

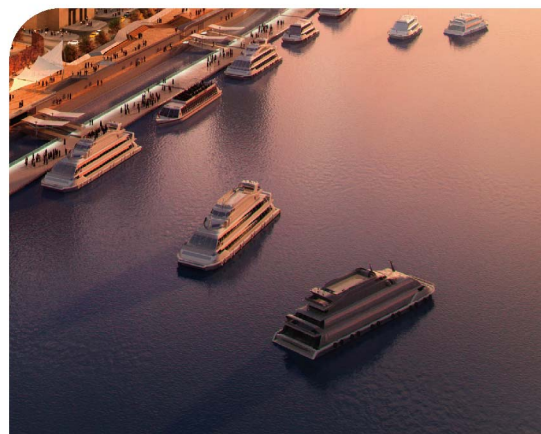
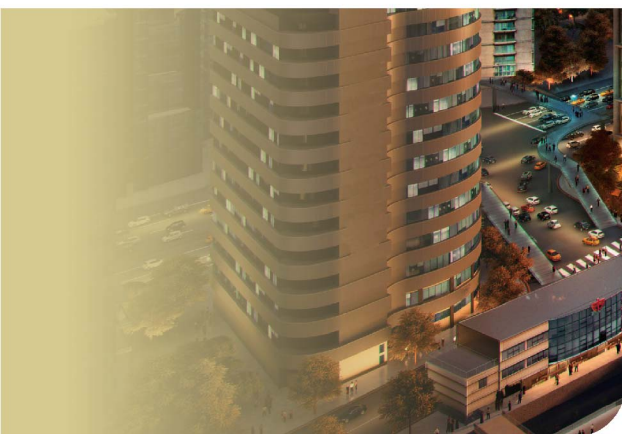
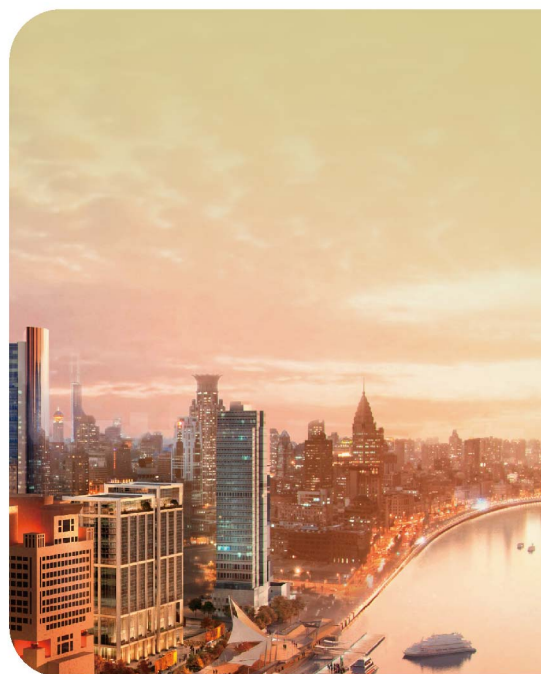
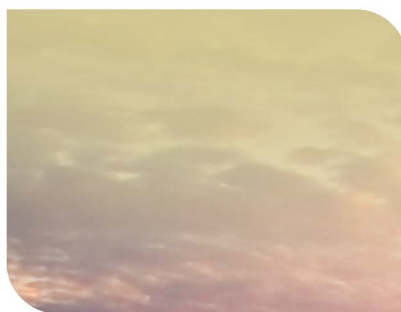
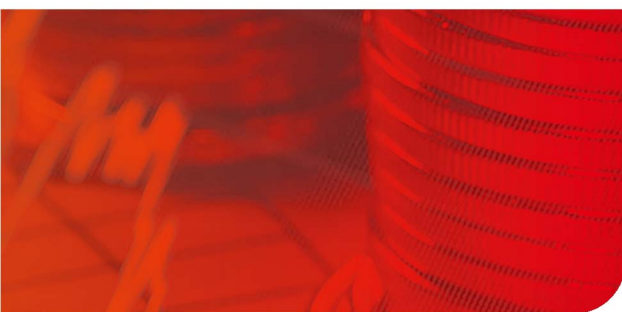


东方证券

— 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



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1. RESPONSIBILITY PHILOSOPHY AND MANAGEMENT

1.1 Our Responsibility Philosophy

Responsibility Philosophy

As China's leading capital market service provider, DFZQ integrates the concept of social responsibility into our corporate culture, strategic policy and daily operation. The Company is committed to creating a better life for our employees during the progress of serving real economy and wealth creation, and also sharing success with the shareholders and the society with both material and spiritual returns so as to become an excellent enterprise to the pride of employees, to the satisfaction of shareholders and to the respect of the society.

Company Mission	To provide quality integrated financial services to the real economy and social wealth management To create a better life for employees And to provide both material and spiritual returns to shareholders, employees and society
Company 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 and Development and Innovation
Cultural Features	People-oriented "home" culture
Corporate Spirit	United, Enterprising, Pragmatic and Efficient
DFZQ Disposition	Tough and persistent, enduring loneliness, low-key and pragmatic, unobtrusive, unyielding, and never doing senseless things

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In 2019, the Securities Industry Association of China issued the “Proposal for Cultural Construction in the Securities Industry” (《證券行業文化建設倡議書》), advocating the establishment of “a loyal, professional and practical cultural heritage and a cultural philosophy of compliance, integrity, professionalism and stability in the securities industry”.

Responding to the call on cultural construction of the industry, the Company immediately organized a special study on the “Proposal for Cultural Construction in the Securities Industry”, successively convened seven special conferences regarding the construction of industry corporate culture, and adjusted the Company’s culture construction leading group and working group to formulate the “Implementation Plan for the “Work Outline for Culture Construction in Securities Fund Industry and Prevention of Moral Hazard” of the Party Committee of DFZQ” (《東方證券黨委關於貫徹落實〈建設證券基金行業文化、防範道德風險工作綱要〉的實施方案》) and the “Working Methods of Cultural Construction Working Group of DFZQ” (《東方證券股份有限公司文化建設工作小組工作辦法》), in a bid to earnestly advancing various tasks for industry culture construction, strengthening the construction of cultural system and mechanism and promoting the practical implementation of cultural construction.

1.2 Our Responsibility Management

Promoting social responsibility management with coordinated efforts of various departments

The Company attaches great importance to the management of social responsibility. It integrates the concept of social responsibility into the Company’s operation and management by building a multi-department coordinated environmental, social and corporate governance (“ESG”) working mechanism to provide support for the continuous and systematic development of social responsibility.

As an A+H share listed company, the Company regularly collects, summarizes and analyzes the social responsibility management system, measures and results in accordance with the requirements of stock exchanges and regulatory agencies, and makes targeted improvements based on the actual situation of the Company, so as to effectively improve the overall social responsibility management efficiency and governance level of the Company.

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Boosting management performance leveraging on the information platform

Sound performance management is an integral part of social responsibility management. The Company has commenced to collect, summarize and analyze ESG performance since 2016, and gradually formed a group-based ESG performance management system.

In 2018, the Company introduced ESG information management system to achieve unified reporting, integration and analysis of ESG data online with the help of a standardized data reporting platform. In addition to providing data support for the preparation of corporate social responsibility reports of the Company, the system can also monitor possible risks of the Company with respect to environment and society through analysis on data trends, thus promoting the improvement of the Company's overall ESG performance.

Widely recognized social responsibility initiatives

In the ESG rating results released by MSCI in November 2019, DFZQ received a BBB rating, exceeding 68% of our peers globally. Obtaining such a high rating demonstrated the Company's corporate image of active fulfillment of our social responsibilities and pursuit of long-term sustainable development, which has laid a foundation for the Company to enhance our international competitiveness and better integrate into the international market.

- Being enrolled into the "Top 100 Pioneers of Green Development (綠色發展先鋒Top100)" list at the ESG information disclosure evaluation conference of PRC listed companies held by Shanghai Qingyue Environmental Protection Information Technology Service Center in conjunction with SEE Foundation and other organizations
- Being awarded the "Most Socially Responsible Listed Company Award (最具社會責任上市公司獎)" in the 9th China Listed Company Reputation List of National Business Daily
- Being named the "Best Securities Company for Responsible Investment (責任投資最佳證券公司)" at the 2019 China enterprise ESG "Golden Responsibility Award" ceremony held by Sina Finance

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Communication with stakeholders

The Company always regards corporate social responsibility as an integral and important part of the overall operation of an enterprise. It has established a regular communication mechanism with six major stakeholders such as shareholders, customers, employees, government and regulators, suppliers and partners and community, and has also incorporated the demands of various stakeholders into the operation and decision-making process to create value for all parties.

Stakeholders	Issues concerned	Way and channel of communication
Shareholders	<ul style="list-style-type: none"> • Compliance operation • Anti-corruption 	<ul style="list-style-type: none"> • General meetings • Regular information disclosure • Investor research
Customers	<ul style="list-style-type: none"> • Compliance operation • Customer service • Financial technology 	<ul style="list-style-type: none"> • Customer enquiry and complaints • 95503 customer service hotline • Investor education • “Orient Winners (東方贏家)” APP
Employees	<ul style="list-style-type: none"> • Employee interests and welfare • Employee safety and health • Employee training and development 	<ul style="list-style-type: none"> • Work unions and employee congress • Employee physical examination • Leadership training, orientation, training etc. • Corporate culture activities

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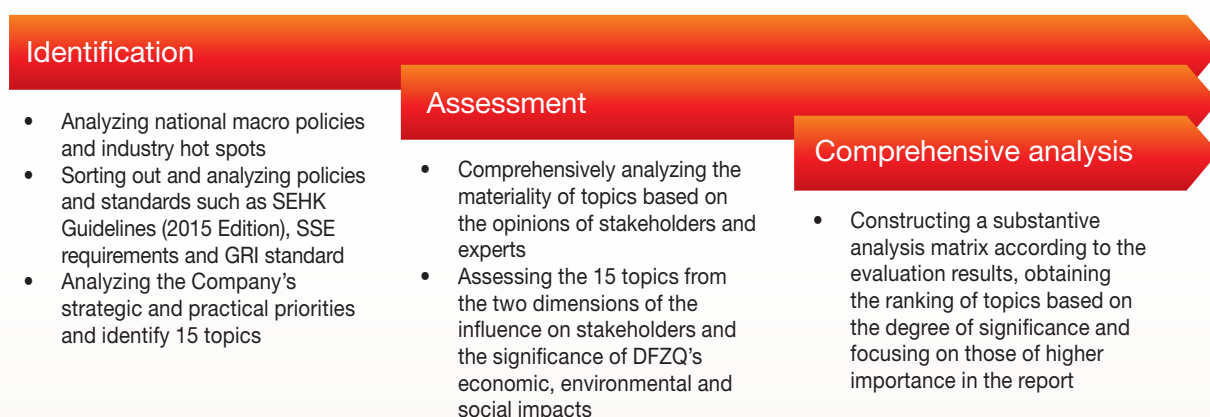
Stakeholders	Issues concerned	Way and channel of communication
Government and regulators	<ul style="list-style-type: none"> • Compliance operation • Risk management • Anti-corruption • Precise poverty alleviation 	<ul style="list-style-type: none"> • Regular communication and report • Institutional inspection • Policy implementation • Anti-corruption training • “Dongfang Guniang” and other industrial poverty alleviation projects
Suppliers and partners	<ul style="list-style-type: none"> • Compliance operation • Supply chain management 	<ul style="list-style-type: none"> • Cooperation and exchange • Bidding procurement • Supplier audit
Community	<ul style="list-style-type: none"> • Precise poverty alleviation • Social welfare • Green operation 	<ul style="list-style-type: none"> • “Dongfang Guniang” and other industrial poverty alleviation projects • Financial poverty alleviation • Xindeyizhang art classroom construction • Supporting the development of green industry • Promoting low carbon operation

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Identification and analysis of material topics

In 2019, in order to better align this report with the demands and expectations of stakeholders, the Company carried out identification, assessment and analysis of social responsibility issues and determined substantive topics of importance to the Company and stakeholders, so as to disclose and address them in this report.

