

# **Employee Rights and Development Management Statement**

## **Haitong Securities Co., Ltd.**

### **1. Employee Equality and Diversity**

Haitong Securities Co., Ltd. (the Company) insists on creating an equal and impartial development platform and job environment for all employees, and strives to build a diversified and internationalized workforce.

1.1 The Company strictly abides by the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China* and other national laws and regulations, insists on creating an equal and impartial development platform and job environment for all employees. The Company prohibits discrimination based on religion, family, disability and other factors. It always upholds the principle of gender equality in employment, embraces a diversified and internationalized workforce and ensures equal access to work opportunities for all employees.

1.2 The Company has implemented the international talent development strategy. It has actively introduced returning overseas talents, dispatched selected talents to overseas subsidiaries based on their needs and strengthened the linkage between domestic and overseas management and business, thus enhancing the diversity of employee backgrounds.

### **2. Recruitment**

The Company is committed to promoting business development through fair and transparent recruitment practices. To this end, it employs open recruitment methods, including fair competition and rigorous assessments to select the professionals. Candidates are evaluated by means of screening through online evaluations and comprehensive interviews based on their basic qualifications. In this process, the Company upholds the standard of selecting individuals with both ability and political integrity in an impartial and unbiased manner.

2.1 In terms of recruitment planning, the Company predicts its talent demand based on the needs of business development, and then recruits talent in the open market each year. In recent years, the Company has mainly introduced urgently needed talent experts in investment banking and Fintech. Meanwhile, the Company has kept recruiting more talents to meet the demand of the research, self-operation and management departments.

2.2 In terms of employee channel recruitment, the Company has developed a variety of talent recruitment channels, such as online recruitment, campus recruitment and headhunting consultants, to meet the talent demand at all levels and fill its talent pool. At the same time, the Company actively recruits fresh graduates through online advertising, publicity in targeted universities and other means, to promote the employment of fresh college talents.

2.3 In terms of training interns, the Company recruited interns from universities for investment banking, research, Fintech and other modules whose work included tracking market dynamics, making industry researches, developing case analysis, assisting in project issuance, organizing and processing the data in research reports, etc, in an active response to the *Notice on Carrying out the 2021 Sail Plan— Internship for College Students in the Securities Industry* issued by the Securities Association of China,. While improving the students' professional quality, the Company strengthened its talent reserve. At the same time, the Company established an internship base with universities, and signed the *Internship Base Memorandum* with the School. The Company relied on talent exchange and cooperation to deepen its partnership with them to further expand its own talent recruitment channels.

### **3. Employee Rights and Benefits**

The Company manages all employees' human rights protection, wages and benefits, working hours, leaves and democratic participation properly in accordance with relevant in-house policies and rules, including the *Employee Handbook*, the *Provisions on Employees' Annual Leave Management*, the *Management Measures for Compensation of Haitong Securities Co., Ltd. (Trial)* and the *Collective Contract on Special Interests Protection of Female Employees of Haitong Securities Co., Ltd.* The Company places great importance on the physical and mental well-being of employees and their families. To this end, it has established a comprehensive welfare & security system that encompasses a range of employee care activities, allowing the employees to maintain a healthy work-life balance and making them feel more satisfied and happier.

### 3.1 Protection of employee rights

1. The Company checks labor intensity regularly, prohibits forced labor and verifies employee identity strictly to ensure no use of child labor. The Company sets out dismissal terms and conditions and establishes lawful dismissal procedures.
2. The Company sets out a market-based level of remuneration with performance-linked pay. It makes fully and timely contribution to social security programs and housing provident funds, providing the employees with supplementary medical insurance, housing allowances, corporate annuity plans and other additional benefits.
3. The Company expressly specifies standard working hours of 40 hours/week and establishes special working hours system for special work types, providing employees with public holidays, annual leave, sick leave, marriage leave, maternity leave, etc. in accordance with applicable laws and regulations.
4. The Company has actively established the communication channels with its employees. Through the Employees' Congress under the Headquarters Trade Union and the communication mechanism established in accordance with its articles of association, the Company has guaranteed the employees' rights to participate in democratic decision-making, management and supervision.

