



**东方证券**  
— D F Z Q —

*(A joint stock company incorporated in the People's Republic of China  
with limited liability under the Chinese corporate name "东方证券股份有限公司"  
and carrying on business in Hong Kong as "東方證券" (in Chinese) and "DFZQ" (in English))*

Stock code: 03958

东方与你 共享同悦

2017 ENVIRONMENTAL, SOCIAL AND  
GOVERNANCE REPORT

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# DFZQ 2017 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 1. CORPORATE SOCIAL RESPONSIBILITY MANAGEMENT

### 1.1 Social Responsibility Philosophy of DFZQ

In 2017, the financial regulators introduced a series of regulation enhancement and service optimization measures to strengthen the function of serving the entity economy and put more efforts on various risks prevention. Against the backdrop of enhanced regulation, stricter governance, de-leveraging and risk management in banking industry, DFZQ comprehensively advanced the transformation of all businesses by leveraging on its own advantages and centering on the real demands of entity economy; proactively implemented eligibility management with customers' demands as the core; insisted on compliance operation, and integrated comprehensive risk management into the whole process of the Company's development to actively practice its social responsibilities as a securities institution. The Company is committed to creating a happy life for its staff during the progress of serving entity economy and wealth creation, and also sharing both material and spiritual returns with the shareholders, staff and the society so as to become an excellent enterprise to the pride of staff, to the satisfaction of shareholders and to the respect of the society.

Mission	To provide quality integrated financial services to the entity economy and social wealth management To create a happy life for staff And to provide both material and spiritual returns to shareholders, employees and society
Vision	To become a modern investment bank with first class core competitiveness in China that provides integrated financial services for customers
Core Values	Customer-first, Person-oriented, Professional Services, Development and Innovation
Corporate Spirit	United, Enterprising, Pragmatic, Efficient

# DFZQ 2017 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 1.2 Active Conducting of Social Responsibility Management

### • *Communication with stakeholders*

Communication with stakeholders constitutes an essential part in corporate social responsibility management of DFZQ. Key stakeholders of DFZQ include those groups who exert great influence on the Company's sustainable development, such as shareholders, customers, employees, government and regulators, peers and partners, and community. By understanding the requests, opinions and advice of all parties through the communication with stakeholders, the Company incorporates concerned issues of all stakeholders into operation and decision-making, with a view to creating greater value for sharing.

Stakeholders	Issues concerned	Way and channel of communication
Shareholders	<ul style="list-style-type: none"> <li>• Compliance operation</li> <li>• Corporate governance</li> <li>• Economic performance</li> </ul>	<ul style="list-style-type: none"> <li>• General meetings</li> <li>• Regular information disclosure</li> <li>• Research on investors</li> </ul>
Customers	<ul style="list-style-type: none"> <li>• Compliance operation</li> <li>• Customer privacy protection</li> <li>• Provision of quality financial products</li> </ul>	<ul style="list-style-type: none"> <li>• Customer feedback and complaint</li> <li>• Customer satisfaction investigation</li> <li>• 95503 customer service hotline</li> <li>• Protection activity of investor</li> <li>• Various social media such as WeChat official account and APP</li> </ul>
Employees	<ul style="list-style-type: none"> <li>• Employee interests and welfare</li> <li>• Democratic participation</li> <li>• Employee safety and health</li> <li>• Employee training and development</li> </ul>	<ul style="list-style-type: none"> <li>• Employee congress</li> <li>• Trade union</li> <li>• Corporate OA platform</li> <li>• Employee activities</li> </ul>
Government and regulators	<ul style="list-style-type: none"> <li>• Financial risk prevention</li> <li>• Compliance operation</li> <li>• Anti-corruption</li> </ul>	<ul style="list-style-type: none"> <li>• Regular communication and report</li> <li>• Regulator inspection</li> <li>• Policy implementation</li> </ul>
Suppliers and partners	<ul style="list-style-type: none"> <li>• Compliance operation</li> <li>• Supply chain management</li> <li>• Corporation and development</li> </ul>	<ul style="list-style-type: none"> <li>• Procurement and bidding procedure</li> <li>• Industrial activities</li> <li>• Daily communication</li> <li>• Cooperation and exchange</li> </ul>
Public	<ul style="list-style-type: none"> <li>• Targeted poverty alleviation</li> <li>• Community investment</li> <li>• Public welfare undertaking</li> <li>• Environmental protection (pollution prevention)</li> </ul>	<ul style="list-style-type: none"> <li>• Community activities</li> <li>• All kinds of poverty relief activities</li> <li>• Public welfare activities</li> <li>• Green finance</li> <li>• Low-carbon and environmentally-friendly operation</li> </ul>

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- *Identification and analysis on substantive issues*

DFZQ regularly conducts identification of substance topics on social responsibilities. In December, 2017, the CSRC released the Contents and Formats for Information Disclosure by Companies that Offer Securities to the Public No. 2 – Contents and Format of Annual Reports (revised in 2017) and the Contents and Formats for Information Disclosure by Companies that Offer Securities to the Public No. 3 – Contents and Format of Interim Reports (revised in 2017), to encourage the disclosure of information on poverty relief by listed companies and strengthen the disclosure requirement for environmental information. In the meantime, in accordance with the Environmental, Social and Governance Reporting Guidelines (2015 version), from the financial year commencing from January 1, 2017, the requirement for disclosure of environment-related key performance indicators by companies listed on the Stock Exchange is uplifted to “either disclosure or explanation”, further uplifting the disclosure requirements.

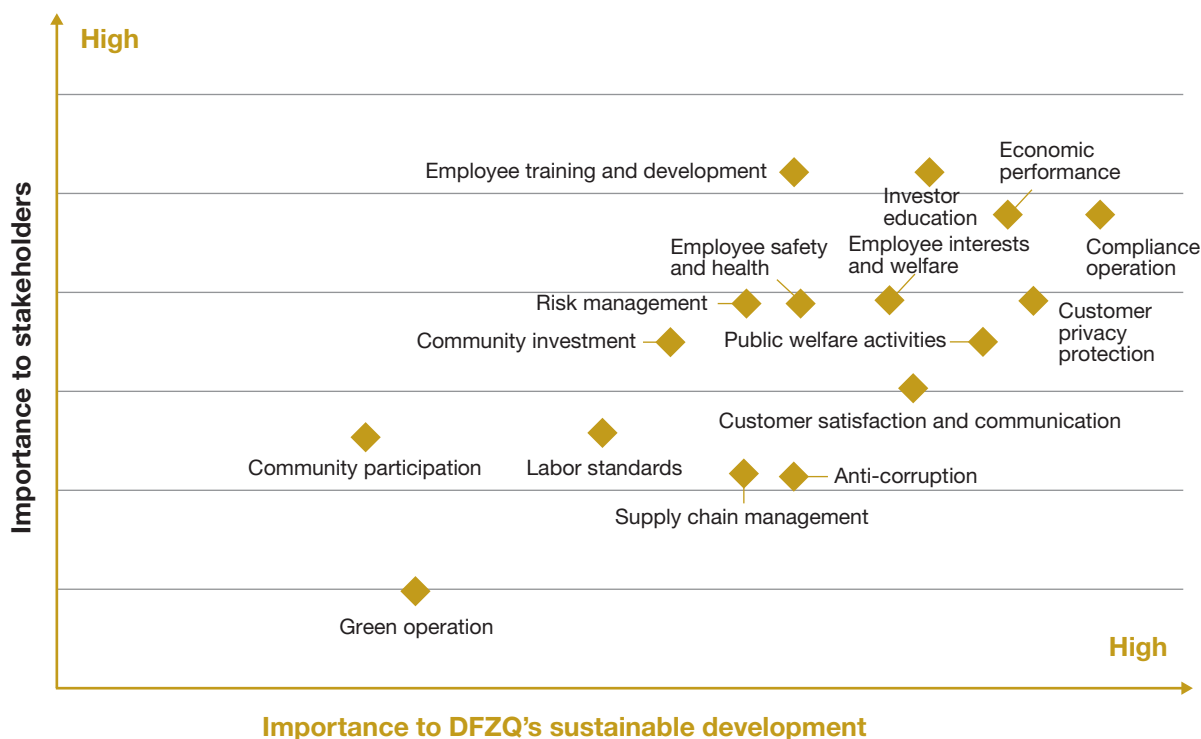
Based on the step of identification, assessment and selection, the Company defines relatively highly substantive social responsibility issues as the key disclosures in this report through benchmarking regulatory requirements, conducting research with stakeholders, combining hot industrial policies and experts’ opinions, as well as considering the strategic and operational priorities of the Company. As such, the Company took compliance operation, investor education, customer privacy protection, employee interests and welfare, public welfare activities and environmental performance as the key disclosures in this report, so as to earnestly satisfy the expectations and requests of stakeholders and constantly improve the communicative value of the social responsibility report.

