



Guotai Junan International Holdings Limited

國泰君安國際控股有限公司

(Incorporated in Hong Kong with limited liability 於香港註冊成立的有限公司)

Stock Code 股份代號 : 1788

舉目千里 穩健致遠

Pursue Perfection
Unchain Potential

Environmental, Social and
Governance Report
環境、社會及管治報告
2017







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Environmental, Social and Governance Report



Information About Guotai Junan International

Established in Hong Kong, one of the world's most vibrant global metropolises, Guotai Junan International Holdings Limited (hereinafter referred as the "Guotai Junan International", and together with its subsidiaries referred as the "Group") serves as a bridge to connect enterprises and investors in China and the world. The Group provides a range of innovative financial products and services to facilitate financing and investment opportunities for Mainland Chinese and overseas companies and investors.

Guotai Junan International is the first Mainland-owned securities brokerage house with China Securities Regulatory Commission approval to list its shares through initial public offering on the Main Board of the Stock Exchange of Hong Kong Limited ("Stock Exchange"). We provide our services in 5 core business areas: (i) dealing and broking in securities, futures, options and leveraged foreign exchange, (ii) corporate finance, (iii) asset management, (iv) loans and financing and (v) financial products, market making and investments. The Group has diversified its business lines in recent years due to rapid and successful development of loans and financing, corporate finance, fixed income, structured products and market-making businesses, and has shifted its focus from the traditional fee-based brokerage to wealth management with a wide range of tailored financial products and services to maximize returns for investors. Our team of dedicated professionals, who have in-depth knowledge and understanding of both China and Hong Kong capital markets, has established a solid reputation for providing high quality financial services and tailored financial products to investors in Hong Kong, China and across the world.

Our controlling shareholder, Guotai Junan Securities Co., Ltd. ("Guotai Junan") (stock code: 2611.HK/601211.SS) is one of the China's largest securities houses. Backed by parent company's strong support in respect of brand name, client network and significant capital, we play a major role in the international growth strategy of Guotai Junan, serving as the gateway for its international expansion.

Scope of Report

This environmental, social and governance ("ESG") report focuses on the operation of Guotai Junan International in Hong Kong for the reporting period from 1 January 2017 to 31 December 2017, which runs consistent with the annual report reporting period of the Group.

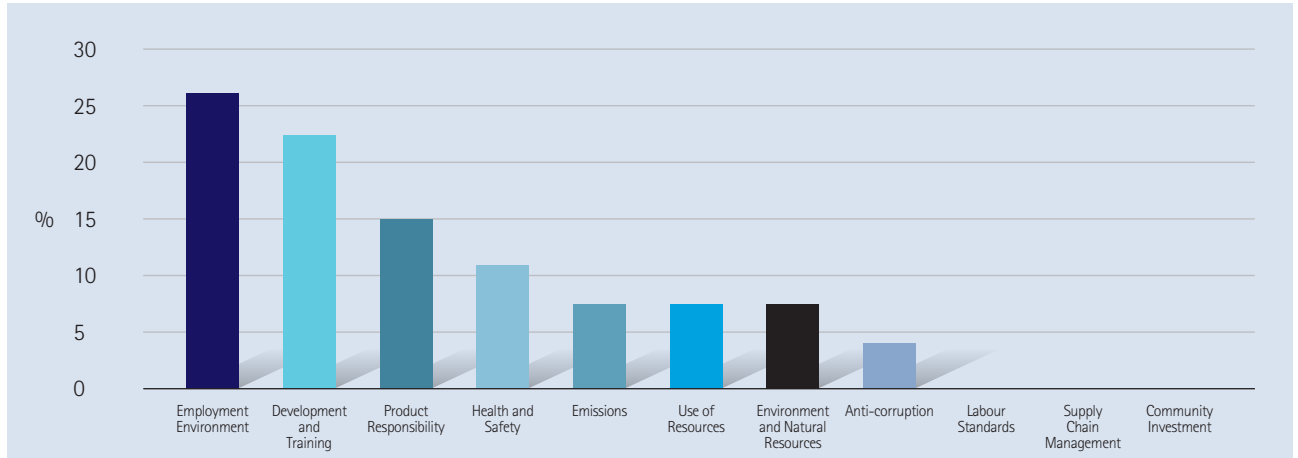
This report is prepared in accordance with Appendix 27 Environmental, Social and Governance Reporting Guide of the Rules Governing the Listing of Securities of the Stock Exchange of Hong Kong Limited. This is the Group's second ESG report to follow the guide.

