In 2017, the Company continued to commit itself to creating value with excellent financial services. We cooperated with a number of local governments to increase investment in local industries, and leveraged the power of the capital market to support the development of the real economy, providing the necessary markets, products, institutional arrangements and risk management for the development of the real economy. Focusing on key tasks such as serving the real economy, preventing and controlling risks, and getting rid of poverty, we fully serve the real economy, effectively preventing financial risks, intensifying poverty alleviation, and continuously improving the level of financial services, to implement the spirit of the Central Government and contribute to the national strategy.

Everbright Securities has continuously explored and innovated and has formed a unique “Everbright Model”. Through the model innovation of comprehensive financial services, the Company formed a new profit model in serving the real economy and had the first-mover advantages in the industry.

#### Everbright Securities Founded the First PPP Related Professional Company in the Industry

In 2017, Everbright Securities was approved to establish a private fund subsidiary, Everbright Development & Investment Co., Ltd. (hereinafter referred to as “Everbright Development”), which specializes in Public-Private Partnership (hereinafter referred to as “PPP”). This is the first PPP related professional company in the security industry. The establishment of Everbright Development is a new exploration result of the “Everbright Model” — that is to build a specialized service platform, using professional advantages and synergies to provide integrated and comprehensive investment and financing services to meet the diversified needs of clients.

Based on structured financing and closely related to macroeconomic policy themes such as “One Belt One Road”, supply-side reform, financial service entities, and combination between industry and finance, Everbright Development launched investment and financing businesses such as PPP, government guide funds, industrial funds, urban development funds, and shantytowns renovation funds. Everbright Development promotes social and economic development by deepening the development of the regional economy, innovating the industrial alliance model and earnestly doing a good job for the government projects of the people's livelihood.

Currently, Everbright Securities has developed PPP related areas successfully. From the perspective of regional distribution, PPP projects have expanded from Yunnan to more than 10 provinces such as Shandong, Anhui, and Shanxi; from the perspective of the project area, they have extended from shantytown renovation to zone development, transportation, and water conservancy projects. In addition, a number of key projects promoted by the Company are developing robustly, and the scale of these cooperation projects which have reached agreements is nearly RMB 100 billion. Through collaboration,

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the Company is establishing a systematic service ecosystem of “combination between industry and finance”.

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## 3.2 Targeted Poverty Alleviation

Everbright Securities is committed to continuous efforts in targeted poverty alleviation, and actively responds to the “One Company Helps One County” and “Helping One Company in One County” poverty alleviation proposals initiated by the China Securities Regulatory Commission and the Securities Association of China. The Company signed cooperation agreements with five national poverty counties: Xintian County in Hunan Province, Xiji County in Ningxia Province, and Xingguo County, Wanan County, and Xunwu County in Jiangxi Province; and assisted in the construction of two elementary schools in Shanxi and Guizhou respectively.

In 2017, the Company worked with the Shanghai Charity Foundation to establish the Everbright Sunshine Charity Fund, investing more than RMB 20 million in poverty alleviation and public welfare projects, thus, the Company was able to explore and form the “Securities +” comprehensive poverty alleviation innovation model, and play a leading role in the industry.

### Alleviating Poverty through Education

“Poverty alleviation should start with ambition raising; poverty alleviation must be conducted through education.” Allowing children in impoverished areas to receive a good education is an important part of poverty alleviation through education, and it is of great significance in blocking intergenerational transmission of poverty. By utilizing our business advantages and the layout of the Everbright Group's cross-regional operational model, Everbright Securities carries out nationwide activities to give back to the society. Through various means and channels, Everbright Securities earnestly practices the work of financial poverty alleviation, upgrades the operation mode of the help-and-aid projects, and develops a more open and transparent operating mechanism.

- In 2017, Everbright Securities actively promoted and encouraged the employees to participate in the “Mingde” student assistantship program organized by the Everbright Group, and pledged to donate to the university, middle school, and elementary school students in Xinhua County, Xintian County, and Guzhang County of Hunan province, which are the targeted poverty alleviation counties of the Everbright Group. After on-line subscription, the number of employees who make donations and the amount of donations of Everbright Securities rank first in the Everbright Group's system, and the total donation amounted to RMB 243,300.
- In response to Everbright Group's “Mingde” student assistantship program, the Company's labor union launched a “One-on-One Student Assistantship” activity in Everbright Daozhu Elementary School, adopting a “One-on-One” pair helping method to support children in financial need to attend school. The Company encourages all employees to participate in poverty alleviation work and to claim the task of making donations to poor children. In 2017, employees claimed the tasks of helping 22 elementary school students in total, and the total donation amounted to RMB 11,400.

## “Sunshine Caring” Poverty Alleviation through Insurance Plan



On December 22, 2017, the “Sunshine Caring” Poverty Alleviation through Insurance Plan signing and donation ceremony was held in Shanghai, which marks that Everbright Securities’ “Security and Insurance Linkage” has produced another fruit in the field of financial poverty alleviation.