### Substantive issues analysis method of the Company

<b>Benchmarking regulatory requirements</b>	<ul style="list-style-type: none"><li>• The Notice on Reinforcing Listed Companies to Fulfill their Social Responsibilities and Releasing Disclosure Guidelines on Environmental Information of SSE Listed Companies, and the Notice on Further Improving Disclosure of Poverty Relief Work Information of Listed Companies issued by the Shanghai Stock Exchange;</li><li>• The Environmental, Social and Governance Reporting Guidelines (2015 version) issued by The Stock Exchange of Hong Kong Limited;</li><li>• The Sustainability Reporting Guidelines (GRI4) issued by the Global Reporting Initiative and etc.</li></ul>
<b>Social and policy tendency</b>	<ul style="list-style-type: none"><li>• The Company follows closely the key national development tendency and policy guidance and focuses on the industrial and social spotlights. As required by “striving for prevention and resolving of significant risks, targeted poverty alleviation, and pollution control” indicated in the 19th NCCPC report, the Company takes risks prevention, targeted poverty alleviation and pollution control as the key points of disclosure.</li></ul>
<b>Research with stakeholders</b>	<ul style="list-style-type: none"><li>• The Company conducts substance topics researches with important stakeholders including shareholders, customers, employees and regulators by way of survey, so as to identify the focuses of all stakeholders.</li></ul>
<b>Experts’ opinions</b>	<ul style="list-style-type: none"><li>• Based on the regulatory requirements, social and policy tendencies, and the survey results on stakeholders, the experts in social responsibilities area conduct a comprehensive analysis on the substance of issues.</li></ul>

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Layout of substantive issues relating to CSR of DFZQ



## 2. PRODUCT AND CUSTOMER SERVICE RESPONSIBILITY

Based on risk control and compliance management, DFZQ adheres to turning its own development direction to serving entity economy, thereby earnestly ensuring essential interests of investors. During the recent three years, DFZQ has found no non-compliance events relating to any information and labels of its products and services, nor has it found any violations of marketing regulations.

### 2.1 Support Development of Entity Economy

Having shifted to high-quality development phase from fast-growing phase, China's economy is now in the critical stage of converting development mode, optimizing economic structure and switching growth impetus. Establishment of a modern economic system is an urgent need to go through such critical stage as well as a strategic target of China's development, while entity economy is at the core of establishing a synergistic modern industrial system. As securities firms function as a link between entity economy and capital markets, DFZQ and its subsidiaries are committed to better advancing economic and social development by sticking to the essential requirements that financial resources shall be allocated by the market, reform shall be the orientation and finance shall serve entity economy to serve the entity enterprises through various businesses.

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## Cases of supporting entity economic development by DFZQ and its subsidiaries in 2017

### Service type

### Project highlights and results introduction

#### Supporting development of small and medium enterprises

- DFZQ continues to provide fund and resource docking services to small and medium enterprises with innovative capacity and growing potential. Zhongrong Technology Corporation Ltd., a manufacturer of fuel ethanol and other products, is industry-leading in process technology, but poor in financing as a traditional chemical enterprise. As such, DFZQ offered a tailor-made service plan for this company to assist it to complete fund raising of RMB99 million, which funded the smooth commencement of the 100,000-tonne anhydrous ethanol phase I production line of this company.
- In March 2017, DFZQ was recognized as one of the “2016 China’s Best Ten NEEQ Market Maker (2016中國新三板十大最佳做市商)” at the NEEQ Market Maker Conference of China held in Beijing.
- In April 2017, DFZQ was awarded the “2017 Junding Award for NEEQ Market Maker in China (2017中國區新三板做市商君鼎獎)” at the second session of market makers summit held by the Securities Times.
- Adhering to a “high-quality” service philosophy throughout its NEEQ business, Citi Orient actively refers the quotation of quality small and medium enterprises. The newly-listed enterprises mainly engage in healthcare, social services, finance and other fields. In 2017, the Company referred the successful quotation of small and medium enterprises including Kashi Bank, the first rural commercial bank in NEEQ, Zensun Technology, a high-tech company focusing on the research and development of blockbuster original new drugs for the treatment of heart failure and other diseases, and MicroPort EP, which is engaging in medical electrophysiology.
- According to the list of innovation board (創新層) in 2017, 15 enterprises among those NEEQ-listed enterprises supervised by Citi Orient entered the innovation board (創新層), accounting for 24.59% of the total and ranking third in the market. In 2017, Citi Orient assisted the listed companies in funding RMB2.007 billion, which truly relieved the financing difficulties of small and medium enterprises and facilitated the boom of small and medium enterprises.

# DFZQ 2017 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Service type

## Project highlights and results introduction

### Supporting development of advanced manufacturing sector

- As one of the lead underwriters, DFZQ assisted Commercial Aircraft Corporation of China, Ltd., the only enterprise working on large civil aircraft projects in China, in the registration of RMB10 billion super short-term commercial papers, which advanced its realization of “innovation-driven, entrepreneurship-guided and brand-building” development strategy. Development of large passenger aircraft projects is one of the 16 major special projects as proposed by the Outline of the National Program for Medium- and Long-Term Scientific and Technological Development (2006 – 2020), as well as a landmark project for the construction of an innovative China in the new period. The Company was committed to assisting the advanced manufacturing enterprises in realizing their technological innovation and equipment upgrade through financing, so as to contribute to speeding up constructing a manufacturing power.

### Supporting development of cultural sector

- Citi Orient assisted Thinkingdom Media Group Ltd., the largest private book planning and publishing institution in China, in completing its initial public offering and successful listing on the Shanghai Stock Exchange with a funding of RMB720 million. This company is a cultural enterprise with profound brand accumulation, remarkable profitability, and sound marketing network in China's book industry. The listing of Thinkingdom Media as aided by Citi Orient further improved its capacity in copyright resource reserve, deepened the national cultural and innovative industrial layout, and promoted the construction of a powerful cultural China.

### Supporting development of modern service sector

- Citi Orient, as the sponsor, assisted Hangzhou Freely Communication Co., Ltd. in its initial public offering of shares and successful listing on the Shanghai Stock Exchange with a funding of RMB300 million. As a communication network technological services provider, this company offers mobile communication technologies and wireless interconnection technologies systematic solutions and networking application services to major customers in the industry including China Mobile, China Telecom, and China Unicom. Through serving Freely Communication, Citi Orient responded to the national digitalized development strategy and further advanced the development of modern service industry.

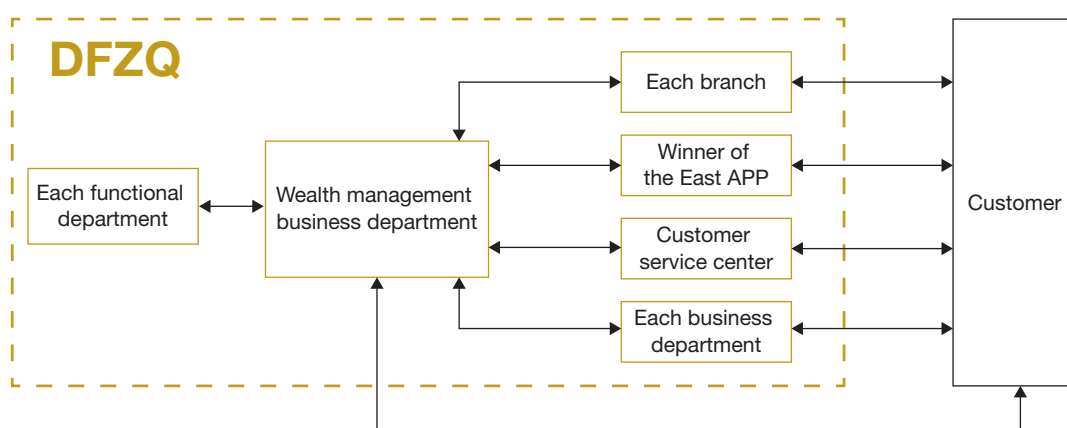




## 2.2 Quality Financial Services

- Quality customer service system*

Adhering to a service philosophy of “embracing customers equals to embracing future”, the Company sets up a customer service system, which is guided by the wealth management business department and supported by all functional departments, business departments and branches, with an aim to satisfy the differentiated requirements of customers with quality service attitude and professional service capability.



DFZQ's customer service system

- Characteristic wealth management brand building*

In order to promote the Company's transformation from traditional brokerage business to wealth management business, and from channel services to comprehensive financial services, the Company built a key wealth management brand, “Winner of the East (東方贏家)”, with the brand connotation of “building a professional sales service team with the customers as the core and leveraging on the branches throughout the country to provide diversified, comprehensive and professional financial services for institutional and individual investors dependent on the advantageous business resources of DFZQ headquarters and subsidiaries” to establish a wealth management system integrating brokerage business, financial products and comprehensive businesses. Meanwhile, the Company shaped brand value through brand logo, “Winner Monthly Magazine”, series of posters, etc. to amplify brand influence and awareness.