Material Topics Analysis Process



Material Topics Matrix of DFZQ



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2. PRODUCT AND CUSTOMER SERVICE RESPONSIBILITY

2.1 Serving the Real Economy with Finance

Supporting scientific and technological enterprises to thrive

Keeping pace with the economic development trend and the national strategy, the Company proactively seized the development opportunity brought about by the establishment of the Sci-Tech innovation board and the pilot registration system to give full play to our professional advantages and provide a wide spectrum of financial services such as listing on the Sci-Tech innovation board for scientific innovation enterprises in the fields of artificial intelligence, big data and drug research and development, thereby facilitating the scientific innovation enterprises to thrive.

Facilitating IPO of Hopechart on the Sci-Tech innovation board

Hangzhou Hopechart IoT Technology Co., Ltd. (“Hopechart”) takes “reducing the cost of transportation” as its corporate mission, and is committed to using artificial intelligence technology and big data technology to research, develop, produce and sell intelligent enhanced driving systems, advanced auxiliary driving systems and other automotive intelligent Internet devices.

In November 2019, Citi Orient facilitated Hopechart to go public on the Sci-Tech innovation board through issuance of 25 million new shares at an issuance price of RMB24.99 per share. The proceeds will mainly be used for the production line project of 200,000 sets of traveling recorders per year, the technical renovation project of 150,000 sets of auxiliary driving systems per year, the construction project of research and development center and the construction project of marketing network to further promote the research and development and implementation capacity of Hopechart in domestic commercial vehicle networking.

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Facilitating A+H share listing of Pharmaron

Established in July 2004, Pharmaron Beijing Co., Ltd. (“Pharmaron”) is China’s second pharmaceutical research and development service platform and one of the top three global drug discovery service provider. It mainly provides drug research and development services for pharmaceutical and biotechnology companies and assists customers to accelerate drug innovation.

In January 2019, Citi Orient facilitated Pharmaron in initial public offering and successful listing on the Shenzhen Stock Exchange as its sponsor and lead underwriter. In November 2019, Pharmaron was listed on the main board of The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”) with subsidiaries of Orient International acting as the joint sponsor and lead underwriter and Citi Orient providing supporting services.

As the world’s leading pharmaceutical R&D and manufacturing service provider, Pharmaron has achieved A+H share listing within 10 months through cross-border coordination of investment banking resources of DFZQ both at home and abroad, becoming an excellent case of serving the emerging industries with finance and attracting international capital to facilitate transformation and upgrading of China’s bio-pharmaceutical industry.

Serving two-way opening of capital market

The Company actively followed the national strategy and tapped into the functions of securities company and the advantages of cross-border business to support the construction of the “Belt and Road Initiative” and serve Chinese enterprises to “go out” by initiating the establishment of the 2019 first tranche of asset-backed notes (Bond Connect) of Far East Leasing, and assisting Xinjiang Transportation Construction Investment Holding Co., Ltd. and other domestic enterprises to issue US dollar bonds.

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Initiating the establishment of the 2019 first tranche of asset-backed notes (Bond Connect) of Far East Leasing

Established in 1991, Far East International Leasing Co., Ltd. ("Far East Leasing") is committed to provide customers with comprehensive financial solutions focusing on financial leasing.

DFZQ commenced to provide financial services for Far East leasing in 2006, and has witnessed its leap-forward development over the past decade. In 2019, Far East Leasing creatively regarded small and medium-sized enterprises as lessees in financial leasing, financial lease creditor's receivables and the affiliated rights and interests as basic assets, and the recovered rental cash flow generated as the principal and interest payment source for the securitized product to initiate the establishment of the 2019 first tranche of asset-backed notes (Bond Connect) of Far East Leasing. DFZQ served as the lead bookrunner and lead underwriter for the project and successfully raised RMB1.865 billion for Far East Leasing.

In the promotion process during overseas roadshows, DFZQ, as the lead underwriter, joined hands with Everbright Bank, Standard Chartered Bank and HSBC Bank to carry out sufficient investor education on domestic asset securitization product to overseas investors, not only winning wide recognition of overseas investors for such fixed income product, also securing support and affirmation of foreign-funded institutions for the innovative basic asset of small and medium-sized enterprises' financial lease receivables.

Issuing the first tranche of offshore bonds in Xinjiang infrastructure sector

Xinjiang Transportation Construction Investment Holding Co., Ltd. ("Xinjiang Transportation Construction Investment") is the only transportation infrastructure investment and financing entity under the jurisdiction of the SASAC of Xinjiang Autonomous Region. In 2019, Citi Orient and Orient Securities (Hong Kong) offered Xinjiang Transportation Construction Investment an efficient and high-quality comprehensive financial service plan for offshore bonds issuance, and successfully issued a total of US\$300 million of bonds for Xinjiang Transportation Construction Investment in two tranches. The project marks the first of its kind involving the issuance of offshore bonds in Xinjiang's infrastructure sector, and Xinjiang Transportation Construction Investment has become the first Xinjiang-based enterprise to complete all issuance quota under the National Development and Reform Commission's record.

The proceeds raised from the project will be mainly used for the construction of G219 and G335 rural roads in Tacheng region. Laid along the northwest border of Xinjiang, the roads are an important strategic channel for national border defense and will also effectively connect Jimenei Port, Baktu Port and Alashankou Port, which will play a vanguard and exemplary role in promoting regional economic development, expediting external trade and practicing the "Belt and Road Initiative".

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Supporting the development of private enterprises

Private enterprises are the major drivers behind national economic growth and social employment and the creative vitality generated by them has injected a steady stream of energy into the development of the real economy. However, amid increasingly fierce market competition, private enterprises are facing various challenges in financing.

With strong support from the state for private enterprises, the Company kept an eye on the needs of private economy and provided financial support for private enterprises by setting up special plans to support the development of private enterprises and issuing exchangeable bonds, so as to relieve the financing difficulties of private enterprises.

Establishing Chengdu Financial Holding DFZQ Private Economy Relief Fund

In November 2018, the “DFZQ No. 1 Single Asset Management Plan of the Securities Industry Private Enterprise Development Supporting Series” set up by the Company with a capital contribution of RMB2 billion was officially filed with the China Fund Industry Association. The plan targets at different sub-plans of the Company and provides financial support to listed companies with development potential, especially listed private enterprises in a market-oriented and commercial mode through equity and debt investments, in a bid to relieve their short-term liquidity pressure.

In December 2019, the Company entered into partnership agreements with Chengdu Jiaozi Financial Holding Group Co., Ltd. and the “DFZQ No. 1 Single Asset Management Plan of the Securities Industry Private Enterprise Development Supporting Series” to set up the “Chengdu Financial Holding DFZQ Private Economy Relief Fund” with a total amount of RMB1 billion, aiming to relieve the financing difficulties and equity pledge risks of private enterprises by selecting excellent investment projects and making equity or other investments approved by regulatory agencies.

Issuing exchangeable bonds to facilitate financing by private enterprises

Zhuhai Saina Printing Technology Co., Ltd. (“Saina Technology”) is engaged in the production and manufacturing of toner cartridge products, being printing consumables. It has nearly 100 proprietary technologies and is a key private enterprise in Zhuhai.

In 2019, the “19 Saina E1” and “19 Saina E2” with Citi Orient as the lead underwriter was issued on March 22 and 28, 2019 respectively, with a total amount of RMB2.984 billion and a coupon rate of 6.50%. The bonds issuance manifested Citi Orient’s active implementation of the national call on supporting private enterprises in financing and mitigating the risks of stock pledge, reducing the proportion of pledged stocks and minimizing the risks of stock pledge for relevant private enterprises.

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2.2 Offering Quality Services

Forging refined services by virtue of intelligent platform

With the continuous development of digital economy, scientific and technological capabilities such as big data, cloud computing and artificial intelligence continue to create new values for traditional financial services. The high-quality development of the financial industry urgently calls for deep integration with finance and cutting-edge technologies.

As a player in the financial industry, the Company comes to the deep understanding of the important influence of financial technology on business model, service model and industry ecology. Thus, we attach great importance to the application of financial technology in customer service. Relying on artificial intelligence and big data analysis technology, the Company has built the “Orient Winners” APP and “Orient Tianji” online intelligent service system to gradually optimize customer services before, during and after investment, establish and improve the digital comprehensive wealth management system and gain insight into customer’s characteristics and demands through the Business Development Platform to provide more refined wealth management services for customers.

Creating the “customer-specific” active online service system with “Orient Winners” APP

The Company has set up the “Orient Winners” mobile Internet platform, which guides product design with user research results and takes financial technology as the major means of empowerment to realize the refined, scenario-based and intelligent characteristics of the platform.

In 2019, rooted in user experience, the “Orient Winners” APP expanded the “Orient Tianji” online intelligent service system leveraging advanced financial technology to transform the traditional passive service into active service, fragmented service into systematic service, and standardized service into customized service with the “proactive, systemic and customized” service concept, thereby presenting a customer-specific new online service form to various users.

Meanwhile, taking into consideration the characteristics and strategies of customer service scenario on the APP platform, the Company designed a six-dimensional service matrix integrating product capability, operation capability and data capability to sum up the customized service offerings of the Company, including “Investment Assistant”, “Market Express”, “Golden Column”, “Exclusive Benefits”, “Joyful Orient” and “Announcements Notices”, and launched 35 types of service scenarios. All service offerings on the “Orient Winners” APP are specific to different customers, basically covering important investment scenarios before, during and after investment to meet customers’ investment demands to the largest extent possible and enhance customer satisfaction towards the service offerings.

As of the end of 2019, the “Orient Winners” APP had an accumulative of 860,000 users, representing an increase of approximately 65.54% from last year, with a cumulative online turnover of RMB1,314.3 billion.

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In 2019, at the 2019 Securities Industry Financial Science and Technology Summit and Excellent Securities Company APP hosted by Securities Times China, the “Orient Winners” APP garnered four honours, including the “2019 Top Ten APP of Securities Companies Recognized by Investors (2019 受投資者認可的十大券商APP)”, the “Outstanding Operating Team Award (優秀運營團隊獎)”, the “Outstanding Marketing Creativity Award (傑出營銷創意獎)” and the “APP Selection Poster King (APP 評選海報王)”.

