

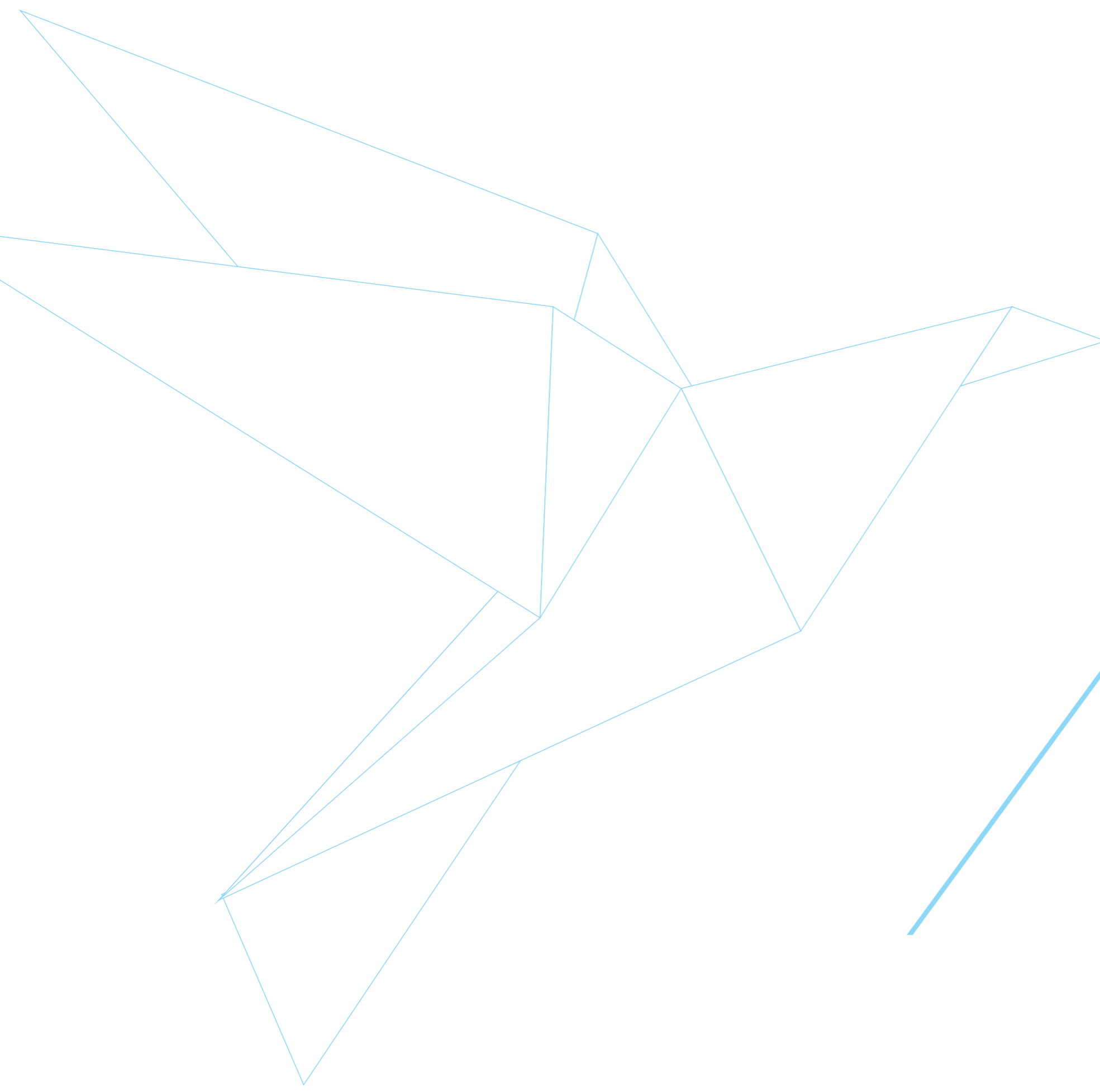
# 2016

GF Securities  
Corporate Social  
Responsibility Report



Gathering the love  
from the bottom of heart





# Gathering the love from the bottom of heart

GF Securities  
Corporate Social  
Responsibility Report



Term	Definition
<b>Reporting Period</b>	Year 2016 (January 1, 2016 to December 31, 2016)
<b>The Company, Company, parent company, GF Securities</b>	GF Securities Co., Ltd.
<b>The Group, Group</b>	the Company and its subsidiaries
<b>GF Foundation</b>	GF Securities Social Charity Foundation of Guangdong Province
<b>GFHK</b>	GF Holdings (Hong Kong) Corporation Limited (廣發控股(香港)有限公司)
<b>GF Asset Management (Hong Kong)</b>	GF Asset Management (Hong Kong) Limited (廣發資產管理(香港)有限公司)
<b>GF Investments (Hong Kong)</b>	GF Investments (Hong Kong) Company Limited (廣發投資(香港)有限公司)
<b>GF Futures</b>	GF Futures Co., Ltd. (廣發期貨有限公司)
<b>GF Xinde</b>	GF Xinde Investment Management Co., Ltd. (廣發信德投資管理有限公司)
<b>GF Qianhe</b>	GF Qianhe Investment Co., Ltd. (廣發乾和投資有限公司)
<b>GF Asset Management</b>	GF Securities Asset Management (Guangdong) Co., Ltd. (廣發證券資產管理(廣東)有限公司)
<b>GF Fund</b>	GF Fund Management Co., Ltd.
<b>E Fund</b>	E Fund Management Co., Ltd.
<b>Margin financing and securities lending</b>	the operating activities engaged by the Company in which loans are provided to customers for purchasing listed securities (margin financing) or listed securities are borrowed by customers for sale (securities lending) with collaterals provided by customers
<b>NEEQ</b>	National Equities Exchange and Quotations
<b>SEHK</b>	The Stock Exchange of Hong Kong Limited
<b>SZSE</b>	The Shenzhen Stock Exchange
<b>CSRC</b>	The China Securities Regulatory Commission

GF Securities  
 Corporate Social  
 Responsibility Report  
 2016

## Overview of the Report

The report gives a true view of the performance of GF Securities Co., Ltd. in fulfilling its social responsibility to promote sustainable development in 2016.

## Reporting Period

January 1, 2016 - December 31, 2016, with part of information beyond this time interval

## Reporting Cycle

Issued annually. The Company has issued corporate social responsibility reports for seven consecutive years since 2011.

## Entities Covered by the Report

Unless otherwise specified, this report covers headquarters, 20 branches and 264 securities brokerage branches of GF Securities Co., Ltd.; 5 wholly-owned subsidiaries (including GF Asset Management, GF Futures, GF Xinde, GF Qianhe and GFHK); 1 controlled subsidiary (GF Fund) and 1 associated company (E Fund).

## Basis of Data

Financial information herein is extracted from the Company's 2016 annual audited financial statements prepared under the International Financial Reporting Standards, as audited by Deloitte Touche Tohmatsu, details of which are set out in the 2016 Annual Report of GF Securities Co., Ltd.. Other information is mainly as of 2016, most of which is derived from the Company's internal statistics. Unless otherwise specified, all monetary figures stated in this report are in Renminbi (RMB).

## Basis of Preparation

The Environmental, Social and Governance Reporting Guide of the SEHK, the Guidelines on Standardized Operation of Listed Companies on the Main Board of the SZSE. References: The Sustainability Reporting Guidelines (G4) and the Supplementary Guidelines on Financial Services issued by Global Reporting Initiative, and the Guidelines on Preparation of CSR Reports of Chinese Enterprises issued by the Chinese Academy of Social Sciences (CASS-CSR3.0).

## Compliance with the Environmental, Social and Governance Reporting Guide

During the year, the Company complied with the "comply or explain" provisions of the Environmental, Social and Governance Reporting Guide and disclosed the relevant information in the Corporate Social Responsibility Report for 2016 of GF Securities.

## Reliability Assurance

This report is released on self-publishing basis, and third-party certification will be introduced in due course.

## Availability

Electronic version of this report is available on websites of the SEHK ([www.hkex.com.hk](http://www.hkex.com.hk)) or the Company ([www.gf.com.cn](http://www.gf.com.cn)).

This report is prepared in Chinese and English. In case of any discrepancy between the Chinese and English versions of this report, the Chinese version shall prevail.

Chairman's Statement	01
Company Profile	03
Major Awards & Recognitions	05
Social Responsibility Rooted in Culture	09
GF Securities Social Charity Foundation of Guangdong Province	13

## SECTION 1

### Customer Services

Earnestly Serve Every Customer to Support Economic Development

Our Business	15
Support the Real Economy	17
Fuel Economic Structural Adjustment	19
Professional Solutions to Customer Needs	21

## SECTION 2

### Staff Development

Staff-oriented Initiatives for the Dream of Serving the Country

High-quality Team of Professionals	24
Sound Assurance for Employee Rights and Interests	26
Multi-level Training System	30
Diversity of Labor Union Activities	31

## SECTION 3

### Value to Shareholders

Prioritizing Value Growth and Protecting Shareholders' Interests

Continued growth of corporate value	36
Continued dividend distribution	37
Protecting the rights of small and medium investors	38
A Complete Compliance and Risk Control System	39

## SECTION 4

### Giving back to the community

Actively Rewarding the Public And Fulfilling its Duty as a Corporate Citizen

Significant social and economic contributions	42
Green Operations	43
Devoted to charity work and giving back to the society	47
Well-targeted support for the poor and one-to-one support and help	49

## SECTION 5

### Prospects

Reviewing 2016 and Looking Into 2017

Problems in social responsibility fulfillment and improvements in 2016	52
Social responsibility goals for 2017	53

## Chairman's Statement

Amid the profound global economic correction cycle characterized by slow recovery paces of major economies with the emerging "reverse globalization", China closed year 2016 with a reasonable annual GDP growth at 6.7% signaling a stable and progressive momentum. Addressing the complicated and grim economic challenges and the New Normal in the domestic economy, China's capital market where stability became the top priority heightened its support to the real economy, demonstrated by the number of IPOs and total proceeds both hitting record highs in the past 5 years and refinancing volume registering an all-time high. The Company thoroughly studied and carried out General Secretary Xi Jinping's important speeches and earnestly implemented regulatory requirements of the CSRC. In a keynote of seeking complementarity and progress amidst stability, the Company consolidated its fundamentals to secure advantages, sustain a sound growth momentum and expedite its transformation towards a modern investment bank.

In 2016, the Company's total revenue and other income reached RMB27,488 million, and net profit attributable to owners of the Company amounted to RMB8,030 million. We achieved the all-time second high in the Company's history, continued to rank ahead among peers in terms of various performance metrics.

Adhering to lawful, strict and comprehensive regulations, the CSRC continued its efforts in 2016 to rectify market order, protect the legitimate rights and interests of investors and effectively serve the supply-side structural reform, with a greater emphasis placed on capital market stability and healthiness in the complicated situation. In line with such a regulatory concept refinement, the Company indisputably shouldered its responsibility for stabilizing capital market, firmly sticking to the requirement of "compliance is the bottom line and risk management is the lifeline". The Company gradually realized vertical compliance and risk management over its branches and subsidiaries and managed to bring forward the risk management front, resulting in sound compliance and risk management performance.

In 2016, with a "customer-focused" commitment, the Company made new progresses in meeting customer needs effectively, achieving the planned objectives in assets safety and return on investment and seeking flawless service quality. The staff-oriented philosophy, as embodied in our goal of "promising every employee a dignified life", is supported by corporate culture and labor union initiatives to safeguard employee rights and interests, promote their growth and help them realize the dream of serving the country with financial expertise. We continued to improve corporate governance and strengthen the protection for interests of minority investors. In 2016, we arranged 41 institutional investor surveys, results presentations and other activities to sustain our "transparent and sunshine" image as a public company, leading to incremental enterprise value and satisfactory returns to shareholders.

In 2016, the Company took more efforts in giving back to the society and actively performing its social responsibility as a corporate citizen. We recorded national taxes of RMB3,480 million for the year, representing social contribution of RMB3.34 per share. Through GF Foundation, we took an active role in poverty alleviation and educational donation and continued the university student support programs including the "Youth Support" and the "Micro Enterprising Initiative for University Students", spending nearly RMB19 million in charity during 2016. We kept a close eye on environment and ecological development, advocated low carbon and environmental protection, practiced green office and green travel, and supported energy-efficient and environmental protection enterprises through a strong portfolio of financial products and services. The Company attached great importance to implementing the national poverty relief strategy, and actively responded to the call of the Guangdong Provincial Party Commission by taking initiatives to help poor villages in poverty alleviation. Resonating with the "One company for one county" poverty relief plan of the Securities Association of China, we offered a range of assistance to Wuzhishan City in Hainan, drawing upon our expertise to establish a sound long-effect poverty alleviation mechanism through financial services, educational and industrial programs to help local people overcome poverty and difficulties.