Everbright Securities has conducted in-depth research on rural education development. Relying on the cooperation among the Everbright Group, the Company planned and donated funds to support the teachers and students of poverty-stricken counties in the form of “Security and Insurance Linkage” and tailored “Sunshine Nursery” and “Sunshine Gardener Worry-free” projects to purchase critical illness insurance for teachers and students in five provinces and seven counties, so that the poverty alleviation in rural areas can be assured by the medical insurance.

In this “Sunshine Caring” Poverty Alleviation through Insurance Plan, Everbright Securities raised nearly RMB 4 million. The insurance pool formed by Sun Life Everbright Life Insurance and People's Insurance Company of China, provided critical illness insurance with a total coverage of RMB 11 billion for nearly 400,000 teachers and students in the seven poverty-stricken counties of five provinces. The plan effectively reduced the economic pressure on teachers and students in the poverty-stricken areas, cultivated talents in these places, enhanced endogenous motivation, and blocked the intergenerational transmission of poverty. In the next stage, Everbright Securities will earnestly implement the requirements for poverty alleviation work and the proposals initiated by the China Securities Regulatory Commission and the Securities Association of China. The Company will strengthen the sense of responsibility and mission to make greater contributions to poverty alleviation.

## The Inspiring Summer Camp Invites Students in Need to Experience “Colorful” Life



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On August 11, 2017, the opening ceremony of the “Inspiring Summer Camp” was held at the company. A number of employees of the Company, 35 teacher and student representatives from Guizhou Everbright Daozhu Elementary School and the Company’s targeted poverty alleviation counties participated in the event.

This summer camp is another new practical measure that the Everbright Group and Everbright Securities actively respond to the national strategy of poverty alleviation through education. During the event, Everbright Securities arranged a variety of activities for the children, including visiting the Shanghai Museum and the Shanghai Natural History Museum of Nature, watching circus performances, experiencing the Shanghai Science and Technology Museum, visiting the Oriental Pearl Tower, and traveling the Wildlife Park and the Disneyland. These activities are organized in a warm and considerate way. From eating, accommodation, traveling to the setting of each activity, these children have enjoyed the meticulous care and varied experiences.

Everbright Securities hopes that through this event, the students can have the opportunity to experience the rapid development of the modern Shanghai and gain something to help them grow. Everbright Securities hopes to open a window for students in impoverished areas to see the beauty of the world, transform what they see and feel into the motivation for learning, and be a valuable person in the society.

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### 3.3 Company Honors and Awards

#### Best Securities Firm of the Year



Everbright Securities won the "Best Securities Firm of the Year", which is the highest award in the securities industry for three consecutive years

Awarding by: *Financial Times/ Chinese Academy of Social Sciences*

#### Entered into the list of "Asia Brands Top 500"



Everbright Securities has been listed in the "Asia Brands Top 500" for three consecutive years, ranking 249th, 8 places higher than last year, the second among the Chinese securities companies which entered the list

Awarding by: Asian Brand Value Research Institute

#### Entered into the list of "Chinese Brands 500 Strong"



Everbright Securities entered into the list of "Chinese Brands 500 Strong" for three consecutive years, ranking 96th, two places higher than last year

Awarding by: China Brand Value Research Institute

#### Other Honors and Awards

Number	Honors and Awards	Awarding Organizations
1	Top 10 China's Most Competitive Brands (Securities Industry)	China Brand Value Research Institute
2	Advanced Unit for Corporate Culture Building of Nationwide Financial System/Model for Corporate Culture Building of Nationwide Financial System	Chinese Society of Financial Corporations Ideological and Political Work of the Propaganda Department of the Central Committee of the CPC
3	Third Prize of Shanghai Financial Innovation in 2016	Shanghai Municipal Government
4	Selected in the "Global Chinese Business 1000 List", and achieved the best ranking in record	<i>Yazhou Zhoukan</i>
5	The first patent granted in the industry	State Intellectual Property Office
6	2017 China's Top Ten Innovative Asset Management Products Junding Award / 2017 China Equity Investment Team Junding Award	<i>Securities Times</i>
7	2016-2017 Public Welfare Honor of the Year	The Community Chest of Hong Kong
8	Securities and Asset Management Best in the Five-year 2012-2016 Award	Sinolink Securities; Tencent
9	2017 Best Active Investment Institution in Chinese Culture Industry/2017 Best Investment Institution in China's Sports Industry/2017 Best Investment Institution in China E-sports and Webcast Industry	Sport Bank; Sina Sport
10	Selected as "Top 500 Chinese Enterprise Credit"	China Cooperative Trade Enterprises Association
11	Selected as "Top 100 Chinese Listed Enterprise Credit"	China Enterprise Reform & Development Society
12	Won the Tenth New Fortune the "Best Local Investment Bank", "Best Bond Underwriting Investment Bank", "Best Financial Advisor" and "Best Corporate Bond Project" Awards	<i>New Fortune</i>
13	Won the "Most Trusted Listed Securities Dealer"	Tencent Securities
14	The Eighth Shanghai "Charity Star" Nomination Award	Shanghai Charity Foundation; General Office of Spiritual Civilization Commission of Construction of Shanghai Municipality
15	"Charity Star" of Jian'an District in 2016-2017	Shanghai Charity Foundation Jing'an Branch
16	The Second Place of Economic Contribution Top 200 Companies of Jing'an District in Shanghai in 2016	Jing'an District People's Government of Shanghai
17	Eighth place in the top 100 taxpayers in terms of tax total amount of foreign-invested enterprises in Shanghai	Shanghai Municipal Commission of Commerce; Shanghai Association of Foreign Investment