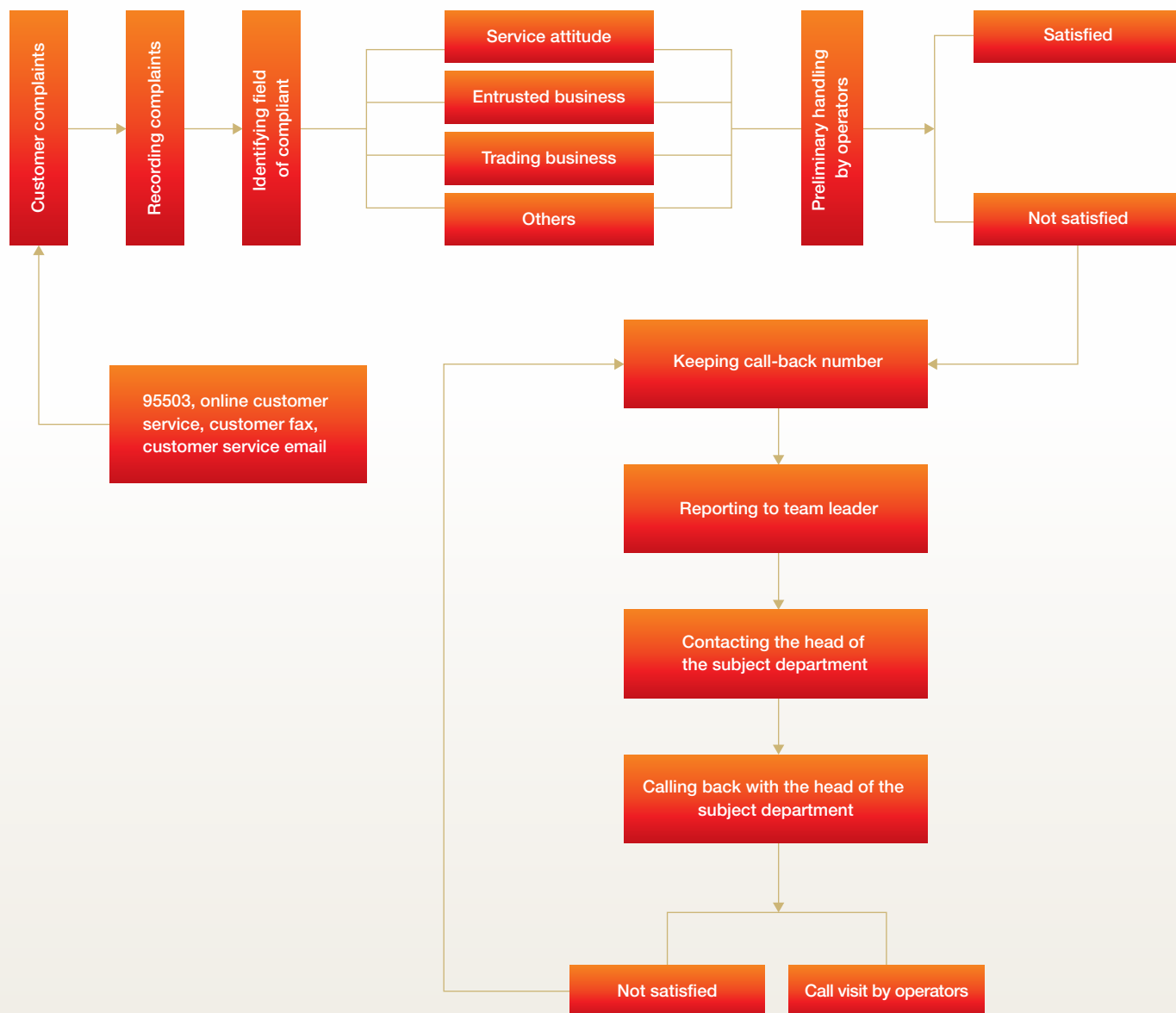
Improving consultation and complaint handling mechanisms

According to the “Opinions on Further Strengthening the Protection of the Legal Rights and Interests of Small and Medium-Sized Investors in the Capital Market” (《關於進一步加強資本市場中小投資者合法權益保護工作的意見》) and the “Provisions on Strengthening the Management of Securities Brokerage Business” (《關於加強證券經紀業務管理的規定》), the Company formulated the “Detailed Rules for the Implementation of Accountability of Brokerage Personnel in DFZQ” (《東方證券股份有限公司經紀業務展業人員責任追究實施細則》), and the “Detailed Rules for the Implementation of Customer Complaint Handling” (《客戶投訴處理實施細則》) to further standardize the implementation of customer complaint handling and improve customer service quality and service level.

With respect to customer consultation and complaint channels, the Company has established an all-round operation channel and multi-faceted service mechanism covering, among others, telephone service, online service, WeChat service, online account opening and wealth management, and has formulated a standardized customer complaint handling process to ensure timely response to customer consultation and complaints to the maximum extent.

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Customer Complaints Handling Procedure



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In 2019, riding on the Company's advantages in financial science and technology, the Company launched the construction of an intelligent customer service platform to further improve the intelligence and automation through AI technology, enhance customer service operation efficiency, and optimize customer consultation and complaint mechanisms.

Service Statistics of 95503 Customer Service Hotline of DFZQ from 2017 to 2019

Indicator	Unit	2017	2018	2019
Number of customer enquiries through 95503 hotline (manual)	Case	213,810	136,816	178,591
Number of complaints	Case	13	11	0
Proportion of handled complaints	%	100	100	—

Compliance product marketing

In strict accordance with the policies and requirements of the “Administrative Measures for the Sale of Securities Investment Funds” (《證券投資基金銷售管理辦法》) and the “Administrative Provisions on Agency Sale of Financial Products by Securities Companies” (《證券公司代銷金融產品管理規定》), the Company has formulated the “Administrative Measures for the Sales Business of Securities Investment Funds” (《證券投資基金銷售業務管理辦法》) and the “Administrative Measures for Agency Sales Business of Financial Products” (《代銷金融產品業務管理辦法》) to regulate the sale of financial products of the Company, ensure that customers have access to true and complete product information and safeguard the legitimate rights and interests of investors.

In order to ensure the compliance and effective development of the agency sales business of financial products, the Company has formulated the “Regulations on Agency Sales Business of Financial Products of DFZQ” (《東方證券股份有限公司代銷金融產品引入管理規定》) to standardize due diligence, product evaluation and risk assessment, and product sales decisions.

The Company stipulates that sales staff shall use the product promotion materials of the product manager to conduct agency sales promotion. In the sales process, sales personnel are required to comprehensively, fairly and accurately introduce relevant information about financial products to investors. They are not allowed to mislead investors by exaggerating publicity, false publicity and other means. In 2019, the parent company did not find any violation of information and logo of any product and service, nor any violation of marketing regulations.

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2.3 Strengthening Investors Protection

Implementing alignment management

The Company insists on alignment management of investors to effectively protect their rights and interests. In order to provide customers with more accurate financial services, the Company takes “Know your Customer” as the core of alignment management, and applies the principle of “Know your Customer” throughout all business, services and product sales processes to ensure the authenticity, effectiveness and accuracy of information related to customer alignment management.

Measures underlying “Know your Customer”	
Customer identification	To strictly identify the identity of customers, penetrate into the de facto controllers and beneficiaries of institutional customers, and systematically retain the basic and appropriate information of customers
Risk tolerance assessment	To achieve 100% completion of the risk tolerance assessment questionnaire for brokerage clients, and get in-depth knowledge of customers’ financial status, investment experience, investment knowledge, investment objectives, risk appetite, family and employment and other relevant information on customer alignment
Real-time effective information guarantee	To require business personnel to verify customers’ questionnaire information with due diligence to prevent customers with incomplete information, expired identity and risk assessment from handling new businesses

Investor education

The Company actively implements the construction of investor education base. Capitalizing on the Internet investment and education base and offline branches, the Company earnestly carries out various diverse and profound investment and education activities such as investor rights and interests knowledge competition, 315 investment rights and interests protection publicity month series activities, private equity fund and Sci-Tech innovation board special activities, aiming at popularizing financial knowledge, guiding investors to make rational investments and continuously improving investors’ risk prevention awareness.

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“Distinguish Authenticity and Identify Risks to be Rational Private Equity Investors” Special Activity

In order to facilitate investors to have a correct understanding of private equity funds, strengthen their awareness of risk prevention and improve their ability to protect themselves, Orient Investor Education Base launched a special education activity for private equity fund investors in September 2019 themed “Distinguish Authenticity and Identify Risks to be Rational Private Equity Investors”.

Leveraging on branches across the nation and Internet investment and education bases, the Company guided investors to learn knowledge of private equity funds and correctly understand the capital market, and advocated rational investment by means of risk alerts entry broadcasting, private equity fund investment and education materials promotion, on-site investment and education activities and “pseudo private equity” case publicity.

In 2019, the Company conducted more than 3,860 on-site education activities with over 39,100 participants and the number of visits to our Internet investment and education base exceeded 519,900, with an average of 43,000 visits per month. With the excellent practice in investor education, the Company won the title of “National Level Securities and Futures Investor Education Base (國家級證券期貨投資者教育基地)” and the “excellent” rating by the Shanghai bureau of the Securities Regulatory Commission for two consecutive years in 2018 and 2019.

Information security and privacy protection

With a focus on management and protection of customer’s information security, the Company formulated the “Emergency Plan for Information Security of DFZQ” (《東方證券股份有限公司信息安全應急預案》) and the “Work Plan for Information Security Protection in Sensitive Period of DFZQ” (《東方證券股份有限公司敏感期信息安全保障工作方案》) etc., and constructed an operation and maintenance system with information technology operation and maintenance service (ISO20000) and information security management (ISO27001) as two pillars to ensure the safe and stable operation of the information system.

The Company has in place corresponding security measures to protect each customer information application system. All online transactions and Internet systems involving customer information adopt encryption measures in communication, and we regularly conduct third-party security assessment and security reinforcement to achieve maximum protection of customer information. In 2019, the parent company did not find any violation of customer privacy or loss of customer data or received any confirmed related complaints.

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The information security management system of DFZQ

General guideline	Risk prevention, risk protection, comprehensive planning and 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	Administrative Measures for Computer Information System Safety of DFZQ Implementing Rules for Vulnerability Scanning and Patch Management of Computer Information System of DFZQ Implementing Rules for Management on Protection Against Malicious Codes in Computer Information System of DFZQ Implementing Rules for Log Management of Computer Information System of DFZQ Implementing Rules for Safety Inspection on Information System of DFZQ Administrative Measures for Computer Information System Statistics of DFZQ
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

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3. EMPLOYEE DEVELOPMENT RESPONSIBILITY

3.1 Safeguarding Rights of Employees

Perfecting talent recruitment mechanism

Talents play an important resource for the development of an enterprise. The Company has always been committed to establishing diversified talent recruitment channels and creating a competitive talent development environment to build the unique multi-culture of DFZQ, and make continuous progress in attracting, retaining and making good use of talents.

The Company has set up a three-dimensional and diversified recruitment system by forming an “online-offline-mobile end” multi-level three-dimensional recruitment platform. It has continuously improved the recruitment service system and raised the recruitment standards, with an aim to introduce high-end professionals and optimize the personnel structure. In 2019, the Company continued to carry out two major campus brand recruitment programs of “Orient i Plan” summer internship and “Orient Star” wealth management trainees, to build a healthy communication platform with students on campus and set the ground for the Company to further absorb outstanding talents.

Actively safeguarding employee rights and benefits

In strict compliance with the “Labor Law of the People’s Republic of China” (《中華人民共和國勞動法》), the “Labor Contract Law of the People’s Republic of China” (《中華人民共和國勞動合同法》) and other laws and regulations, the Company adheres to the establishment of a standardized and fair employment and dismissal process where any discrimination caused by gender, race, religion, nationality and other factors are eliminated.

The Company sticks to the principle of equal employment of male and female and treats both male and female employees fairly to build a diversified talent team. In addition, the Company actively assists female employees to return to work after childbirth and the returning rate of female employees after childbirth in 2019 reached 100%. The Company strictly prohibits the employment of child labor and forced labor by rigorously verifying the identity of employees and regularly checking workload. In 2019, the Company did not have any confirmed violations of laws or any lawsuits in terms of employment and labor standards.

The Company rigidly standardizes the process of signing labor contracts, continuously improves and stringently implements the relevant human resources management systems such as the “Labor Contract Management System of DFZQ” (《東方證券股份有限公司勞動合同管理制度》), “Attendance and Leave Management Regulations” (《考勤及假期管理規定》), “Salary Management System” (《薪酬管理制度》) and “Performance Management System” (《績效管理制度》) to standardize the induction and resignation of employees, effectively protect the basic rights and interests of employees in terms of labor protection, labor remuneration, labor conditions, working hours management, rest and leave, social insurance and occupational hazard protection and promote harmonious labor relations.

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Focusing on the actual needs of employees, the Company provides a comprehensive medical insurance system and regular physical examination for all employees and retirees, and special gynecological examination for female employees. At the same time, the Company has set up an employee insurance and welfare platform and a multi-level, multi-form and multi-faceted insurance and welfare system based on core welfare guarantees such as social insurance, housing accumulation fund, enterprise annuity and comprehensive supplementary medical insurance, supplemented by employee-selected insurance and welfare plans, to provide employees with more targeted insurance and welfare plans that can better meet personalized needs.

