

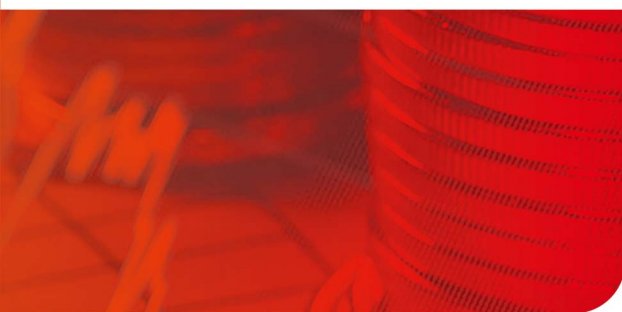


东方证券

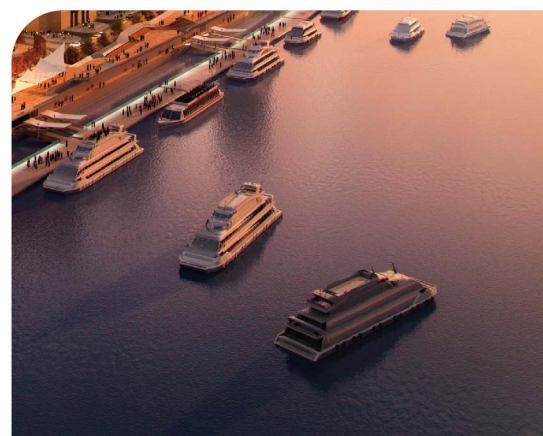
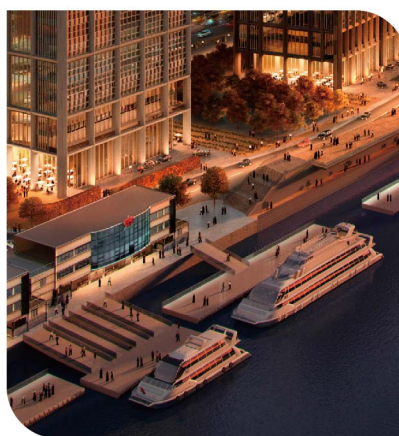
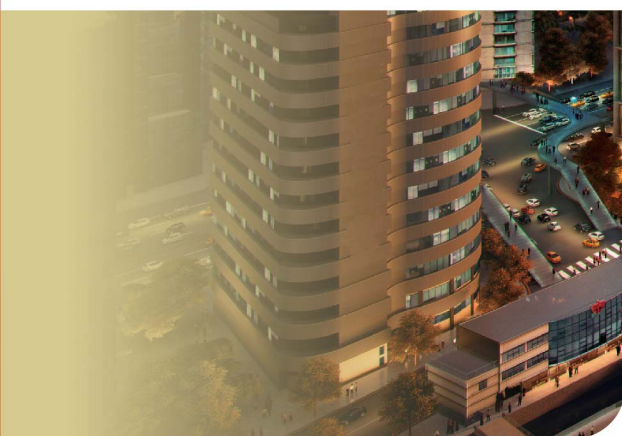
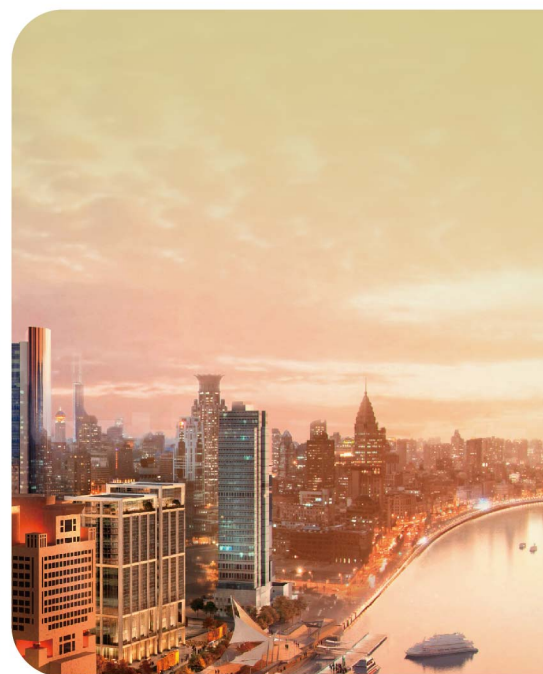
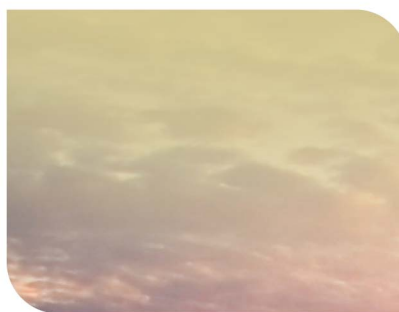
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(A joint stock company incorporated in the People's Republic of China with limited liability under the Chinese corporate name "东方证券股份有限公司" and carrying on business in Hong Kong as "東方證券" (in Chinese) and "DFZQ" (in English))