## Chapter 4 Employee Well-being

Talent is essential to core competitiveness. The Company treasures employees as our best fortune, treats them as co-fighters and brothers, and conceives that we are partners instead of employers and employees. Under the guiding principle “decent life and respectful job for employees”, we keep attracting and maintaining talents, treat them equally, safeguard their legitimate rights and interests and try our best to provide them with good working conditions, competitive remuneration and equal opportunity to develop their career.

### 4.1 Employees Overview

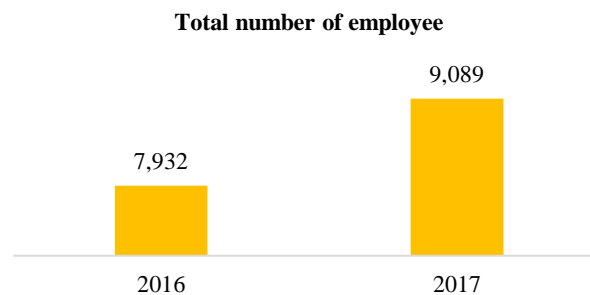
The Company has strictly complied with relevant laws and regulations, such as the *Labor Law of the People's Republic of China*, *Labor Contract Law of the People's Republic of China*, the *Women's Rights and Interests Protection Law of the People's Republic of China*, and the *Provisions on the Prohibition of Using Child Labor*. Furthermore, the Company has established a series of human resources policies to safeguard the legitimate rights and interests of employees, covering recruitment, remuneration and welfare system, performance assessment, training management and on-board and demission management, etc.

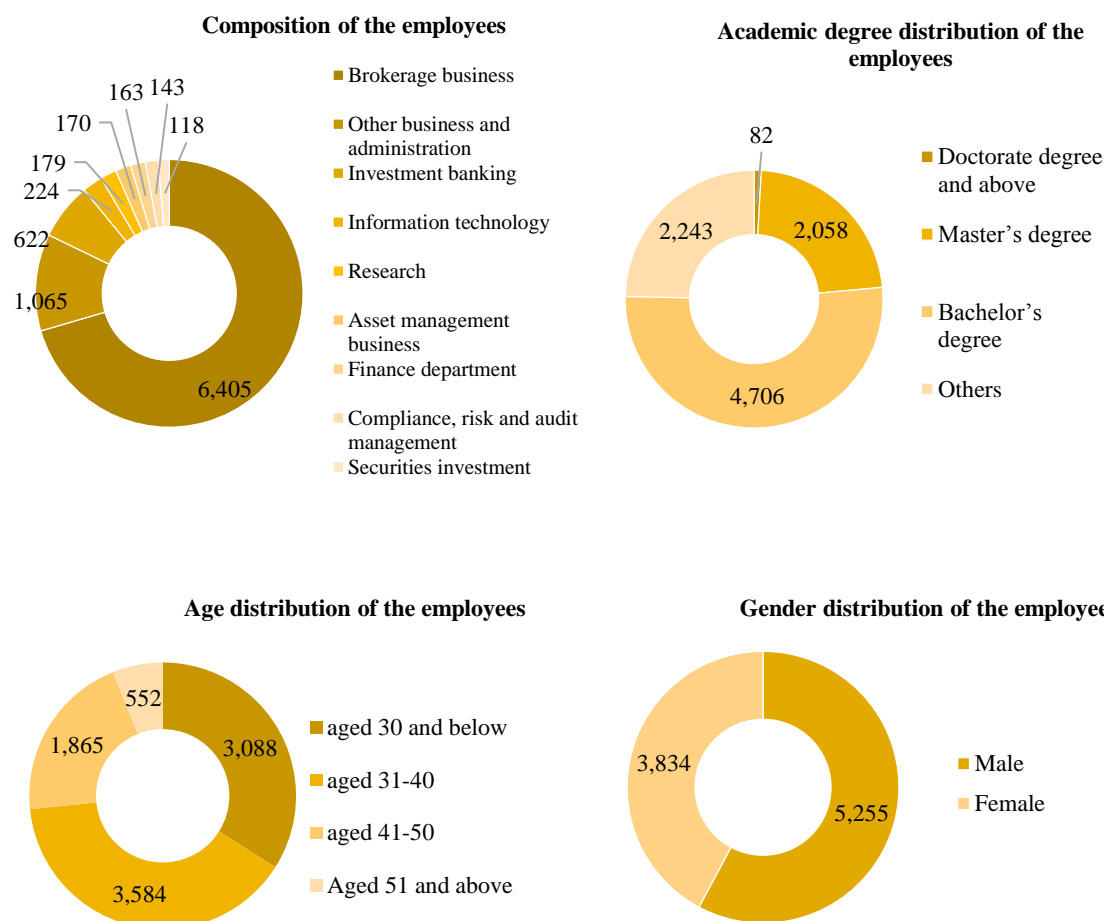
In 2017, the Company continued to improve our recruitment work. Through completing a talent assessment system based on capability, we upgraded the recruitment system and procedure to conduct scientific method of talent selecting. In addition, based on our business development and close attention to the talent market, we built a high-profile talent tank, determined talent resources and extended recruiting channel for high-profile talents.