Stakeholder Engagement and Materiality

In order to identify the most significant aspects for the Group to report on for this ESG report, key stakeholders including investors, shareholders and employees have been involved in regular engagement sessions and meetings to discuss and to review areas of attention including governance aspects which will help the business meets its potential growth and be prepared for future challenges.

We attach great importance to the needs and expectations of our employees, who are a part of our stakeholders. So, during the preparation of this report, Guotai Junan International has communicated with a group of employees for their most concerned ESG aspects. From the results collected, we could better evaluate our performance and identify their expectation for focusing on their most concerned areas. Below is the feedback from our employees on the importance of the ESG aspects.

Employees Priority on Concerned ESG Aspects



From the above result, it can be found that employment environment, development and training, product responsibility are the most concerned ESG aspects received from our employees. The Group regards it as valuable opinion and implements various measures to enhance our performance. We endeavour to review these performances regularly to devise continuous improvement plan.

A Environmental

We believe that by taking actions in different aspects of our business activities could contribute to environmental protection. The group aspires to prevent pollution and minimize the impact on the environment by continually improving our environmental management practices and measures, such as creating a green office, initiating green procurement, increasing energy efficiency, initiating waste management and recycling, and developing e-service.

A1 Waste and Emissions Management

Waste generated by the group mainly involves the office equipment and facilities. For the waste faulty fluorescent tubes, we would collect, in an amount of around 10 tubes each month, and transfer to the facility management office of the located building and treated as chemical waste. Besides, recycling bins are provided in the office common area for collecting waste paper and recycle signs were posted on the bins for clear indication of recycling purpose. For our company cars, we would give priority to purchase the most fuel-efficient new vehicles available in the market.

On the other hand, all the used cartridges would be returned to the supplier for recycling. To reduce the overall carbon emissions into the environment, our staff usually takes the most efficient means of communication with customers, including but not limited to tele-conference and e-mail, etc., to prevent unnecessary business travelling.

Types of Emissions	
NO _x emissions from vehicles (g)	3,288
PM emissions from vehicles (g)	242
SO _x emissions from vehicles (g)	108

Greenhouse Gas Emissions	
Total Greenhouse Gas Emissions (tCO ₂ e)	709.21
Greenhouse Gas Emissions intensity (tCO ₂ e/m ²)	0.144

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There was 709.21 tonnes of carbon dioxide equivalent greenhouse gases emitted from the Group's operation in the reporting period, through the actions on emissions mitigation, there was a reduction of 35.23 tonnes of carbon dioxide equivalent greenhouse gases emitted when compared with that in 2016.

The Group is committed to comply with the relevant environmental laws, and there have been no cases of prosecution due to violation of the relevant environmental laws during this period.

A2 Use of Resources

The Group actively adopted the use of electrical appliances with energy-efficiency label, and also the use of LED lights and T5 energy saving fluorescent tubes. The Group also strongly promotes the purchase of energy efficient office electrical equipments and chooses the one with the best energy saving performance when prices are similar.

The Group has implemented different measures in controlling the efficient use of energy, water and paper. To promote the efficient use of water resource, a chilling water usage limit has been set for cooling the computer server room. Clear light zoning has been implemented with maps and labels posted for encouraging staff to switch off the lights for unoccupied areas in the office. Double-sided printing function has been set as default for reducing the paper consumption and all the electrical appliances have been preset as energy saving mode.

To raise staff awareness in efficient use of resources, the Group encourages staff to use e-communication to reduce print-out and reminds staff to switch off the lights, computers and all unused electrical equipments before leaving the office. "Save Energy" and "Water Conservation" stickers are widely affixed as a reminder at the exits, pantry area and aside of the switches to encourage energy and water saving. Other than that, staff were strongly encouraged to take the stairs instead of lifts when get around different floors.

Electricity consumption	
Electricity consumption (kWh)	872,063
Electricity consumption intensity (kWh/m ²)	177

* Payment for water usage has been included in the management fee to the landlord, thus consumption data cannot be obtained.

A3 The Environment and Natural Resources

For facilitating green office, the multi-functional photocopiers being used are made of biodegradable plastic and recycled materials. Among the office stationeries with similar prices, source sustainable stationery in priority, such as adopting the use of FSC paper in office for supporting forest conservation.