Stock code: 03958



2020 Environmental, Social And Governance Report



DFZQ 2020 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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STATEMENT OF THE BOARD ON ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) MANAGEMENT

2020 is the concluding year of the “13th Five-Year” plan. During the year, China made decisive achievements in risk management, poverty alleviation and pollution control, and made significant progress in technological innovation. The introduction of the new Securities Law strengthened the foundation for deepening reform in the capital market. Key tasks of the securities industry for the year included serving the real economy, preventing and controlling market risks, improving the quality of listed companies, facilitating the culture construction of the securities industry, and safeguarding the rights and interests of investors, which put forward requirements for the development of the capital market and securities industry.

DFZQ integrates the concept of social responsibility into our corporate culture, strategic policy and daily operation, and actively practices the mission of “providing quality integrated financial services to the real economy and social wealth management; creating a better life for employees, and providing both material and spiritual returns to shareholders, employees and the society”, thereby creating sustainable and integrated value for all stakeholders.

In 2020, the Company continuously strengthened its efforts and influence in economic, environmental and social aspects, and prepared the DFZQ 2020 Environmental, Social and Governance Report for the Board to review on relevant matters and their progress. The Board of the Company carries out overall supervision on and has the ultimate responsibility for the sustainable development matters. In addition, the Company also formulated an action plan for sustainable development to continuously improve the effectiveness of the Company’s sustainability management.

For economic and corporate governance, the Company continuously improved the operation management and governance, paid attention to maintaining good investor relation, and created long-term stable economic returns for shareholders; strengthened the management of honest practices, further strengthened integrity risk prevention and control, and prevented bribery and corruption; effectively prevented and mitigated financial risks, steadily promoted compliance management, and laid a sustainable foundation for the long-term and stable operation of the Company; supported the national strategies, persisted in serving the real economy, and made continuous efforts in facilitating the implementation of the registration-based IPO system of the Sci-Tech Innovation Board and the development of private and small-sized enterprises; strengthened the integration of financial technology and business operation, and promoted innovation of financial products and improvement of service quality.

For environmental protection, the Company advocated and implemented the concept of “green office and low-carbon life”, implemented the concept of green environmental protection in the Company’s operation and management process; carried out identification, assessment and analysis of climate risks and opportunities, and managed and controlled the climate risks in the process of business operation.

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In social aspect, the Company practiced the concept of “responsible investment”, considered the effect of its business on environmental, social and corporate governance factors, and provided support for the development of green and environmental protection enterprises through direct and indirect financing; facilitated poverty alleviation through industry support, education and social welfare, offered help to impoverished areas and carried out the “Double-hundred” pair-up assistance activity, consolidated the results of poverty alleviation and promoted the effective connection between poverty alleviation and rural revitalization; promoted traditional Chinese culture and children’s art education through the Xindeyizhang Public Welfare Foundation, and carried out the “A Beautiful City in Western China | Dunhuang” cultural heritage plan and the construction of the Xindeyizhang Country Elementary School Art Classroom with the aim of creating a better life for the children.

2021 is the opening year of the “14th Five-Year” plan, which also unveils the new “3+1” strategic plan of the Company. The Company will further establish a sound organizational system for sustainable development, and set up a sustainable development committee under the management, which will be responsible for the sustainable development vision, objectives and assessment system. The Company will also evaluate ESG-related risks and opportunities, and coordinate and facilitate the sustainable development management of the Company.