During our operation, the Company strictly enforces and abides by national and local laws and regulations. We oppose discrimination and treat each and every applicant and employee equally in terms of recruitment and career development, regardless of their nations, races, nationalities, genders, religions, ages, sexual preferences, political factions, or marriage situations. In Everbright Securities, every employee enjoys legal, fair and equally-negotiated labor relations.

We guarantee that no child labor or forced labor is used in the Company and verify employee identification before they are recruited according to related provisions of labor laws. In 2017, the Company saw zero child labor or forced labor phenomenon.

By December 31, 2017, the Company had a total of 9,089 employees (including securities brokers), among which 7,158 employees were at the parent company and 1,931 employees were at the Company's wholly-owned and controlled subsidiaries. The number of employees increased by 14.6% compared with that of 2016. Composition of employees can be seen as followed:





## 4.2 Development of Employees

### Talent Cultivation

To improve the business capacity as well as the competitiveness of employees and the Company within and without the industry, the Company pays high attention to the cultivation of employees, providing them with diversified training opportunities, and continuously completes the training system that fits employees of the head office, branch companies, and branches. We combine inclusive and special training and education, and provide rich training courses according to different demands of different types and ranks of employees, demands of business development and of employees themselves. In addition, we make full use of the Internet and establish the online platform E-learning to facilitate employees in receiving training and education.



### **“Eagle Scheme” Training for New Employees**



• In 2017, the Company held three phases of "Eagle Scheme" training for new employees, reaching a total of 244 persons. According to different characteristics of new employees, we followed the principle line of "getting involved in Everbright Securities and seeking bright future together", and arranged courses such as team building, cultural workshop and experience communication, creatively introducing opera into corporate training. As a result, we effectively helped new employees understand the corporate culture and development history, forge team spirit and quickly get familiar with business and the environment. In this way, we increased the sense of recognition and belonging of new generation of employees.

### **Training for Reserve Cadres**



• According to the requirement of the CPC Party Committee of the Company, we upheld the principle of "scientific methods, practical activities, lasting effects, and diversified ranks", and organized the "Hovering Plan" training for reserve cadres. The training comprised three aspects: "forging belief and mission", "training business brains" and "cultivating excellent leadership". During the training, different departments were grouped to discuss specific topics. Employees got the chance to communicate with executives of the Company face to face and provide their suggestions and ideas for the Company.

### **"Sail Scheme" Training for Newly-appointed Cadres**



• The "Sail Scheme" training for Newly-appointed Cadres was launched in the head office, branch companies and branches based on the position, management direction and challenges of newly-appointed cadres. The aim was to inspire cadres inspect and reflect on themselves, so as to transform their managing role and improve their leadership.

The Company promoted expatriate assignment and management rotation, in order to enhance the “horizontal” and “vertical” cultivation of cadres, and to maintain the vitality of employees and human resources. According to the strategic and business development of the Company, we conducted expatriate assignment for cadres from the investment banking system, SMEs investment and financing system and retail system to different branch companies to deliver the investment banking business. To solve problems such as the ossification of cadres, structures and positions, we conducted management rotation in front, middle and back stages to allow cadres to bring new vitality to new positions.

### **Career Development**

The Company pays high attention to the training and career development of employees. Under the talent-selecting principle of “ability and integrity combination, performance orientation and people recognition”, we hope every employee can grow and develop in the Company. In order to avert the administrative shackle and provide fair competition environment for employees, the Company continuously implements the MD (Managing Director) system and builds the career development channel based on performance and ability. As a result, we expand the promotion channel for employees and provide them the opportunity to develop from assistant to managing director. In addition, we continuously complete the cadre assessment system and exert the supervision and management role of the discipline inspection commission. Through democratic recommendation and a comprehensive assessment conversation system, we broadly expand people’s involvement in the selecting, appointing and assessing process of cadres, enhancing the employment mechanism of “relieving the incapable, replacing the average and using the capable”.