### 3.2 Non-salary benefits

1. Driven by the needs of its employees, the Company has developed trade unions to assist and console vulnerable groups, provide employee care, conduct health management and organize physical examinations for the employees, and protect female workers, creating a safe, healthy and warm workplace environment by building "Homes of Staff", "Bookstores of Staff" and "Caring Mommy Huts".
2. The Headquarters Trade Union gives full play to the guarantee role of the Mutual Aid Association for employees, organizing the primary-level trade unions to carry out "Five Must Visits" on a regular basis and assists seriously ill employees.
3. The Company commits itself to preventing and reducing the damage of occupational diseases to health. It regularly organizes employee health check-ups and keeps providing employees with psychological assistance, mental health education and other employee assistance programs (EAP). Professional methods are used to help ease employees' psychological stress, improve their psychological quality and balance their physical and mental health.
4. The Company launches various and distinctive mass cultural and sports activities on the occasion of public holidays. For example, it launches eSports activities to celebrate New Year, activities to celebrate the International Women's Day, online parent-child activities on Children's Day and movie viewing activities to fully activate the cultural atmosphere of employees; the Company's primary-level trade unions and sports clubs regularly launch scattered small-scale recreational activities, hold table tennis, football and table tennis tournaments for employees, and organize activists to participate in various recreational

activities and tournaments organized in regulators, industries and urban areas, so as to better meet the fitness and health needs of employees.

#### **4. Employee Training and Promotion**

In accordance with the law of talent development, the Company establishes a training and development system throughout the life cycle of employees' career development to provide them with targeted and systematic training as well as career promotion opportunities, satisfying the development needs of talents at different stages and empowering their career development. The Company has formulated the *Management Measures of Haitong Securities Co., Ltd. for Training Work* and relevant detailed implementing rules. It carries out specific work in terms of policy improvement, curriculum system building, trainer training, online learning platform building, training program implementation and learning activity, in a bid to constantly meet the employees' training and development needs and beef up their growth together with the Company.

4.1 In terms of training system construction, the Company is oriented towards the mission of growing into a top-notch investment bank. With the complete institutional system as its foundation the three-level organizational structure of training management as its guarantee, the talent echelon development and value creation as its focus, the tiered training programs and activities as its pillars, the open and cooperative knowledge base establishment as its core task, the closed-loop and quantitative management as its methods, the Company adheres to strategic guidance and business synergy principle, and has carried out tiered training for the entire staff. Based on its commitments to innovative development, overall management, platform thinking, and co-construction and sharing, the Company has conducted systematic management and integrated operations both online and offline, and made great efforts to develop a full-process, systematic and multi-dimensional quality training system and a group-wide training ecosystem. By doing so, the Company has facilitated its talent development and echelon building.

4.2 In terms of training platform construction, the Company establishes an employee training platform integrating offline and online training. The Company held a number of offline training activities such as the "Sailing Program" onboard training, the "Prairie Fire Program" training for new officials, the "Dandelion Program" quality course development and instructor training, the "Dandelion Program" training for branches. The Company has worked actively to develop the online employee training platform, Haitong Wealth Training Institute. This platform has been integrated with rich internal and external resources and libraries of professional lecturers, courses and cases to support employee growth.

4.3 In terms of leadership training, for middle and senior management, branch heads, backup leaders and other leaders, the Company mainly focuses on training leadership, improving management ability and other quality learning projects. The Company makes great use of various training programs as well as the online courses and live trainings of Haitong Wealth Training Institute to improve the management's operation ability and expertise. The Company regularly organizes the training for new officials and the open Haitong Fortune Lectures on macroeconomics, ways of thinking, workplace culture, and market trends.

4.4 In terms of targeted business training, the Company has launched the "Dandelion Program" for its Headquarters departments, branches and subsidiaries. Through platform training, live streaming, thematic posting, the Q&A Community and other features, the Company has intensively developed courses and lecturers, and improved the coverage of the "Dandelion Program" as well as the employees' business abilities.

4.5 In terms of united training, The Company has cooperated with external professional education institutions on employee training programs. In 2021, Haitong Wealth Training Institute worked with New York Institute of Finance to carry out online certificate training on "Python Data Application Series Courses". Through course study and community discussion,

the training presented how to use python language to acquire, analyse and visualize financial data. More than 3,000 employees from the Headquarters departments, branches, subsidiaries and other institutions attended the training.