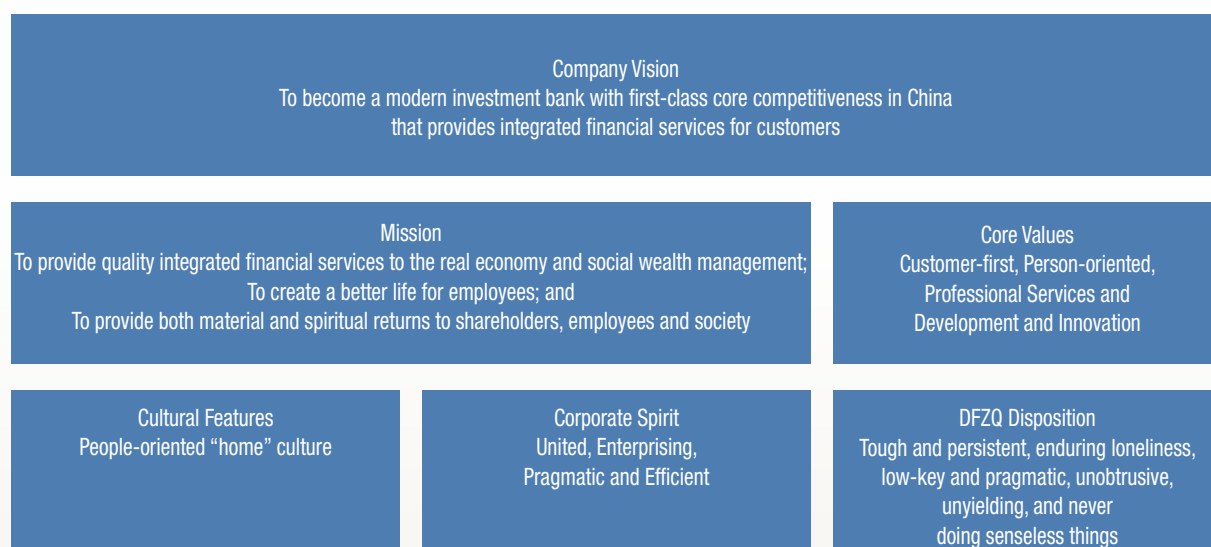
Meanwhile, the Company will continue to uphold the cultural philosophy of “compliance, integrity, professionalism and stability”, take capital, mechanism, talent, risk control and technology as the new driving force for development, and continue to strengthen its influence in the field of sustainable development, actively respond to China’s goal of “achieving carbon neutrality by 2060”, consolidate and expand the results of poverty alleviation and make effective connection with rural revitalization, provide both material and spiritual returns to shareholders, employees and society, and contribute to the construction of a standardized, transparent, open, vibrant and resilient capital market.

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1. SOCIAL RESPONSIBILITY MANAGEMENT

1.1 Social 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, and strives to become an excellent enterprise to the pride of employees, to the satisfaction of shareholders and to the respect of the society.



1.2 Social 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, 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**

With the inclusion of our A shares in the MSCI index, the Company's social responsibility performance has gained the attention of domestic and international investors. In 2020, the Company maintained at BBB grade in the MSCI ESG rating, being the highest rating among publicly rated investment banking and brokerage companies in China for many years in a row, which reflected the recognition from international capital market for the Company's ESG performance.

1.3 Communication with Stakeholders and Identification of Material Topics

- **Communication with stakeholders**

The Company always attached importance to the concerns of stakeholders, and has established a regular communication mechanism with six major stakeholders, being 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 sustainable and integrated value for all parties.

Stakeholders	Issues concerned	Ways and channels 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

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Stakeholders	Issues concerned	Ways and channels of communication
Employees	<ul style="list-style-type: none"> Employee interests and benefits 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
Government and regulators	<ul style="list-style-type: none"> Compliance operation Risk management Anti-corruption Consolidating poverty alleviation results 	<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"> Consolidating poverty alleviation results Social welfare Green operation Response to climate change 	<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