Looking ahead to 2017, we will deliver core values in our corporate culture, persist in serving the real economy and contribute to a stable capital market in our value creation process, marching towards the goal of building the Company into a modern investment bank with international competitiveness, brand influence and systematic significance.

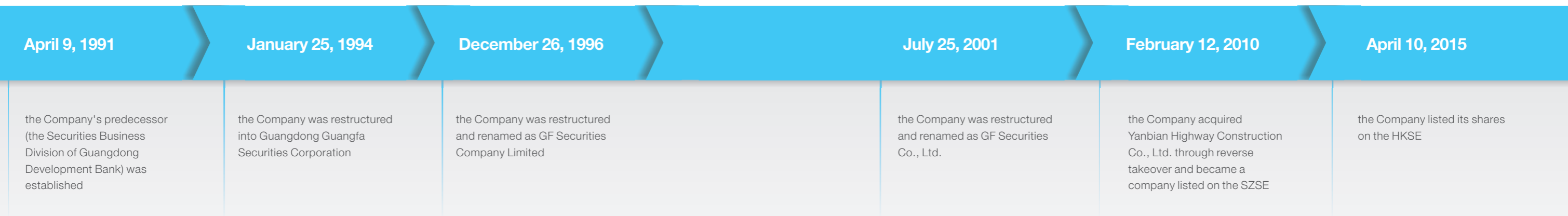


**SUN Shuming**

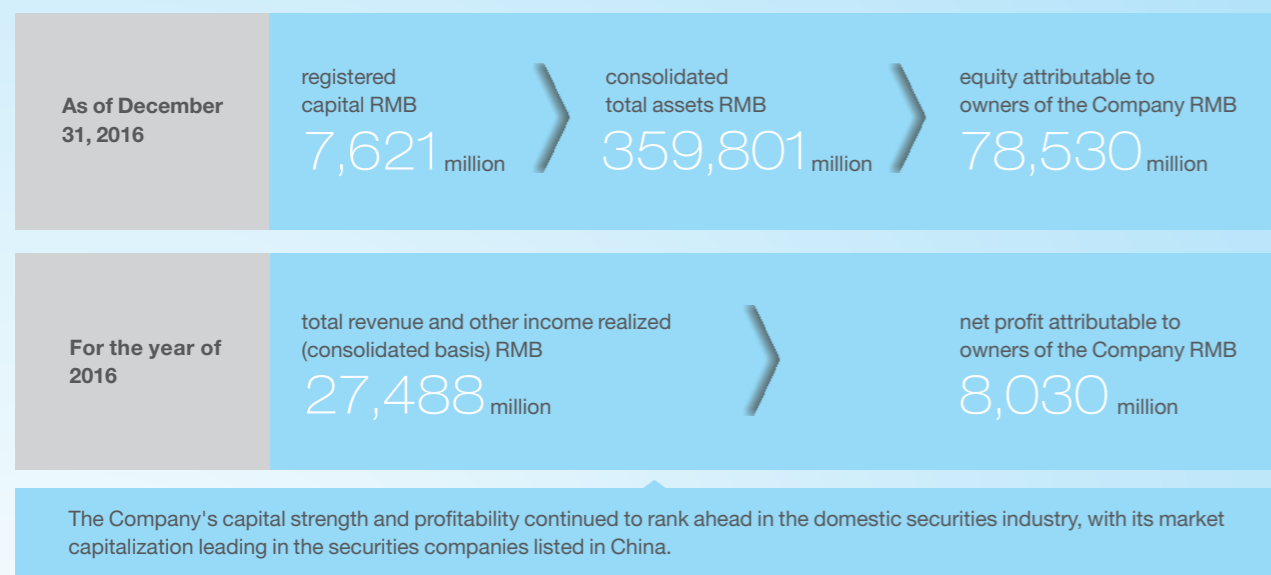
Chairman of GF Securities Co., Ltd.



## The history of the Company



## The scale of the Company



As of December 31, 2016



20 branches

264 securities brokerage branches

ranking ahead among peers

covering all provincial-level administrative regions across China, focusing on the Pearl River Delta, Yangtze River Delta, Bohai Rim and other developed economic regions.

## Group Structure

The Company has five wholly-owned subsidiaries



## GF Securities

Date	Granted by	Award
2016.02	China Securities Investor Protection Fund Co., Ltd.	"Excellent Securities Company" in Investor Survey
2016.03	Nanfang Daily	Nanfang Greetings - Public Welfare Contribution Award to Enterprises of 2015
2016.04	Securities Times	China's Best Universal Securities House 2016 China's Best Bond House 2016
2016.05	Hong Kong Investor Relations Association	Best Investor Relations - Newly Listed Companies
2016.07	Fortune (Chinese version)	Fortune China Top 500 (ranking 169th)
	China Securities Journal	Top 100 Golden Bull Listed Companies 2015 (comprehensive strength)
2016.09	Community Chest of Hong Kong	Public Welfare Distinction Award
2016.11	China Securities Journal	Top 5 Golden Bull Teams of Golden Bull Analysts in China Securities Industry 2016
	Hong Kong Ta Kung Wen Wei Media Group Ltd.; the Listed Companies Association of Beijing; Hong Kong Chinese Enterprises Association; Chinese Financial Association of Hong Kong; Chinese Securities Association of Hong Kong; The Hong Kong Institute of Chartered Secretaries; Hong Kong Securities Professionals Association	Best Listed Company Award The Most Valuable Brands of Listed Companies
2016.12	China Association for Public Companies Shanghai Stock Exchange Shenzhen Stock Exchange	Top 30 Fruitful Supervisory Committees of Listed Companies
2017.01	Shanghai Stock Exchange	Outstanding Award for Participation in Local Government Bonds

The Company's brands equity was valued at RMB **6.2** billion in the 2016 Rupert Hoogewerf Brand List,

ranking No. **2** among the listed securities companies.

## New Fortune Best Analysts

**New Fortune Best  
Chinese Research Teams**  
No. 2



**New Fortune Most  
Influential Research Teams**  
No. 4



Coal Mining	<b>No. 1</b>	Electronics	<b>No. 2</b>
Automobiles & Components	<b>No. 1</b>	Real Estate	<b>No. 2</b>
Non ferrous Metals	<b>No. 1</b>	Machinery	<b>No. 2</b>
Non-metallic Building Materials	<b>No. 1</b>	Military Industry	<b>No. 3</b>
Basic Chemicals	<b>No. 1</b>	Food & Beverage	<b>No. 3</b>
Environmental Protection	<b>No. 1</b>	Strategic Research	<b>No. 4</b>
Financial Engineering	<b>No. 2</b>	Computer	<b>No. 4</b>

## GF Asset Management

Granted by	Award
Securities Times	China's Best Securities Company in Asset Management 2016
21st Century Business Herald	Golden Shell Award – China's Best Securities Asset Manager 2016

## GF Fund

Granted by	Award
Shanghai Securities News	Top Fund Managers of the Year
ChinaFund	Best Private Equity Offering Platform in the China's Private Fund Elite Billboard 2016

## GF Xinde

Granted by	Award
21st Century Business Herald	Best Innovative Direct Investment of Securities Companies 2016
21st Century Business Herald	Top 10 Competitive Private Equity Houses 2016

## E Fund

Granted by	Award
Shanghai Securities News	Top Fund Managers of the Year
Shanghai Securities News	Star Fund Manager in Fixed Income

## GF Futures

Granted by	Award
Securities Times, Futures Daily	China's Best Futures Company Award
China Futures Association	Best Organizer Award – Accompanying Star





## Summary of Our Corporate Culture

### Our Mission

Creating Value to Realize the Dream of Serving the Country with Financial Services

### Our Vision

Become a Modern Investment Bank with International Competitiveness, Brand Influence and Systematic Importance

### Our Core Values

Inquisitiveness, Integrity, Client Focus, and Teamwork

### Our Management Philosophy

Stable Growth, Continual Innovation, Performance-driven Culture and Business Synergies

## Unique Cultural Building Blocks

### "Spokesperson of GF Securities" event:

To showcase the employees' ethos, enhance brand image and promote corporate culture, the Company launched a group-wide poll of "Image Spokesperson of GF Securities". Through strict screening by a review committee consisting of external experts and internal departments, 10 spokespersons were selected based on demeanor, work performance and representativeness of candidates, with reference to online voting results.



### 25th anniversary art show:

To celebrate its 25th anniversary, carry forward and elaborate corporate culture, showcase the employees' ethos and talents, and enhance their sense of honor and belonging, the Company staged a large staff art show in celebration of its anniversary titled "Concerted Efforts for Prosperity Over 25 Years".

**Conducted risk management culture construction to improve risk management awareness of all staff.**

The Company provided all-staff training on risk management and professional knowledge, and combined enlightenment, field exercise, publicity, test and evaluation activities to enhance employees' risk management awareness and professional skills.

**Carried out compliance culture construction activities to enhance the awareness of compliance of all staff.**

The activity comprised four sessions, respectively themed as employee professional practices, know-your-customers, investor suitability and capital market reform, which significantly enhanced employees' awareness of compliance through learning, workshop and examination processes.

**Completed the corporate culture alignment audit on subsidiaries and relevant revisions**

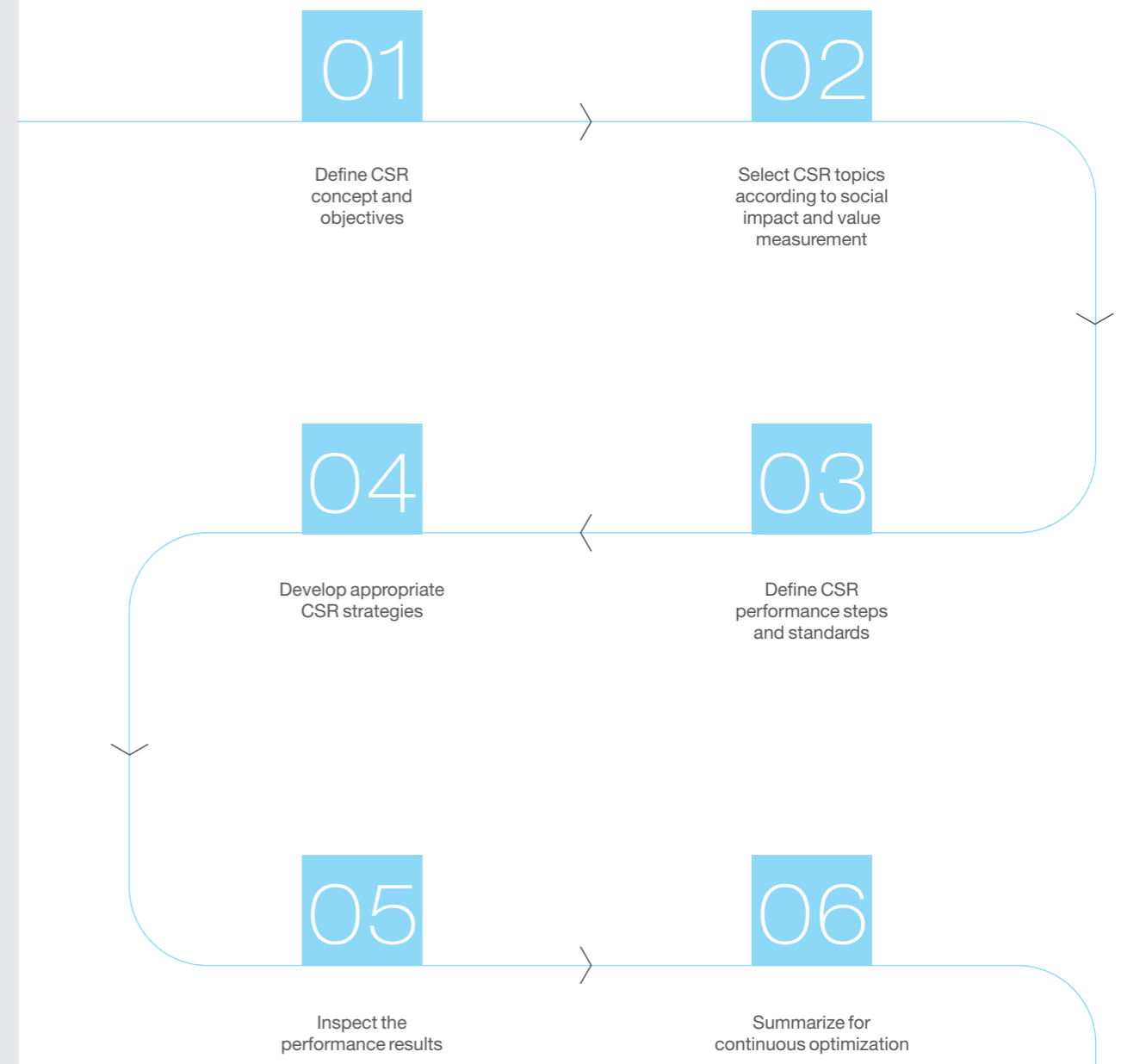
To integrate and embed corporate culture into and reflect it in the Company's systems.