Employee statistics performance indicators

Indicator			Unit	2017	2018	2019
Total employees			Person	4,710	5,157	5,772
By gender	Male		Person	2,569	2,795	3,171
	Female		Person	2,141	2,362	2,601
By age	>50		Person	176	179	207
	30 to 50		Person	2,638	2,894	3,655
	<30		Person	1,896	2,084	1,910
By region	Mainland		Person	4,613	5,017	5,608
	Overseas (including Hong Kong, Macao and Taiwan)		Person	97	140	164

Note 1: The above statistics are based on DFZQ, Orient Futures, Orient Securities Capital Investment, Orient Finance Holdings, Orient Securities Asset Management, Orient Securities Innovation Investment and Citi Orient.

Note 2: Certain outsourcing labour are not included in the above data. DFZQ and its subsidiaries will employ a small number of outsourcing labour in security, driver, administration and other positions.

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Employment performance indicators

Indicator		Unit	2017	2018	2019
Employee turnover rate		%	10	14	13
By gender	Male	%	12	15	14
	Female	%	8	12	12
By age	>50	%	0	12	9
	30 to 50	%	8	9	10
	< 30	%	15	20	19
By region	Mainland	%	10	14	13
	Overseas (including Hong Kong, Macao and Taiwan)	%	22	0	0
Number of male management staff		Person	194	201	199
Number of female management staff		Person	70	64	67
Number of newly-recruited current year's graduates		Person	179	56	196
Number of minority staff		Person	125	152	156
Number of disabled staff		Person	2	2	2

Note 1: The above data are based on the parent company of DFZQ.

Note 2: Certain outsourcing labour are not included in the above data. DFZQ and its subsidiaries will employ a small number of outsourcing labour in security, driver, administration and other positions.

Note 3: The scope of management has been adjusted as compared with that contained in DFZQ 2018 Environmental, Social and Governance Report and relevant data have been updated in the above table. The management staff includes management personnel above the level of assistant to the department general manager within the Company and management personnel above management level within securities branches.

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Employee Rights and Interests and Care Performance Indicators

Indicator	Unit	2017	2018	2019
Labor contract signing rate	%	100	100	100
Social insurance coverage rate	%	100	100	100
Total incidents of labor discrimination	Case	0	0	0

Note: The above statistics are based on the parent company of DFZQ.

The Company is committed to creating a safe, healthy and warm office environment for its employees. Based on the relevant systems such as “Administrative Measures of Security and Fire Safety Work of DFZQ” (《東方證券股份有限公司安全保衛和消防安全工作管理辦法》), the Company regularly conducts on-site inspections of security and fire safety to rectify potential safety hazards in a timely manner.

The Company scientifically guides employees to ensure their physical and mental health in the path of career development, and provides medical consultation and psychological consultation services on the basis of physical examination, so as to comprehensively improve employees' self-care awareness and cultivate positive and upward life attitude. In 2019, there were no occupational health and safety violations at the parent company level.

Occupational Health and Safety Performance Indicators

Indicator	Unit	2017	2018	2019
Number of work-related fatalities	Person	0	0	0
Lost days due to work-related injuries	Day	0	0	0
Staff health check coverage rate	%	100	100	100
Staff occupational disease incidence	%	0	0	0

Note: The above statistics are based on the parent company of DFZQ.

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Boosting employee communication and participation

In order to effectively protect the legitimate rights and interests of employees in exercising democratic rights, participating in business decisions and implementing democratic management, the Company actively promotes the establishment and improvement of the system of workers' congress and the system of collective consultation, striving to bridge the communication between employees and the Company. In 2019, the Company held the fourth, fifth and sixth joint meetings of the third session of the employee congress to carry out system review and nomination of outstanding employees and branches, thereby giving full play to the due role of the employee congress.

The Company emphasizes two-way and effective communication with employees, and conducts surveys for employees who leave the Company. Through online questionnaires and offline interviews, the Company understands the internal and external factors of employee turnover from the aspects of turnover reasons, turnover destination, and opinions and suggestions to the Company. As such, it is committed to fundamentally improving potential management problems, raising employee satisfaction, and achieving common development between the Company and employees.

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3.2 Establishing Employee Growth Platform

Performance evaluation and promotion

The Company advocates the employment principle of “promotion and demotion”. Based on the “Detailed Rules for the Implementation of Promotion of Employees” (《員工晉升晉級實施細則》), the Company adopts a promotion system that combines “annual promotion” and “structural promotion” to implement annual promotion for employees below a certain rank and structural promotion for employees above a certain rank, so as to provide clear career promotion paths for employees and create a positive competitive atmosphere.

The Company has formulated the “Performance Management System” (《績效管理制度》) to continuously improve the performance appraisal management system, refine and optimize dimensional indicators and management rules from three aspects of performance index system, performance evaluation rules and performance result application in order to promote the establishment of the Company’s performance orientation and performance culture. The Company’s performance evaluation is conducted quarterly and annually. In order to play the role of performance evaluation, the direct superior will communicate and provide guidance to employees through the entire performance management period to help employees review, analyze and improve existing or potential problems in their work, so as to further improve the performance level of employees.

In case that employees cast doubt over the evaluation process or the evaluation results, they may apply to the Company’s human resources management headquarters for reconsideration with appeal reasons and detailed evidence thereof. The human resources management headquarters will organize investigation and verification upon receiving the relevant application, and issue a written reply after reporting the investigation results to the Company.

Meanwhile, the Company has improved and optimized the control method of compensations and the reporting channel of compensation data in subsidiaries in accordance with the “Administrative Measures of Subsidiaries” (《子公司管理辦法》), and has streamlined and established the cooperative assessment and incentive mechanism of various sectors of the Group to provide a better development platform for employees.

In order to give full play to the guiding role of compensation in corporate governance and risk control, and to establish and improve the evaluation and incentive mechanism that combines incentives with constraints and matches compensation with risks for the stable and sustainable development of the Company, the Company issued the performance bonuses deferral system in 2019, with an aim to further optimize the framework mechanism for deferred compensation and strengthen the Company’s risk prevention capability and management level.

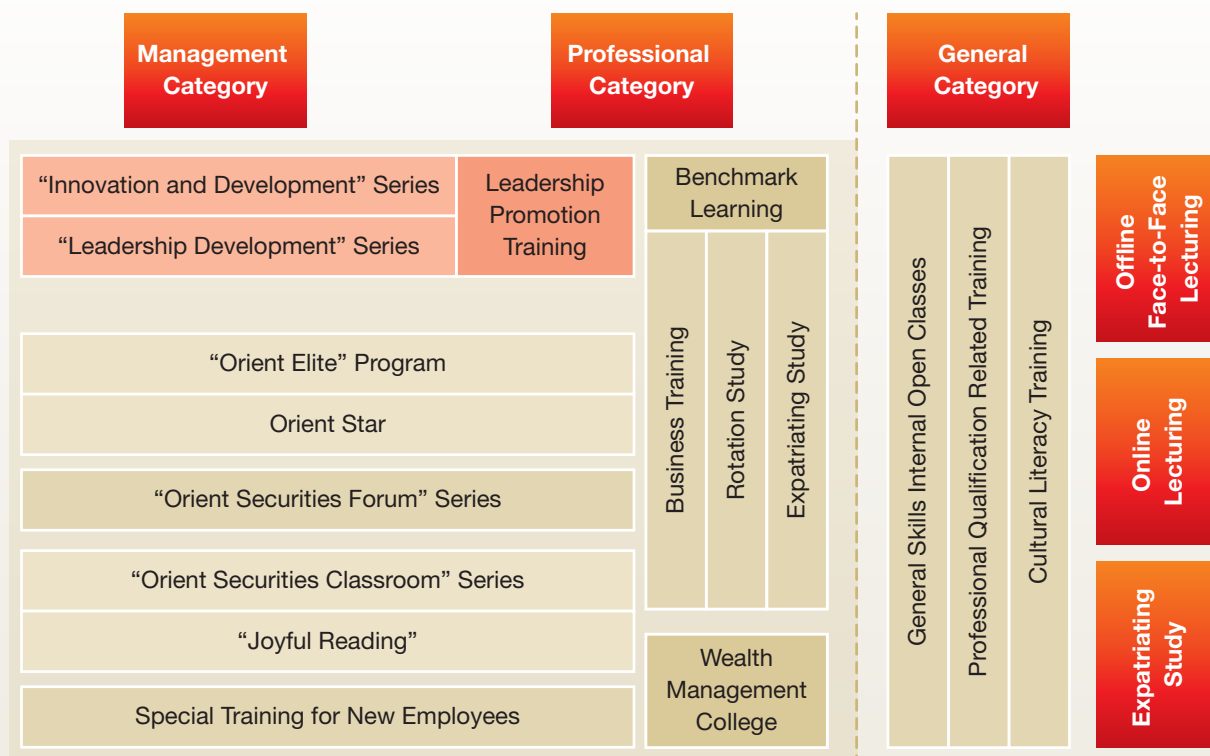
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Employee training and development

With the goal of becoming a learning-oriented organization, the Company adheres to the “people-oriented” training idea to improve the quality of employees and strives to create a talent training mechanism that can fully stimulate the vitality of employees by regarding employee training as the driver for the common progress of the Company and employees.

After exploration and accumulation, the Company has established a training operation system composed of three modules of “multi-level curriculum system, diversified lecturing modes and standardized organization and management”. The Company is committed to the core mission of “improving employee skills, endowing potential talents, boosting business development and transmitting core values” to empower employees with capacity and performance through training and learning, enhance their comprehensive level in leadership, management and specialty, and better facilitate employees in their career development.

The training curriculum system of DFZQ



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The Company focuses on improving employees' leadership and management capability. It held 10 leadership promotion trainings for middle and senior management personnel to help them expand their knowledge in various fields based on the latest hot topics at home and abroad and cultivate their ideological leadership. At the same time, the Company continuously improved the management rotation exchange mechanism and through scientific and reasonable cross-department rotation training, the Company's three financial science and technology management personnel and four management personnel at general manager assistant level from the headquarters accumulated management and leadership experience in multiple business sectors, which promoted the transformation of professional talents to compound talents.

In 2019, the Company continued to carry out personalized training programs such as leadership training, new employee orientation, and Orient interviewers' courses. Besides, it steadily upgraded the E-learning online platform to fully meet employees' needs in self-development, enhance the enthusiasm and effectiveness of employees, and build up the enterprising and innovation team spirit.

In order to meet the business development demands of various departments and broaden the coverage of employee training, the Company has continuously updated the E-learning online platform to enhance the online learning experience of employees and further improve the "offline + online" all-round training mechanism. Based on the mobile Internet platform, the E-learning platform integrates the Company's training resources and publicizes the business knowledge system for the purpose of creating a learning atmosphere in which all employees may share information and achieve joint improvement. In 2019, 180 online training courses were added on the E-learning platform, including 83 independently developed courses and 97 courses procured externally.

The Company encourages employees to improve their professional capability and supports employees to receive external professional trainings and obtain relevant professional certificates. The Company reimburses employees who take and pass non-statutory examinations such as CFA, CPA, Legal Professional Qualification and other non-statutory examinations as required by the department, helping employees to further their career development.

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Employee training performance indicators

Indicator		Unit	2017	2018	2019
Participants of employee training		Person	10,666	30,042	42,192
Coverage ratio of employee 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 employees per capita per annum		Hour	38	37.5	38
By gender	Male	Hour	38	37.5	38
	Female	Hour	38	37.5	38
By employee type	General staff	Hour	38	37.5	38
	Mid-level staff	Hour	38	37.5	38
	Management staff	Hour	60	53	53
Proportion of staff receiving regular performance and career development assessments		%	100	100	100

Note: The above data is based on the parent company of DFZQ.

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3.3 Enhancing Care for Employees

The Company has made employee support a constant practice. According to the policy requirements of the “Measures for the Implementation of Support for Workers in Deep Difficulties of Shanghai Trade Union (Trial)” (《上海工會深度困難職工幫扶工作實施辦法(試行)》) and other policies, the Company’s trade union provides regular assistance to 34 employees in difficulty and helps the children of 3 employees in need to apply for school grants to relieve the pressure on their lives. Meanwhile, the Company carries out birthday blessing, sick visit, festival condolences and other activities all the year round to extend heartfelt care to employees.