• Identification and analysis of material topics

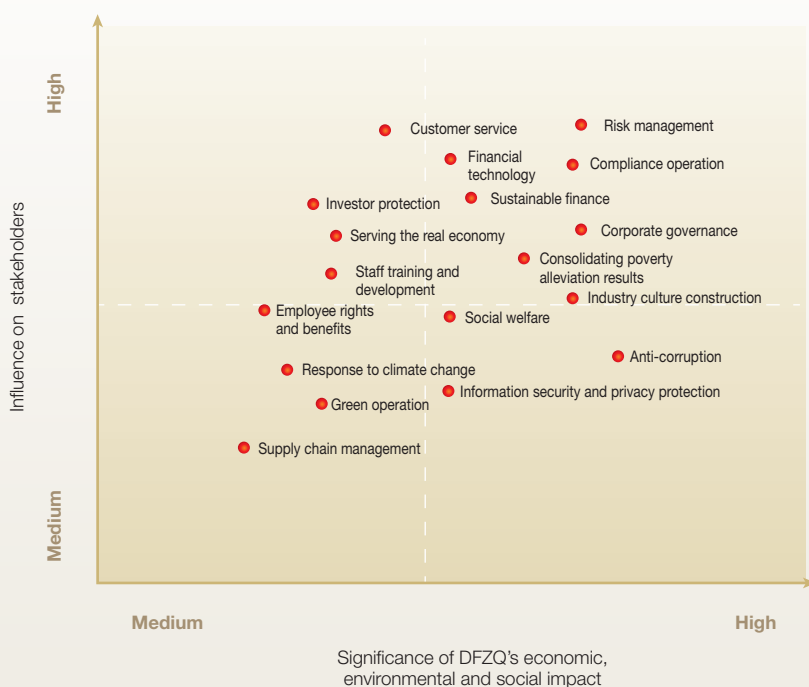
In 2020, in order to better align this report with the concerns and expectations of stakeholders, the Company conducted a survey on material topics of social responsibility for stakeholders and received a total of 2,073 valid questionnaires. Through quantitative analysis of the survey results and based on the judgment of experts, the Company determined material topics of importance to the Company and stakeholders, so as to disclose and address them in this report.

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Major Changes in Material Topics for 2020

- Taking into account the domestic and international trends and the key tasks of the securities industry, the topics of “sustainable finance” and “industry culture construction” were added to reflect the focus and characteristics of the Company’s social responsibility.
- Based on the concerns of exchanges and international rating agencies, new topics of “response to climate change”, “information security and privacy protection” and “corporate governance” were added to respond to the key concerns of domestic and international capital markets.
- The topics of “prevention of child labour and forced labour” and “staff safety and health” were integrated into the topic of “employee interests and benefits” to further clarify the classification and improve the presentation.

Material Topics Matrix of DFZQ



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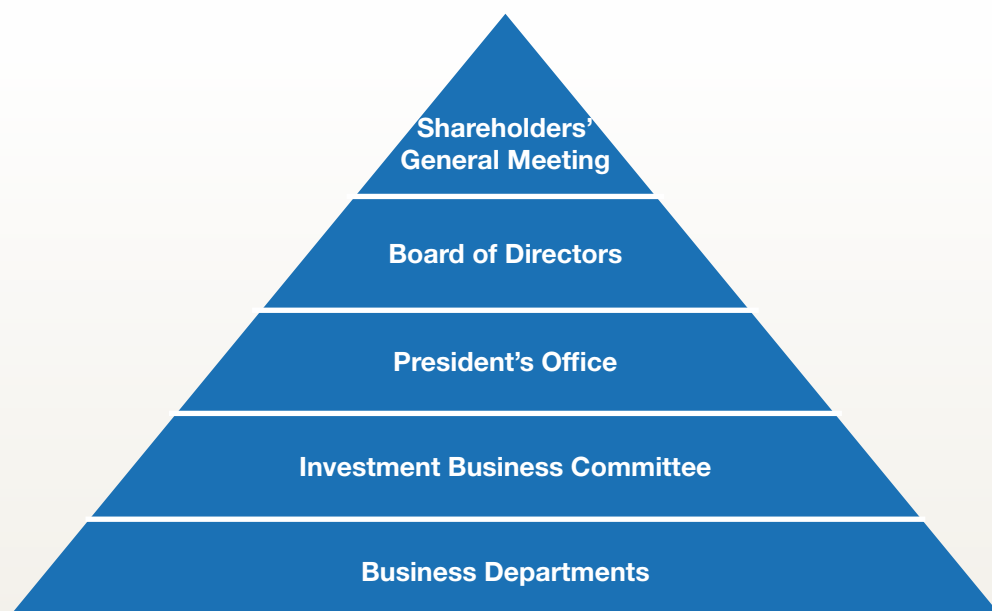
2. PRODUCTS AND CUSTOMER SERVICES

2.1 Commitment to Sustainable Finance

- ***Responsible investment system***

The Company uphold the idea of value investment and responsible investment, and while pursuing value investment returns, it takes social and environmental responsibilities into consideration in investment decisions and continuously facilitates social value creation. The Company has established a relatively mature decision-making system for equity proprietary equity investment and carries out decision-making, authorization and management of investment business based on a five-level investment decision-making structure.