**Publicizing corporate culture**

Developed corporate culture courses specific to different employee groups, to implement "full-coverage" corporate culture training, including 22 onsite lectures targeting employees at different levels. Promotion of corporate culture was integrated into various training programs which covered the Company's key training programs and business line-specific training courses.



Training for new employees - publicizing corporate culture



**CSR Management System and Stakeholder Assessment**

The Company continued to improve its CSR management system and enhance the CSR management framework, and has established sound mechanism and process for fulfilling social responsibility. With reference to its situation, the Company dynamically assessed its stakeholders in order to refine the mechanism and parties responsible for communicating with stakeholders. We are deeply aware that the involvement of stakeholders is integral to the Company's development and CSR fulfillment. The Company is committed to maintaining smooth communication with all stakeholders and developing mutually beneficial relationship through the involvement of stakeholders to promote sustainable development.



### Overview of GF Foundation

The Foundation is a privately raised charity foundation for public welfare, founded with RMB43 million jointly donated by GF Securities and its three subsidiaries. GF Foundation was incorporated in January 2011, as certified by the Foundation Legal Entity Registration Certificate issued by the Guangdong Provincial Department of Civil Affairs.

### Purpose of GF Foundation

Carry forward the loving gesture of GF Securities; show concern to livelihood; play an active role in public welfare, poverty relief, education and environmental protection; promote the construction of a harmonious society; and contribute to sustainable development. Upholding a public welfare concept of "Gathering the love from the bottom of heart", we make every tiny effort in livelihood from poverty alleviation, disaster relief to education and environmental protection, to convey warmth to more people as a corporate citizen.

### Operations of GF Foundation

GF Foundation has the legal person capacity with completely independent property and income. Each year the Company donates to and operates through GF Foundation, to carry out important activities such as charity, poverty alleviation and donation activities. GF Foundation operates in strict accordance with the Regulations on Management of the Foundation and other rules with its organization and system completely independent of the Company, subject to annual review by the Guangdong Provincial Department of Civil Affairs. Each year, an accounting firm is engaged to conduct audit on the Foundation's operations.



**LIN Zhihai**

CEO of GF Securities Co., Ltd.

**Chairman:** Lin Zhihai

**Directors:** Wang Zhiwei, Zhao Guiping, Wu Zhaoming, Cheng Huaiyuan

**Secretary-General:** Cheng Huaiyuan

In 2016,  
the Foundation donated RMB

**18,976,200** in total.

## SECTION 1

### Customer Services

# Earnestly Serve Every Customer to Support Economic Development

We aim to become an integrated service provider focusing on China's high-quality SMEs and wealthy groups by virtue of our leading innovation capability on the capital market. To this end, we will strengthen our team building and strategic investment in such areas as investment banking, wealth management, trading and institutional client services, investment management, Internet financial platform and business globalization, so as to offer professional services for enterprises and inject vitality into the real economy.

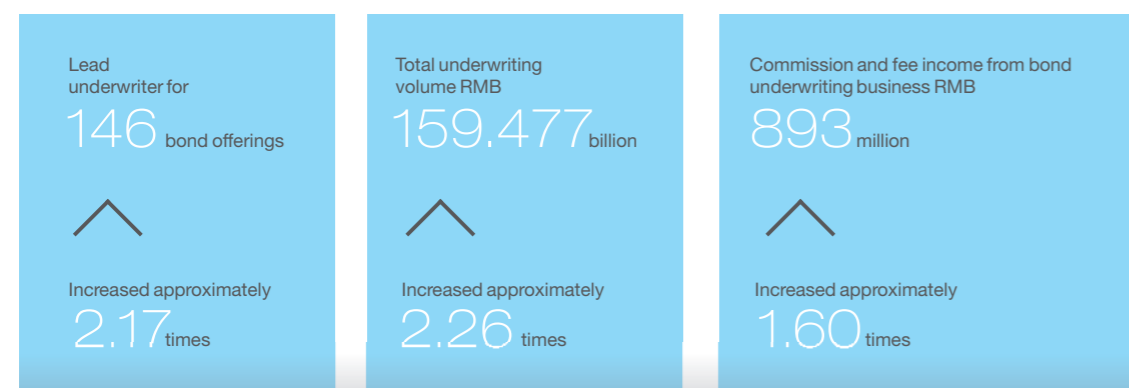
- Our Business
- Support the Real Economy
- Fuel Economic Structural Adjustment
- Professional Solutions to Customer Needs

### Total revenue and other income of 2016

Investment Banking	Equity finance	investment banking recorded total revenue and other income of RMB <b>2,773</b> million
	Debt finance	
	Financial advisory	
Wealth Management	Retail brokerage and wealth management	wealth management recorded total revenue and other income of RMB <b>11,835</b> million
	Margin financing and securities lending	
	Repurchase agreements	
Trading and Institutional Client Services	Stock sales and trading	trading and institutional client services recorded total revenue and other income of RMB <b>6,074</b> million
	Fixed income sales and trading	
	OTC sales and trading	
	Investment research	
	Assets custody	
Investment Management	Asset management	investment management recorded total revenue and other income of RMB <b>6,051</b> million
	Public fund management	
	Private fund management	
	Alternative investment	

## Debt Finance Business

In 2016, the Company actively responded to the call of the Central Economic Work Conference for financial innovations and lower financing cost. The Company customized innovative products for enterprises such as perpetual bonds, green bonds, entrepreneurship & innovation bonds and Panda bonds, to provide a variety of financing services for the entities in the market.



### Selected Cases



**China National Aviation Holding Corporation**  
'16 CNA 01

Total: RMB **2** billion



**China State Shipbuilding Corporation**  
'16 CSSC 01/02

Total: RMB **7** billion



**China Eastern Airlines Corporation Limited**  
'16 CNA 01/02

Total: RMB **3** billion



**China Southern Airlines Company Limited**  
'16 CSA 01/02

Total: RMB **10** billion



**China Petrochemical Corporation**  
'16 Sinopec 01/02/03

Total: RMB **18.1** billion



**China General Technology (Group) Holding Co., Ltd.**  
'16 CGT 01/02

Total: RMB **5** billion

## IPO Finance Business

In light of the customer-focused concept, the Company continued to draw upon its expertise in value creation and supporting enterprises to access the capital market in 2016. During the reporting period, the Company completed 16 IPO projects, fuelling the real economy through concrete actions.

Lead underwriter for IPO

**16**

ranking in the industry

**No. 2**

Stock code	Stock name	Total proceeds (RMB hundred million)	CSRC industry classification
603639.SH	Hailir	7.49	Petroleum, chemical, synthetic resin, plastic
603585.SH	Suli	6.70	Chemical pesticide manufacturing
603239.SH	Zhejiang Xiantong	4.93	Automotive manufacturing
603036.SH	Rutong	3.48	Special equipment manufacturing
300567.SZ	Jingce Electronic	3.98	Manufacturing of special instrument
300566.SZ	Exciton Technology	2.97	Other electronic equipment manufacturing
603313.SH	Healthcare Co.	9.25	Other furniture manufacturing
300538.SZ	Tongyi	2.22	Energy, materials, machinery and electronic equipment wholesale
300530.SZ	Dazhi Technology	2.09	Chemical materials and products manufacturing
300518.SZ	Shengxunda	5.19	Computer software development and consulting
603131.SH	Hugong Electric	2.52	General equipment manufacturing
603339.SH	Square Cold Chain	5.27	General equipment manufacturing
300509.SZ	Newamstar	2.64	Manufacturing of special instrument
603028.SH	Safety Wire Rope	2.35	Wire ropes and products
002790.SZ	R and T Plumbing	6.63	Rubber manufacturing industry
300500.SZ	Tus-Design	3.14	Construction and engineering consulting services
<b>Total</b>		<b>70.84</b>	

Source: WIND Information

Equity Refinance Business

2016 Completion of Refinancing Projects 38 Ranking in the industry No.3

Following its role as the lead underwriter for RMB30 billion financial bond offering of the Bank of Communications in 2015, the Company further acted as co-lead underwriter for the bank's large-scale refinancing through preferred shares.

offering size:  
RMB 45 billion

M&A and Restructuring Financial Advisory Business

2016 M&A and restructuring 27 Ranking in the industry No.1  
the financial advisory competence assessment by the Securities Association of China  
Rated A

NEEQ Business — Strong Support to SMEs

the Company sponsored the listing of 111 enterprises on the NEEQ more than 85% being SMEs

executed 98 private placement deals total proceeds of more than RMB 5.3 billion for the year

As at December 31, 2016  
the Company provided market-making services for 206 companies quoted on the NEEQ

We uphold the customer-focused concept, seeking to understand customer needs and expectations to maximize customer interests. The Company bears in mind and takes into action the "Client Focus", striving to outperform peers in service quality. We understand that customers as capital market participants are the cornerstone of market, whose trust is the basis for our survival and development. We take care of every customer, and provide professional solution to meet their needs.

## Your Attentive, Professional and Dedicated Business Partner

In light of the service concept of "Your Attentive, Professional and Dedicated Business Partner", we offer a diverse range of multi-level wealth management services to clients. Our services have been upgraded to include 5 categories, namely convenient Internet services, cost-performance basic services, professional wealth management services, high-end private banking services and colorful theme activities. Customer experience is enhanced by services combining online and offline access. Online services include 24/7 Q&A, online store of financial products, official WeChat portal, 95575 hotline, etc. and offshore services include dedicated account manager, investment advisory services and service outlets department, thus realizing the shift from traditional offline service to an "online + offline" pattern.



## Customer Service Network

As of December 31, 2016, the Company had 20 branches and 264 securities brokerage branches, a nationwide retail network with outlets covering China's 31 provinces, municipalities and autonomous regions, including economically developed Pearl River Delta, Yangtze River Delta, Shandong Peninsula, Bohai Rim and major provinces and cities. To adapt to the changing competition landscape, the Company improves operational efficiency through omni-directional promotion of Internet-based services, marketing and wealth management offerings.

## Construction of Customer Service System

As at the end of 2016, the number of individual customers more than **7** million

The Company continued to improve its customer service system. To refine customer classification, accurately identify their needs and provide differentiated services, the Company categorized individual customers into Mass, Golden Majordomo and Private Banking levels based on the grading and classification criteria, and introduced a star rating system accordingly.

## Protection of Customer Information

The Company recognizes the importance of customer information security. In 2016, the Company revised the "User Privileges and Information Security Management Rules on the Golden Majordomo Comprehensive Service System (CRM System) of GF Securities", and circulated the "State Council General Office's Guidance on Strengthening the Protection of Interests of Financial Service Consumers" within the Group, requiring strict protection of customer information accordingly.

In 2016, the Company conducted information security risk assessment on its customer information workflows and publicized information security awareness to customers, while strengthening security awareness of in-house developers through an onsite security training course. We also released 9 e-mails for publicizing information security awareness (covering topics such as office security, mail security, WiFi security, weak password, customer information security, etc.).

## Customer Relationship Management

The Company always attaches great importance to customer appeals and complaints, and bases the standardized complaint handling process upon a top-down organizational system and comprehensive basic rules on complaint handling. We have maintained the leadership in customer relationship management among peers, with customer service satisfaction exceeding 97% for three years in a row.

### Retail Business Customer Satisfaction Survey

Year	Number of participants (person)	Percentage in total customers	Satisfaction rate
2014	195,542	4.82%	97.24%
2015	360,985	5.76%	97.10%
2016	279,514	3.80%	97.80%

Our customer satisfaction survey in 2016 recorded 279,514 participations and 61.35% respondents provided feedbacks, representing 3.80% of our retail customers. The satisfaction rate for our customer services reached 97.80%.

### Retail Business Customer Complaints

Year	Number of complaints	Satisfaction rate in return visits
2014	24	97.24%
2015	21	95.24%
2016	15	92.31%

In 2016, our 95575 service hotline provided 455,609 times of customer services, including 15 customer complaints, each of which was followed up through acceptance, investigation and handling, feedback and return visit. The satisfaction rate in return visit reached 92.31%.

## Investor Education

While offering financial services, we persist in investor education and customer suitability management in an effort to communicate, publicize and promote the rational investment philosophy and atmosphere in the public. A sound and multi-level investor education system has been established to support our constructive educational program of "enhancing compliance and social responsibility awareness". In response to material changes in market rules and special risks, our investor education base released 8 special columns including market circuit-breaker mechanism, subscription rules on new shares, rules on dealing in pre-delisting shares, "3.15" investor protection (4 sessions), SZ-HK Stock Connect, risk disclosure on binary option, risk disclosure on delisting of Xintai Electric and Boyuan Investment, etc..