## 4.3 Care for Employees

### Care for Physical and Mental Health

We always attach great importance to the safety and physical and mental health of employees, encouraging healthy work, exercises and life management. We provide completed health guarantee for employees. For example, every year, we will organize regular health examination for every employee and invite famous medical experts to deliver speeches or advises in health. We also care for the mental health of employees, organizing a series of activities that are focused on mental health.

#### “Sunflower” Employee Care Scheme—“Love Me” Mental Health Activity



On May 25, 2017, in order to fulfill the requirements raised in the *Ten Principles of Everbright*, and to deepen the “People’s Will Project”, the Sunshine College launched the “Sunflower” Employee Care Scheme that involved employees in the head office and in branches. The activity was themed “Love Everbright, Love Me”, and included four parts: launching ceremony, mental health experience, themed Salon and themed health lectures. Employees were quite satisfied with the activity, which wiped away their fatigue and empowered them with new energy.

### Quality Life

The Company has built a reasonable and fair remuneration system for employees, and is always dedicated to improving employee welfare, and completing insurance, subsidies and vacation systems. We have continued to strengthen our care for special groups such as employees in need, young employees, female employees and retired employees. We assure a decent life for every employee through institutionalized and normalized work.

#### *Young Employees*

In order to ease the economic pressure of young employees working in Shanghai, the Company launched the *Everbright Securities Youth Apartment Management Method* to address periodical difficulties of young employees and provide them with a platform to pursue their dreams. The youth apartments followed the method of “Some Government Grant, Some Business Aid and Some Self Fund” in its construction and deployment. After a year’s efforts, the Company finished the delivery of 176 sets of apartments by January, 2017, among which 174 sets have gained approval for living by December 31, 2017. With such efforts, we successfully solved the housing difficulty for young employees.

## Everbright Securities Youth Apartment



The Youth Apartment was located at the Daning 858 International Apartment at the intersection of Wanrong Road and Lingshi Road, Jing'an District. The Company rented the fifth building, which comprised 176 sets of apartments. The one-bedroom apartments were fully-furnished, covering 45-53 square meters, equipped with full set of home appliances, gas stove, cable TV, and the Internet, etc. In addition, the apartments were surrounded by convenient living facilities, and business and cultural infrastructure.

### *Employees in Need*

The Company set up the “Everbright Securities Employee Assistant Fund” in 2008 to provide special fund for employees suffering serious diseases through fund-raising among employees and fund-allocating from the labor union. In 2017, the Company helped employees for seven times, providing about RMB 410,000 of assistant fund. The Party committee of the Company highly concerns the well-being of employees in need, tying Party members and employees in need for pair support and launching activities like sending living necessities to people in need. Through “consoling one person, warming one family and then activating one area”, the Company and Party committee of the Company showed care and concern to employees of the Company.

## Everbright Securities launched the “Sending Warmth to People in Need” in Spring Festival



On January 23, 2017, led by Xue Feng, who is the Chairman of the Board, members of the Company's Party committee and the labor union visited the family of people in need to implement measures to help the poor, steadily carrying out the activity.

### *Female Employees*

The Company fully understands the great pressure imposed on female employees in work and life. In 2017, we targeted at enhancing subsidies for female employees, and bought special insurance “Warm Care, Healthy Life” for them as health gifts in the International Women's Day. The insurance targeted at high-risk gynecological cancers (breast cancer, cervical cancer, ovarian cancer), with a claim of RMB 100,000.

### Retired Employees

Taking good care of retired employees is essential to the stability and unity of the Company and the transference of business from older generation to younger one. In 2017, the Company issued the *Employee Retirement Management Method of Everbright Securities Co., LTD.* to further regulate and complete the retirement operation procedures, so as to improve the service and care for retired employees, allowing them to share the development fruit of the Company.

### Colorful Life

The Company listens to and meets personalized demands raised by employees, dedicated to provide them with a personalized working environment with a balance between work and life. We regularly organize recreational activities in various forms. For example, we have established the employee club, chorus and dance team to cultivate and develop employees' hobbies.

Our corporate culture is deeply rooted in the extensive and profound traditional Chinese culture. In 2017, the Company launched a series of wonderful employee activities, such as Sports Festival and Cultural Festival, to better integrate traditional Chinese culture, corporate culture and the lives of employees. During the "Everbright Cultural Festival", which lasted for two month in 2017, we organized colorful activities, and invited famous writer Wang Anyi, scholar Luo Yuming and publisher Lu Jinbo to share their ideas.

#### Sports Festival

- ❑ "Ten Thousand Steps per Day, Keeps the Doctor Away" activity
- ❑ Running Team activity of Everbright Securities
- ❑ Employee Sports Meet
- ❑ Badminton Game, Basketball Game
- ❑ "Everbright Coordinates" City Orienteering
- ❑ "Green Walking—Public Benefit Long March"

#### Cultural Festival

- ❑ Warming-up activities: Poetry Competition, "Read for You", opening ceremony
- ❑ Lectures delivered by famous teachers
- ❑ Summer camp
- ❑ "Readers Say" essay competition
- ❑ Calligraphy, paintings, and photography competition
- ❑ Closing ceremony: "Everbright Night" art performance

### The 6<sup>th</sup> Employee Sports Meet of Everbright Securities



On May 6, 2017, Everbright Securities held the 6<sup>th</sup> Employee Sports Meet in Shanghai Yuanshen Gymnasium. During the Sports Meet, employees were closely tied together under the sports spirit and the combatant spirit. They demonstrated their sports skills, cultivated their sports quality and liberated their enthusiasm, transcending themselves while forging a coordinated team spirit.