DFZQ Investment Decision-making Structure



For securities investment business, the Company has established a securities investment business investment decision-making team, which is fully responsible for the daily investment decision-making of securities investment business within the scope of the Company's authorization. The investment team formulates and executes investment decisions within the scope of authorization, and selects investment targets in a bottom-up approach with focus on value investment. The research and planning team analyzes the macroeconomic situation, industry development prospect and business conditions of the enterprises, explores the investment value of individual stocks and recommends investment opportunities to the investment team.

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In addition, Orient Securities Asset Management, a wholly-owned subsidiary of DFZQ, assigns industry researchers to monitor the negative ESG information released by third party organization on a weekly basis, pays high attention to the environmental non-compliances of companies in high energy consumption and high pollution industries, and makes prudent decisions in respect of companies with negative ESG incidents.

- **Responsible investment strategies**

To further incorporate ESG factors into investment decisions, the Company implements responsible investment strategies such as positive selection, negative exclusion and inclusion of ESG elements to manage ESG risks of investment targets.

Investment strategies	Application of strategies
Positive selection	The Company takes ESG factors as one of the key elements in allocating industries and evaluating enterprises and focuses on industries supported by national policies such as new energy, environmental protection, COVID-19 prevention and control. In selecting investment targets, the Company pays attention to the quality of corporate governance and information disclosure of the enterprises and makes investment in enterprises with higher quality after comprehensive performance evaluation.
Negative exclusion	For enterprises with negative ESG-related issues such as major safety accidents in recent years and fraudulent conduct and lack of supervision in production and operation and coal and steel enterprises with slow progress in low-carbon transition, the Company makes prudent decision on whether to include them in its investment whitelist.
Inclusion of ESG elements	When conducting research on enterprises, the Company considers ESG-related factors, including existing or new major investment activities that have an impact on the environment; any safety accidents or investigation, penalty, production suspension or relocation imposed by regulatory authorities; work performance of directors, supervisors and senior management, employee stability and corporate management culture; rules and regulations on production safety and the completeness of decision-making process, in order to further manage investment risks.

In addition, the Company also strengthens credit risk management through research, analyzes and identifies the solvency of enterprises by studying the financial information of investment targets including financial statements, financial ratios, cash flow and other data, and pays attention to the external guarantees and stock pledges of the enterprises as well as the size of credit facilities and pledge ratios of the guaranteed enterprises.

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Application of ESG rating system for risk alert and warning of investment business

In 2020, Orient Securities Asset Management procured and utilized the rating database of third party organization and incorporated the ESG rating results of the enterprises in the Company's investment research system to provide ESG risk alerts and early warnings to the researchers. The ESG database of third party organization provides Orient Securities Asset Management with ESG rating data of the constituent stocks of CSI 300 Index and CSI 500 Index and listed companies with market capitalization ranking from 801st to 1,200th in Shanghai Stock Exchange and Shenzhen Stock Exchange, including the overall ESG rating of each listed company and individual ratings of environmental, social and governance performance with evaluation scope covering 13 aspects including environmental management, negative environmental incidents, employee management, negative social incidents, business ethics and negative corporate governance incidents.

- **Industry communication and exchange**

In early 2005, the then UN Secretary-General Kofi Annan invited a group of the world's largest international institutional investors to joint develop the Principles for Responsible Investment (PRI). By signing the six Principles for Responsible Investment, the signatories commit to following the standards related to ESG issues when making investment decisions and incorporating ESG issues into investment and ownership decisions. As of December 31, 2020, a total of 3,599 institutions worldwide have signed the PRI, including 52 institutions in mainland China.

DFZQ actively practices the concept of responsible investment. In 2019, Orient Securities Asset Management signed the United Nations Principles for Responsible Investment (UNPRI) as an investment manager and gradually improved its investment research system and management system in accordance with the Principles for Responsible Investment (PRI).