Caring activities for female employees

The Company safeguards the welfare and interests of female employees to the maximum extent. It organized and carried out various projects for female employees, including the “Happy Goddess Festival”, the “Dong Qichang Painting and Calligraphy Art Exhibition” and “Four ones” brand-name activities to fully display the charm of female employees in DFZQ and demonstrate their beauty and elegance. In 2019, the “Orient Flower” love mommy cabin in the Company’s new building was put into use and continues to provide humanized and warmhearted services to pregnant and nursing mother employees to enhance their sense of belonging and happiness.

The Company proactively practices the Orient “Family” cultural concept of “Happy Work and Healthy Life” to enhance the employee happiness index. In 2019, the Company’s employee cultural fitness center was put into operation. Through optimizing venue management and improving service level, the Company strives to provide employees with more intimate physical and mental health services with enhanced professional services and dedication that displays the unique characteristics and brand of DFZQ.

In addition, the Company carried out brand project activities such as staff culture and arts festival, Orient culture association and “Orient Joyful Reading” as well as profound cultural and sports activities, and spread the Company’s corporate culture through the “Happy Orient” App to promote the balance between work and life of employees.

The 7th Employee Culture and Art Festival

The 7th Employee Culture and Arts Festival themed “Striving for a New Era and Pursuing Another Brilliant Prospect with DFZQ” successively rolled out eight series of activities, including chorus, speech, photography, reading and public welfare, vividly displaying the cultural stories in the process of deepening reform and transformation of the Company and vigorously promoting the spirit of struggle and innovation. Almost 9,000 employees participated, nearly 6,000 works of art of various kinds were collected and online voting and likes exceeded 320,000 times with an overall participation rate of more than 95%, making it a cultural and arts festival for all employees in the real sense.

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4. COMPLIANCE OPERATION RESPONSIBILITY

4.1 Anti-money Laundering

The Company actively performs its anti-money laundering responsibility as a financial institution, strictly abides by relevant anti-money laundering laws and regulations, and formulates a series of internal systems such as the “Anti-Money Laundering Work System of DFZQ” (《東方證券股份有限公司反洗錢工作制度》), the “Money Laundering Risk Self-Assessment System of DFZQ” (《東方證券股份有限公司洗錢風險自評估制度》), the “Large Amount Transaction and Suspicious Transaction Report System of DFZQ” (《東方證券股份有限公司大額交易和可疑交易報告制度》), the “Money Laundering Risk Assessment and Customer Classification Management System of DFZQ” (《東方證券股份有限公司洗錢風險評估及客戶分類管理制度》) to prevent money laundering risks.

The Company earnestly performs its anti-money laundering duties and actively organizes and carries out various anti-money laundering initiatives such as customer identification, customer risk classification and suspicious transaction report. In 2019, in accordance with the requirements of the “Guidelines on Risk Management of Money Laundering and Terrorist Financing in Legal Person Financial Institutions (Trial)” (《法人金融機構洗錢和恐怖融資風險管理指引(試行)》), the Company launched the Hande blacklist data management system to work in parallel with the original blacklist interception system to improve the accuracy and stability of blacklist data interception in the anti-money laundering management system.

The Company actively strengthened the vertical management of subsidiaries in anti-money laundering. Through several on-site meetings, the Company communicated on the division of responsibilities and the identification of beneficial owners to further improve the anti-money laundering management. With regard to the development of anti-money laundering in branches, in 2019, the Company conducted 4 special on-site trainings on the theme of customer abnormal transaction management and 4 special trainings on the theme of completing the key anti-money laundering work in 2019 for the compliance and risk control specialists of 168 branches.

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4.2 Anti-corruption

In strict accordance with the “Regulations on Honest Practice of Securities and Futures Operating Institutions and Their Staff” (《證券期貨經營機構及其工作人員廉潔從業規定》) and “Opinions on Strengthening the Prevention and Control of Honest Practice Risks of Securities Companies Employing Third Parties in Investment Banking” (《關於加強證券公司在投資銀行類業務中聘請第三方等廉潔從業風險防控的意見》), the Company further promoted the containment of integrity risks to prevent corruption. In 2019, there were no corruption lawsuits against the Company or its employees at the parent company level.

In 2019, the Company formulated the “Administrative Measures of Honest Practitioners in DFZQ” (《東方證券股份有限公司廉潔從業管理辦法》), which put forward the overall requirements for the administration of honest practitioners in the Company, determined the organizational structure and division of responsibilities for the administration of honest practitioners, and specified the inspection and reporting mechanisms and accountability mechanisms for employees’ honest practice. The Company also strengthened the inspection and evaluation of the employees’ honesty and integrity, newly established a special “honesty and integrity” evaluation index covering all employees, restricted the final performance evaluation results of employees by the “honesty and integrity” evaluation scores, actively gave full play to the role of evaluation, and continuously enhanced the employees’ honesty and integrity awareness.

The Company focuses on the protection of whistleblowers, strictly implements the relevant requirements of the “Rules on Supervision and Enforcement of Discipline by Discipline Inspection Organs of the Communist Party of China” (《中國共產黨紀律檢查機關監督執紀工作規則》) and keeps confidential the names, identities and work units of whistleblowers.

With respect to clean culture construction, the Company put an emphasis on “promoting development with integrity”, and further pressed ahead with the publicity and education of integrity construction to strengthen employees’ awareness of honest practitioners and cement their ideological bottom line of anti-corruption and degeneration through the “Six Ones” activities, namely organizing a special activity, conducting a lecture, holding a special meeting, visiting a batch of educational bases, watching a film and television program on integrity, and conducting a knowledge test. In 2019, the Company conducted 160 anti-corruption trainings, covering approximately 4,000 participants.

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4.3 Intellectual Property Rights Protection

With the advent of the Internet financial era, the management and protection of intellectual property rights becomes increasingly important. In strict accordance with the “Copyright Law of the People’s Republic of China” (《中華人民共和國著作權法》), the “Trademark Law of the People’s Republic of China” (《中華人民共和國商標法》) and other laws and regulations, the Company protects its own intellectual property rights according to law and respect and avoid infringing on the intellectual property rights of others.

In 2019, the Company strengthened management over the copyright of pictures, fonts, software and articles, standardized the use of pictures and fonts on social media, and avoided unauthorized reposting of articles. Besides, it reaffirmed that the software installed and used on employees’ office terminals must comply with the regulations of the authentic versions to further strengthen the protection of intellectual property rights.

In 2019, intellectual property rights at the parent company level did not suffer major infringement or infringement claims from third parties.

4.4 Supply Chain Management

The Company has a limited number of suppliers, primarily including office consumables, facilities and equipment and service-related suppliers. The Company stresses promoting suppliers to improve their performance of environmental and social responsibilities and investigates, identifies and evaluates key factors affecting the environment in the operation of suppliers through questionnaires, on-site observation and expert consultation according to the “Control Procedure for Identification and Evaluation of Environmental Factors” (《環境因素識別與評價控制程序》).

In order to raise the responsibility awareness of suppliers, the Company filters, evaluates and regularly checks the qualifications of cooperating suppliers, requires unqualified suppliers to rectify and will terminate cooperation with those who remain unqualified after rectification. In 2019, the parent company did not find any significant actual and potential negative impacts or violations of business ethics, environmental protection and labor standards by any supplier.

Supply chain performance indicators

Indicator	Unit	2017	2018	2019
Number of mainland suppliers	/	48	48	37
Number of overseas suppliers	/	0	0	0

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5. ENVIRONMENTAL PROTECTION RESPONSIBILITY

5.1 Responsible Investment

The Company takes the initiative to incorporate ESG-related factors into its investment decisions. It keeps an eye on the major ESG risks according to the characteristics of different industries. For example, for enterprises closely correlated to environmental protection and energy, the Company will focus on analyzing the environmental accounting information, pollutant emission information, resource consumption information and environmental pollution accident contingency plans disclosed by such listed companies, and will also focus on whether they are punished for ESG issues recently.

The Company has established an investment “white list” mechanism, which maintains different standards for different industries with the admission standards thereof jointly formulated by department leaders, industry research leaders and researchers. When the following ESG-related negative problems are identified in an enterprise, it will not be allowed access to the Company’s investment white list:

- suffering major safety accidents in recent years, such as chemical plant explosion, that have a negative impact on society and the environment, resulting in a decline in its performance and reputation;
- conducting fraud and found negligent in regulatory supervision in the production and operation. For example, food and beverage companies add illegal additives to the products, which has had a material negative impact on the company and even the industry after the scandal was revealed;
- there existing problems in the management of coal and steel enterprises with slow transformation and upgrading, high energy consumption, high emission and low output and therefore a dim prospect.

In order to further manage investment risks, the Company considered ESG-related factors in the due diligence process. The major investigation scope includes:

- existing or new major investment behaviors that have an impact on the environment;
- whether there has been any safety accident, or any investigation, punishment, shutdown or relocation by the regulatory authorities;
- the profile of directors, supervisors and senior management, staff stability and corporate management culture;
- safety production related rules and regulations and completeness of decision-making process, etc.

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At the same time, the Company strengthens credit risk management through due diligence. By means of understanding the financial related information of the investment target, including financial statements, financial ratio, cash flows and other data, the Company identifies the debt repayment capacity of an enterprise based on analysis. In addition, the Company also pays attention to the external guarantee and stock pledge of an enterprise, as well as the credit level and pledge rate of the guarantor enterprise.

Orient Securities Asset Management, a subsidiary of DFZQ, has long been committed to the concept of value investment. In May 2019, Orient Securities Asset Management officially became a contracting member of the UN Supported Principles for Responsible Investment (UNPRI), and gradually improved its investment and research system and management system in accordance with the six principles of PRI.

Principles for Responsible Investment (PRI)

The principles for responsible investment act as an investor initiative in partnership with the United Nations Environment Programme Financial Initiative and the United Nations Global Compact. At present, there are more than 2,000 PRI contracted institutions across more than 60 countries, representing assets of over US\$80 trillion.

The six principles of PRI are as follows:

- Incorporating ESG issues into investment analysis and decision-making processes
- Becoming active owners and incorporating ESG issues into ownership policies and practices
- Seeking reasonable disclosure of ESG related issues by invested entities
- Promoting the investment industry to widely adopt and implement the principles for responsible investment
- Making concerted efforts to improve the implementation effect of the principles for responsible investment
- Reporting on the implementation and progress of the principles for responsible investment

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In order to further incorporate ESG factors into the Company's investment decision-making process, Orient Securities Asset Management purchased the ESG Database from Syntao Green Finance in 2019, which includes the annual total ESG scores and ratings of CSI 300 Index and CSI 500 companies, and sub-item scores of E, S and G, as well as regular push of the negative ESG information of listed companies. Orient Securities Asset Management is gradually connecting the database to the Company's investment research information system as one of admission standards into the stock pool. In the process of selecting investment targets, the investment researchers of the Company include ESG factors on a qualitative basis. Listed companies that do not meet ESG standards with potential material negative impacts will be eliminated from the list of investment targets.

Orient Securities Asset Management also actively participates in responsible investment-related activities, such as the theme seminar on responsible investment organized by UNPRI and the annual meeting on responsible investment. At the same time, Orient Securities Asset Management has established an ESG investment internal exchange group, and invited Syntao Green Finance, the external consulting organization, to conduct ESG-related trainings for business personnel of various relevant departments, which covered the comparison of ESG evaluation systems at home and abroad, ESG database profile and ESG integration in the investment process. In addition, the Changjiang Securities Strategy Team was invited to communicate on ESG-themed investment, and HSBC ESG researchers were invited to conduct roadshows to continuously improve ESG investment level of the Company.

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5.2 Green Finance

As a practitioner of green finance, the Company proactively advocates the concept of green development and provides all-round services for the business development, industrial upgrading and strategic layout of green environmental protection enterprises through bond issuance and corporate listing, thereby facilitating green finance to become a new driver for China's economic transformation and development.