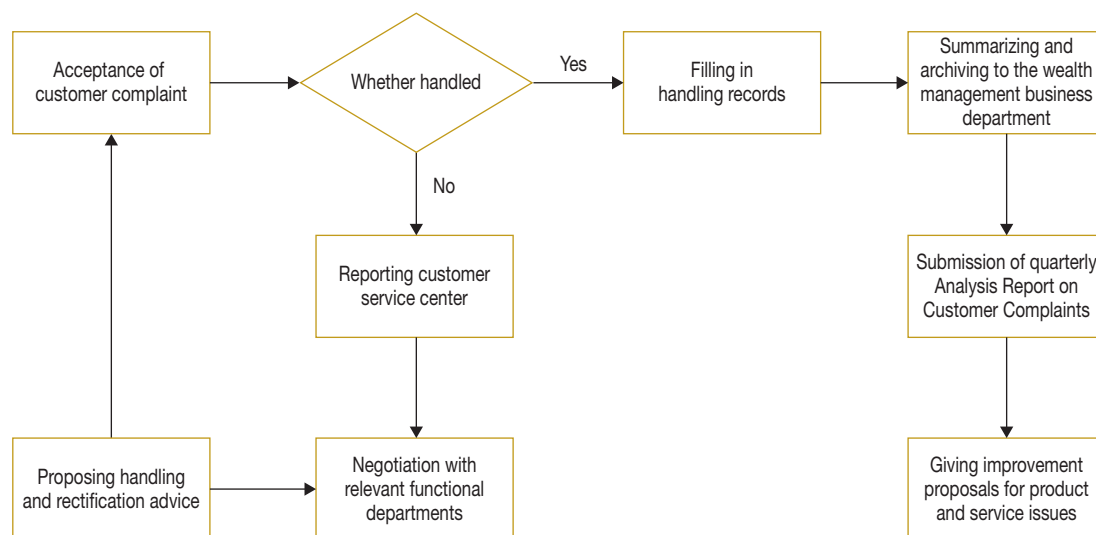
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## Winner of the East wealth management system

Winner of the East wealth management system	Brokerage business	Stocks, options, futures, Shanghai-Hong Kong Stock Connect Margin financing and securities lending, QFII, RQFII East Lending (東方匯), Tian Tian Ying (天添贏), income receipts
	Financial products	Dongfang Hong (東方紅) series products, mutual funds, private fund products Stock pledge, prime broker, assets securitization
	Comprehensive businesses	Equity financing, debt financing, merger and acquisition financing Return swaps, OTC options, direct investment business NEEQ quotation and market-making

### • Customer enquiry & complaint service

In order to standardize the implementation of customer complaints handling, and upgrade customer service quality and standard, the Company formulated the Implementing Rules for Customer Complaints Handling, which stipulated that DFZQ wealth management business department shall be accountable to unified management of customer complaints handling, and also clarified assignment of duties among customer service center, business departments and operating organizations and other segments within the customer service system, and clarified the complaints handling principle of first-person accountability, to ensure the effective handling of customer complaints.



DFZQ customer complaints handling procedure

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## Serving Statistics of 95503 Customer Service Hotline of DFZQ from 2015 to 2017

Indicators	Unit	2015	2016	2017
Number of customer enquiries through 95503 hotline (by person)	Case	235,512	185,193	213,810
Number of complaints	Case	12	4	13
Proportion of handled complaints	%	100	100	100

## 2.3 Investor Protection

### • Active implementation of measures for eligibility management

Since July 1, 2017, the Measures for Eligibility Management of Securities and Futures Investors (the “Measures”) promulgated by the CSRC has been officially implemented, which clarified various work of investors eligibility management in terms of investor clarification, product grading, enhancement of operating institution eligibility obligation and highlight of punishment on violations. In strict accordance with the Measures, the Company implemented eligibility management in many aspects of division of eligibility duties, system amendment, systematic renovation, training and publicity.

### Measures for implementing eligibility management system

Division of duties	<ul style="list-style-type: none"> <li>Establishing an eligibility management working group, which was led by the wealth management business department and consisted of six departments including system R &amp; D business department, system operation business department, compliance and legal management business department, to clarify the division of duties among all departments and assist all functional departments and business lines in the implementation of eligibility management system.</li> </ul>
System amendment	<ul style="list-style-type: none"> <li>Amending the basic eligibility management system, the Measures for Investor Eligibility Management of 東方證券股份有限公司, and revising and refining 21 systems including product sales, investment and enquiry, management of employee conducts, and customer return visit</li> </ul>
Systematic renovation	<ul style="list-style-type: none"> <li>Establishing customer information base of “unified information for the same customer” (namely, the eligibility information of one customer shall be exclusive no matter how many accounts he/she opens) to achieve eligibility management and control on the basis of collective trading system during transactions.</li> </ul>
Training and publicity	<ul style="list-style-type: none"> <li>Headquarters and all branches carried out employee training for many times, and solved, in real time, the operational issues of branches by way of QQ working group, WeChat working group, phone, and etc.</li> <li>Publicizing and interpreting the Measures through the Investment and Education Field (投教園地) on the official website, WeChat official account, branch outlets and other channels, to deepen the public’s understanding of eligibility system</li> </ul>

## DFZQ 2017 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

- *Stress on investor education*

The Company stays committed to the protection of legal interests of investors and attaches great importance to investor education. In 2017, the headquarters and all branches of the Company actively carried out rich investor education activities in various forms, including the interpretation of new rules, such as the Measures for Eligibility Management of Securities and Futures Investors, and the Several Provisions on Shareholding Reduction by Shareholders, Directors, Supervisors and Senior Management of Listed Companies; “315” investor interests protection month, “rules clarifying and risks identification” themed investor risk education activity, and etc.; and investor education activities on specific businesses including margin financing and securities lending, stocks and options, Shanghai-Hong Kong Stock Connect, and local government bonds.

Adhering to the principles of public welfare, professionalism, characteristics and interestingness, the Company has also set up “DFZQ (Internet) Investor Education Base”, which has five functional areas including knowledge center, interests protection, expert lectures, simulated experience and interaction & exchange, with an aim to offer the public a platform for investment knowledge education, investment risks indication, and investment interests protection.

Throughout the year, the Company carried out an accumulation of about 1,800 investor education activities with nearly 16,000 on-site investors participants, more than 30 investor education products and approximately 22,000 copies of various publicity materials released thereof.

- *Customer information safety protection*

The Company values management and protection of customer information system and trading system by adhering to the general guideline for information security of “risk prevention, hierarchical protection, comprehensive planning, unified management and full coverage”. In 2017, the Company revised the Contingency Plan for Information Safety of 東方證券股份有限公司, formulated the Plan for Information Safety Assurance during Sensitive Period of 東方證券股份有限公司, and smoothly passed the international certification of the information safety management system standard (ISO27001).

The Company adopts corresponding safety measures to protect any application systems involved with customer data. The computer information system of the Company meets the requirements of hierarchical protection for information safety. The Company takes encryption measures for all online transactions and internet systems involved with customer data in the process of communication, and conducts safety evaluation by the third party and safety reinforcement on a regular basis so as to realize customer data protection to the largest degree. In 2017, the Company found no events in violation of customer privacy or about losses of customer data, nor did it receive any relevant confirmed complaints.



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## Information safety management system of DFZQ

General guideline	Risk prevention, risk protection, comprehensive planning, unified management
General strategy	Hierarchical protection for information safety Developing information safety technical protection system by using advanced and mature information safety technologies and products
Management system	The Administrative Measures for Computer Information System Safety of 東方證券股份有限公司 The Implementing Rules for Vulnerability Scanning and Patch Management of Computer Information System of 東方證券股份有限公司 The Implementing Rules for Management on Protection Against Malicious Codes in Computer Information System of 東方證券股份有限公司 The Implementing Rules for Log Management of Computer Information System of 東方證券股份有限公司 The Implementing Rules for Safety Inspection on Information System of 東方證券股份有限公司 The Administrative Measures for Computer Information System Statistics of 東方證券股份有限公司
Technical measures	Firewall, intrusion detection, application firewall and other safety protection measures for network and application layer Mainframe and internet malicious code protection system Database audit, security log audit and other safety management systems Data encryption for important systems, security encrypted tunnels for internet communication Establishment of data backup, mechanism for disaster recovery and regular drills

## 3. STAFF DEVELOPMENT RESPONSIBILITY

With “creating a happy life for the staff” as its own mission, the Company safeguarded the legal interests of the staff according to the law, and concerned about the health and safety of the staff, and created a sound working environment and development platform for the staff to help them realize their self value.

### 3.1 Employment and Staff Interests

- *Staff employment*

The Company adopts a fair and impartial staff recruitment system in strict accordance with the Labor Law, the Labor Contract Law and other laws and regulations, as well as the principle of equal employment for talents introduction through multiple channels from the society and the campus. Meanwhile, the Company enters into labor contract with all employees according to the law to protect various essential interests of employees as required by the laws, such as obtaining labor remuneration, rest and holiday, accepting career and skills training, proposing labor dispute handling, etc. The Company resolutely resists child labor or forced labor, and rejects any discrimination or differentiated treatment based on race, color, gender, nationality, religion, age, social origin and other factors.

## DFZQ 2017 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In addition, the Company verifies identity of staff in the hiring process, and checks the Company's overtime and labor intensity on a regular basis to ensure compliance with relevant laws and regulations. In 2017, DFZQ did not have any violations relating to employment of child labor or forced labor, nor did it have any labor disputes thereof.

### Staff employment performance indicators

Indicators		Unit	2015	2016	2017
<b>Total number of the staff</b>		Person	3,687	4,154	<b>4,710</b>
By gender	Male	Person	2,037	2,280	<b>2,569</b>
	Female	Person	1,650	1,874	<b>2,141</b>
By age	>50	Person	140	165	<b>176</b>
	30 to 50	Person	2,078	2,452	<b>2,638</b>
	<30	Person	1,455	1,537	<b>1,896</b>
By region	Mainland	Person	3,608	4,062	<b>4,613</b>
	China				
	Oversea	Person	79	92	<b>97</b>
<b>Employee turnover rate</b>		%	9	10	<b>11</b>
By gender	Male	%	11	12	<b>13</b>
	Female	%	8	8	<b>9</b>
By age	>50	%	4	1	<b>2</b>
	30 to 50	%	11	9	<b>10</b>
	<30	%	8	12	<b>13</b>
By region	Mainland	%	9	10	<b>11</b>
	China				
	Oversea	%	49	18	<b>25</b>
Number of male management staff		Person	193	202	<b>234</b>
Number of female management staff		Person	72	77	<b>95</b>
Number of newly-recruited current year's graduates		Person	255	273	<b>258</b>
Number of minority staff		Person	105	144	<b>159</b>
Number of disabled staff		Person	2	2	<b>3</b>

**Note 1:** The above data includes those of DFZQ, Orient Securities Futures, Orient Securities Capital Investment, Orient Hong Kong, Orient Securities Asset Management, Orient Securities Innovation Investment and Citi Orient.