In terms of responsible investment research and industry exchanges, Orient Securities Asset Management actively participates in seminars on the theme of responsible investment and annual conference on responsible investment organized by UNPRI and other related activities to improve its own responsible investment level. Meanwhile, the Company held an equity investment exchange session in 2020 and invited banks, insurance companies and other institutions to discuss on the application and development of responsible investment and promote the practice of responsible investment concept.

For ESG training, the Company invites experts from Oriental Securities Research Institute and external consulting firm, to conduct internal ESG training for the staff of all relevant departments, covering ESG development trend, outstanding cases of ESG practices in China and abroad, and organic integration of ESG and investment and financing business, so as to effectively improve the ESG knowledge reserve and awareness of responsible investment among the staff.

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2.2 Serving the Real Economy

The Company actively strengthens its function as a financial company to serve the real economy by promoting the development of sci-tech innovation industry, private enterprises and small and medium-sized enterprises, thereby facilitating the real economy to “focus on main business and stop being distracted from intended purpose”.

Main areas	Achievements/typical cases of services in 2020
Serving sci-tech innovation industry	The Company actively captured the development opportunities from the launch of Sci-Tech Innovation Board and the pilot implementation of registration-based IPO system by facilitating the growth and listing of sci-tech innovation enterprises with development potential, thereby promoting the transformation and development of industry and economy. In 2020, the Company facilitated the successful listing of three enterprises on the Sci-Tech Innovation Board, including Shanghai Sanyou Medical Co., Ltd.
Promoting development of private enterprises	“20 Nangang G1” underwritten by Orient Investment Banking as a co-lead underwriter was successfully issued on October 16, 2020 with a size of RMB200 million at coupon rate of 5.60%, in which the Company provided credit protection of RMB20 million, which effectively enhanced investors’ interest for subscription, reduced the issuance cost of enterprise sand provided sufficient funds for the steady development of private enterprises.
Promoting development of small and medium-sized enterprises	In 2020, with reference to relevant domestic and overseas experience and based on the latest policy of National Association of Financial Market Institutional Investors, the Company introduced the short-term asset-backed commercial paper (ABCP), and launched an innovative ABCP for lease assets and relevant supporting plan, being the Far Eastern Leasing 2020 Asset-Backed Commercial Paper No. 1 (first tranche), which raised RMB2,387.7 million for Far Eastern Leasing. The project has attracted 263 customers, including 99 small-sized enterprises.

2.3 Offering Quality Services

- ***Transformation of wealth management empowered by financial technology***

In recent years, digital technologies represented by artificial intelligence, blockchain, cloud computing and big data have become increasingly mature, creating opportunities for the securities industry to explore “new business types and models “. In particular, the pandemic prevention and control during the year has created demand for online financial services, providing an opportunity for the digital transformation of the securities industry.

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DFZQ closely followed the development of financial technology and industry trends, deepened the research and application of new technologies such as artificial intelligence, blockchain and cloud computing, and developed the “Orient Brain” artificial intelligence platform, DFZQ blockchain platform and big data processing platform to enhance the operation and maintenance efficiency of the Company and promote digital transformation and development.

Meanwhile, centering on the strategy of technology-empowered operation, the Company developed the “Orient Winners” APP and the “Orient Tianji” online intelligent service system, and established and improved the digital integrated wealth management system. The Company also analyzed the characteristics and demands of customers through the “Employee Business Development” platform to provide more refined wealth management services to the customers and formulate online and offline integrated digital solutions for business operation, thereby achieving the goal of improving the quality and efficiency of business with financial technology.

Developing “Orient Winners” APP, the mobile financial services portal of the Company, to continuously improve customer experience

The Company has established the “Orient Winners” mobile internet platform as its integrated mobile internet portal with the support of financial technology to realize the refined, scenario-based and intelligent features of the platform.

In 2020, based on industry research, user behavior analysis results and the information on demand priority obtained through customer satisfaction survey, community communication and on-site visits conducted by business departments, the Company upgraded the services provided by the APP in an orderly manner, further optimized the customer service resources of the Company and improved customer service experience.