Facilitating the issuance of corporate bonds of Shuifa Environmental

Shandong Shuifa Environmental Protection Group Co., Ltd. ("Shuifa Environmental") is mainly engaged in the investment and construction of urban and rural water supply and drainage, sewage treatment, sludge treatment, photovoltaic/hydro power generation and other businesses. Since it set foot in the renewable resource recycling economy industry in 2018, Shuifa Environmental has built an industrial system of 2.4 million tons/year scrap steel processing capacity, 110,000/year scrap car dismantling capacity, 280,000 tons/year scrap rubber processing capacity and other industrial systems. It is an important green environmental protection enterprise in Shandong Province.

In September 2019, Orient Securities (Hong Kong), a subsidiary of Orient Securities International Financial Group Limited ("Orient Securities International"), participated in the 3-year 4.15% US\$400 million corporate bonds issued by Shuifa Environmental as the joint bookrunner with the proceeds thereof used for project construction and repayment of its current debts in the PRC, so as to further promote the business development of Shuifa Environmental and facilitate the sustainable development of the green industry.

Successfully issuing the 2019 second tranche of private green debt financing instruments of Huaneng Tiancheng

Huaneng Tiancheng Finance Leasing Co., Ltd. ("Huaneng Tiancheng"), a subsidiary of China Huaneng Group in the finance leasing sector, is mainly engaged in finance leasing business in the power generation industry, with a focus on photovoltaic power generation, hydro power generation, wind power generation and other clean energy power generation as well as thermal power generation.

In 2019, with the Company acting as the lead underwriter, Huaneng Tiancheng successfully issued the 2019 second tranche of private green debt financing instruments, with an amount of RMB1 billion, a coupon rate of 4.3%, and a term of 3 years, and the proceeds thereof will totally be used to finance lease payments for green projects and supplement working capital.

The issuer obtained a lower coupon rate of 4.30% for the issuance, which fully demonstrated the Company's efforts in practicing the concept of green industry in financial services to promote the integration and coordinated development of the capital market and green industry.

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5.3 Green Office

Against the background of low-carbon economy, the Company always upholds and promotes the concept of “green office and low-carbon life”, seeking for energy-saving, environmental protection and efficient management mode to apply the concept of green environmental protection throughout the Company’s management process. According to the “Environmental Protection Law of the People’s Republic of China” (《中華人民共和國環境保護法》) and the “Energy Conservation Law of the People’s Republic of China” (《中華人民共和國節約能源法》), the Company implements relevant practices and measures to reduce adverse impacts on the environment and natural resources. In 2019, the parent company did not identify any confirmed violations related to environmental protection with a significant impact on the Company.

The Company adopts paper certified by Forest Stewardship Council (FSC) to print its environmental, social and governance report to ensure that the paper comes from sustainable, legal and logging-permitted forest resources, thus contributing to the sustainable development of environment.

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Green Office initiatives of DFZQ

Emission Reduction	<ul style="list-style-type: none"> • Encouraging the use of public transport and sharing riding, and strictly controlling travel of the Company's own vehicles • Encouraging the use of teleconferencing systems for online communication, reducing the number of on-site meetings, and reducing carbon emissions from business travels
Energy Saving	<ul style="list-style-type: none"> • Adopting LED lights in offices to save energy consumption and reduce power line losses • Strictly controlling the operation time and temperature of air conditioners in summer and winter • Making good use of natural light for lighting, turning off the office lights in time, strengthening the standby practice of office equipment, and reducing power consumption of the equipment
Water Saving	<ul style="list-style-type: none"> • Adopting induction taps in toilets to prevent leaving water running unintentionally • Regularly and timely inspecting and repairing water equipment to eliminate running leakage
Promoting Paperless Office	<ul style="list-style-type: none"> • Adopting OA system to publish all company announcements to promote paperless office • Printing or copying of informal documents and drafts on both sides to save consumables • Reusing briefcases, envelopes and single-sided blank paper
Green Decoration	<ul style="list-style-type: none"> • Adopting "dual-filter" fresh air and air-conditioning system to significantly reduce PM2.5, PM10 and other air indicators • Adopting green and environment-friendly materials to decorate office areas to avoid harming human bodies and polluting the environment.
Solid Waste and Wastewater Treatment	<ul style="list-style-type: none"> • Harmless waste generated from office operations is mainly daily office waste. Waste office supplies are encouraged to be reused. Wastes that cannot be recycled are collected and treated by the property management unit • Hazardous wastes such as electronic wastes, light pipes, carbon powder cartridges, toner cartridges and other hazardous wastes are entrusted to qualified units for recycling, which may be disposed of or reused by the recycling party • Waste water generated in the process of office and service will be incorporated into municipal sewage pipe network

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Promoting the construction of a green data center

In 2019, the Company continued to promote the green transformation of the data center and the application of energy-saving and emission-reduction technologies. The Company built the data center on South Zhongshan Road and continuously innovated and explored energy-saving measures to improve the energy utilization rate and reduce the negative impact on the environment.

01 Intensive energy saving measures using indoor micro-module row-level cooling and closed cold aisle

Low load and high efficiency and refrigeration on demand to optimize airflow organization, avoid mixing of cold and hot air, improve air conditioning efficiency, and reduce energy consumption while maintaining load.

02 Adopting efficient modular uninterruptible power supply

Easy-to-expand Modular UPS with a module efficiency of 97.5% and system efficiency of 97.1%, low load and high efficiency to effectively reduce energy loss; hot plug design with maintenance time as low as 5 minutes.

Committed to ecological environmental protection

Hubei Wufeng, one of the Company's pair-up counties, boasts the highest altitude of 2,320 meters with the original landform of the Ice Age dating back 130 million years ago, forest coverage rate of 81% and extensive animal and plant resources and is known as the "mysterious kingdom of life".

In the process of carrying out poverty alleviation tasks, the Company actively promoted the protection of rare animals and plants in Wufeng and invited American painters to elaborately design tea packaging focusing on the rare animals and plants such as impala, dove trees, schima superba, and shuisi pears. While creating a brand for Wufeng tea, the Company also strengthened the protection publicity of rare animals and plants to enhance public awareness of ecological protection.

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DFZQ Environmental performance indicators

Indicator		Unit	2017	2018	2019
Headquarters of DFZQ parent company	Total greenhouse gas emissions	Tonnes of carbon dioxide equivalent	3,168	2,917	5,531
	Greenhouse gas emissions per capita	Tonnes of carbon dioxide equivalent/headcount	2.63	2.53	4.51
	Greenhouse gas emission per unit area	Tonnes of carbon dioxide equivalent/sq. m.	0.11	0.13	0.12
	Total water consumption	Tonnes	10,346	11,453	24,963
	Water consumption per capita	Tonnes/headcount	8.59	9.94	20.38
	Water consumption per unit area	Tonnes/sq. m.	0.36	0.51	0.55
	Total electricity consumption	KWH	4,212,749	3,831,060	7,390,000
	Electricity consumption per capita	KWH/headcount	3,499	3,326	6,033
	Electricity consumption per unit area	KWH/sq. m.	152	172	160
	Total natural gas consumption	Cu. m.	54,896	57,566	114,971
	Natural gas consumption per capita	Cu. m./headcount	45.59	49.97	93.85
	Natural gas consumption per unit area	Cu. m./sq. m.	1.91	2.58	2.55
	Total office paper consumption	Tonnes	12.05	4.78	11.25
	Electronic product wastes	Piece	–	–	1,580
	Petroleum consumption of self-owned vehicles	Litre	35,500	36,003	30,000
	Diesel consumption of self-owned vehicles	Litre	–	1,000	600
Subsidiary headquarters of DFZQ	Total greenhouse gas emissions	Tonnes of carbon dioxide equivalent	–	1,322	1,415
	Greenhouse gas emission per unit area	Tonnes of carbon dioxide equivalent/sq. m.	–	0.06	0.06
	Total water consumption	Tonnes	–	13,831	12,804
	Water consumption per unit area	Tonnes/sq. m.	–	0.59	0.55
	Total electricity consumption	KWH	–	1,820,242	1,960,715
	Electricity consumption per unit area	KWH/sq. m.	–	77.91	83.73
Branches of DFZQ	Total greenhouse gas emissions	Tonnes of carbon dioxide equivalent	7,356	10,295	8,193
	Greenhouse gas emission per unit area	Tonnes of carbon dioxide equivalent/sq. m.	0.04	0.06	0.07
	Total water consumption	Tonnes	187,094	170,782	174,130
	Water consumption per unit area	Tonnes/sq. m.	1.07	0.98	0.91
	Total electricity consumption	KWH	10,456,802	14,633,983	11,020,506
	Electricity consumption per unit area	KWH/sq. m.	133.34	143.83	100.15

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- Note 1:* Certain departments of DFZQ parent company were relocated from Orient Securities International Finance Plaza to the new Orient Securities Building in October 2018, and both Orient Securities International Finance Plaza and Orient Securities Building were in operation in 2019. Therefore, the per capita energy consumption and water consumption in 2019 increased compared with the previous year.
- Note 2:* The subsidiary headquarters of DFZQ have been collecting environmental data since 2018.
- Note 3:* Water and electricity charges included in the property management fees of certain subsidiary headquarters and business departments in DFZQ cannot be counted, and relevant environmental data are based on estimation.
- Note 4:* 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.
- Note 5:* The non-hazardous waste generated in DFZQ is mainly daily office waste, while the hazardous waste is mainly electronic waste, carbon powder box, toner cartridge, etc. The Company has not yet made statistics on the amount of waste generated.

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6. RESPONSIBILITY TO CONTRIBUTE TO SOCIETY

6.1 Facilitating Poverty Alleviation

Poverty alleviation footprints of DFZQ

As a responsible corporate citizen, the Company actively implements the “One Company to One County” and “One Company in One County” initiatives in the securities industry. Meanwhile, the Company actively responds to the call of “Double Hundred” village and enterprise pair-up precise poverty alleviation actions of Shanghai to identify precise poverty alleviation focus, and comprehensively advance the poverty alleviation programs.

In order to strengthen the process management of poverty alleviation projects and promote the smooth implementation of precise poverty alleviation initiatives, the Company has set up an internal poverty alleviation working group and a poverty alleviation leading group which is headed by the party secretary and chairman of the board of directors to establish the priorities of precise poverty alleviation each year and ensure the implementation of poverty alleviation projects.

As of the end of 2019, the Company and its subsidiaries entered into pair-up assistance agreements with 18 national poverty-stricken counties, including Morin Banner of Inner Mongolia, Wufeng County in Hubei Province, Funing County in Yunnan Province, and Maigaiti in Xinjiang. In 2019, a total of 40 poverty-alleviation projects were carried out in the fields of industrial poverty alleviation, financial poverty alleviation, education poverty alleviation, consumption poverty alleviation, and public welfare poverty alleviation, with an aggregate poverty-alleviation investment of RMB21.2337 million (including material equivalent), lifting 312 poor recorded households out of poverty.

DFZQ “One Company to One County” poverty alleviation footprints

Year	Paired poor districts and counties
2019	<ul style="list-style-type: none">Morin Banner of Inner Mongolia, Jingle County in Shanxi Province, Muchuan County in Sichuan Province, Tongyu County in Jilin Province, Yanchang County in Shaanxi Province, Yanchi County in Ningxia, Wufeng County in Hubei Province, Qin'an County in Gansu Province, Jinggu County in Yunnan Province, Lancang County in Yunnan Province, Menglian County in Yunnan Province, Funing County in Yunnan Province, Nankang City in Jiangxi Province, Suibin County in Heilongjiang Province, Maigaiti in Xinjiang, Tongbai County in Henan Province, Lindian County in Heilongjiang Province, Xichou County in Yunnan Province, etc.

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Industrial assistance tailed to local conditions

The Company upholds the poverty alleviation concept of giving priority to industrial poverty alleviation, and takes into consideration the advantages of characteristic industries in poor areas to launch industrial poverty alleviation projects such as “Dongfang Guniang”, “Dong Fang Hong Yi Black Tea” and “Dong Fang Hong Selected Mingqian Spring Tea”. The Company carries out poverty alleviation programs according to local conditions to ensure that the goal of promoting the sustainable development of local industries is achieved in a real sense and more poor households in different industries from different poor counties may be benefited.