During the "3.15 promotion Month", our retail management headquarters designed and sorted out business publicity materials in video, WeChat, poster and PPT formats which were released through our official website, bulletin of transaction terminal and WeChat portal, to enhance publicity of investor education materials more efficiently covering crackdown of illegal transactions, complaint handling, Hong Kong Stock Connect and delisting restructuring.

held approximately  
**200** lectures

covered more than  
**10,000** customers and public investors

**20,000** pieces of publicity materials dispatched in posters, foldouts, manuals and other formats

More than  
**630,000** text messages

### Internet Investor Education Base

In 2016, our Internet investor education base (edu.gf.com.cn) was officially named the National Securities and Futures Investor Education Base, which is the first among its peers.

## SECTION 2

### Staff Development

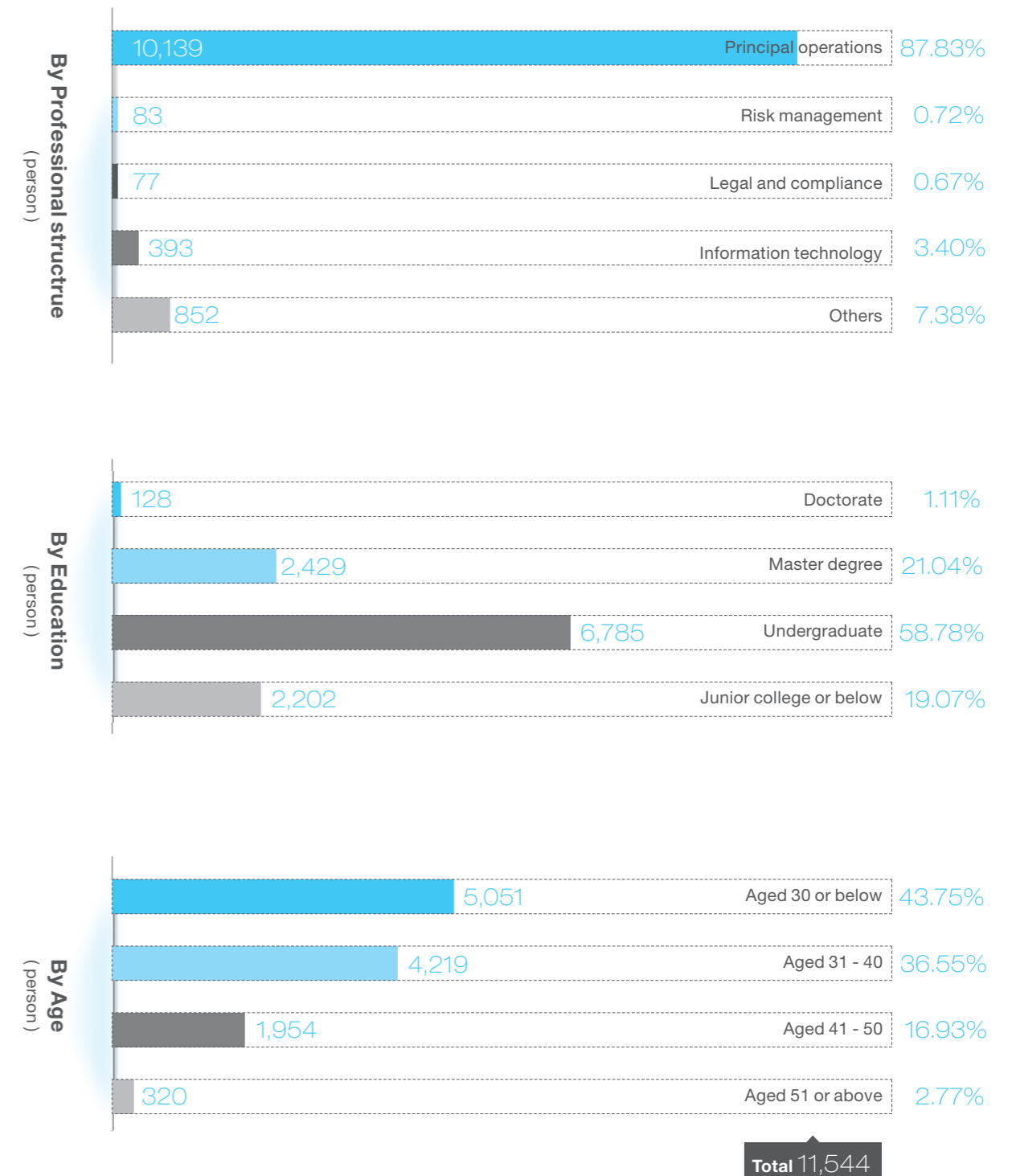
# Staff-oriented Initiatives for the Dream of Serving the Country

We adhere to the staff-oriented principle and proactively support staff growth through a variety of measures, path and conditions. Under a talent development plan with well-defined direction, tasks and objectives, we maintain a core talent growth plan which is designed to facilitate rapid growth of core talents through systematic training and supports. Training and introduction are combined to consolidate the talent reserves under a well-established and long-effect talent cultivation system, thus promoting employee growth to underpin business development and realize the dream of serving the country with financial services.

- High-quality Team of Professionals
- Sound Assurance to Employee Rights and Interests
- Multi-level Training System
- A Diversity of Labor Union Activities

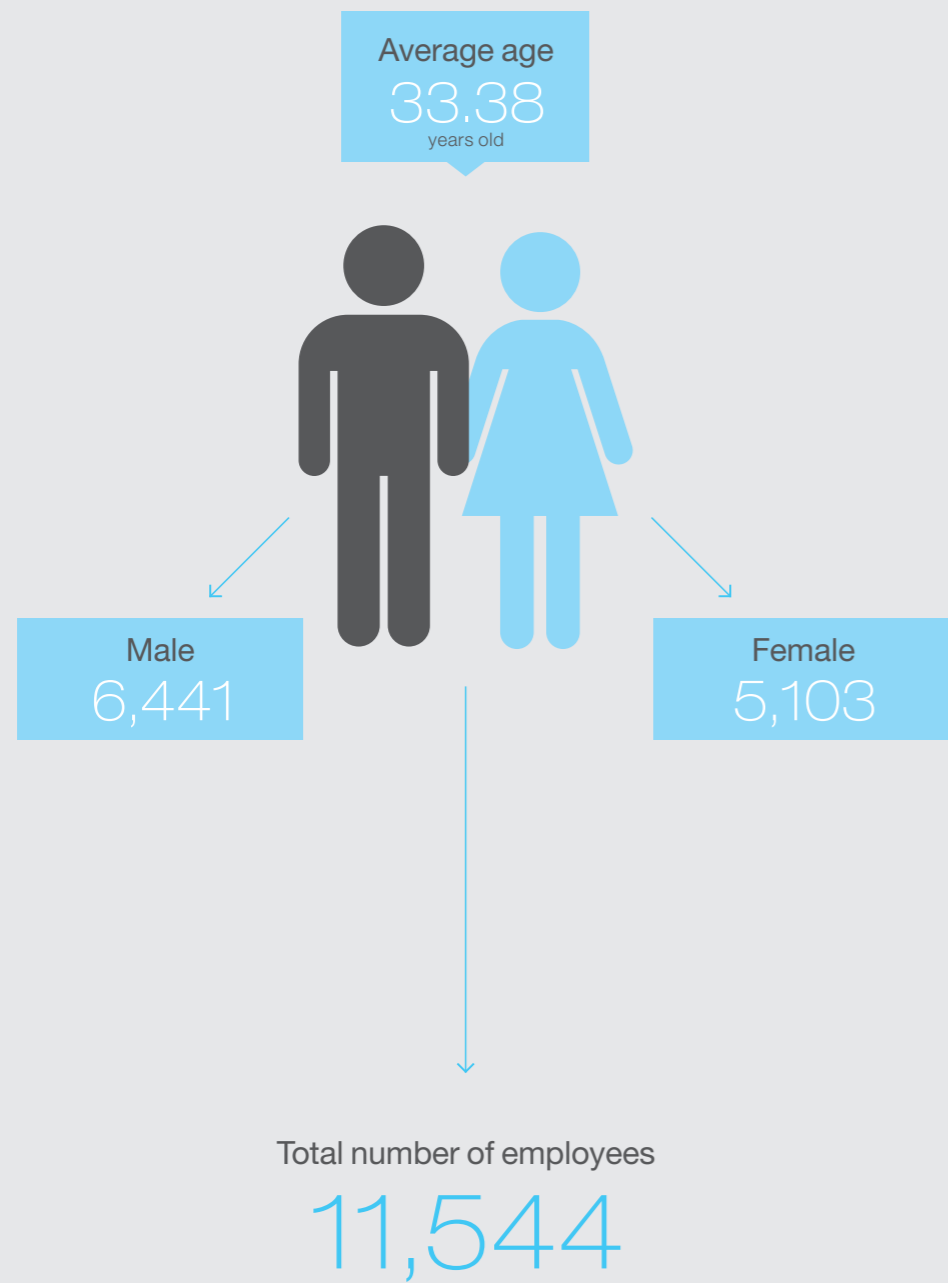
Upholding the "people-oriented" talent management philosophy, we adopt a mechanism retaining talents by career, remuneration package and emotional bond, and have an elite team incorporating professional competence and dedication.

### Staff Information



Note: Based on the statistics of the parent and its wholly-owned subsidiaries and controlled subsidiaries





\* Based on the statistics of the parent and its wholly-owned subsidiaries and controlled subsidiaries  
\* Average age based on the statistics of the parent

### Harmonious Labor Relations

The Company strictly abides by the external laws and regulations such as the Labor Law of the People's Republic of China and the Labor Contract Law of the People's Republic of China, and established sound human resources management system and process including the Salary Management Rules of GF Securities, the Administrative Measures on Labor Contracts of GF Securities, the Administrative Measures on Employee Benefits Leave of GF Securities, etc., which were strictly implemented to protect employees' vital interests in labor protection, working conditions, salary payment, social insurance, working hour management, rest and vacation, rights and interests of female employees, labor layoff, equal opportunities, diversity and anti-discrimination. In 2016, the Company was not involved in any labor of child labor or forced labor.

Written labor contracts are entered into between the Company and employees in time, which set out statutory provisions covering working hours, rest and vacation, remuneration, social insurance, labor protection, working conditions, occupational hazards protection, etc.

The Company pays monthly salaries to employees in full and in time and, in strict accordance with requirements of local social security authorities, contributes to social insurance schemes with employees in time on a monthly basis. The current company-wide payroll ratio and social insurance contribution coverage are 100% both in terms of punctuality and full amount.

### labour contract and social insurance



\* Based on the statistics of the parent and its wholly-owned subsidiaries and controlled subsidiaries

## Comprehensive Welfare and Security System

The Company established a comprehensive welfare and security system, including social insurance, annuity, housing subsidies, provident housing fund, supplementary medical insurance, benefits leave, union welfare, and welfare of female employees. The Company formulated internal rules such as the Administrative Measures on Employee Welfares of GF Securities, the Administrative Measures on Welfares for Labor Union Member of GF Securities and the Administrative Measures on Employee Benefits Leave of GF Securities. According to the law, paid leaves are provided to employees including annual leave, convalescent leave, marriage leave, maternity leave (nursing leave for male employees), family planning leave and funeral leave. In 2016, the Company's employees enjoyed leaves of approximately 8.8 days (exclusive of statutory holidays and exchange closed holidays); and allowances were paid to the employees absent for rest and vacation due to work arrangement pursuant to national regulations. The Company also introduced a new leave system in 2016; for employees serving less than 10 years, additional one day in annual leave is offered for every two years added in their length of service.

The Company cares for the health of employees. To improve protection of employee health, annual physical examination is provided to all employees with examination cost of approximately RMB800 - RMB1,000 per person. Qualified employees having served for a required number of years may apply for internal retirement and, upon approval by the Company, enjoy a benefit package including salaries for internal retirees. The canteen in our headquarters provides convenient catering services to staff.