**Note 2:** Part of the labor dispatch workers are excluded in the above data. DFZQ and its subsidiaries may employ a small number of labor dispatch workers in positions such as security, driver, receptionist and cashier.

**Note 3:** Overseas staff includes those working in Hong Kong, Macau and Taiwan.

## DFZQ 2017 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

- *Remuneration benefit policies*

In order to provide a more well-established medical insurance system for the staff, the Company, on the basis of the existing statutory five social insurances and one housing funds, enterprise annuity and additional medical insurance, further purchased the “group long-term additional medical insurance” for staff to advance the medical assistance level for patients with severe diseases and other specific group, which enhanced the risk assurance for the staff in the event of any disease or fatality. Meanwhile, the Company incorporated the proportion of hospitalized costs, which shall be borne by the patient part, arising from mild cases and accidents or diseases, into insurance coverage, with severe disease insurance coverage being enlarged from the previous 29 to 60, which effectively upgraded the welfare guarantee level of the Company.

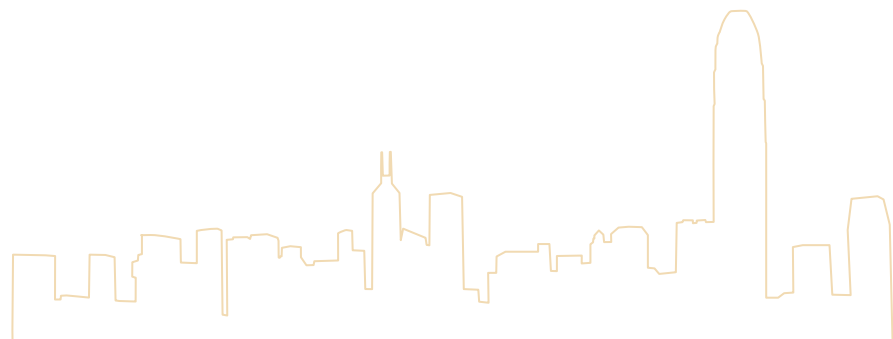
In 2017, the Company revised 13 systems including the Remuneration Management System, the Performance Management System, and the Attendance and Holiday Management Regulations, and newly drafted the Personnel Archives Management System, to further regulate the human resource management systems of the Company.

- *Communication and care*

The trade union of the Company earnestly safeguards the democratic involvement rights of staff by insisting on equal negotiation and a democratic management, democratic decision-making and democratic supervision system with the basic form of staff representative congress, thus forming a working layout of “led by the Party Committee, supported by the administrative department, stage-set by the trade union with staff involvement”.

The Company sets up the staff representative congress system and convenes the staff representative congress on a regular basis. In 2017, the Company held the second plenary meeting of the third session of the staff representative congress, at which the proposed list of additional members of democratic management committee of the Company was passed, staff directors and staff supervisors were elected, and the drafts of the Collective Contract, the Special Contract on Protection of Female Staff’s Special Interests, Staff Manual were passed by way of vote, which further improved the democratic management system of the Company.

In addition, DFZQ values creation and cultivation of its corporate culture. In 2017, the Company conducted a diversity of corporate cultural activities including Oriental Afternoon Tea (東方下午茶), Oriental Culture Talent Gathering (東方文化群英會), and the sixth session of Workers Art Festival, to enhance staff’s sense of belonging.



## DFZQ 2017 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### 3.2 Occupational Health and Safety

Staff's occupational health and safety is an important step in realizing their happy life. DFZQ has complied with the relevant laws and regulations of occupational health and safety of the PRC. Apart from providing employees with regular annual health check and comprehensive medical insurance plan, DFZQ has also organized rich cultural and sports activities such as Baduanjin exercise and employees sports meeting. In 2017, DFZQ was not aware of any non-compliance of occupational health and safety of its employees.

#### *Healthy and safe working environment*

- Environmentally-friendly materials are adopted for all decorations of the Company. After entering the site, major decoration materials shall be inspected for environmental purpose by the inspection institution designated by the local quality supervision department according to the relevant national standards, and shall be used upon passing the said inspection.
- Upon completion of decoration of all projects, an on-site air inspection shall be conducted by the inspection institution designated by the quality supervision department. Upon passing such inspection, the project shall then be accepted.
- According to the firefighting requirements, the Company conducts firefighting inspection on decoration materials, which shall be used upon passing the said inspection.

#### Occupational health and safety performance indicators

Key performance indicators of occupational health and safety	Unit	2015	2016	2017
Number of work-related fatalities	Person	0	0	0
Lost days due to work-related injuries	Day	0	39	27
Staff health check coverage rate	%	97.15	100	100
Staff occupational disease incidence	%	0	0	0

**Note 1:** The above data includes those of DFZQ, Orient Securities Futures, Orient Securities Capital Investment, Orient Hong Kong, Orient Securities Asset Management, Orient Securities Innovation Investment and Citi Orient.

**Note 2:** In 2016 and 2017, work-related injuries did not cause any disability or fatality.





## DFZQ 2017 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### 3.3 Training and Development

Talents are regarded as the continuing driving force for the development of a company. The Company adheres to a talent philosophy of “placing equal stress on ability and integrity, and knowing how to judge people and use them”, to adapt to the needs of industrial innovation transformation and the Company’s development. The Company carries out training centering on innovative businesses, all key businesses and key work to improve the meticulous management of human resources on an ongoing concern. By adopting a personalized training method, the Company has made career development planning for different employees, cultivating them in accordance with their aptitude.

Dependent on Orient Wealth Management Institute (東方財富管理學院) and E-learning platform, the Company has developed a series of training programs and held various training activities to satisfy the needs of the public employees. In 2017, the Company organized and held 305 various face-to-face internal trainings in total with 9,002 participants; 397 external trainings with 1,664 participants; more than 60 trainings through network with over ten thousand participants.

#### Staff training system of DFZQ

Targeted group	Program name	Training methods
New staff	Mentorship for new staff; Micro courses for new staff	
Reserve talents	Oriental Elite; Oriental Star; Jinfan Plan; Selection of managers reserve of branches	Career development planning Personalized training method E-learning online training system
Core teams	Boutique seminars; External professional courses learning	Excellent mentor resources
Medium and senior management	Leadership enhancement program for medium and senior management	

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### Staff training performance indicators

Indicators		Unit	2015	2016	2017
Participants of staff training		Person	5,957	8,345	10,666
Total expenditure on staff training		RMB'0000	363	455	560
Coverage ratio of staff training		%	100	100	100
By gender	Male	%	100	100	100
	Female	%	100	100	100
By employee type	General staff	%	100	100	100
	Mid-level staff	%	100	100	100
	Management staff	%	100	100	100
Training hours received by all staff per capita per annum		Hour	37.5	37.5	38
By gender	Male	Hour	37.5	37.5	38
	Female	Hour	37.5	37.5	38
By employee type	General staff	Hour	37	37.5	38
	Mid-level staff	Hour	37	37.5	38
	Management staff	Hour	43	53	60

Note: The above data includes that of DFZQ.



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## 4. COMPLIANCE OPERATION RESPONSIBILITY

### 4.1 Supply Chain Management

As a financial service institution, DFZQ has a relatively small number of suppliers, so the Company's supply chain causes a lower negative impact on the environment and society, mainly including the energy consumption in daily operation, waste management in equipment maintenance, labor standards of service providers as well as the compliance and integrity in supply chain management.

The Company screens, evaluates and regularly inspects suppliers, and requires those non-compliance suppliers to conduct rectification thereof. Failure to meet the standard after rectification will disqualify them. In 2017, none of the Company's suppliers caused any significant actual and potential negative impacts on commercial ethics, environmental protection and labor standards, nor did they violate any regulations.

Suppliers performance indicators

	Unit	2015	2016	2017
Number of China Mainland suppliers	/	–	33	48
Number of overseas suppliers	/	–	0	0

### 4.2 Anti-corruption

In accordance with the Regulations on the Supervision and Administration of Securities Companies, the Trial Provisions for the Compliance Management of Securities Companies, the Code of Conduct for the Practitioners of Securities Industry and other laws and regulations, DFZQ formulated the Violations Reporting Measures, which clarified the procedures for acceptance and handling of reported violations of the Company. Meanwhile, the Company established comprehensive compliance management measures covering whole process of staff practice behavior.

In 2017, DFZQ successfully advanced various compliance management under an effective operation of its compliance management system. Throughout the year, the Company did not materially violate any laws or regulations, nor was imposed with any material litigations or administrative penalties, or exposed to any material risks relating to bribery, nor did it find any confirmed bribes relating to the Group, or any public legal proceedings against the Group or its staff's bribes.

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### 4.3 Anti-money Laundering

The Company strictly implements the laws and regulations relating to anti-money laundering and actively performs its duties of anti-money laundering as a financial institution. In 2017, in accordance with the Administrative Measures for Reporting of Large-sum Transactions and Suspicious Transactions of Financial Institutions (the “No. 3 Decree”) released by the People’s Bank of China, the Company revised the Anti-money Laundering System of 東方證券股份有限公司 and the Anti-money Laundering System of Branches of 東方證券股份有限公司 to clarify the organizational system for conducting anti-money laundering work and actively implement the identification of customers and report on large-sum and suspicious transactions, and risk classification of customer laundering and other works. As at December 31, 2017, the Company totally reported 1,390 large-sum transactions and 7 suspicious transactions.