The Group has established the e-statement service for customers to receive the statement electronically to promote paperless practices. For the internal operation, such as the HR workflow, internal notice and some other workflows and approval process, they are handled through the electronic systems. The Group has also created department share folders for archiving records and data in order to reduce paper usage. Those systems could greatly reduce the use of paper.

For demonstrating our commitment in concerning environmental protection and reducing the impact on the environment, in year 2017, the Group joined "Green Office and Eco-Healthy Workplace Awards Labelling Scheme" organised by World Green Organization in assessing the environmental performance and green achievements covering areas such as energy saving, waste reduction, etc. We successfully met the green audit requirements of the scheme and have been granted the right to use the WGO Green Office Label and Eco-Healthy Workplace Label.

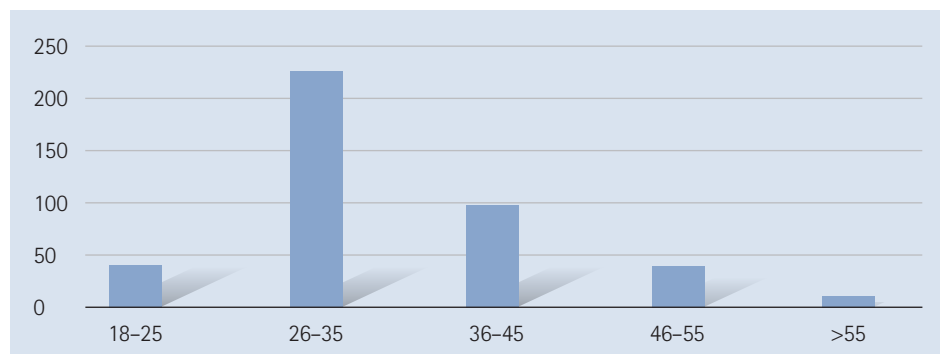


B Social

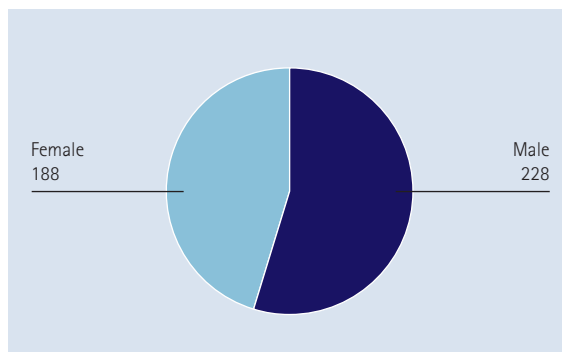
B1 Employment

The Group had a total number of 416 employees (excluding our self-employed account executives) as of 31 December 2017. The Group endeavours to provide a supportive working environment by upholding the policy on treating the employees fairly and equally. We strongly advocate gender and age equality with approximately equal ratio of male and female staffs employed. We also have a diverse workforce from different age group. The principle is reflected in the composition of our staff and staff turnover rate as follows:

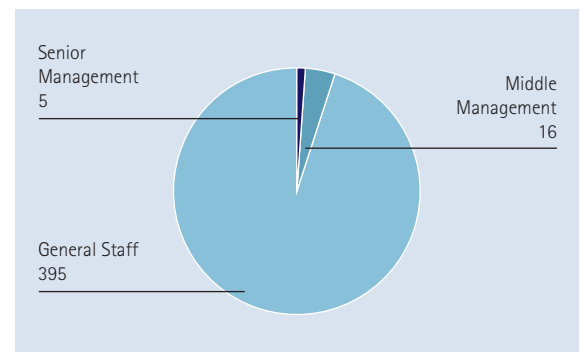
Workforce by Age Group



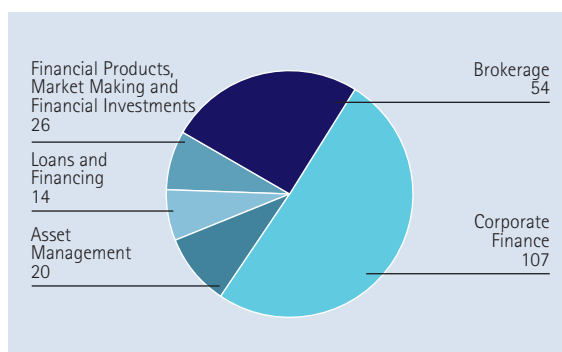
Workforce by Gender



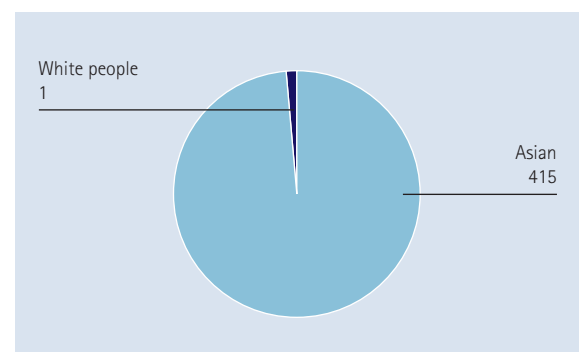
Workforce by Employee Category



Staff Allocation on Core Businesses



Workforce by Race



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Annual Turnover Rate (%)						
total						15.14
by Gender (%)		Male		Female		
		8.65		6.49		
by Age Group (%)		18-25	26-35	36-45	46-55	>55
		1.2	8.17	4.09	1.2	0.48
by race (%)		Asian		White people		Others
		15.14		0		0

The Group provides various types of benefits for the staff, such as discretionary performance bonus, mandatory provident fund, Group life insurance, medical insurance with annual body check, dental health care and various types of paid leave (e.g. marriage leave, study and examination leave, paternity leave, maternity leave, compensation leave, etc.).

The Group has been awarded as one of the 2015/16 Family-Friendly Employers Awardees. The Award Scheme was organized by the Family Council with support from the Home Affairs Bureau to give recognition to employers that implement both Job-related and Outside-the-workplace family-friendly employment policies and practices, and demonstrate Employee and Family Care Support, for facilitating employees balance their work and family lives.



The Group is committed to comply with the relevant employment laws, and there have been no cases of prosecution due to violation of the relevant employment laws during this period.

B2 Health and Safety

To ensure a healthy and safe workplace for all the staff, the Group follows the occupational health and safety guidelines recommended by Labour Department and Occupational Safety and Health Council. In addition, the Group regularly encourages employees to attend related workshops or training courses. To ensure the safety of the staff, the Group actively participate the fire drill arranged by management office which the staff can be familiarized with the emergency response programme.

Occupational Health and Safety Data	
Work related fatality	0
Work injury cases >3 days	1
Work injury cases <3 days	1
Lost days due to work injury	12

The Group is committed to comply with the relevant safety laws, and there have been no cases of prosecution due to violation of the relevant occupational safety laws during this period.

B3 Development and Training

The Group provides diversified training programme which focused on product knowledge and knowledge for the industry, include Annual CPT Compliance Training, Compliance Risk and Recent Trends in SFC Enforcement Actions, Manager-in-Charge Regime, Common Reporting Standard Reporting Workshop, ICAC Training, Suitability and Mis-selling, etc. In 2017, a new e-learning system has been launched for our staff to acquire and refresh knowledge on anti-money laundering and counter-terrorist and financing which means they could easily manage the training time according to their needs. In addition, the Group provides new staff with compliance training.

Staff Training Data	
average training hours completed per employee	5

B4 Labour Standards

The Group is committed to comply with local labour legislation to safeguard staff rights and interests for preventing forced labour issue from occurring. During the recruitment process, the identity documents of the candidates would be checked to ensure no child labour being employed. If any violation is discovered, it will be dealt with in the light of the circumstances as stated in the Group's Staff Handbook.

The Group is committed to comply with the relevant labour laws. There have been no cases of child labour, forced labour or prosecution due to violation of the relevant laws during this period.

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B5 Supply Chain Management

Quality and services provided by the suppliers are the focus areas in our procurement management. The Group maintains good communication with suppliers and conducts regular supplier performance review based on their product quality and services provided for future procurement consideration and supplier qualification. For the procurement process, at least three suppliers quotation should be acquired for comparison to ensure purchasing under fair price and reasonable quality. Also, the purchase approval is implemented by graded authorization that could guarantee the procurement is under stringent monitoring.

Investment Screening

As stated in the Group's ESG Policy, investment projects were recommended to go through assessment and screening in terms of the environmental and social risks of the investee. For example, investment in the company with explicit negative impact on environment or with negative track record on forced labour and child labour should be avoided. When the investment return is similar, we would give priority to investee with green investment, such as solar or recycling business, etc. Moreover, for large-scale investment project, it is recommended that the investment agreement should include terms covering the consideration of complying with environmental laws and regulations, policy on emission mitigation, policy on preventing force labour and child labour, etc.