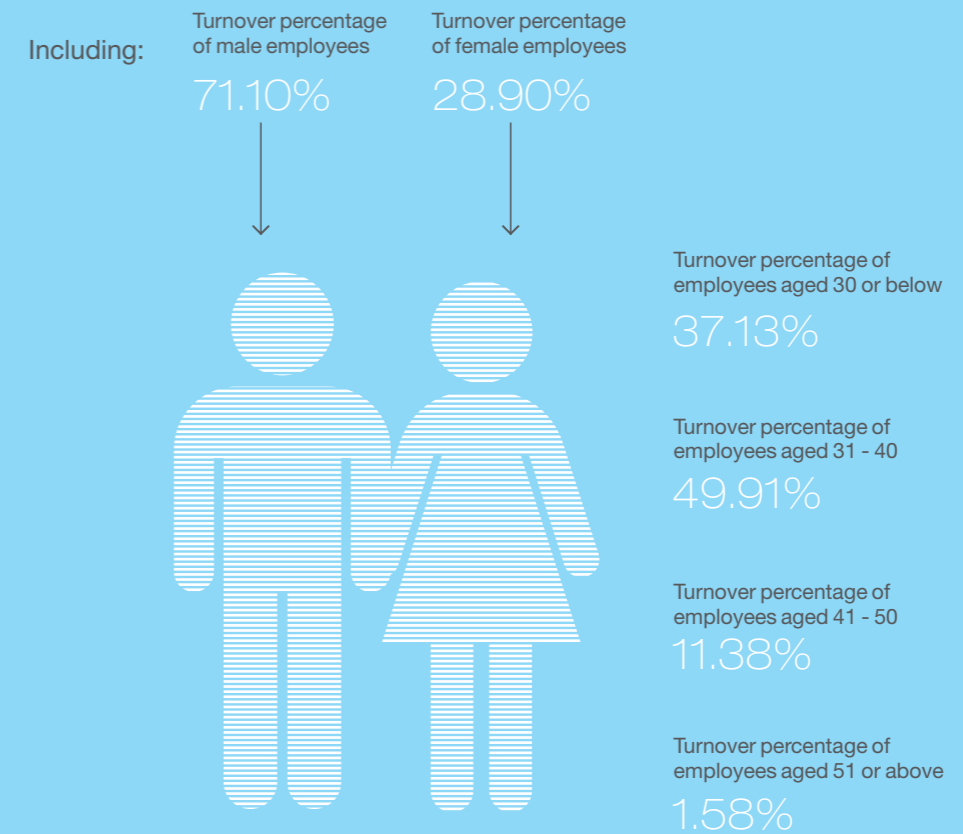
The Company provides the following benefits to female employees according to the law: statutory maternity leave, breastfeeding leave, holiday and activities for the Women's Day; monthly women health allowance to female employees; unchanged salaries for female employees during pregnancy, maternity and lactation periods; prenatal examination time during work days is deemed as work hours for pregnant female employees; physical examination items specific to female employees, etc..



Canteen of the Company

## Employee Turnover Rate

# 5.71%



\* Based on the statistics of the Company's headquarters

## Responsible Recruitment System

In strict compliance with the laws and regulations including the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China and the Regulations on Prohibiting Use of Child Labor, the Company opposes discrimination and has established a sound human resources management system and recruitment process to provide diversified working atmosphere for employees. Rules including the Administrative Measures on Recruitment of GF Securities and the Administrative Measures on Interns of GF Securities were strictly implemented to provide job opportunities and cultivate talents.

The Company protects legitimate rights and interests of the employees in strict accordance with the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China and relevant laws and regulations. While providing employees healthy and safe working conditions, the Company also organized regular physical examinations for employees to prevent occupational hazards.



Safety Training

More than **9,000** participants > **310** Training sessions



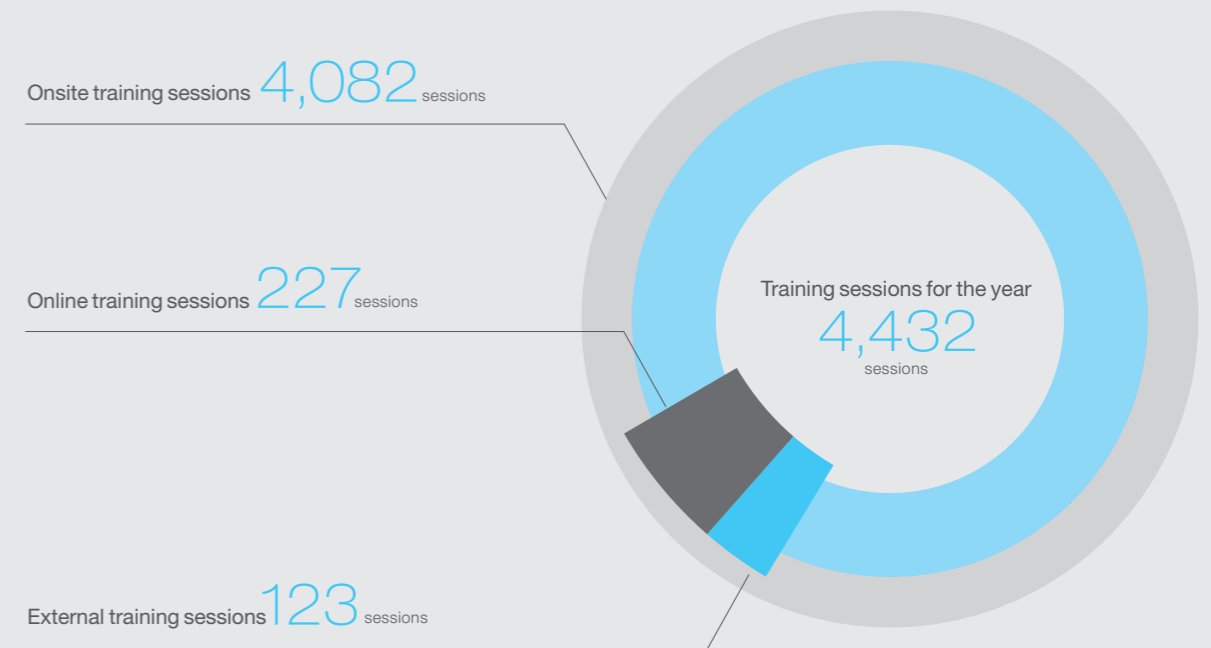
Emergency drill



Emergency drill

The Company places great importance on employee training and seeks to build a high-caliber workforce by constantly improving effectiveness of talent cultivation, in order to fuel mutual success of business development and employees' career growth. The Company has established a standardized personnel training system and an internal training center to provide professional assurance for the Company's talent development. Through systematic training programs and a variety of on-the-job courses, the Company satisfied employees' needs in management ladder and professional ladder across various career stages, thus providing strong support to the Company's sustainable rapid growth.

According to the work priorities in 2016, the Company carried out the staff learning and improvement task under the guideline of "Focusing on talent reserve cultivation and leadership development to support the Company's strategic transformation, and exploring and applying learning skills to enhance professional competence of employees".



Number of training participants for the year  
**74,864** people

Training hours for the year  
**332,147** hours

Training hours per employee for the year  
**69.4** hour/persons

Number of internally certified lecturers added in 2016  
**46** persons

Number of internally certified lecturers  
**194** persons

\* Source: the Company's LMS training system

## Labor union

Members of labor union **9,863** persons

Labor union expenses for the RMB **2,396.54** ten thousand

Number of labor union branches **323**

participation **100%**

Number of labor union groups **27**

Number of activities held by labor union **22** sessions

organized by the top-level labor union

### Major activities

25th anniversary art show

Contest of "Top 10 Impressive Employees of GF Securities"

Wealth management comprehensive skill competition

"Golden Monkey Pro-bono Books" online lottery draw

Football matches for employees in Guangzhou

"Enjoy the Youth" dumplings contest

"Service Stars of GF Securities" commendation activity

In 2016, the labor union branch at the headquarters set up 25 clubs covering football, basketball, tennis, badminton, swimming, yoga, photography, mountaineering and sea-viewing, which attracted 1,529 participants. Covering sports, art and these clubs enriched leisure and cultural life of employees, participated in sports matches on behalf of the Company and achieved accolades, which honored the Company and were well recognized among peers. The badminton club team participated in the "Financial EXPO Cup" Guangdong Financial Industry Badminton Contest; the tennis club team participated in the 3rd "Securities Alliance Cup" tennis invitational tournament and the 2nd Guangzhou Financial Industry Tennis Contest; and the table tennis club participated in the "Guangxin Cup" table tennis competition for the provincial, trade and financial workers. All these events enhanced the exchanges with peers and showcased the ethos of our people.



Football matches for employees in Guangzhou

## Club

Number of labor union groups **25**

Operating expenses for the year RMB **2.1763** million

Number of club activities for the year **130** activities

Number of club activity participants **1,529** persons



"Enjoy the Youth" dumplings contest

## 2015年度“广发服务之星”表彰会



广东 江门  
2016.2.27

Service Stars of GF Securities in 2015

### Service Stars of GF Securities

Over its 13-year history, the accolade of "Service Stars of GF Securities" has been granted to 537 employees, including 111 award-winners who were promoted to management level. Through improvements over the years, the labor unit revised the "Selection and Commendation Measures for Service Stars of GF Securities" in 2015 to firmly root the "Client Focus" core values in employees. The Company's labor union system took a range of initiatives, including publishing electronic newsletters on meritorious deeds of the service stars, shooting video clips highlighting their interpretation of corporate culture and increasing the exposure of their behaviors, to establish role models and publicize the positive energy.

### Impressive Employees of GF Securities

In 2016, the Company's labor union system organized the selection and commendation activity of the "Impressive Employees of GF Securities", in order to establish role models, identify and sublimate the Company's valuable spiritual wealth, and carry forward our heritage and corporate culture. Evaluation was conducted in strict compliance with procedures, Two-way election was made from top to bottom as well as from bottom to top, Appraisal was conducted after a number of special sessions were held and a number of internal communications and discussions were made. A number of departments were organised to conduct a stringent review of the information about the candidates to ensure that the evaluation results were objective and fair. A benchmark was established in the system by the evaluation to recognize and propagate an advanced model.



Impressive Employees of GF Securities

## SECTION 3

### Value to Shareholders

# Prioritizing Value growth and protecting shareholders' interests

We cherish and make good use of each capital, treat every shareholder equally, and constantly improve our corporate governance structure so as to promote the Company's value growth and provide satisfactory returns for our shareholders. As a listed company of A + H shares, we especially focus on strengthening the protection of the interests of small and medium investors, fair and timely information disclosure and the continued improvement in investor relations management, to earnestly fulfill our obligations for our shareholders and investors.

- Continued growth of corporate value
- Continued dividend distribution
- Protecting the rights of small and medium investors
- A Complete Compliance and Risk Control System

### Excellent business performance

The Company has always adhered to management and operation principles of steady development and constant innovation. Against the complex industry environment with fierce competition, the Company endeavored to make progress and strived for excellence, and withstood various major challenges in the industry and gradually becoming one of the most influential securities companies in China. A number of major performance indicators of the Company including operating revenue and net profit have consecutively led in the industry for many years.

#### Rankings of main performance indicators of the Company

Item	Total assets	Net capital	Net asset	Operating revenue	Net profit
2014	4	3	4	4	5
2015	3	4	5	4	5
2016	4	4	5	3	3

Note 1: Performance indicators in 2016 were calculated based on the unaudited parent company data; performance indicators in 2015 and 2014 are based on the audited parent company data  
(Data source: Securities Association of China)

#### Main performance indicators of the Company in the past three years (from consolidated financial statements)

Operation results (RMB million)	2014	2015	2016
Total revenue and other income	16,163	42,733	27,488
Profit before income tax	6,649	17,806	10,705
Net profit attributable to owners of the Company	5,023	13,201	8,030
Return on weighted average net assets	13.56%	21.14%	10.29%

### Dividend distribution system

The Company established a dividend distribution system with well-regulated procedures, reasonable decision making process and clear rules. The Company clearly stipulated in its Articles of Association the procedures and decision-making process for dividend distribution and clearly stated the cash dividend ratio: "In the event of no significant investment plans or significant cash expenditure, etc., profits accumulatively distributed in cash for each of three consecutive years should be no less than 30% of the average annual distributable profits realized in the three years." The Board of Directors of the Company and the management firmly implemented the dividend distribution policy of the Company. Dividend distribution-related decision-making procedures and resolutions are all subject to the supervision by the supervisory committee of the Company.

### Dividend Distribution Data

The Company has adhered to the philosophy of giving back to its shareholders and continued to distribute dividends for the past six years, among which the proportion of cash dividends to the net profit attributable to owners of the Company in the consolidated financial statements in 2014, 2015 and 2016 were as high as 23.57%, 46.18%, and 33.22%, fully reflecting the strong sense of responsibility of the Company to its shareholders.

#### Dividend distributions in the past three years

	2014	2015	2016
Dividend per share (before tax) (RMB per share)	0.20	0.8	0.35
Actual distributed cash dividends (RMB hundred million)	11.84	60.97	26.67
Proportion to the net profit attributable to owners of the Company in the consolidated financial statements	23.57%	46.18%	33.22%

### Online Voting Platform

In strict accordance with the requirements of "the Guidelines on Articles of Association of Listed Companies", the Company convened shareholders' general meetings and provided an online voting platform to facilitate shareholders' participation in the meeting. In 2016, the Company held one general meeting of shareholders, the Annual General Meeting 2015, which combined on-site voting and online voting. The online voting platform was provided to public shareholders through the Shenzhen Stock Exchange trading system and the Internet. Voting results of the small and medium shareholders (holding less than 5% of the stocks) were disclosed in the announcement on the resolutions of the general meeting to effectively protect the voting rights of small and medium shareholders.