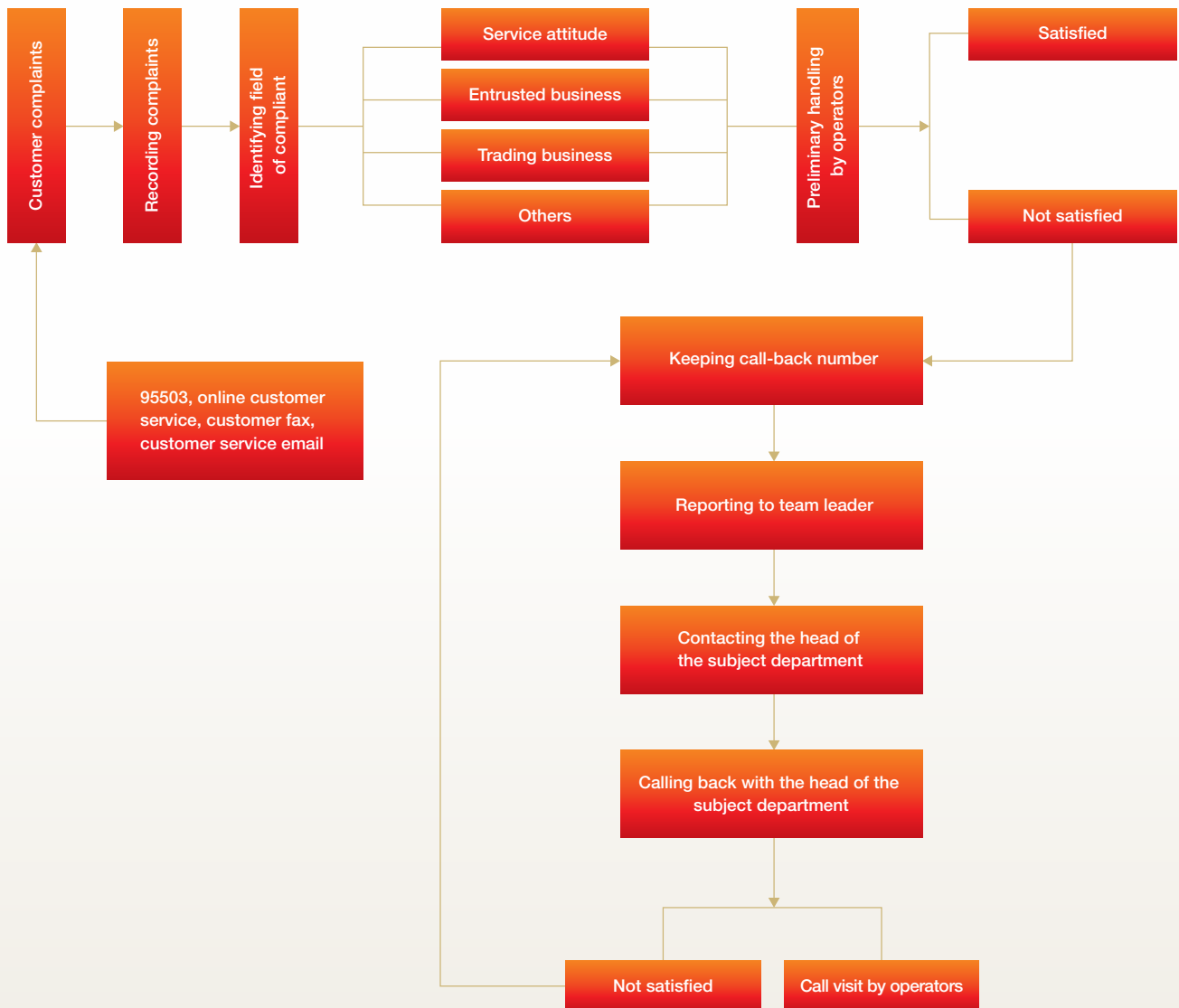
As of the end of 2020, the APP has a total of 1.1 million users, representing an increase of 27.9% as compared with last year, and the total in-app trading volume amounted to RMB1,548.9 billion, representing an increase of 17.8% as compared with last year.

- ***Safeguarding the interests of customers***

Under the customer centric approach, in addition to providing a diverse and multi-layer offering of products and services to the customers, the Company also meticulously follow up and respond to the questions and demands of customers in order to continuously improve customer service experience and satisfaction. 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 the Detailed Rules on Response to Customer Complaints and other standardized customer complaint handling process.

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Customer Complaints Handling Procedure



The Company attaches great importance to the works of “Know your Customer”, and takes it as the first priority throughout all business, services and product sales processes. In 2020, the Company further improved relevant measures, including initial in-depth identification of customers, strict re-identification of customers, fully retaining the basic and appropriate information of customers, penetrative identification of the de facto controllers and beneficiaries of institutional customers and screening and prevention of risks of money laundering by customers. Restrictive measures were taken in a timely manner for customers with incomplete information, expired identity documents and money laundering risks, and for customers with expired risk assessments, their information shall be updated before carrying out new business.