B6 Product Responsibility

The Group has established procedures and provided training to ensure the staff, who should be licensed with the SFC, to give advice and provide services to clients with adequate knowledge on legal compliance and the nature and risks of the products. In addition, the Group has engaged services provider in order to continuously monitor client trades. For evaluating the capability on resisting and preventing risk, stress and sensitivity test with scenario analysis under normal and stressful conditions have been performed for different business sectors.

Complaints received in year 2017 were generally related to operational, trading and financial services matters. All the complaints were investigated and handled by the Compliance Department.

We attach great importance to customer data protection and fair marketing to the public. Notice to Customers under Personal Data (Privacy) Ordinance has been posted on the website for clients to get them aware of the Group's personal data protection and privacy policies. In our daily operations, the Internet trading platform was well encrypted and the whole system was controlled and monitored by the Group for protecting personal data security. Concerning the fair marketing issue, our operation practices stated that all advertising and marketing materials should be based on factual information and prohibited to use unpermitted third-party information.

The Group is committed to comply with the relevant product responsibility laws, and there have been no cases of prosecution due to violation of the relevant product responsibility or confidentiality laws during this period.

B7 Anti-corruption

We regard honesty, integrity and fair play as our core values that must be upheld by all directors and staff. The Group has compiled a compliance manual with sections on prevention of bribery, accepting advantages and offering advantages. Employees are required to fully comply with the rules set out in the manual. Besides, the Group has the anti-money laundering and counter-terrorist financing manual for controlling and implementing action for risk mitigation. Also, internal audit would be conducted to review the risk identification mechanism and system effectiveness.

The Group, as a financial services group, consists of businesses of brokerage, corporate finance, asset management, loans and financing, and financial products, market making and investments. In view of this, we have established "Chinese Wall" policy and procedure to ensure non-public and price-sensitive information on any company or other confidential information or trading activities of the clients, which is obtained or handled by any department, are not used by or transferred to any other departments. So that, the conflict of interest and insider dealing activities could be prevented.

The Group has Internal Complaint Handling Policy and procedures, which allow employees to report any misconduct and malpractice. The Group will keep the reporting person's identity confidential and assured of protection against unfair dismissal or unwarranted disciplinary action.

The Group is committed to comply with the relevant anti-corruption laws, and there have been no cases of prosecution due to violation of the relevant laws during this period.

B8 Community Investment

The Group attached great importance to corporate social responsibility and contribute to the community through different channels.

The Group was awarded the "Caring Company" for three consecutive years since 2014. Through co-operation and support with the social welfare sectors, to help the needy and create a more cohesive society.



Moreover, the Group participated in "Tree Planting Challenge 2017" organized by Friends of the Earth. This activity integrated with tree planting, hiking and endurance challenge. The teams successfully completed hiking for 8 kilometers and successfully planted 60 saplings. Through this activity, the Group showed their care and support to the environment. Furthermore, it could enhance internal communication and unity among our staff.