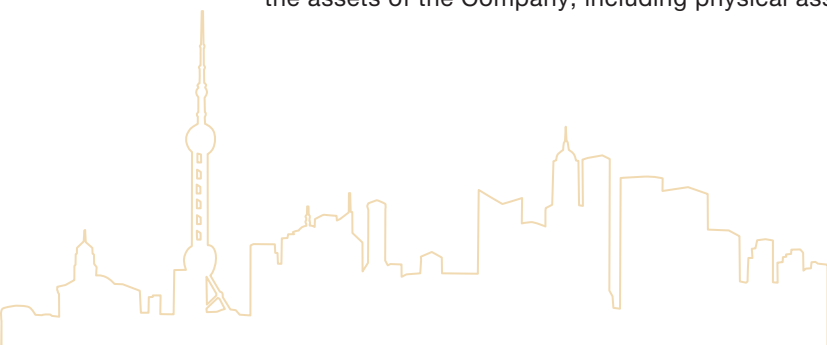
With anti-money laundering training and publicity as a long-term and continuing work, the Company formulated the Anti-money Laundering Publicity and Training Plan for 2017, and organized all staff to participate in the anti-money laundering training and anti-money laundering knowledge test. In the meantime, the Company advocated anti-money laundering through internal and external networks, corporate newspaper and news, spread anti-money laundering knowledge by setting up counters for anti-money laundering enquiry at all subordinate institutions and releasing anti-money laundering brochure, playing electronic scroll bar, anti-money laundering publicizing animation at all branches, and actively carried out anti-money laundering awareness month activities to spread anti-money laundering knowledge to the investors and the society, and raise the anti-money laundering awareness of the public.

### 4.4 Intellectual Property Protection

In order to create and protect the momentum of scientific innovation, technology leadership and sustainable profit growth, the Company especially emphasizes that the business relationship must be established based on the absolute respect to intellectual property, confidential information and business secrets of the Company, clients and other stakeholders.

DFZQ understands the value of confidential information to the Company and the importance of protecting such confidential information to the Company for maintaining its competitive advantages. In terms of safeguarding intellectual property, DFZQ mainly protects its own trademarks. The Company has registered four trademarks and five domain names in the Chinese competent authorities and has registered eight trademarks and one domain name in Trade Mark Registry of Hong Kong. As at the end of 2017, the Company’s intellectual property was not subject to any major infringement or infringement allegations by third parties.

In addition, DFZQ and its employees regulate the usage of confidential information such as intellectual property and business secrets of clients and third parties, and require the clients and third parties to use the assets of the Company, including physical asset and intellectual property regulatedly.



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## 5. ENVIRONMENTAL PROTECTION RESPONSIBILITY

DFZQ actively focuses on the environment where it operates in the process of wealth creation, adheres to valued investment, and incorporates the philosophy of sustainable development into the corporate culture and strategic guidelines. DFZQ always responds to the state initiative of energy-saving and emission reduction, guiding social capital to be invested into environmentally friendly enterprises; concerns about its own resources and energy conservation in operation, and creates sustainable office space to continuously improve its own environmental performance.

In 2017, DFZQ did not cause any environmental pollution events in its operation, nor was it involved into any confirmed violations or any appeals that were relevant to the environmental protection and had significant influence on the Company.

### 5.1 Development of Green Finance

- *Supporting development of green industry*

In response to the state initiative of green development, the Company developed diversified green financial products, and supports environmental protection, resource conservation, ecologically friendly enterprises and investment and financing projects by guiding social capital to be invested into green and environmentally-friendly industries, with a view to contributing to promoting the social sustainable development.

In 2017, through issuing the first green assets-backed notes (the “ABN”) in China, the Company assisted China Development Bank in issuing four tranches of green financial bonds, and took the lead, as the lead underwriter, in the issuance of the first “Bond Connect” green financial bonds by Agricultural Development Bank of China, underwriting an accumulation of RMB2.33 billion of green financial bonds, to actively practice its corporate responsibility of serving the society with green finance.

#### Cases of supporting development of green industries

Cases	Relevant description
Underwriting the first green ABN in China	In April 2017, the green ABN were successfully issued with the Company as the lead underwriter and bookrunner, Beijing Enterprises Water (China) Investment Co., Ltd.* (北控水務(中國)投資有限公司) (“BE Water”), a wholly-owned subsidiary of Beijing Enterprises Water Group Limited, as the promoter, and the charging rights of the minimum sewage treatment fees of 19 water treatment plants under BE Water as the underlying assets. With an issue size of RMB2.1 billion, such project is the first green ABN in China, as well as the water-related environmental protection securitization product with the largest scale and the largest number of underlying assets up to now.

# DFZQ 2017 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Cases	Relevant description
Assisting China Development Bank in issuing green financial bonds	In 2017, the Company acted as the lead underwriter or co-underwriter for the issuance of green financial bonds by China Development Bank for many times, and successively assisted China Development Bank in the successful issuance of four tranches of themed green financial bonds including “Atmospheric Pollution Prevention Theme”, “Beijing-Tianjin-Hebei Coordinated Development”, “Green Cyclic Development and Yangtze River Economic Belt Water Resource Protection” and “Guangdong-Hong Kong-Macau Greater Bay Area Clean Transportation Construction”. Moreover, the Company won the “Excellent Underwriter for Green Financial Bonds”, “Innovation Award for Underwriter of Financial Bonds of China Development Bank” and other awards at the 2017 China Development Bank Financial Bonds Underwriting Conference.

## 5.2 Green Operation

- *Promoting green office*

As a company in financial industry, the major environmental impacts caused by DFZQ are water and electricity consumption in its daily operation. The Company actively advances energy-saving and environmentally-friendly system by strictly complying with the laws and regulations relating to environmental protection, and incorporates the philosophy of low carbon and environmental protection into the whole process of the Company’s operation management to cultivates the staff’s daily environmental habits and behaviors, thus maximizing resource saving and pollution reduction.

Energy-saving lights are adopted for all office lighting in the Company. Staff will be reminded to timely turn off the power after work, and be encouraged to commute by public transport means so as to reduce exhaust gas emissions. Meanwhile, the Company encourages staff to save water, gives preference to water saving devices and has them repaired upon discovery of any water leakage or dripping. As the Company obtains water mainly through municipal pipeline with a small water consumption, the risk is relatively small to seek appropriate water supply.

The non-hazardous waste in our operation mainly refers to the daily office waste, which is collected and treated by the property management office, thus unable to calculate quantity. The hazardous waste in our office and operation mainly refers to the electronic waste, such as waste computer, printer, etc., which is collected and disposed together by professional electronic equipment waste disposal unit. In 2017, the Company produced a total of 2,284 waste electronic equipment including waste computers and waste printers.

In 2017, DFZQ did not cause any environmental pollution events in its operation, nor was it involved into any confirmed violations or any appeals that were relevant to the environmental protection and had significant influence on the Company.



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- *Creating green office space*

DFZQ starts from its own office space to practice its sustainable commitment. Orient Securities Building, the Company's new office building to be put into operation very soon, was built in strict compliance with the highest standard under the Assessment Standard for Green Building, to maximize energy consumption reduction and pollution reduction, thus providing a healthy, practical and efficient space to our staff.

### Orient Securities Building green operation measures

Energy consumption reduction	Natural lighting from transparent part of building elevation is properly utilized to reduce lighting energy consumption. Meanwhile, within the building, highly efficient appliances, including highly efficient cooling/heating source set and highly efficient motors, are adopted, and water saving lifestyle devices and appliances are selected and used.
Water saving	Non-traditional water sources are adopted for green irrigation, road showering and garage washing to achieve the reasonable and economical regulation, storage and utilization of rainwater.
Green enhancement	Various forms of greening are adopted, including lawn greening, garden planting at the roof, and vertical greening of low-layer walls, to improve the microclimate of building areas and the comfort of outdoor public space.
Solid waste reduction	A centralized refuse collection chamber is set up in the basement for classification, collection and disposal of refuse, as well as the effective reuse of reusable or renewable materials.

### Environmental protection performance indicators

Indicators		Unit	2015	2016	2017
DFZQ headquarters	Total greenhouse gas emissions <sup>1</sup>	tonnes	3,105	2,689	<b>3,168</b>
	Greenhouse gas emissions per capita	tonnes/headcount	3.51	3.04	<b>2.63</b>
	Greenhouse gas emission per unit area	tonnes/sq. m.	0.13	0.11	<b>0.11</b>
	Total water consumption <sup>2</sup>	tonnes	10,333	10,829	<b>10,346</b>
	Water consumption per capita	tonnes/headcount	11.69	12.25	<b>8.59</b>
	Water consumption per unit area	tonnes/sq. m.	6.72	7.05	<b>6.73</b>
	Total electricity consumption <sup>3</sup>	KWH	4,098,375	3,560,889	<b>4,212,749</b>
	Electricity consumption per capita	KWH/headcount	4,636.17	4,028.15	<b>3,498.96</b>

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Indicators	Unit	2015	2016	2017
Electricity consumption per unit area	KWH/sq. m.	171.42	148.94	151.51
Total natural gas consumption <sup>4</sup>	cu. m.	42,917	48,962	54,896
Natural gas consumption per capita	cu. m./headcount	48.55	55.39	45.59
Natural gas consumption per unit area	cu. m./sq. m.	27.92	31.86	35.72
Total office paper consumption	pack	4,285	4,049	4,818
Vehicle oil consumption expenses	RMB'0000	32	19.40	21.3
Securities branches of DFZQ: <sup>5</sup> Total greenhouse gas emissions	tonnes	9,541	10,541	12,893
Greenhouse gas emission per unit area	tonnes/sq. m.	0.12	0.13	0.16
Total water consumption	tonnes	50,240	67,889	187,094
Water consumption per unit area	tonnes/sq. m.	0.63	0.84	1.07
Total electricity consumption	KWH	9,614,880	11,035,702	10,456,802
Electricity consumption per unit area	KWH/sq. m.	120.43	135.96	133.34

**Note 1:** Greenhouse gas emission refers to the vehicles of the Company, the direct emission generated from the use of natural gas and the indirect emission of electricity purchased externally, which is estimated with reference to the average carbon dioxide emission factor of China regional power grid released by the National Development and Reform Commission to combat climate change, the greenhouse gas emission coefficient for mobile combustion provided by the Stock Exchange, as well as the Greenhouse Gas Accounting Tool for Chinese Cities 2.0 by the World Resources Institute, and this applies to the below section.