### Maintenance of Investor Relations

As a responsible listed company, the Company effectively protected the rights and interests of small and medium shareholders to ensure their right to know and guarantee the fairness of information disclosure, and continued to take a series of practical measures to further enhance the quality of communication and efficiency. The Company formulated rules and regulations such as "GF Securities Rules on the Management of Information Disclosure", the "GF Securities Management Measures for Persons with Knowledge of Insider Information" and the "GF Securities Management Rules for Registration of Persons with Knowledge of Insider Information", etc.. The Company appointed the secretary to the Board of Directors and the Company Secretary to take charge of information disclosure, and appointed the Company Secretary, the securities matters representative and the Board office to assist in information disclosure and investor relations management. The Company has enhanced its communications with investors through various tools such as dedicated hotlines, emails, the investor relations interactive platform on the Company's website, the interaction website provided by Shenzhen Stock Exchange, onsite reception, analyst events, overseas road shows, etc.. Shareholders could raise inquiries and give comments to the Board of Directors of the Company in writing any time through the Supervisory Committee and the Board of Directors' office. Where appropriate, inquiries and comments of shareholders will be passed to the Board of Directors and/or related special committee of the Board of Directors of the Company to follow up on the questions and ensure that shareholders of the Company, small and medium shareholders in particular, could fully exercise their rights.

In 2016, the Company actively managed investor relations, and went abroad to present its good performance and results and publicize the strategic positioning of the Company, which has shown good effects. During the Reporting Period, the Company held more than 70 activities including investigation reception, communications, and strategy meetings, and received around 200 institutional investors. Most analysts and investors recognized the performance results and positioning of the Company.



Annual Results 2015

### Responsible information disclosure

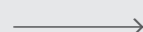
As a responsible listed company, the Company earnestly protects the rights of small and medium investors to fully ensure their rights to know and the fairness in its information disclosure. The Company successively made a number of rules and regulations including "GF Securities Management System for Information Disclosure", "GF Securities Management Measures for Knowers of Inside Information" and "GF Securities Management Procedures for the Registration of Knowers of Inside Information", etc.. The Company appointed the Secretary to the Board and the Company Secretary to take charge of information disclosure, and the Company Secretary, Representative in Securities Matters and the Board of Directors' office to assist in information disclosure and investor relations management.

## A Complete Compliance and Risk Control System

System management and improvement is a key strategic task of the Company in compliance management in 2016. In order to better adapt to the economic transformation, the constant updates and changes in the external regulations and policies and the new situation where regulatory focus has been shifted to in-process and post-mortem checks and supervision, and to further facilitate the Company's business innovation and transformation and its international development strategy, the Company strengthened the close connection between its existing rules and the external regulations, and formulated rules of standardized mechanism and process for its norms and requirements on its innovative and international businesses, as well as related experience summary.

Revised second-level regulations in 2016

81 regulations



Completed Verification Regulation

69 regulations

According to the external regulatory situation, internal governance and business development situation

12 postponed revisions

Officially distributed

63 regulations



As of current the date, the Company's law and regulation library included more than thousands of external laws and regulations, and over 700 internal regulations.

## Vertical Management

In 2016, the Company continued to improve the organizational structure of the compliance and risk control management, and based on the the principles of "ensuring independent and effective performance and steadily promoting the vertical management of compliance and risk control", the Company established compliance and risk control system with the compliance and legal affairs department of the head office as the core and the compliance and risk control commissioners of the branch offices as assistance personnel on the "head office - branch offices" level, and clarified the compliance and risk control tasks of the parent company and subsidiaries on the "parent company - subsidiary" level, setting up a primary compliance and risk control management framework for its wholly owned subsidiaries. Through the optimization and perfection of the organizational structure of compliance and risk control management, the Company's compliance and risk control performance further penetrated into different business lines and branches and the vertical management system of and compliance and risk control personnel of the branches and subsidiaries of the Company, greatly enhancing the compliance and risk management performance of the Company.

## Anti-bribery, extortion and fraud

The Company strictly adheres to laws, regulations and industry conventions including the "Anti-unfair Competition Law of the People's Republic of China" and "Anti -Commercial Bribery Convention between Members of the China Securities Investment Fund Association", and effectively prevented criminal activities such as bribery, extortion, and fraud. The Company continued to further its related training and education on its employees. Apart from internal training, the Company invited a senior prosecutor from Guangdong Provincial Procuratorate to conduct training on the prevention of financial crime and criminal offence for all employees in March 2016. According to its annual work plan, the Company continuously improved the compliance and risk management system. In the future, the Company would continue to further its work in anti- bribery, extortion, and fraud to secure a fair and equal environment for the Company."

## Anti-money laundering

In 2016, the Company strictly adheres to the Anti-money Laundering Law of the People's Republic of China, continued to improve its internal control system for anti-money laundering, revised and released the "GF Securities Management Measures for Anti-Money Laundering". The Company continued to conduct customer identity recognition, risk grade management and suspicious transaction report. In 2016, the anti-money laundering management of the Company was further strengthened. In the future, the Company would continue to enhance and deepen the anti-money-laundering work, strictly implement requirements under related laws and regulations, and constantly improve the Company's anti-money laundering work.

The Company has conducted a series of publicity activities as it was the 10th anniversary of the issuance of the "Anti-Money Laundering law of the People's Republic of China". Within the business premises, sales offices launched campaigns using all kinds of tools and materials, e.g. putting up promotional banners at the entrance of and in business halls and playing the publicity video of "Celebrating the 10th Anniversary of the Law of Anti-Money Laundering" and anti-money laundering promotional animation in a loop to inform the public of the dangers behind public money-laundering and terrorism financing activities and raise the anti-money laundering awareness of the public. Outside the business premises, the sales office staff led anti-money laundering campaign on the streets and into the community. Through setting up promotional booths and giving out leaflets, the staff helped the public to understand more about the laws and regulations on anti-money laundering and cracking down money laundering criminal activities, answered questions of the public and popularized knowledge. On the other hand, the head office and branch offices of the Company also continued to take innovative measures and actively explored online channels to promote anti-money laundering awareness.

- First, the Company set up an "Anti-Money Laundering Column" on its online investors education base. Through "cases", videos and carefully-selected promotional texts from various financial institutions, the Company informed the investors of anti-money laundering knowledge and educated them about the dangers and seriousness of money-laundering, expanding the influence through the online channel;
- Second, the Company set up an "Anti-Money Laundering Public Welfare Column" in its WeChat official account to publish anti-money laundering information. Each sales offices also published anti-money laundering information through their WeChat official accounts and forwarded information from the Company's official account as well as anti-money laundering articles provided by the local People's Bank, generating over 50,000 views;
- Third, the Company organized an Q&A with prizes about anti-money laundering through its official WeChat account from September 1 to 30, 2016, inviting the clients to participate in the Q&A about basic anti-money laundering knowledge, which generated over 15,000 views;
- Fourth, in November 2016, the Company invited experts from the People's Bank of China to conduct anti-money laundering training for all compliance and risk management personnel, which has received positive feedback.



## SECTION 4

### Giving back to the community

# Actively Rewarding the Public and Fulfilling its Duty as a Corporate Citizen

We prioritize "being a corporate citizen" as one of our core missions and integrated community welfare into our development philosophy, undertaking a series of social responsibilities including facilitating the social progress, caring for the environment and the ecological system and supporting the disadvantaged community, etc. While making economic profit, the Company endeavors to give back to the community and the public, fulfilling its social responsibilities as a corporate citizen.

- Significant social and economic contributions
- Green Operation
- Devoted to charity work and giving back to the society
- Well-targeted support for the poor and one-to-one support and help

The Company contributed a total tax including income tax expense and tax and surcharges of RMB2.267 billion, RMB6.121 billion and RMB 3.480 billion respectively from 2014 to 2016.

In 2016, the securities and futures investor protection funds of the Company and its controlling subsidiaries totaled RMB233 million. The Company achieved a social contribution per share of RMB3.34.

### Social and economic contributions of the Company in the past three years

Social and economic contributions (RMB ten thousand)	2014	2015	2016
Income tax expense	150,308.24	419,335.89	229,573.85
Tax and surcharges	76,380.25	192,804.38	118,436.71
Cash dividend distributed/planned to be distributed	118,385.83	609,687.01	266,738.07
Interest expense	282,585.50	940,614.27	710,279.33
Securities and futures investor protection funds	6,811.65	15,752.87	23,297.43
Donations	606.47	1,514.96	1,892.67
Staff costs	434,592.63	1,091,368.27	658,687.05
<b>Total</b>	<b>1,069,670.57</b>	<b>3,271,077.65</b>	<b>2,008,905.11</b>
<b>Social contribution per share (RMB)</b>	<b>2.46</b>	<b>5.64</b>	<b>3.34</b>

Note 1: Apart from the cash dividend distributed being data from the parent company, all the other data listed above is from the consolidated financial statements.

Note 2: The weighted average number of ordinary shares used in the calculation of the social contribution per share for 2016 is 7,621,087,664 shares. The weighted average number of ordinary shares used in the calculation of the social contribution per share for 2015 is 7,053,822,264 shares, and the weighted average number of ordinary shares used in the calculation of the social contribution per share for 2014 is 5,919,291,464 shares.

Note 3: Formula for calculating the social contribution per share: social contribution per share = earnings per share (RMB1.05) + added value per share (RMB2.29), of which: added value per share = (tax revenue created for the state within the year + salaries to employees + borrowing interest paid to creditors + corporate donations + securities and futures investor protection funds - other social costs resulting from environmental pollution, etc.) / number of shares. In addition, = tax created for the state within the year includes income tax expense (including income tax of the current period and deferred income tax), tax and surcharges (VAT, business tax and other tax and surcharges) on accrual basis. Staff costs include salary, bonus, welfare expenses, housing funds and other staff cost. For details, please refer to the Annual Report. Interests paid to creditors include interest expense on customers' deposits and interest expenses on interbank borrowing, bond repurchase and issuance of bonds, third-party interests in consolidated structured entities. No significant environmental pollution events occurred in 2016 and "other social costs resulting from environmental pollution, etc." is 0.

The Company strictly abided by laws and regulations such as "Environmental Protection Law of the People's Republic of China" and "Energy Conservation Law of the People's Republic of China", embedded the green management philosophy in its operation and added green elements to all aspects of its operation so as to achieve sustainable growth and reach an organic combination of social, environmental and economic benefits. The Company has long been actively practicing green business philosophy, vigorously promoting paperless office and taking a variety of means to reduce the negative impact of the Company's operation on the environment and natural resources.



## Green Office



The Company always uses environmentally friendly materials in line with national standards when building offices and business operation sites; the Company tries its best to use the available décor and devices in the construction sites when the usage requirements are met; after the completion of the construction, measures are taken to treat or remove air pollutants; for key projects, professional institutions are hired to monitor the air quality; the Company uses LED lighting to achieve the energy-saving purpose; the Company also applies watersaving system for the washrooms in the headquarters in order to reduce the consumption of water resources.

The Company ensures stringent selection of suppliers. To date, there are approximately 50 suppliers. All of our construction works are required to adopt green materials, including the following:

non-toxic and harmless natural building materials such as gypsum, talc, wood and certain kinds of natural stones;

non-toxic harmless synthetic materials, such as environmentally friendly latex paint, environmentally friendly paint, etc.

building materials featuring low toxicity and low emission that meets the national environmental protection standards such as blockboard, plywood and fiberboard, etc.

recyclable materials, such as steel, copper, aluminum products, aluminum doors and windows.

Resource consumption the Company in 2016 are as follows:



\* The statistics caliber includes the parent company, wholly-owned subsidiaries and controlling subsidiaries.

## Energy conservation and emissions cutting

In order to reduce the impact of greenhouse gas emissions, the Company has long encouraged the circulation of idle assets and equipment in its system. By providing incentives to the receiving departments, the Company promoted the reuse of old assets and equipment, reducing new purchases and saved resources. The Company emphasizes on the recycling of office supplies (ink cartridges, toner cartridges and paper, etc.), promoted the use of both sides of paper and the multiple uses of toner cartridges and ink cartridges after filling in powdered ink/water. Through actively using the OA system for online working and the video/call conference system, the Company greatly reduced the consumption of supplies and travel costs compared to traditional office settings. The company encourages employees to commute by public transport, reduce the use of private cars, and arranges shuttle buses which travel to the living quarters of its staff.

## Supporting green economic development

Apart from adhering to environmental protection principles in its own operation, the Company also strongly supports environmental protection projects by its clients and the state to facilitate the sustainable development of the green economy.

The Company offered proactive support to the development of a green economy. It boosted the development of environmental companies and the green industry by means of a number of tools for financial services, such as IPO, underwriting of bonds and equity investment, to contribute to increasing the degree of greening in the economy, pushing for the build-up of an ecological civilization in China and facilitating the sustainable development of the economy and society.