4.6 In terms of training platform construction, The Company has encouraged employees to devote themselves to their work and improve their business skills. For employees who have obtained professional and technical qualification certificates in investment analysis, wealth management, information technology, risk management, auditing and taxation and other categories stipulated in the *Regulations of Haitong Securities Co., Ltd. for Professional and Technical Qualification Certificate Award Winners*, the Company has awarded them 50% of their registration fees. In the past three years, nearly 200 employees have applied for bonuses for obtaining professional and technical qualification certificates such as CFA, FRM, and PMP.

4.7 In terms of employee promotion, the Company always adheres to the basic principles of systematized, specialized and market-based talent development. The Company has established a Managing Director system parallel to the administrative system. In addition to administrative promotion, the Company has encouraged outstanding professionals to develop their professionalism, expanded the career development paths for all employees, and provided them with just and fair promotion opportunities and broad growth prospects. The Head Office of the Company has set up the position sequences of investment banking, investment, research, sales, products, functional management, information technology, and front-office support, with 10 vertical ranks and 19 levels. For positions of all sequences and levels, the Company has formulated corresponding eligibility requirements and scoring standards from the six dimensions of education background, credentials, performance, competency, professional qualifications and compliance risk control. The Company has combined position promotion and demotion, and salary raises and cuts to reflect the value of talent.

## **5. Employee Performance Assessment and Petitions**

In accordance with the *Measures for Performance Management of Haitong Securities Co., Ltd.* and other policies, the Company implements performance assessment for all employees. At the same time, the Company continuously improves assessment elements, striving to build a featured performance assessment system, and links the assessment results with multiple aspects, e.g. wage distribution, rank rating, performance-based salary adjustment and promotion to develop scientific and impartial performance assessment criteria. It also has established a petition mechanism for employee assessment results to guarantee justice and equity, where Employees are given authority to check their assessment results.

5.1 The Company carries out a closed-loop performance management which involves five links: goal setting, process control, result evaluation, feedback, and application. Setting a year as performance assessment interval, at the beginning of the year, the Company breaks down the institutions' annual operational goals layer by layer into the performance assessment indicators for every single employee. During the year, the Company organizes managers at all levels to regularly track and inspect the performance of the employees and provide them with relevant coaching. At the end of the year, the Company organizes all institutions to carry out a fair and reasonable comprehensive evaluation on the business performance and comprehensive abilities of its employees. The system feeds the annual assessment results back to corresponding employees; if an employee disagrees with his/her assessment results, he/she can request a review and a petition. The assessment results are applied in the aspects such as benefit-based wage distribution, rank rating, grade evaluation, and performance-based salary adjustment.

5.2 In terms of employee performance appeal, The Company has established a petition mechanism for employee assessment results to guarantee justice and equity. Individual employees are given authority to check their assessment results in the system. If an individual employee disagrees with his/her assessment results, he/she can apply to his/her department

head for a review within one week. If he/she still disagrees with the review result, he/she may submit a petition to the Human Resources Department within two weeks following the request for the review. After receiving the petition, the Human Resources Department will examine the supporting evidence submitted by the employee and the corresponding assessment data in the system, and confirm the results based on relevant indicators and scoring formulas.

5.3 In terms of confidentiality of employee performance appeals, the Company carries out strict control to ensure that each performance petition is only known by the petitioning employee himself/herself, his/her department executor and head, and the Human Resources Department. After an employee raises an objection to the results of his/her performance in quantitative indicators, his/her department executor and head will retrieve the original data from the business system and check it with the employee. If the employee still has objections, he/she should submit a petition directly to the Human Resources Department. This process involves no unrelated persons, thus ensuring the confidentiality of employee performance petitions.

## **6. Employee Satisfaction Survey and Feedback**

The Company has focused on carrying out satisfaction surveys among resigned employees. It has heard the employees' opinions on work content, work hours, work intensity, ability utilization, supervisors, salary, benefits and assessment, training, corporate management, career development, etc., and further improved the work environment, thus making the staff on active duty more satisfied. In 2021, 96% of the staff were satisfied with the Company.