**Note 2:** Total water consumption and density data include the canteen of DFZQ headquarters, and the water consumption of the office shall be counted into property management fee and thus unknown.

**Note 3:** Total electricity consumption and density data include consumption in office and canteen of DFZQ headquarters.

**Note 4:** Natural gas consumption was only produced from the canteen of DFZQ headquarters, and headquarters office and securities branches do not involve any natural gas consumption.

**Note 5:** Relevant environmental data in securities branches are estimated.



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## 6. SOCIAL CONTRIBUTION RESPONSIBILITY

As a financial service enterprise, in addition to creating wealth, the Company is also committed to making contribution to the society and giving back to the community. The Company continuously contributes to improving people's livelihood and promoting social harmonious development through preservation of intangible cultural heritage, sustained charity support to education and other specialty areas, and proactive implementation of "One Company to One County" precise poverty alleviation and pair-up assistance.

### 6.1 Supporting Public Welfare Undertaking

- *Xindeyizhang Public Welfare Foundation*

For the purpose of better preserving and inheriting the oriental cultural heritage and rejuvenating the traditional oriental culture, DFZQ has launched a program for public interest under the name of Xindeyizhang, focusing on the preservation of and support to oriental cultural heritage since 2014. In 2015, The Company took this opportunity to launch the establishment of the "Shanghai DFZQ Xindeyizhang Public Welfare Foundation" (hereinafter referred to as the "Xindeyizhang Foundation" or the "Foundation").

In 2016, as the Foundation was attentive to the cultural heritage worth preservation and dissemination along the "One Belt One Road" line, it initiated the cultural heritage plan named "A Beautiful City in Western China | Dunhuang". With Dunhuang culture as a blueprint, an animation film entitled "Twilight in Mogao Grottoes" was produced. In addition, Shanghai Museum of Contemporary Art held an exhibition named "A Beautiful City in Western China | Dunhuang Project Witnessing Twilight Public Exhibition", bringing a new life to Dunhuang culture by using digital form of exhibition.

In 2017, the Foundation continued the cultural heritage program of "A Beautiful City in Western China | Dunhuang". It held a charitable sales event of derivatives of the film "Twilight in Mogao Grottoes" in collaboration with Shanghai Wing & Dine Festival. Moreover, the Foundation also launched the Xindeyizhang Art Classroom and a social worker companion project in a national poverty county, Maigaiti, Xinjiang in support to education. Looking ahead, the Foundation plans to provide opportunities for more children to admire the cultural heritage via art education for them and construction of art classrooms in rural primary schools, with a view to nurturing them to be the preserver and inheritors of the cultural heritage in the future.

- *The charitable sales event of derivatives of "Twilight in Mogao Grottoes"*

In September, 2017, the Company and Xindeyizhang Foundation joined hands with Shanghai Wing & Dine Festival to hold the charitable sales event of derivatives of "Twilight in Mogao Grottoes". As the continuation of the "A Beautiful City in Western China | Dunhuang" program launched in 2016, on the basis of more than 2,000 pieces of hand-painted fenders, household and cultural derivatives, including catalogues, folders, notebooks, fridge magnets, and decorative paintings, have been designed for further connection of Dunhuang culture with people's daily lives. As volunteers in this charitable sales event, our employees actively promoted the Dunhuang program and patiently explained the background of the sales event.

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During our sales event, being attracted by the unique design of the “Twilight in Mogao Grottoes” derivatives, many tourists had a more intuitive experience of Dunhuang murals. The patient introduction made by the volunteers helped more people to understand ingenuity and perseverance of DFZQ as well as Dunhuang and Dunhuang art. Tourists could not only bring the art back home by purchasing relevant derivatives, but also took the opportunity to contribute to charity via preserving oriental cultural heritage jointly with DFZQ.

The three-day long charitable sales event recorded over 200 deals of purchase, raising an amount of nearly RMB25,000, all of which will be used for subsequent activities of the “A Beautiful City in Western China | Dunhuang” program.

- *Realizing the dream of art classroom*

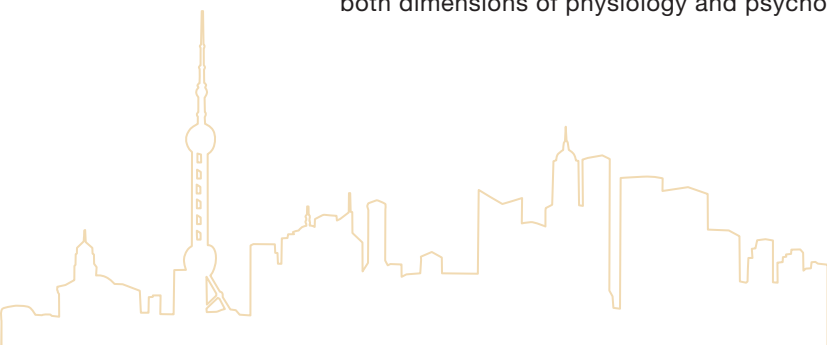
Apart from rejuvenating the oriental cultural heritage via cross-border and innovation initiatives, the Foundation also tried its utmost to inherit it through art education for children. The Company made active efforts to create opportunities for teenagers and children to understand the oriental cultural heritage so as to inspire their interest and curiosity. “Xindeyizhang Art Classroom” were organized in schools in the vicinity of cultural heritage sites by the Company, where volunteers gave lessons regularly to sow the seeds of art in the hearts of the younger generation.

### **Dream Realization of Xindeyizhang Art Classroom**

In August 2017, the Dream Realization of Xindeyizhang Art Classroom was initiated across the Company. Within two days, the realization of 17 dreams in connection with the art classroom were undertaken by Citi Orient, the Fixed Income Department, the Securities Investment Department and other subsidiaries and departments, raising a total amount of RMB58,806, which will be used to purchase furniture, multimedia equipment and other necessity goods for the art classroom of Taoyan Village Primary School, Guangzhi County, Jiuquan City, Gansu Province.

- *The social worker companion project in a national poverty county, Maigaiti, Xinjiang*

With a view to promoting concept of diversified integration in areas of Xinjiang and enhancing the full development of personality, intelligence, and physical and mental abilities via children’s education, in 2017, the Xindeyizhang Foundation of DFZQ cooperated with the Beijing Women and Children’s Development Foundation, namely, the Zeng Minjie & Yang Hao Mutual Development Foundation (曾敏傑楊浩聯愛基金), to launch a social worker companion project in a national poverty county, Maigaiti, Xinjiang. The project has been expected to last for ten years, based on the local boarding schools or bilingual schools and targeting children aged 3 to 15. The station of the social worker companion project at school has been built up aimed to enlighten children’s wisdom and inspire their interest in cognitive learning, creativity and imagination, thus to achieve “growing up with social workers” in both dimensions of physiology and psychology.



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The Company established its first social worker companion station at Xiyitidun Township Bilingual Primary School in Maigaiti County, Xinjiang. The school has 13 classes and about 500 students, of which about 200 are boarding students, and 34 teachers, and provides bilingual (Mandarin and Uyghur) teaching. The stationed social workers gave charitable courses from four aspects, covering the social work class, the medical corner, the hygiene habits plan, and the psychological companionship plan with a view to benefiting to children's growth.

### 6.2 Precise Poverty Alleviation

- *Poverty alleviation strategy*

The Company actively responded to the country's initiatives and the industry guidelines, and implemented the spirits of relevant poverty alleviation papers. Since 2016, under the guidance and initiative of the China Securities Regulatory Commission and the Securities Association of China, the Company successively entered into the "One Company to One County" pair-up assistance agreements with six national poverty counties, i.e. Daur Autonomous Banner of Morin Dawa (hereinafter referred to as "Morin Banner"), Hulun Buir, Inner Mongolia, Jingle County, Shanxi, Tongyu County, Jilin, Muchuan County, Sichuan, Wufeng County, Hubei, Yanchi County, Ningxia.

The Company set up the poverty alleviation team with a leading group, and developed a leadership mechanism for poverty alleviation, forming a regular operation mechanism for poverty alleviation. In 2017, the Company carried out the poverty relief in industry, education, finance, public welfare and consumption, and kicked off 19 poverty relief projects with a total amount of RMB14.3950 million invested.