### The main environmental protection enterprises that the Company serves

#### In 2016, the support of the Company for environmental protection enterprises is specified as below:

Helped the listing of Dazhi Environmental Protection Technology Co., Limited. The Company is mainly engaged with R&D, production and sales of new environmental protection surface engineering chemicals.



#### Assisted in the issuance of green financial bonds of the Bank of Communications

Issuance of RMB  
30 billion

In 2016, the Company was the lead underwriter of two green financial bonds of the Bank of Communications, i.e. 2016 BOCOM Green Financial Bond 01 and 2016 BOCOM Green Financial Bond 02 totaling RMB30 billion. The raised funds will be used to fully support green projects in environmental protection, energy conservation and clean energy development, increasing the effective supply of the green credits of BOCOM and medium to long term green credits in particular.

Investment in Sai'ensi Environmental Protection Technology Co., Ltd., a high-tech company specialized in the prevention and treatment of heavy metal pollution.



Investment in Suzhou FEICHI Environmental Technology Co., Ltd., a professional manufacturer of water cleaner boats and auxiliary equipment.



## Continuously improving supplier management

Given its business nature, the Company has no major suppliers. The Company continued to improve its supplier management, chose and strengthened its cooperation with suppliers prioritizing low-carbon operation and environmental protection with strong sense of social responsibility through a variety of ways to jointly promote social sustainable development. In 2016, the Company revised the "GF Securities Procurement Management Measures", requiring that the suppliers should not have quality or service issue, and should not have any kinds of complaints. In addition, the Company always keeps an eye on suppliers which have received complaints. Although the Company has not yet formed strict rules on the fulfillment of social responsibilities of its suppliers, the Company continuously improved its supplier management environment and social risk policies and completed optimization in its supplier management, details of which are listed as follows:

01

The Company attaches great importance to the business and social ethics of the suppliers and develops cooperative relationship with suppliers which values commitments in the contracts and low-carbon and green operation with strong sense of social responsibility. The Company values business integrity with its suppliers to facilitate mutual progress and improvements.

02

The Company formed rules so that the suppliers could participate in competitions in an open and fair way. It sets out that the Company should not have differentiated or discriminated treatment on certain suppliers; it would strictly monitor and prevent all kinds of business bribery; and employees or personnel having any interest relationship with the supplier should not be involved in the business activity.

03

The Company strictly implements its rules during tenders: No fake tender, disclosure of the tender base or other ways of collusive tenders. No demanding or accepting commission, secret commission, benefits, cash, securities or other forms of improper interests other than as set out in the contract. No unauthorized acceptance of investigation trip or travel arranged by suppliers. No unauthorized occupation of legitimate business interests yielded by suppliers to the company by employees. All the procurement practices of the Company are available for internal and external supervision, and the compliance and auditing departments accept reports of misbehavior and will actively cooperate with the Company's compliance accountability team to complete related investigation and verification for accountability.

The Company adopts an open attitude to its suppliers and welcomes all kinds of suppliers with strong competitiveness, good reputation and high performance cost ratio products or services to participate in the competition, continues to broaden the supply channels and pays attention to look for quality suppliers. It conducts continued investigations on the market conditions prior to, during and after the procurement, inspected and evaluates the capability and performance of the suppliers to fulfill their obligations, gradually establishes a qualified supplier roster, and files the tracking and evaluation record for suppliers' performance in fulfilling their obligations, which will be used as an important basis to decide whether to continue the cooperation.

### Supply Chain Management

Contract fulfilment  
ratio of the procurement  
suppliers

100%

## Protection for advertisement, the Company logo and intellectual property rights

The Company respects and protects the intellectual property rights and uses the hardware and software products provided by the suppliers within the scope stipulated in the contract. The Company only uses authentic system, office and information software etc. The Company strictly abides by the "Advertising Law of the People's Republic of China" and the "Trademark Law of the People's Republic of China", and the presentation and promotion of the products are in compliance with relevant provisions.

The Company actively registered and protected its trademark, font size and other intellectual property rights, and corrected enterprises and individuals who illegally used the Company's trademark. In 2016, the Company revised the "GF Securities Management Measures for Brand Matters", formulated and issued the "GF Securities Normative Guidelines on the Brand, Media and Publicity Work of Subsidiaries", clarifying the contents of its brand protection and providing guidelines on related operations in its subsidiaries, and carried out external publicity cooperation matters inspection on its branches, subsidiaries, and departments of its head office.



## Devoted to charity work and giving back to society

In 2016, through the GF Securities Charity Foundation platform, adhering to the principles of "promoting care for others, caring about people's livelihood, devoted to charity work, helping the poor, supporting students and education, protecting the environment, building a harmonious society and promoting sustainable development", the Company systematically carried out various forms of charity activities in a well-regulated way centered on supporting students and promoting education.

The Company always adheres to the integration of the social efficiency and economic efficiency as it strives to create value for shareholders, customers and employees while giving back to society. Under the principle of understanding the social needs at the location of the business operation, the Company systematically launches various charity activities in a well-regulated way.

### Operation of the GF Securities Charity Foundation of Guangdong Province

Total donations received during the year	17.7315 RMB million
Donations from individual employees	1.4342 RMB million
Total outgoing donations during the year	18.9762 RMB million

### Small-scale start-up support for university students

This year is the second year that the GF Securities Charity Foundation cooperated with the KAB national promotion office of the Central Committee of the Communist Youth League of China to organize the "Small-scale start-up campaign for university students". GF securities contributed both capital and personnel to the activity in the hope that it could help the students build values in innovation and starting businesses and improve their business-starting capability, thus cultivating the "business-maker" culture and entrepreneurship. During this year's campaign, the Company together with its subsidiaries selected 450 business projects from the 1385 contestant teams, and chose 50 excellent business plans. The Company also provided financial assistance and assisted on start up resources.

Small-scale start-up support for university students of South China University of Technology



Charity Activity of the Chengdu Branch



Charity activity at the Guangzhou Children's Welfare Home in 2016

### Youth Support

The "Youth Support" Project was co-initiated and co-founded by the Guangdong Provincial Working Committee of the Communist Youth League and the GF Securities Charity Foundation in 2011, devoting to solve the accommodation difficulties of the poor freshmen students in vocational high schools and colleges in the province and attracting public attention to help young students in vocational schools. In 2016, GF Securities Charity Foundation continued to donate RMB1 million to help 1,177 poor students from 27 provincial vocational high schools and colleges. Aside from support in cash, the Company also paid attention to the mental and physical health of the students. By organizing the "Youth Support" All-round Training Camp, the Company encouraged students in the "Youth Support" Program to train and present themselves, allowing more and more students in the youth support program to receive practical assistance and feel warmth.



Poor students in the "Youth Support" program taking photos with Feng Xiaoting, team leader of the national football team



Talking to the brave business-makers

## Well-targeted support for the poor and one-to-one support and help

The Company supports China's poverty alleviation strategy and helps the poverty areas and the poor through various measures, and the assistance to the poor and needy people has become one of the key areas in the community investment of the Company.

In 2016, in response to the China Securities Industry Association's call for the matching project to support the poor with "one company, one province", the Company was matched with Wuzhishan City in Hainan Province and formulated the poverty solution for Wuzhishan City. The solution outlines the objectives, organization leaders, workflow, project arrangement, fund raising and implementation steps, while a five-year plan shall be in place to achieve poverty alleviation in Wuzhishan City through different approaches such as bond financing, introducing development fund from the State Development Bank and IPO for enterprises.

According to the arrangement of the CPC Guangdong Provincial Committee, the Company shall continue its poverty support mission focusing on Tianjinggang Village, Lecheng Sub-District, Lechang City. The Company carried out site inspection in the village and formulated the three-year poverty support project to confirm the budget and funding for the project.



Chairman checking the poverty support work log

### One-to-one support for Wuzhishan City, Hainan Province

The Company was matched with Wuzhishan City in Hainan Province and signed a letter of intent for one-to-one poverty support. In November 2016, staff of the Company went to Hainan Province and completed the matching and handover of the poverty support plan for the city.



Site investigation in Wuzhishan City

### One-to-one supporting for Tianjinggang Village

Through various ways including communications with the Guangdong Bureau of the CSRC, symposium with local cadres and villagers, site inspection of the poverty support projects in the village and home visits for the poor, the Company further identified the work directions and vision for the new round of poverty support. The Company donated RMB 1,000,000 to Tianjinggang Village to support the village poverty support project and infrastructure construction, community care and industrial development to improve the living standards of the villagers.



Home visit for the Poor on July 1

### Targeted poverty alleviation work record of the Company

Indicators	Unit	Quantity/ Work Description
<b>1. Overall conditions</b>		
Among which: 1.1 Capital	RMB ten thousand	215.72
1.2 Value of supporting goods and materials	RMB ten thousand	0
1.3 Number of people alleviated out of poverty among those who have been put in records by the Company	person(s)	14
<b>2. Itemized investment</b>		
<b>1) Industry development poverty alleviation</b>		
Among which: 1.1 Types of industry development poverty alleviation	—	Agriculture and forestry development poverty alleviation; asset returns poverty alleviation
1.2 Number of industry development poverty alleviation projects	project(s)	2
1.3 Invested amount in industry development poverty alleviation projects	RMB ten thousand	58
1.4 Number of people alleviated out of poverty among those who have been put in records by the Company	person(s)	
<b>2) Employment assistance poverty alleviation</b>		
Among which: 2.1 Investment in vocational trainings	RMB ten thousand	0.6
2.2 Number of people participating in vocational trainings	person-time(s)	60
2.3 Number of employed people among those who have been put in records by the Company	person(s)	5
<b>3) Education poverty alleviation</b>		
Among which: 3.1 Investment in supporting underprivileged students	RMB ten thousand	1.28
3.2 Number of underprivileged students	person(s)	11
<b>4) Others</b>		
Among which: 4.1 Number of projects	project(s)	13
4.2 Invested Amount	RMB ten thousand	155.84
4.3 Number of people alleviated out of poverty among those who have been put in records by the Company	person(s)	14

# 2016

GF Securities  
Corporate Social  
Responsibility Report



## SECTION 5

### Prospects

# Reviewing 2016 and Looking into 2017

Problems in social responsibility fulfillment and improvements in 2016

Social responsibility goals for 2017

## Problems in social responsibility fulfillment and improvements in 2016

### Problem 1

The Company has always adhered to and actively practiced a "customer-centered" service philosophy. Nevertheless, the product ranges offered by the Company are not as comprehensive as those leading companies in mature markets, and the Company could still improve on its business innovations.

### Improvement measures and effects

In 2016, the Company adhered to a service philosophy of "focused, professional and for the customer" and a diversified and multi-layer wealth management services to our clients. In terms of the service content, we upgraded into five major categories, i.e. more convenient online services, high performance cost ratio basic services, professional wealth management services, high-end private banking services and colorful themed activities. In terms of customer experience, we adopted an online to offline service mode: online services include 24/7 inquiries services, online wealth management shops, official WeChat account, hotline (95575), etc., and offline services include designated customer manager, investment consulting services, and sales department services, etc., achieving a successful transformation from offline-only traditional mode to an optimal combination of online and offline services and generating a customer satisfaction of over 97%. However, the product portfolio and stability of returns of the Company are still relatively weaker than the top companies in the same industry.

### Problem 2

In terms of employees' growth, the Company has always regarded human resources central to our resources and paid great attention to the cultivation of talents and employees' growth. However, with the increasingly intensified competition in the securities industry, the Company needs to solicit more talents at different levels and improve talent management. The promotion mechanism in the Company still did not meet the expectations of the employees.

### Improvement measures and effects

In 2016, the Company strived to establish a performance evaluation system for the employees to analyze and evaluate the capability, strengths and performance in every aspect to use the integrated capability evaluation and performance appraisal results as an important basis for the work division, promotion, demotion, position changes and salary/bonus decision. Employees could get promotions both in its position level and the professional work division. In 2016, the Company promoted more young employees, selecting and cultivating a batch of junior staff as the backbone force of the Company in the future. Centered on an overall vision of "focusing on the cultivation and leadership training for talent reserve, supporting the strategic transformation of the Company, actively exploring, learning and using professional knowledge and boosting and consolidating the professional strengths of the employees", the Company arranged courses and training for its employees, totaling 4,432 trainings, 74,864 participations and an average training time of 69.4 hours per employee.

### Problem 3

In charity work, the Company mainly conducted poverty support campaigns through the GF Securities Charity Foundation. However, the number of influential projects which were organized and participated by the Company is still limited. The poverty support work could be improved given the actual influence of the Company in the securities industry in China.