### “Everbright Cultural Festival— Poetry Competition”



On August 8, 2017, Everbright Securities successfully held the warming-up activity of “Everbright Cultural Festival”—Poetry Competition in the head office in Shanghai. Nearly 400 employees in the head office including executives got involved. As a warming-up activity, the Poetry Competition aimed at popularizing traditional Chinese poetry and its culture. Through advancing to higher levels which fully activated employees, employees appreciated the special charm of traditional poetry and its culture, and deepened their understanding and recognition of the corporate culture.

## Chapter 5 Green Operation

Following closely the environmental policies and environmental protection trends at home and broad, Everbright Securities realizes clearly that we should pay more attention to the sustainable development of the environment in our daily operation. We take environmental protection as an important element of our social responsibility and work to push ahead the social cause to achieve sustainable development. We pay close attention to challenges like climate change, energy shortage, natural resources exhaustion, pollution and etc. We seek to constantly improve our policies and measures for energy conservation, emission reduction and the amelioration of environment, explore more ways and channels to utilize energies and reduce the adverse effect on the environment during the whole service process.

### 5.1 Environmental Protection Practice

Everbright Securities abides by the *Environmental Protection Law of the People's Republic of China* and the *Law of the People's Republic of China on Conserving Energy*, proactively implements management measures to improve the environment and vigorously advocates energy conservation and environmental protection. We take low-carbon development and the reduction of pollutant emission as our responsibility. By encouraging our staff to use energy fairly, dispose waste according to relevant regulations and reduce energy consumption, we seek to practice the philosophy of green, low-carbon and sustainable development throughout the whole process of operation and management.

The Environmental Performance in 2017

Usage of Resources	Total	Density
Electricity	17,078,103 kilowatt hour	1,878.99 kilowatt hour/capita
Water	115,649 tons	12.72 tons/capita
Unleaded Petrol	362,843 litre	39.92 litre/capita
Diesel Oil	597 litre	0.07 litre/capita
Paper	143 tons	0.02 tons/capita
<b>Waste</b>		
Office Waste	299 tons	0.03 tons/capita
Waste Ink Box	1, 513 units	0.17 units/capita
Waste Cartridge	3, 040 units	0.33 units/capita
Waste Fluorescent Tube	9, 502 units	1.05 units/capita
Waste Computer and Waste Fixed Assets (worth more than 5000 yuan)	4, 255 units	0.47 units/capita
<b>Energy consumption and Greenhouse Gases Emission</b>		
Direct Energy Consumption	3,046,509 kilowatt hour	335.19 kilowatt hour/capita
Indirect Energy Consumption	17,078,103 kilowatt hour	1,878.99 kilowatt hour/capita
Scope 1 of Greenhouse Gases Emission	774 tons	0.09 tons/capita
Scope 2 of Greenhouse Gases Emission	11,353 tons	1.25 tons/capita

Total of Greenhouse Gases Emission	12,127 tons	1.33 tons/capita
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Note:

Direct Energy includes unleaded petrol and diesel oil, and Indirect Energy mainly includes electricity.

Scope 1 of Greenhouse Gases Emission: Direct energy consumed due to businesses possessed or controlled by the Company, namely total volume of greenhouse gases emission directly caused by unleaded petrol and diesel oil.

Scope 2 of Greenhouse Gases Emission: Indirect energy consumed inside the Company (bought or obtained), namely total volume of greenhouse gases emission caused by electricity.

## Resources Utilization

Because of our business nature, the resources utilization of Everbright Securities does not involve the usage of packing material. The energies consumed during operation mainly include: office use of electricity, the gasoline and diesel used by company cars; resources consumption mainly includes office use of water and paper. We seek to reduce resources consumption with each passing year while at the same time maintaining economic development. Through measures like timing closure of energy dissipation facilities and slogan publicity, we require our staff to conserve water, electricity and paper and carry out paperless office and office automation. We strictly implement energy conservation, practice green offices and fully manage the environmental influences we cause at work and during operation.

By monitoring the usage of resources and planning energy usage efficiency, Everbright Securities, as a responsible financial institute, not only reduces energy utilization density but also further keeps the emission of greenhouse gases under control at the root.