#### Achievements of Poverty Alleviation Projects

Type	Number	Invested funds (RMB'0000)
Industry-based poverty relief	7	615.96
Education-based poverty relief	7	193.44
Public welfare-based poverty relief	4	528.10
Consumption-based poverty relief	2	102.00
Total	19	1,439.50

Note: the invested funds include expenses from the Foundation.

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- *Pair-up poverty relief in Morin Banner*

Upon entering into the targeted poverty relief agreement with the Morin Banner government, the Company selected the local featured fruit – guniang fruit as the priority of industry-based poverty alleviation after conducting a number of field investigations and analysis. At the same time, the “Oriental Securities Industrial Poverty Alleviation Base” established by the Company made efforts to invigorate the industry chain of guniang fruit and boost plantation business and employment for farmers through three-in-one model, i.e. “fostering leading enterprises, establishing standard planting bases and selecting professional partners”. Furthermore, the base made use of the consumption channel to achieve “hematopoietic” function for Morin Banner. In August 2017, after being introduced to the market across the country, the first batch of oriental guniang fruit recorded nearly RMB4 million of sales revenue in only half a month and received positive feedback from the market.

While devoting to developing the local economy of Morin Banner, the Company understood that the national intangible cultural heritage, Lurigele dancing-national folk dance, was facing difficulty in inheriting. In 2017, the Company launched the preservation scheme of inheriting the national intangible cultural heritage Lurigele dancing-national folk dance. Leveraging on the experience accumulated by the Xindeyizhang Foundation in preserving intangible cultural heritage, the scheme was aimed at help the Lurigele dancing-national folk dance be carried on among the Morin Banner people, thus to boost cultural self-confidence of the local residents and enhance their ability to overcome poverty via cultural education.

- *Finance-based poverty-relief*

The Company introduced an innovative precise poverty alleviation model by taking advantage of its position as a financial service enterprise. In November 2017, the first batch of corporate bonds for poverty-relief purpose, the non-public issuance of social responsibility corporate bonds (poverty alleviation) by Yichang Changle Investment Group Co., Ltd. (宜昌長樂投資集團有限公司) and exclusively underwritten by DFZQ’s subsidiary Citi Orient, was listed on the Shanghai Stock Exchange.

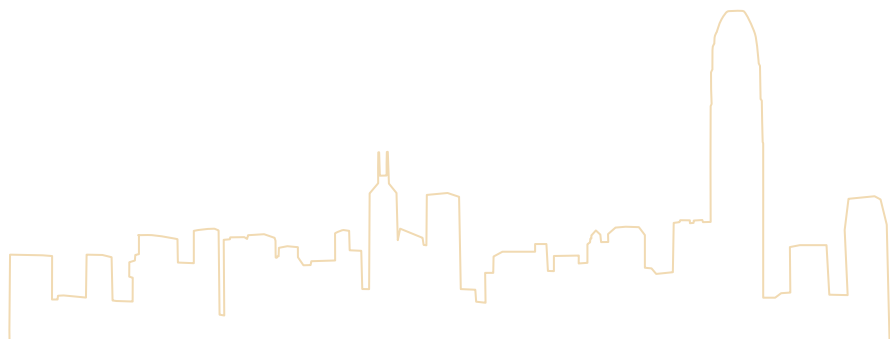
The issuance amount was RMB500 million, with a maturity of seven years and a coupon rate of 7.00%. The proceeds will be used in whole for the poverty alleviation project in Wufeng Tujia Nationality Autonomous County in three aspects, including houses of resettlement sites of the project of poverty alleviation via relocation, supporting facilities and the construction of the base of industry-based poverty alleviation, benefiting more than 4,000 households and recorded poor residents of more than 12,000 directly. On the one hand, the project secured the basic public services in respect of house safety, improvement in basic living conditions and provision of easily accessible education and healthcare services in the resettlement sites. On the other hand, the project gave supports to the development of special industries such as featured agriculture and animal husbandry, industrial parks and rural tourism. To the end, the goal of “moving out but staying stable” was ensured to be achieved.

The successful issuance of the corporate bonds for poverty-relief purpose undertaken by the Company was an innovative practice of poverty alleviation in the country. The issuance played a good exemplary role in finance-based poverty relief by using the advantage of capital market financing, bringing into play the market-based mechanism and accurately connecting with the demand for specific poverty alleviation.

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- *Layout of DFZQ's poverty alleviation*

Daur Autonomous Banner of Morin Dawa, Inner Mongolia	<ul style="list-style-type: none"><li>• Oriental guniang fruit in industry-based poverty relief</li><li>• Purchase and recommendation of agricultural products in Morin Banner</li><li>• Financial assistance for high school students from recorded poor households</li><li>• Assistance in recorded poor households project in Beishichang Village, Morin Banner</li><li>• Assistance in inheriting Lurigele dancing-national folk dance</li><li>• Renovation project of Beishichang Primary School initiated by Orient Securities Futures</li></ul>
Jingle County, Shanxi	<ul style="list-style-type: none"><li>• Agricultural machinery purchase through donations for poverty alleviation purpose</li><li>• Donation for day care center</li></ul>
Fenxi County, Shanxi	<ul style="list-style-type: none"><li>• Poverty alleviation targeted at construction of farms using fiber optics technology of Orient Securities Asset Management</li></ul>
Tongyu County, Jilin	<ul style="list-style-type: none"><li>• Breeding of small-tailed Han sheep</li><li>• Donations to schools for student with intellectual disabilities made by Orient Securities Futures</li><li>• Donations to library construction made by Orient Securities Futures</li></ul>
Yanchang County, Shaanxi	<ul style="list-style-type: none"><li>• Poverty alleviation targeted at the apple industry of Orient Securities Futures</li></ul>
Maigaiti, Xinjiang	<ul style="list-style-type: none"><li>• Education-based poverty alleviation in Maigaiti</li></ul>
Qinghai Province and Guizhou Province	<ul style="list-style-type: none"><li>• "Love Breakfast" program of Dong Fang Hong Wei Guang Charity to provide assistance for students</li></ul>
Muchuan County, Sichuan	<ul style="list-style-type: none"><li>• Street lighting for poverty alleviation purpose</li></ul>
Jinshan District, Shanghai	<ul style="list-style-type: none"><li>• Comprehensive assistance in Fengjing Town, Jinshan District</li></ul>
Chongming District, Shanghai	<ul style="list-style-type: none"><li>• Pair-up assistance in Xinmin Village, Chongming District</li></ul>



# DFZQ 2017 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 7. KEY PERFORMANCE INDICATORS AND SOCIAL RECOGNITION FOR THE YEAR 2017

Indicators		Unit	2017
<b>Environment</b>			
Emissions	Total greenhouse gas emissions	tonnes	16,061
	Greenhouse gas emissions per capita	tonnes/headcount	4.73
Resource use	Total electricity consumption	KWH	14,669,551
	Electricity consumption per capita	KWH/headcount	4,316
	Total water consumption	tonnes	10,346
	Water consumption per capita	tonnes/headcount	58
<b>Society</b>			
<b>Employment</b>			
Total number of staff		person	3,399
Staff turnover rate		%	11
<b>Health and safety</b>			
Total number of work-related fatalities		person	0
Lost days due to work injury		day	0
<b>Development and training</b>			
Staff training coverage rate		%	100
Average training hour per capita		hour	38
<b>Product responsibility</b>			
Number of customer complaints		case	13
Percentage of customer complaints being handled		%	100
<b>Community investment</b>			
Attendance of the staff's voluntary activities		person	84
Average volunteering hours of employees per capita		hour	4

Note: the data above include that of DFZQ headquarters and its branches.



# DFZQ 2017 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Social recognition of DFZQ in 2017

Name of awards	Conferred by
2017 Financial Poverty Alleviation Award	Co-organized by CSRC Shanghai Branch, Shanghai Federation of Trade Unions, Guidance of Shanghai Stock Exchange, the Listed Companies Association of Shanghai, CBN Weekly, Shanghai Federation of Economic Organizations
Best Product Reference Award	China Securities Internet Company Limited (中證互聯股份有限公司)
2017 Impact of Sustainability Development Award	Shanghai Observer of Jiefang Daily, Shanghai Daily and Eastday
2017 Model of Sustainability Development Award	Organized by CCM CSR Promotion Center and supported by School of Management of Fudan University
“α i Social Value Co-creation” Social Welfare Model Award	CBN Weekly
2017 Sustainable for the Future: Cross over Social Welfare Award of CBN Weekly	
Innovation Award for Poverty Alleviation of Financial Enterprises	2017 Financial Enterprises' Poverty Alleviation Seminar and Ceremony of Innovation Award
Outstanding Brand Image Award	6th China Finance Summit
SGX ESG 50 Index	ESG Index Institute (ESG指數機構)
The Listed Companies with the Best Brand Value	Selection of 2017 China Securities Golden Bauhinia Awards
5-Star Integrity Enterprise of Shanghai	“Establishing Integrity of Enterprises” Activity of Shanghai Government of Huangpu District
Top 100 Enterprises with Outstanding Contributions to the Economic Development of Huangpu District 2016	
Outstanding Underwriters in the Constituents of Chinese Bonds and Green Bonds Index	2017 Selection of the China Central Depository & Clearing Co., Ltd.
Annual Most Innovative Wealth Management Account	www.ifeng.com
“Best Investment Story Award” “Outstanding Contributions to Shenzhen Connect Award”	Shanghai Stock Exchange and Shenzhen Stock Exchange
Most Influential NEEQ Market Maker	NEEQ Summit and the third “Huaxin Award” awarded by China Business News
Best IPO Award	Ceremony of “2016 Best Listed Company in Financing in China”
2017 Junding Award for NEEQ Market Maker in China	The Value Creation Summit Forum of Investment Banks and the 2017 Junding Award Ceremony for Outstanding Investment Banks in China held by Securities Times
2016 China's Best Ten NEEQ Market Maker	NEEQ Market Maker Conference of China in 2017
Outstanding Contribution of Shenzhen-Hong Kong Stock Connect	the Shenzhen Stock Exchange