### Improvement measures and effects

In 2016, in response to the China Securities Industry Association's initiatives, the Company was matched with Wuzhishan City in Hainan Province and signed a letter of intent for one-to-one poverty support. In November 2016, the Company completed the matching and linking of the poverty support work in Hainan Province. In accordance with policy requirements and the actual conditions in Wuzhishan City, the Company formulated a specific project for the city, planning to achieve full poverty alleviation for Wuzhishan City in five years through different approaches such as bond financing, introducing development fund from the State Development Bank and IPO for enterprises.

### Problem 4

Due to a late start of data collection process and the limitations of corporate statistics, improvement could have been made to the collection, summary and disclosure of some environmental protection and energy consumption data compared with the international leading peers.

### Improvement measures and effects

This report for 2016 has been prepared and disclosed in compliance with requirements in the Environmental, Social and Governance (ESG) Reporting Guide of the SEHK. The Company completed preliminary statistics in environmental and social aspects in accordance with the guide, yet still lacking a company-wide disclosure coverage for certain data. The ESG data collection and statistics process needs to be improved. This area will be improved and data accuracy, comprehensiveness and completeness will be further enhanced in 2017. In the future, the Company will appoint a third party to provide assurance for this report to enhance its fairness.

## GOAL 1

### Centering on clients, cooperating with partners, and achieving win-win progress

To internalize the "customer-centred approach" as an idea, concept and habit, and externalize it to the process, management and system so as to understand customer needs thoroughly, focus on customer expectations, strive to deliver services of a quality higher than that of competitors, and create a value for customers; to continue to make achievements both for the Company and for the customers, and to grow together; to achieve mutual benefits with partners for making progress together; to carry out competition and development within the industry for creating the future together.

## GOAL 2

### Adhering to lawful operation, managing risks effectively and maintaining the stable development in the capital market

To place great emphasis on risk prevention and control, develop a compliance bottom line earnestly and firmly, manage risks in a scientific and effective manner and enable the capital market to fully play its role as a "gatekeeper".

## GOAL 3

### Centering on business development, consolidating and expanding its businesses and actively giving back to its shareholders

To focus on enhancing the capital strength, expanding the business scale and widening the development path for maintaining a leading position among Chinese domestic securities firms; continue to maintain continuous growth in performance so as to keep capital return increasing to generate a satisfactory return for shareholders.

## GOAL 4

### Basing its development on talents and helping employees realize their full potentials

The Company will research on, make and implement the new talent strategy, strengthen its human resources planning and deployment, recruitment of core talents and the accumulation of talent reserve. By recruiting more international talents, building a talent ladder, constructing a human resources environment and system that could support the implementation of the strategies of the Company, improving the performance appraisal system and enhancing the promotional channels, it will enable the employees to fulfil their full potential in an open and fair working environment.

## GOAL 5

### Leveraging the GF Securities Charity Foundation to conduct well-targeted poverty support work

The Company will base its charity work on the GF Securities Charity Foundation, actively organize and participate in all kinds of public welfare activities and undertake the due responsibilities of the Company in the community. The Company will also further its poverty support work and give full play to the strong role of the capital market and facilitate the poverty alleviation strategy of the state.

## GOAL 6

### Adhering to green operation and promoting green culture

Based on the actual circumstances, the Company would continue to care about the environmental and ecological development, practice green operation and green office principles and actively provide integrated financial services for environmental protection, energy conservation and emissions cutting of the state and enterprises, so as to contribute positively to the sustainable development of the society.



# Appendix I Relationship of the Company with its stakeholders

Stakeholders	Scope	Expectations	Communication and function bodies	Common ways of communication	Responding measures	Major performance
Clients	Retail clients, Institutional clients, listed companies, Non-listed companies ...	<ul style="list-style-type: none"> <li>✓ Provide quality financial services</li> <li>✓ Provide quality financial products</li> <li>✓ Provide complete, true and accurate product and service information</li> <li>✓ Ensure information security</li> </ul>	<ul style="list-style-type: none"> <li>✓ Each business department and subsidiary</li> </ul>	<ul style="list-style-type: none"> <li>✓ Sales outlets</li> <li>✓ Marketing activities</li> <li>✓ Salons lectures</li> <li>✓ Market researchs</li> <li>✓ Performance evaluation</li> </ul>	<ul style="list-style-type: none"> <li>✓ Provide convenient and fast financial services</li> <li>✓ Provide diversified products</li> <li>✓ Publish products and marketing announcements timely</li> <li>✓ Understand clients opinions and suggestions</li> <li>✓ Strengthen security in sales outlets</li> </ul>	<ul style="list-style-type: none"> <li>✓ Survey on satisfaction and needs of the clients</li> <li>✓ Improved service quality</li> <li>✓ Improved customer experience</li> <li>✓ Safeguarded clients' interests</li> </ul>
Employees	All employees	<ul style="list-style-type: none"> <li>✓ Offer Provide employment opportunities</li> <li>✓ offer remuneration packages on market standards</li> <li>✓ Provide benefits as stipulated by the law</li> <li>✓ Provide excellent workplace and training opportunities</li> <li>✓ Establish a smooth communication mechanism</li> <li>✓ Provide good development environment</li> </ul>	<ul style="list-style-type: none"> <li>✓ Each business department and subsidiary</li> <li>✓ Functional departments including the labour union and human resources management department</li> </ul>	<ul style="list-style-type: none"> <li>✓ Annual performance appraisal communications and feedback</li> <li>✓ Congress of workers and staff</li> <li>✓ Labour union organizations</li> <li>✓ Internal mailbox and forum</li> <li>✓ Internal meetings</li> </ul>	<ul style="list-style-type: none"> <li>✓ Unite recruitment</li> <li>✓ Adhere to the principle of equal pay for equal work</li> <li>✓ Ensure the health and safety of employees</li> <li>✓ Hold cultural and sports events</li> <li>✓ Safeguard the basic rights of employees</li> <li>✓ Provide on-site practical training</li> <li>✓ Listen to opinions from the employees</li> </ul>	<ul style="list-style-type: none"> <li>✓ Gave full play to the role of the labour union</li> <li>✓ Conducted promotion appraisal for employees</li> <li>✓ Organized health check and psychological consultance for employees</li> <li>✓ Held various kinds of vocational training</li> <li>✓ Arranged for employee vacations</li> <li>✓ Held employee opinion-listening meetings</li> </ul>
Shareholders	A Shareholders and potential investors, H Shareholders and potential investors	<ul style="list-style-type: none"> <li>✓ Regulate corporate governance</li> <li>✓ Increase return for shareholders</li> <li>✓ Improve profitability</li> <li>✓ boost corporate value</li> <li>✓ Maintain sustainable development</li> </ul>	<ul style="list-style-type: none"> <li>✓ Functional departments including the Office of the Board of Directors</li> <li>✓ Head department for retail management</li> <li>✓ GF Securities HK</li> </ul>	<ul style="list-style-type: none"> <li>✓ General meetings</li> <li>✓ Accouncements</li> <li>✓ Calls, emails, the website and media</li> <li>✓ Roadshows</li> </ul>	<ul style="list-style-type: none"> <li>✓ Formulate and implement development strategies</li> <li>✓ Improve corporate governance</li> <li>✓ Strengthen risk prevention</li> <li>✓ Improve the transparency of information disclosure</li> </ul>	<ul style="list-style-type: none"> <li>✓ Advanced social responsibility management</li> <li>✓ Improved social contribution per share</li> <li>✓ Maintained the brand value and honors</li> <li>✓ Good operating performance</li> </ul>
Society	The public, the Company and its branches and subsidiaries in the community, poverty support subjects ...	<ul style="list-style-type: none"> <li>✓ Care about the disadvantaged</li> <li>✓ Communicate with the government in poverty support</li> <li>✓ Organize charity events</li> <li>✓ Extend the financial knowledge to the public</li> </ul>	<ul style="list-style-type: none"> <li>✓ GF Securities Charity Foundation</li> <li>✓ Party work committees</li> <li>✓ Various branches and subsidiaries</li> <li>✓ Offices</li> </ul>	<ul style="list-style-type: none"> <li>✓ On-site investigation and interviews</li> <li>✓ Visit poverty support institutions</li> <li>✓ Visit charity organizations</li> </ul>	<ul style="list-style-type: none"> <li>✓ Provide outbound donations</li> <li>✓ Implement poverty support projects</li> <li>✓ Support the disadvantaged</li> <li>✓ Start financial education</li> <li>✓ Hold charity events</li> </ul>	<ul style="list-style-type: none"> <li>✓ Increased outbound donations</li> <li>✓ Conducted well-targeted poverty support and charity events</li> <li>✓ Conducted volunteering services etc.</li> </ul>
Government and supervisory bodies	CSRC, SZSE, Shanghai Stock Exchange, Hong Kong Securities and Futures Commission, SEHK, Hong Kong Inland Revenue Department ...	<ul style="list-style-type: none"> <li>✓ Abide by national laws and regulations, and industry standards and norms</li> <li>✓ Participate in fair competition according to the law and protect the fair competition environment</li> <li>✓ Adhere to sustainable development</li> <li>✓ Settle taxes according to the law</li> <li>✓ Support the implementation of national strategies</li> </ul>	<ul style="list-style-type: none"> <li>✓ Various related departments in the Company</li> </ul>	<ul style="list-style-type: none"> <li>✓ Laws and regulations, policies and guides and regulatory papers</li> <li>✓ Industry conferences, special reports, regulatory notification, rating, and information sharing meetings</li> <li>✓ On-site inspection and non-onsite supervision</li> <li>✓ Symposiums, seminars and forums</li> </ul>	<ul style="list-style-type: none"> <li>✓ Respond to calls of the PRC</li> <li>✓ Implement supervisory policies</li> <li>✓ Participate in the formulation of industry standards and norms</li> <li>✓ Improve operation and management performance</li> <li>✓ Undergo supervision appraisal</li> </ul>	<ul style="list-style-type: none"> <li>✓ Settled taxes according to the law</li> <li>✓ Supported the substantial economy</li> <li>✓ Promoted anti-corruption</li> <li>✓ Protected orders in the financial industry</li> </ul>
Suppliers	Intermediaries such as accounting firms and law firms etc. operating premises renting companies, IT suppliers, stationary suppliers, project and building material suppliers ...	<ul style="list-style-type: none"> <li>✓ Follow business ethics</li> <li>✓ Market-driven pricing</li> <li>✓ Comply with laws and regulations</li> <li>✓ Mutual benefits and development</li> </ul>	<ul style="list-style-type: none"> <li>✓ Various business departments and subsidiaries</li> <li>✓ Functional departments and offices</li> </ul>	<ul style="list-style-type: none"> <li>✓ Provide procurement information for the public</li> <li>✓ Negotiations and communications</li> <li>✓ Cooperation agreements and contracts</li> </ul>	<ul style="list-style-type: none"> <li>✓ Establish a healthy and complete supplier management mechanism</li> <li>✓ Establish and maintain a data library of suppliers</li> <li>✓ Strengthen communications and connections with suppliers</li> </ul>	<ul style="list-style-type: none"> <li>✓ Formulated relevant system to centralize procurement management</li> <li>✓ Established business partnership with suppliers</li> </ul>



## Appendix II Referencing the content in the “Environmental, Social and Governance Reporting Guide”

Key indicators and layer of general disclosure	Description	The 2016 GF Securities Corporate Social Responsibility Report
<b>A1 : Emissions</b>		
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste	Green operation – green office, energy conservation, emissions reduction, and support green economic development  P43,P44,P45
<b>A2 : Use of resources</b>		
General disclosure	Policies on the efficient use of resources, (including energy, water and other raw materials)	Green operation – green office, and energy conservation and emissions reduction  P43,P44
<b>A3 : The Environment and Natural Resources</b>		
General disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources	Green operation – green office, and energy conservation and emissions reduction  P43,P44
<b>B1 : Employment</b>		
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issues relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare	Comprehensive guarantee for employees' rights – Harmonious labour relationship, responsible recruitment system  P26,P28
<b>B2 : Health and Safety</b>		
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards	Comprehensive guarantee for employees' rights – All-round protection and welfare system, safe work environment and employee protection  P26,P27
<b>B3 : Development and training</b>		
General disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	Multi-layer training system  P30
<b>B4 : Labour standards</b>		
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour	Comprehensive guarantee for employees' rights – Harmonious labour relationship  P26
<b>B5 : Supply Chain Management</b>		
General disclosure	Policies on managing environmental and social risks of the supply chain.	Green operation – continuously improving supplier management  P46

<b>B6 : Product Responsibility</b>		
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress	Green operation - Protection for advertisement, Company logo and intellectual property rights  P46
<b>B7 : Anti- corruption</b>		
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering	A complete compliance and risk control system- Anti-bribery, extortion and fraud; Anti-money laundering  P40
<b>B8 : Community Investment</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	Devoted to charity work and giving back to society; Well-targeted support for the poor and one-to-one support and help  P47,P48,P49,P50