Measures of energy efficiency plan	When decorating and reforming our headquarters, branches and subsidiary companies, we prioritize the usage of materials and equipment that are energy saving and environmentally friendly.
	We encourage paper saving and double side printing, and encourage our staff to reuse single side printing documents so as to reduce the usage of paper as much as possible.
	We encourage the usage of natural lights and energy-saving lighting so as to cut down the energy consumed by lighting.
	Using technical approaches, we unify the operation time and temperature of air conditioners in both summer and winter time.
	In our office buildings, we put up energy-saving wallpaper, supervise and urge our staff to turn out electricity and air conditioners, close faucets in time, reduce electricity consumption of lighting, cut down the standby time of computers, printers and copiers and decrease the consumption of electricity and the emission of greenhouse gases as much as possible.

While implementing the environmental protection actions mentioned above, we proactively push ahead office automation and has completed the R&D and implementation of the new office automation (OA) system. We regularize our basic management processes of requisition, usage, recycling, discard and etc, simplifying office work flow and reducing office hours while at the same time cutting down the consumption of office supplies like paper and pens. By monitoring and controlling resources consumption, we have not only cut down our energy utilization density but also kept greenhouse gases emission under control at fountainhead.

## Green Operation

The Company advocates the usage of paperless bills and vigorously develops online services so that clients can conduct securities trading online. In this way, the time and transportation expenses for our clients to visit the branches can be saved and the running of many vehicles and exhaust emission can be avoided. This not only responds to the trend of environmental protection and energy conservation, but also improves our client experience and controls greenhouse gas emission from the source.

## Reasonable Emission

In terms of reasonable emission, the waste we produce is mainly office waste, including household garbage, waste ink boxes, waste toner cartridge, waste fluorescent tubes and waste computers. The household garbage is sorted by cleaners with the reusable waste recycled and others disposed according to relevant rules regularly by qualified companies. The water we use comes from the municipal pipe network. After being processed through sewage treatment facilities of the office building, the waste office water is discharged to municipal sewage pipelines. By recycling and reusing waste, the Company has reduced the generation and discharge of waste.

## Green Actions

Apart from encouraging our staff to avoid pollution and waste in office, Everbright Securities also proactively explores sustainable ways of development based on our business nature. We successfully launched the first Green Panda Bond, and are actively engaged in all kinds of public service activities about environmental protection, joining in the low-carbon way of life.

### Everbright Securities' First Green Panda Bond Approved

On June 30, 2017, "China Everbright Water Limited (hereinafter referred to as "Everbright Water") first public issuance of corporate bonds in 2017", undertaken by the Fixed Income Department, was approved by the China Securities Regulatory Commission. The volume of this Panda Bond issuance of Everbright Water reached RMB 2.5 billion. This is also the Company's first Green Panda Bond.

The approval of the first Panda Bond of Everbright Securities has further expanded the financing channel of Everbright Water, which is also beneficial to the optimization of the financing structure. The Company will further explore different financing channels and means in the future and effectively utilize the capital raised so as to uphold Everbright Water's healthy and steady development.

### Sports and Responsibility: Green March for Public Good





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On May 6, 2017, the second Green March for Public Good competition, organized by Alashan Ecological Foundation, officially started. By combining the online and offline models, the activity encourages participants, by walking or running for 100 days, to exchange the lineage accomplished for the same amount of tree seeds with the standard of RMB 10/ 10km/ 1 sapling. The fund raised has been used for the forest planting and ecological construction in the West, blazing a new trail for enterprises to fulfill their social responsibility.

When receiving the invitation, our labor union paid great attention and extensively galvanized our staff to take concrete actions of “starting to plant trees” to support the green cause of afforestation in the West, so as to set up a positive social image of Everbright Securities that actively upholds public service and fulfills social responsibility. On July 7, the third stage of the offline relay activity started in China Securities Regulatory Commission, Shanghai bureau. As the co-organizer in Shanghai, the Company actively participated in the organization and launching of the event. Together with friends from China Securities Regulatory Commission, Shanghai bureau and Shanghai Commissioner bureau, Shanghai Stock Exchange, Shanghai Futures Exchange and China Securities Depository and Clearing Corporation, we took over the baton of “Green Walk for Public Good” by low-carbon walking for 4.5 kilometers in the nature.

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## 5.2 Green Procurement

The Company pays great attention to the management of supply chains and sticks to the principle of green procurement. We take suppliers’ business credit and social responsibility as an important premise of cooperation and firmly oppose unfair competitions. In our bidding documents, we set extra points for those suppliers who have gained the Environmental Management System Certification and Quality Management System Certification. We make it clear in bidding documents that bidders should double-side print documents and avoid extravagant wrapping. We keep optimizing procurement regulations and strictly implement bidding disciplines to make sure that the procurement process is just and fair.

In terms of large procurement, the Company implements the *Everbright Securities Regulation on Large Procurement*. In 2017, in order to further regulate the management of large procurement projects and promote the orderly process of large procurement management, the Company set up a large procurement management center. Meanwhile, according to the *Regulations on the Implementation of Government Procurement Law in People's Republic of China*, the *Regulations on the Implementation of Tendering and Bidding Law in People's Republic of China* and other laws and regulations, we have established and improved a series of documents and process specifications, including: the *Everbright Securities Detailed Regulation on the Management of Large Procurement* and other complementary systems, the *Everbright Securities Production Specification on Design Budget for Decoration and Engineering*, the *Everbright Securities Process Guidance for Acceptance of Engineering Projects* and etc.