Commencing from 2017, Morin Banner of Inner Mongolia, one of the Company’s pair-up counties chose the local characteristic agricultural product, Guniang fruits, as the focus of industrial poverty alleviation and carried out the “Dongfang Guniang” industrial poverty alleviation project. In the past three years, the Company traveled 2,700 kilometers to and from Morin Banner several times and carried out exchanges with the local government, fruit growers, experts and other parties through on-the-spot investigation and visits, to fully tap the advantages of local resources. From base construction, fruit species selection to fruit picking process optimization and publicity and promotion, the Company has helped locals to initiate the Guniang fruit industry chain.

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Constructing the “Dongfang Guniang” standardized industrial chain

Demonstration base construction	<ul style="list-style-type: none">After several on-the-spot investigations, a “DFZQ Industrial Poverty Alleviation Base” has been established in Beishichang Village, Dengteke Town, Morin Banner, to serve as a demonstration base for standardized cultivation of local Guniang fruits.
Improving fruit quality	<ul style="list-style-type: none">Inviting agricultural experts to the field to carry out professional training for Guniang farmers in Morin Banner to improve their planting techniques, and work together with Benlai Life to formulate the screening criteria for “Dongfang Guniang” and help improve the quality of fruits.
Optimizing fruit picking process	<ul style="list-style-type: none">In order to reduce the rate of damage during storage and transportation, special funds were donated to purchase special circulation baskets for “Dongfang Guniang”, which are distributed free of charge to Guniang farmers in Beishichang Village of Morin Banner.
Improving warehousing and transportation	<ul style="list-style-type: none">The “Dongfang Guniang” storage and transportation base built for Beishichang Village has been put into operation to help villagers realize the integration of fruit sales, sorting, drying and storage.
Publicity and promotion	<ul style="list-style-type: none">Designing the overall plan for the promotion and dissemination of Guniang fruits in Morin Banner, and further helping the locals to expand the popularity of the products by developing personified images, on-the-spot shooting and original documentaries;Improving the cooperation mechanism with e-commerce Benlai Life to increase the promotion and sales of Guniang products to benefit more poor local farmers leveraging the advantages of the Group and e-commerce channels.

As the industrial chain gets more and more standardized, the quality of Guniang fruits trends better, and the growing area is also expanding from 1,100 acres in 2017 to approximately 2,200 acres in 2018, and to 3,500 acres in 2019. Morin Banner, Guniang fruits have grown from obscure wild fruits to the “well-recognized” “Dongfang Guniang”, helping local fruit farmers to achieve poverty alleviation.

Poverty alleviation commences from wisdom support. For the Company, the construction of a standardized industrial chain not only enhances the quality of Guniang fruits, but also stimulates the confidence and capacity of fruit farmers to create wealth with their own efforts.

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At the beginning, local farmers preferred to sell unsorted inferior fruits at a low price, rather than exerting more labor to improve the quality of Guniang fruits through selection. Nowadays, fruit farmers are more willing to carry out multiple sorting procedures with care for the picked Guniang fruits to exchange for higher returns with hard work. At the same time, fruit farmers also apply the same standards to other farmers and vendors who come to purchase spontaneously, thereby promoting the overall improvement of the quality of local Guniang fruits and helping the local Guniang fruits industry realize benign and sustainable development. As of the end of 2019, the Company invested a total of over RMB7.9 million in the poverty alleviation project of the “Dongfang Guniang” industry to help 818 recorded poor households get rid of poverty.

On the basis of summarizing the experience of the “Dongfang Guniang” industrial poverty alleviation project, the Company continues to promote the industrial poverty alleviation model to more poor districts and counties such as Wufeng County in Hubei Province.

In September 2017, the Company and the People’s Government of Hubei Wufeng Tujia Autonomous County entered into a precise poverty alleviation pair-up assistance agreement. Based on Wufeng County’s industrial foundation and resource endowment and adhering to the working concept of “providing industrial assistance according to local conditions,” the Company leveraged the influence of its asset management “Dong Fang Hong” brand and joined hands with Benlai Life and Shanghai Tea Leaf Co., Ltd. (上海茶葉有限公司) (the holder of the established famous tea brand of “Wang Yu Tai”) to promote the “Dong Fang Hong Yi Black Tea” and “Dong Fang Hong Selected Mingqian Spring Tea” industry poverty alleviation projects in Wufeng, to create a standardized tea industry chain, thereby building up the industrial engine for Wufeng County in the long run.

While promoting the development of Wufeng tea industry, the Company also capitalized on Wufeng’s local ecological characteristics to draw exquisite gift boxes for Wufeng black tea and Mingqian Spring Tea. In addition to protecting and promoting the local customs of Wufeng, the Company made the brand an intangible asset of Wufeng tea to help local tea products build lasting market competitiveness and premium capabilities.

In 2019, the Company and its subsidiaries invested a total of RMB4.04 million in Hubei Wufeng tea industry, helping 138 recorded poor households achieve employment and get out of poverty.

Building a “road out of poverty” with concerted efforts

Pingmeng Village is located in Gula Township, Funing County, Yunnan Province. For a long time, Pingmeng Village was hard to travel due to steep mountains and dangerous waters as it is located at the junction of Yunnan and Guangxi provinces. Back to 1997, the villagers leveled off the mountain to build the first road accessible to vehicles and horses. However, due to lack of funds, it had been a dirt road for 20 years and in rainy days, vehicles couldn’t get in and people couldn’t get out. In serious cases, even landslides may occur, making it extremely inconvenient for villagers to travel.

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In 2018, under the unified leadership of the Shanghai State-owned Assets Supervision and Administration Commission and overall arrangement of Shenergy Group, the Company launched pair-up assistance with Pingmeng Village. After learning about the local demand, the Company immediately donated special funds of approximately RMB1.65 million to assist the construction of 2 in-village roads and 1 village road hardening project in Pingmeng Village, with a total hardening length of more than 3 kilometers. In addition, the second batch of road hardening projects supported by the Company for the local area has also rolled out. At the same time, the Company also donated funds of RMB200,000 for purchase of a number of solar street lights to the village to achieve the “lightening” of the four village groups.

“The roads are paved, the street lights are available, and the villagers’ lives are much more convenient. The villagers said with emotion that they couldn’t image a company far away in Shanghai helped them change their lives.” Huang Kaixiong said. The smooth concrete road not only improves the travel conditions of the villagers, but also lays the foundation for development local county industry.

Funing County is a large sugar-producing county and one of the largest sugar factories in Yunnan. Yongxin Sugar Factory is located on the road from Pingmeng Village to Funing County with driving time less than one hour. For villagers, sugarcane cultivation to develop country industry should have been a crucial channel for locals to get better off. However, in the past few years, due to rugged dirt roads and poor transportation conditions, the high-yield and widely-selling sugarcane couldn’t be transported out, making the efforts of villagers in vain.

With the opening of the new cement road, sugarcane has again become “a favorite” in the eyes of some villagers. “The development of the village depends on young people working outside in the short term, but in the long run, it still depends on the industry in the village, that is, relying on sugarcane.” Huang Kaixiong said delightfully, “future development of country industry has got its foundation. Now the village is encouraging villagers to grow sand trees, sugarcane and other economic crops. The development in the village is trending better.”

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Earnestly promoting financial poverty alleviation leveraging on advantages

The Company continues to give full play to its own advantages. In view of the backward development concept and lack of professional skills in poor areas, it has provided assistance for the development of enterprises in poor areas and the poverty alleviation of the impoverished through financing for enterprises in poor areas and carrying out “insurance + futures” poverty alleviation projects.

In 2019, the Company underwrote the bonds issued by the Agricultural Development Bank of China with a total amount of RMB24.78 billion used for precise poverty alleviation and other purposes. Citi Orient, a subsidiary, underwrote the private corporate bonds issued by Guizhou Anshun Xixiu District Urban Investment Development Co., Ltd., helping it to actually raise RMB960 million.

In 2019, under the “insurance + futures” project of the Company and Orient Futures, an accumulative RMB8.558 million of price index insurance was purchased for farmers in 6 provinces and 9 counties, including Menglian Dai, Lahu and Wa Autonomous County, Jinggu Dai and Yi Autonomous County, Funing County and Xichou County in Yunnan Province, Wufeng Tujia Autonomous County in Hubei Province, Morin Banner of Inner Mongolia, Yanchang County in Shaanxi Province, Yanchi County in Ningxia, and Qin’an County in Gansu Province, covering natural rubber, corn, soybeans, apples and sugar and 6,942 recorded poor households, with the claim amount of RMB4.7236 million and an average of RMB680.44 per household.

6.2 Practicing Better Public Welfare

DFZQ Xindeyizhang Public Welfare Foundation

The Company always insists on protecting and inheriting the cultural heritage of DFZQ, and focuses on children’s art education. Since 2016, the Company, relying on the DFZQ Xindeyizhang Public Welfare Foundation, has successively carried out Tujia brocade cultural heritage protection, the “A Beautiful City in Western China | Dunhuang” cultural heritage plan and the construction of the Xindeyizhang Country Elementary School Art Classroom and charitable lecturing, contributing to the inheritance and promotion of Chinese culture and art.

Public welfare income and expenditure of DFZQ Xindeyizhang Public Welfare Foundation in the past three years

Indicator	Unit	2017	2018	2019
Annual fund-raising amount	RMB0’000	1,031.63	1,340.37	1,450.00
Annual expenditure	RMB0’000	156.17	1,289.71	660.00

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To inherit the beauty of Dunhuang with ingenuity

In order to protect and pass on the traditional Chinese cultural heritage, in 2016, the DFZQ Xindeyizhang Public Welfare Foundation launched the project of “A Beautiful City in Western China | Dunhuang”. The project lasts for 5 years, and the Company aims to present Dunhuang to the public through different perspectives and creative methods, with an aim not only to convey the beauty of Dunhuang art, but also to convey the oriental spirit of Dunhuang.

On the basis of the first season of “Twilight in Mogao Grottoes” and the second season of “Gentle Backbone”, in 2019, the Xindeyizhang Public Welfare Foundation continued to focus on the protection of Dunhuang culture, extending the project “A Beautiful City in Western China | Dunhuang” to the Yulin Grottoes in Dunhuang to launch the third season of the “Spirit of Yulin” project.

First Season “Twilight in Mogao Grottoes”

Taking nine months to produce the hand-painted short artistic film “Twilight in Mogao Grottoes” based on Dunhuang painting style, which tells the story of Xuan Zang’s persistence and dedication to faith, paying tribute to Dunhuang art and ancient painters.

Second Season “Gentle Backbone”

Getting close to the restorers and copyists of the Dunhuang Research Institute, and understanding the story behind the Dunhuang culture through in-depth exchanges with them and conveying the Dunhuang Academy workers’ dedication to the protection of Dunhuang art through public welfare show and other forms.

Third Season “Spirit of Yulin”

Better presenting Yulin Grottoes to the public by shooting new introduction films for Yulin Grottoes and designing introduction cards for 17 open caves.

Although being the most important part of Dunhuang Grottoes Art and acclaimed “Sister Grottoes” with Mogao Grottoes, Yulin Grottoes are rarely known. The “Spirit of Yulin” project helps to better present Yulin Grottoes to the public by shooting new introduction films for Yulin Grottoes and designing introduction cards for 17 open caves.

Meanwhile, the “Spirit of Yulin” project also pays attention to the narrators guarding Dunhuang. Dunhuang Grottoes enjoy wide recognition not only for the huge size and splendid posture, but also for the outstanding academic status. Such profound values are vividly “interpreted simultaneously” by narrators, who recount the three-dimensional works in contemporary language and tell the story for time. We invite graphic designers to “translate” the narrator’s story again and “rub” the murals from the narrator’s mouth into a group of portable cards, to bring the art of Grottoes home for collection.