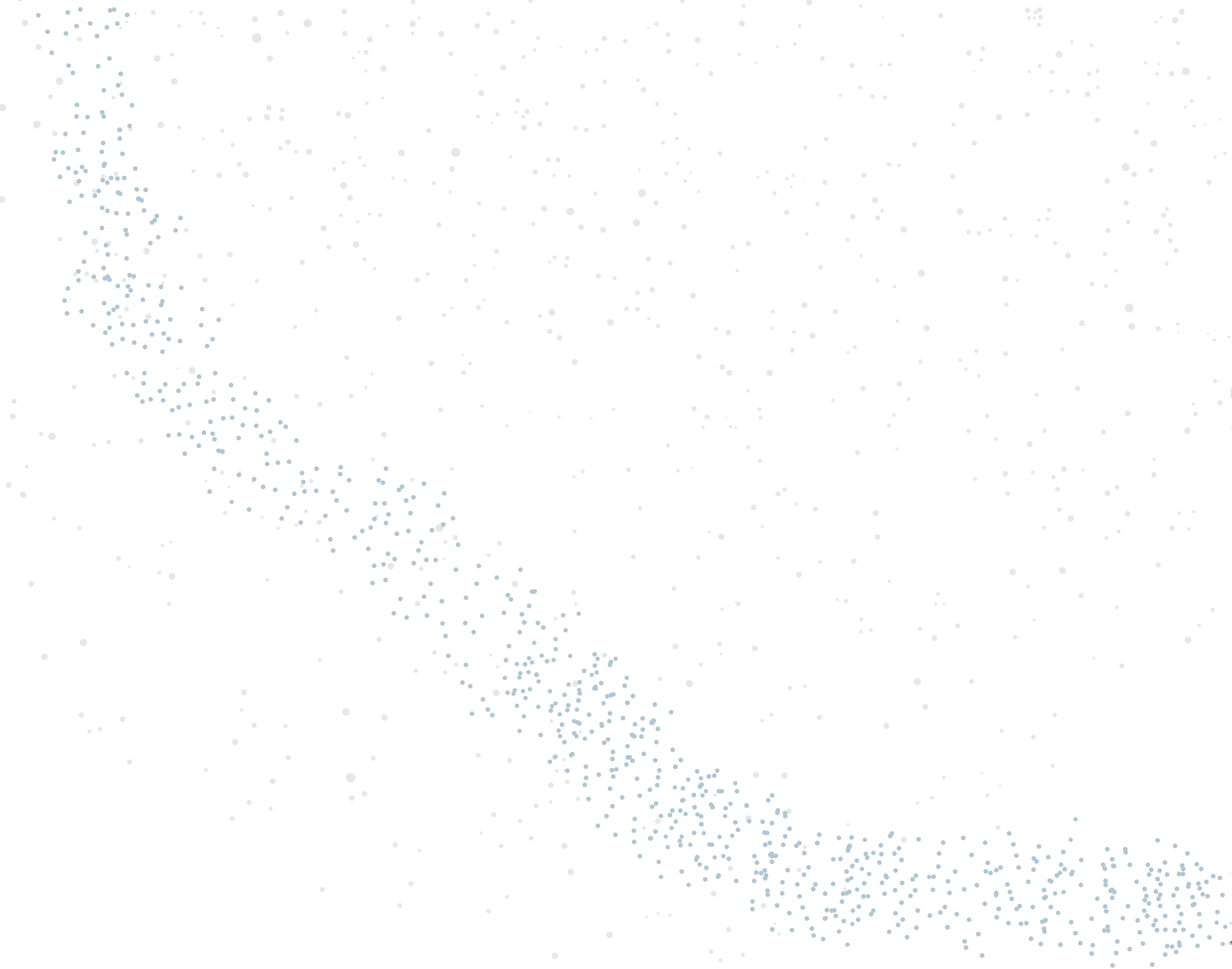
In Jan 2017, the Group participated in the Community Chest's "Hong Kong & Kowloon Walk for Millions", in which the Group has been supporting since 2015. The walk aims to raise fund for the local social welfare agencies in providing "Family and Child Welfare Services".

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Awards and Achievements

We are highly recognized by the public and the industry for our outstanding performances in corporate governance, social responsibility, environmental protection, service quality and business development. Below are the major awards and achievements obtained by the Group in year 2017.

Name of awards/achievement	Issuing organization
GOALS (Green Office Awards Labelling Scheme) Award and Eco-Healthy Workplace Label	World Green Organization
Caring Company Logo	HKCSS
"Best IPO Project Sponsor" "Most Valuable Listed Companies"	China Financial Market Magazine
"Most Valuable Listed Companies"	Zhitongcaijing
"Excellence Award" in category of "Securities Company of the Year" "Excellence Award" in category of "Corporate Finance" "Excellence Award" in category of "Urban Investment Bond" "Outstanding Award" in "Derivatives Provider of the Year"	Bloomberg Businessweek
2016 Annual Report won Silver Award in the "Vision Awards"	League of American Communications Professionals
"Best China Broker" Award in "2017 Offshore China Fund Awards"	Chinese Asset Management Association of Hong Kong and Bloomberg
Gold Award in "The Asset Corporate Awards 2017"	The Asset
Ranked No. 2 as Best Research Team for gaming, transportation, telecommunication services by Asiamoney Poll	Asiamoney
"The Best Listed Company" Award in "Golden Bauhinia Awards"	Ta Kung Pao
Star Investment Banking Award of the Year in Capital Market	China Financial Market
"Most Valuable Listed Companies"	Zhitongcaijing
Participated in "Tree Planting Challenge 2017"	Friends of the Earth
Participated in "Hong Kong & Kowloon Walk for Millions"	The Community Chest of Hong Kong



國泰君安國際

GUOTAI JUNAN INTERNATIONAL

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www.gtjai.com