### Protection of Intellectual Property Rights

Economic development is inseparable from scientific and technological innovation. Everbright Securities focuses on and highly respects intellectual property rights and strictly observes the *Advertisement Law of the People's Republic of China* and the *Trademark Law of the People's Republic of China*. We abide by contracts and treaties and utilize the software and hardware products from our suppliers within prescribed limit.

## 5.3 Safe Operation

Everbright Securities seeks to create a safe and comfortable environment for our staff and clients and ensures the health and safety of our staff. To further improve fire control safety and fire control management system, the Company established a whole set of documents and contingency plans, including the *Everbright Securities Plan for the Avoidance of Fire Accidents*, the *Everbright Securities Contingency Plan for Emergency Evacuation* and etc.

In 2017, we have established mini fire stations and undertaken fire drills and safety inspections. We renew extinguishers in time and are well equipped with tools like gas masks and axes. In places omitted or with potential danger, we increase the number of fire extinguishing equipment.

The Company rigorously implements fire safety knowledge. According to the requirement of *Everbright Securities Regulation of Contingency Plan for Major Emergencies*, we regularly undertake emergency drills like fire escape so as to improve our staff's awareness of accidents prevention and mitigation and their ability to deal with emergencies. We seek to forestall accidents and provide a guarantee for the Company's safe operation. During the reporting period, there was no employee died due to work.

## Appendix: Index of ESG Reporting Guide of HKEX

Indicator	Description	Indexes
<b>A. Environmental</b>		
<b>A1 Emissions</b>		
General Disclosure	Information on the policies and 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.	5.1 Environmental Protection Practice
A1.1	The types of emissions and respective emission data.	5.1 Environmental Protection Practice
A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	5.1 Environmental Protection Practice
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	5.1 Environmental Protection Practice
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	5.1 Environmental Protection Practice
A1.5	Description of measures to mitigate emissions and results achieved.	5.1 Environmental Protection Practice
A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	5.1 Environmental Protection Practice
<b>A2 Usage of Resources</b>		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	5.1 Environmental Protection Practice
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 volume, per facility)	5.1 Environmental Protection Practice
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility)	5.1 Environmental Protection Practice
A2.3	Description of energy use efficiency initiatives and results achieved.	5.1 Environmental Protection Practice
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	No plan for water efficiency at present. To-do in the future.
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Not applicable due to business nature.
<b>A3 The Environment and Natural Resources</b>		
General Disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources.	Not applicable due to business nature.
A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Not applicable due to business nature.
<b>B. Social</b>		
<b>B1 Employment</b>		
General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer	4.1 Employees

	relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Overview
B1.1	Total workforce by gender, employment type, age group and geographical region.	4.1 Employees Overview
B1.2	Employment turnover rate by gender, age group and geographical region.	Refined management in the future.
<b>B2 Health and Safety</b>		
General Disclosure	Information on the policies and 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 ha	5.3 Safe Operation
B2.1	Number and rate of work-related fatalities.	5.3 Safe Operation
B2.2	Lost days to work injury.	Refined management in the future.
B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	5.3 Safe Operation
<b>B3 Development and training</b>		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	4.2 Development of Employees
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management)	Refined management in the future.
B3.2	The average training hours completed per employee by gender and employee category.	Refined management in the future.
<b>B4 Labor Standards</b>		
General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.	4.1 Employees Overview
B4.1	Description of measures to review employment practices to avoid child and forced labor.	4.1 Employees Overview
B4.2	Description of steps taken to eliminate such practices when discovered.	4.1 Employees Overview
<b>B5 Supply Chain Management</b>		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	5.2 Green Procurement
B5.1	Number of suppliers by geographical region.	Refined management in the future.
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Refined management in the future.
<b>B6 Product Responsibility</b>		
General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labeling and privacy matters relating to products and services provided and methods of redress.	5.3 Safe Operation
B6.1	Percentage of total products sold or shipped subject to recalls for	Not applicable due to

	safety and health reasons.	business nature.
B6.2	Number of products and service related complaints received and how they are dealt with.	2.2 Client Communication
B6.3	Description of practices relating to observing and protecting intellectual property rights.	5.2 Green Procurement
B6.4	Description of quality assurance process and recall procedures.	Not applicable due to business nature.
B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	2.2 Client Communication
<b>B7 Anti-corruption</b>		
General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer.	1.2 Corporate Governance
B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Refined management in the future.
B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	1.2 Corporate Governance
<b>B8 Community</b>		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	3.2 Targeted Poverty Alleviation
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	3.2 Targeted Poverty Alleviation
B8.2	Resources contributed (e.g. money or time) to the focus area.	3.2 Targeted Poverty Alleviation