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Name of awards	Conferred by
Outstanding Contribution in the New Generation of Trading System of Shenzhen Stock Exchange	2017 General Assembly of Shenzhen Stock Exchange
Outstanding Contribution of Shenzhen-Hong Kong Stock Connect	
2017 Jun Ding Award for Wealth Management Brand of China	2017 China Wealth Management Forum held by Securities Times
2016 CEIBS Best Online Project	CEIBS
Electrolytic Copper Swap Business Promotion Award of Shanghai Clearing	Shanghai Clearing
2017 Top Ten Brands of APP of Securities Companies	2017 Finance Technology Summit in Securities Industry and "Dealers in China; Choice of Best APP of Securities Companies"
2017 Groundbreaking Innovation Award for the APP of Dealers	
The Most Fluent Name of the APP of Dealers in 2017	
The Best Poster of APP of Dealers in 2017	
Excellent Underwriters in the Interbank Market	2017 Forum for Underwriters of Financial Bonds held by the China Development Bank
Excellent Underwriters in the Exchange Market	
Excellent Underwriters of Green Financial Bonds	
Innovation Award for Underwriters of Financial Bonds of the China Development Bank	
Annual Excellent Financial Technology Product	www.wallstreetcn.com
"Advanced Unit of Technology Innovation"	Shenergy Group
Best Practice of Informatization Award	Shanghai Chief Information Officer Alliance (上海首席信息官聯盟)
"Outstanding Award for Human Resource Management" in 2017 in Shanghai	"Improve Efficiency and Embrace the Future" held by the 51job.com and the selection of "Outstanding Award for Human Resource Management"
"Best Team for Breakthrough in HR Innovative Practice" award in 2017	Ceremony of "Breakthrough in HR" at Shanghai station in 2017
"α i Quality Workplace of the Year" award in 2017	Jointly held by China Business News and Zhongzhi
"Extraordinary Employer in Reform for the Year" in 2017	Liepin.com
Outstanding team in Making Contributions and Achievements	Shanghai Financial Federation
2017 "Impact of Sustainability Development Award"	Going to 2040: Best Example Demonstrating Innovation of Enterprises and Sustainability of a City
2017 "Model of Sustainability Development Award"	

Note: the awards above are won by the parent company in 2017 and partly in 2016, and for details of those won by the departments, individuals and subsidiaries of the Company, please see our website.



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## 8. HKEx ESG REPORTING GUIDELINES INDEX

Aspect, general disclosure and key performance indicator	Description	Disclosure chapter
<b>Main scope A. Environment</b>		
<b>Aspect A1. Emissions</b>		
General Disclosure A1	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to exhaust and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste	Environmental protection responsibility
KPI A1.1	Types of emissions and respective emissions data	Environmental protection responsibility
KPI A1.2	Total green-house emissions (in tonnes) and, where applicable, intensity (e.g. per unit of production volume, per facility)	Environmental protection responsibility
KPI A1.3	Total hazardous waste produced (in tonnes) and, where applicable, density (e.g. per unit of production volume, per facility)	Environmental protection responsibility
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where applicable, density (e.g. per unit of production volume, per facility)	Environmental protection responsibility
KPI A1.5	Description on measures to mitigate emissions and results achieved	Environmental protection responsibility
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	Environmental protection responsibility
<b>Aspect A2. Use of Resources</b>		
General disclosure A2	Policies on effective use of resources (including energies, water and other raw materials)	Environmental protection responsibility
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (KWH in '000) and intensity (e.g. per unit of production volume, per facility)	Environmental protection responsibility
KPI A2.2	Total water consumption and intensity (e.g. per unit of production volume, per facility)	Environmental protection responsibility

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Aspect, general disclosure and key performance indicator	Description	Disclosure chapter
KPI A2.3	Description on energy use efficiency initiatives and results achieved	Environmental protection responsibility
KPI A2.4	Description on whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved	Environmental protection responsibility
KPI A2.5	Total packaging material used for finished products (in tonnes), and, if applicable, with reference to per unit produced	Not applicable
<b>Aspect A3. Environment and Natural Resources</b>		
General disclosure A3	Policies on minimizing the issuer's significant impact on the environment and natural resources	Environmental protection responsibility
KPI A3.1	Description on the significant impacts of activities on the environment and natural resources and actions taken to manage them	Environmental protection responsibility
<b>Main scope B. Society Employment and Labor Practices</b>		
<b>Aspect B1. Employment</b>		
General disclosure B1	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare	Staff development responsibility
KPI B1.1	Total workforce by gender, employment type, age group and geographical region	Staff development responsibility
KPI B1.2	Employee turnover rate by gender, age group and geographical region	Staff development responsibility
<b>Aspect B2. Healthy and Security</b>		
General disclosure B2	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards	Staff development responsibility
KPI B2.1	Number and rate of work-related fatalities	Staff development responsibility
KPI B2.2	Lost days due to work injury	Staff development responsibility

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Aspect, general disclosure and key performance indicator	Description	Disclosure chapter
KPI B2.3	Description on occupational health and safety measures adopted as well as related ways of implementation and supervision	Staff development responsibility
<b>Aspect B3. Development and Training</b>		
General disclosure B3	Policies on improving employees' knowledge and skills for performing duties and work. Description on training activities	Staff development responsibility
KPI B3.1	The percentage of employees (e.g. senior management, middle level management and etc.) trained by gender and employee category	Staff development responsibility
KPI B3.2	The average training hours completed per employee by gender and employee category	Staff development responsibility
<b>Aspect B4. Labor Standards</b>		
General disclosure B4	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to the prevention of child labor or forced labor	Staff development responsibility
KPI B4.1	Description on measures to review employment practices to avoid child and forced labor	Staff development responsibility
KPI B4.2	Description on steps taken to eliminate such violations when discovered	Staff development responsibility
<b>Main scope B. Community and operating practices</b>		
<b>Aspect B5. Supply Chain Management</b>		
General disclosure B5	Policies on managing environmental and social risks of the supply chain	Compliance operation responsibility
KPI B5.1	Number of suppliers by geographical region	Compliance operation responsibility
KPI B5.2	Description on practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored	Compliance operation responsibility
<b>Aspect B6. Product Responsibility</b>		
General disclosure B6	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labeling and privacy matters relating to products and services provided and methods of redress	Product and customer services responsibility

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Aspect, general disclosure and key performance indicator	Description	Disclosure chapter
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	Not applicable
KPI B6.2	Number of received complaints related to products and services and solutions	Product and customer services responsibility
KPI B6.3	Description on practices related to observing and protecting intellectual property rights	Product and customer services responsibility
KPI B6.4	Description on quality assurance process and product recall procedures	Not applicable
KPI B6.5	Description on consumer data protection and privacy policies, how they are implemented and monitored	Product and customer services responsibility
<b>Aspect B7. Anti-corruption</b>		
General disclosure B7	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to prevention of bribery, extortion, fraud and money laundering	Compliance operation responsibility
KPI B7.1	Number of concluded lawsuits regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases	Compliance operation responsibility
KPI B7.2	Description on preventive measures and whistle blowing procedures, and how they are implemented and monitored	Compliance operation responsibility
<b>Aspect B8. Community Investment</b>		
General disclosure B8	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities takes communities' interests into consideration	Social contribution responsibility
KPI B8.1	Focus on contribution areas (e.g. education, environment, labor needs, health, culture and sports)	Social contribution responsibility
KPI B8.2	Resources contributed to the focus area (e.g. money and time)	Social contribution responsibility

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## 9. ON THIS REPORT

### Coverage

Organizational scope: The report is mainly based on Orient Securities Company Limited, which partially covers its subsidiaries: Orient Finance Holdings (Hong Kong) Limited, Shanghai Orient Securities Innovation Investment Co., Ltd., Shanghai Orient Securities Futures Co., Ltd., Shanghai Orient Securities Capital Investment Co., Ltd., Shanghai Orient Securities Asset Management Co., Ltd. and Citi Orient Securities Co., Ltd. As compared with the environmental, social and governance report of 2016, the scope of statistics and information adopted in this report is consistent with that of last year's report. Regarding to the scope of context, information relating to China Universal Asset Management Company Limited (匯添富基金管理股份有限公司), an investee company of the Company, was deleted to better match the scope of financial report of the Company so as to provide ESG information to the investors.

Time scope: from January 1, 2017 to December 31, 2017, with partial contents beyond such period.

Period of release: this report is an annual report.

### Data statement

The data and cases in this report come from the original records or financial reports of DFZQ and its subsidiaries in actual operation. The financial data of this report are in RMB. In the event of any discrepancy between the financial report and this report, the financial report shall prevail. During the reporting period, there were no confirmed non-compliance incidents in relation to environmental protection of the Company or its subsidiaries included in this report, based on the data retrieval through the environmental databases of Institute of Public and Environmental Affairs (IPE) and Shanghai Qingyue (上海青悦環保).

### Basis of preparation

This report was prepared with reference to the Environmental, Social and Governance Reporting Guidelines issued by the Stock Exchange of Hong Kong Limited.