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In addition, the Company also organized a series of public welfare activities with the focus on the project of “A Beautiful City in Western China | Dunhuang”, such as the public welfare exhibition “A Beautiful City in Western China, Divine Dunhuang” and welfare sales of Shanghai Wing & Dine Festival, to present Dunhuang culture to more people, letting them learn about and protect the Dunhuang culture.

Convening the “A Beautiful City in Western China, Divine Dunhuang” public welfare exhibition

On December 15, 2019, the public welfare exhibition “A Beautiful City in Western China, Divine Dunhuang” co-sponsored by DFZQ Xindeyizhang Public Welfare Foundation and Shanghai Century Duoyun Culture Development Co., Ltd. was officially unveiled at Duoyun College Flagship Store, the most towering bookstore in Shanghai. The exhibition focused on presenting to the public the results of the three seasons of “A Beautiful City in Western China | Dunhuang” public welfare projects, including “Twilight in Mogao Grottoes”, “Gentle Backbone” and “Spirit of Yulin”, showing the public the precious and beautiful Dunhuang art and conveying the eastern culture.

The exhibition also invited artistic teachers from Yanhuanji and children who have participated in Dunhuang study tours as special guests to watch and present the theme of Dunhuang from the most innocent perspective of children. Attendees also had the chance to purchase preferred public welfare derivatives at the exhibition. All proceeds from the sale of original derivatives will be used for Dunhuang public welfare protection projects.

The 36-day exhibition attracted more than 150,000 visitors, and 50 employees and external volunteers participated as instructors, contributing to the inheritance of Dunhuang culture.

Public Welfare Sale of Shanghai Wing & Dine Festival

In October 2019, the Company and the Xindeyizhang Public Welfare Foundation once again joined hands with Shanghai Wing & Dine Festival to carry out charity sales activities, bringing with them a new season of derivatives of “A Beautiful City in Western China | Dunhuang”, displaying the Company’s precise poverty alleviation products – Dongfang Guniang fruits and Dong Fang Hong Yi Black Tea and hosting an array of children’s art public welfare experience salon activities. The three-day charity sale attracted many visitors. All the money will be used for the third season of “A Beautiful City in Western China | Dunhuang”.

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Educational public welfare concerned with child growth

Rooted in the protection and promotion of cultural heritage, DFZQ Xindeyizhang Public Welfare Foundation pays close attention to children's art education. In 2017, the Company officially launched the public welfare project of "Xindeyizhang Art Classroom". Through setting up art classrooms in rural primary schools and customizing "online + offline" art courses, more children have the opportunity to be nurtured by culture and art, thus planting the seeds of art in their hearts. As of the end of 2019, Xindeyizhang Public Welfare Foundation set up 7 art classrooms in 5 rural primary schools, covering Gansu, Hubei, Yunnan, Anhui and other provinces and cities.

At the same time, DFZQ Xindeyizhang Public Welfare Foundation also continuously carried out many volunteer charity teaching activities in art classrooms across various regions to help students broaden their artistic horizons. In 2019, the 24 employee volunteers selected with due procedures lectured more than 180 profound and vivid courses to more than 700 students, including interesting English, creative crafts, natural science, computer painting, literature appreciation and others.

In addition to supporting art education for children in rural areas, DFZQ Xindeyizhang Public Welfare Foundation also focuses on the art cultivation of children in local communities. It provides a good platform for children's art cultivation by supporting the 4th Shanghai "Future Science and Technology Stars" selection and cultivation activities and holding the "Future Science and Technology Stars" achievement exhibition.

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Supporting the 4th Shanghai “Future Science and Technology Stars” selection and cultivation activities

From July to December 2019, DFZQ Xindeyizhang Public Welfare Foundation jointly launched the 4th Shanghai “Future Science and Technology Stars” selection and cultivation activities with Shanghai Children’s Fund, Shanghai Science Popularization Education Development Foundation, Shanghai Charity Foundation and China Welfare Institute Children’s Palace. The two cultivation activities in the second stage were sponsored and planned by DFZQ Xindeyizhang Public Welfare Foundation. Through setting up special lectures on painting and novel and interesting interactive links such as “Ancient Paper Making” and “DIY Graffiti Handbag”, each student finally completed a science fiction scene creation with oriental painting style under the guidance of the teachers. In this way, children are offered the chance to understand oriental painting while mastering scientific knowledge, which represented a trail to bridge science and art.

The activities received positive responses from all districts in Shanghai and extensive participation from students. A total of 1,149 projects from 16 districts were submitted, 206 of which were shortlisted. In the end, 30 first prize, 50 second prize and 221 third prize of the “Future Science and Technology Stars” and 5 winning projects of “Xindeyizhang Oriental Science Fiction Painting” were selected.

On December 28, 2019, the award ceremony for the fourth Shanghai “Future Science and Technology Stars” selection and cultivation activities was held at the Shanghai Science and Technology Museum. At the same time, DFZQ Xindeyizhang Public Welfare Foundation also held the 4th Shanghai “Future Science and Technology Stars” exhibition at the Shanghai Science and Technology Museum, providing children with a platform to display their artistic achievements.

Employee Voluntary Service Performance Indicator

Indicator	Unit	2017	2018	2019
Number of employee volunteers	Person	84	122	146
Total length of employee voluntary services	Hour	336	708	555

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7. KEY QUANTITATIVE PERFORMANCE TABLE

Indicators		Unit	2019
Environmental performance			
Emissions	Total greenhouse gas emissions	tonnes of carbon dioxide equivalent	5,531
	Greenhouse gas emissions per capita	tonnes of carbon dioxide equivalent/headcount	4.51
Resource use	Total electricity consumption	KWH	7,390,000
	Electricity consumption per capita	KWH/headcount	6,033
	Total water consumption	tonnes	24,963
	Water consumption per capita	tonnes/headcount	20.38
Social performance			
Employee employment, rights and health			
Total number of staff		person	4,014
Staff turnover rate		%	13
Number of casualties due to work-related injuries		person	0
Lost days due to work injury		day	0
Staff training coverage rate		%	100
Average training hours per capita		hour	38
Products and services			
Number of customer complaints		case	0
Community investment			
Attendance of the staff's voluntary activities		person	146
Total volunteering hours of employees		hour	555

Note 1: The statistics of environmental performance are based on the headquarters of DFZQ's parent company.

Note 2: Statistics on employee employment, rights and health are based on DFZQ's parent company.

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8. REPORT INDEX

HKEx ESG REPORTING GUIDELINES INDEX

Aspect, general disclosure and key performance indicator	Description	Disclosure chapter
Main scope A. Environment		
Aspect A1. Emissions		
General Disclosure A1	Information on: <ul style="list-style-type: none"> (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 	Green office
KPI A1.1	Types of emissions and respective emissions data	Green office
KPI A1.2	Total green-house emissions (in tonnes) and, where applicable, intensity (e.g. per unit of production volume, per facility)	Green office
KPI A1.3	Total hazardous waste produced (in tonnes) and, where applicable, density (e.g. per unit of production volume, per facility)	Green office
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where applicable, density (e.g. per unit of production volume, per facility)	Green office
KPI A1.5	Description on measures to mitigate emissions and results achieved	Green office
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	Green office
Aspect A2. Use of Resources		
General disclosure A2	Policies on effective use of resources (including energies, water and other raw materials)	Green office
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)	Green office
KPI A2.2	Total water consumption and intensity (e.g. per unit of production volume, per facility)	Green office
KPI A2.3	Description on energy use efficiency initiatives and results achieved	Green office
KPI A2.4	Description on whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved	Green office
KPI A2.5	Total packaging material used for finished products (in tonnes), and, if applicable, with reference to per unit produced	N/A

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Aspect, general disclosure and key performance indicator

Description

Disclosure chapter

Aspect A3. Environment and Natural Resources

General disclosure A3	Policies on minimizing the issuer's significant impact on the environment and natural resources	Green office
KPI A3.1	Description on the significant impacts of activities on the environment and natural resources and actions taken to manage them	Green office

Main scope B. Society Employment and Labor Practices

Aspect B1. Employment

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	Safeguarding rights of employees
KPI B1.1	Total workforce by gender, employment type, age group and geographical region	Safeguarding rights of employees
KPI B1.2	Employee turnover rate by gender, age group and geographical region	Safeguarding rights of employees

Aspect B2. Healthy and Security

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	Safeguarding rights of employees
KPI B2.1	Number and rate of work-related fatalities	Safeguarding rights of employees
KPI B2.2	Lost days due to work injury	Safeguarding rights of employees
KPI B2.3	Description on occupational health and safety measures adopted as well as related ways of implementation and supervision	Safeguarding rights of employees

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Aspect, general disclosure and key performance indicator	Description	Disclosure chapter
Aspect B3. Development and Training		
General disclosure B3	Policies on improving employees' knowledge and skills for performing duties and work. Description on training activities	Establishing employee growth platform
KPI B3.1	The percentage of employees (e.g. senior management, middle level management and etc.) trained by gender and employee category	Establishing employee growth platform
KPI B3.2	The average training hours completed per employee by gender and employee category	Establishing employee growth platform
Aspect B4. Labor Standards		
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	Safeguarding rights of employees
KPI B4.1	Description on measures to review employment practices to avoid child and forced labor	Safeguarding rights of employees
KPI B4.2	Description on steps taken to eliminate such violations when discovered	Safeguarding rights of employees
Main scope B. Community and operating practices		
Aspect B5. Supply Chain Management		
General disclosure B5	Policies on managing environmental and social risks of the supply chain	Supply chain management
KPI B5.1	Number of suppliers by geographical region	Supply chain management
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	Supply chain management

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Aspect, general disclosure and key performance indicator

Description

Disclosure chapter

Aspect B6. Product Responsibility

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	Offering quality services
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	N/A
KPI B6.2	Number of received complaints related to products and services and solutions	Offering quality services
KPI B6.3	Description on practices related to observing and protecting intellectual property rights	Offering quality services
KPI B6.4	Description on quality assurance process and product recall procedures	N/A
KPI B6.5	Description on consumer data protection and privacy policies, how they are implemented and monitored	Offering quality services

Aspect B7. Anti-corruption

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	Anti-corruption
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	Anti-corruption
KPI B7.2	Description on preventive measures and whistle blowing procedures, and how they are implemented and monitored	Anti-corruption

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Aspect, general disclosure and key performance indicator	Description	Disclosure chapter
Aspect B8. Community Investment		
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	Facilitating poverty alleviation Practicing better public welfare
KPI B8.1	Focus on contribution areas (e.g. education, environment, labor needs, health, culture and sports)	Facilitating poverty alleviation Practicing better public welfare
KPI B8.2	Resources contributed to the focus area (e.g. money and time)	Facilitating poverty alleviation Practicing better public welfare

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9. ON THIS REPORT

- **Basis of preparation**

This report was prepared with reference to the Environmental, Social and Governance Reporting Guidelines (2015) as set out in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

- **Coverage**

Time scope: from January 1, 2019 to December 31, 2019.

Period of release: this report is an annual report and its precedent was prepared for year 2018.

Organizational scope: Unless otherwise stated, the scope of this report corresponds to that of the annual consolidated financial statements of the Company.

Company full name	Abbreviations
DFZQ	DFZQ or the Company
Orient Finance Holdings (Hong Kong) Limited	Orient Finance Holdings
Shanghai Orient Securities Innovation Investment Co., Ltd.	Orient Securities Innovation Investment
Orient Futures Co., Ltd	Orient Futures
Shanghai Orient Securities Capital Investment Co., Ltd.	Orient Securities Capital Investment
Shanghai Orient Securities Asset Management Co., Ltd.	Orient Securities Asset Management
Citi Orient Securities Co., Ltd.	Citi Orient

- **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. DFZQ and its subsidiaries covered in this report have been searched in the Institute of Public & Environmental Affairs (IPE) and Shanghai Qingyue Environmental Protection Environmental Database, and there were no negative environmental records during the reporting period.