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- **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 2020, 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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- ***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's customer service center strictly implements customer identity verification and customer identification, keeps records of customer calls and follow-up interview, and protects customer privacy and transaction information. The Company manages the customer information under the principle of least privilege for relevant staff at headquarter and designated branches in order to strictly control the scope of access to and knowledge of sensitive customer information. Customer-related information is limited to designated branches, and irrelevant personnel do not have the right to access and check the customer data. The Company keeps record of any access to customer information and data and relevant documents to ensure that the access control of sensitive and private customer information is conducted according to relevant standards on the basis of restricted personnel and restricted permission. In 2020, 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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2.4 Strengthening Investor Education

The Company continuously and diligently implements the regulatory requirements on investor protection and investor education by fully incorporating investor education and protection into all aspects of its daily business operation to advocate a rational investment culture and continuously improve investors' risk prevention awareness.

In 2020, the Company organized the "3.15 Investor Protection Promotion Month" campaign with the theme of explanation of the new Securities Law and the new NEEQ policies, and produced and released various investment education products such as "Understanding the New Securities Law", "Summary of the New Securities Law", "Explaining the New Securities Law with Cartoons" and "Explanation of the New NEEQ Policies". With 29,500 participants, the campaign effectively enhanced investors' financial knowledge and self-protection ability. Meanwhile, the Company also cooperated with the Shanghai Stock Exchange to carry out the Sci-Tech Innovation Board investment education activity of "Making Rational Investment in Sci-Tech Innovation Board" which attracted over 400 investors in Chongqing, Hefei, Shenzhen and Jiaxing.

Orient Securities Asset Management, our subsidiary, initiates the "Dongfanghong Wanlixing" investor education campaign, aiming to promote the concept of reasonable participation in market and value investment and asset allocation to the investors. Since its launch in August 2015, a total of 8,000 exchange activities have been held in over a hundred cities under the campaign with over 600,000 participants.

As of 2020, the Company conducted more than 3,696 on-site investment education activities with over 39,000 participants and the number of visits to our Internet investment and education base exceeded 556,700, with an average of 46,000 visits per month.

In 2020, Orient Securities Asset Management held 1,694 activities under the "Dongfanghong Wanlixing" investor education campaign with 246,000 participants.

It is of great significance to fully integrate investor education into the national education system. The Company attaches great importance to investor education, and actively responds to relevant requirements of the Guiding Opinions on Strengthening the Construction of Securities and Futures Investor Education Bases issued by the CSRC. Based on the characteristics of students, the Company has developed a series of lively, interactive, targeted and entertaining investment education products such as "Investment Masters (投腦達人)", "Guessing the Up and Down of Share Prices (全民k股猜漲跌)" and "Sci-Tech Innovation Board in Cartoon (漫畫科創板)".

In 2020, 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)" by the CSRC, and achieved the "excellent" rating in the assessment of investor education cases in Shanghai for the third consecutive year.

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3. EMPLOYEE DEVELOPMENT

3.1 Safeguarding Rights of Employees

- *Recruitment and employment of staff*

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.

In 2020, based on the strategic plan, the Company formulated the 2020 annual recruitment plan through talent review, industry research, internal interview and overall forecast, and carry out recruitment through various channels in an order manner with focus on introduction of top-tier and professional talents, thereby continuous optimizing the quality and structure of talents. In 2020, over 76% of the newly recruited staff at headquarter possess a master's degree or above.

The Company attaches great importance to the employment situation of college graduates, and secures outstanding fresh graduates in advance through the campus recruitment programs of "Orient i Plan" summer internship and "Orient Star" wealth management trainees to ensure the employment of students. In addition, the Company has entered into internship base agreements with the finance, economics, management, statistics and other related schools of Fudan University, Shanghai Jiao Tong University, Shanghai University of Finance and Economics, East China Normal University and other universities to offer internship positions every year based on the actual situation and provide internship opportunities for students with outstanding performance in schools.

In the process of talent recruitment and talent training, the Company strictly complies with the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China and other relevant laws and regulations, adheres to the principle of equal employment for men and women, strictly prohibits the screening and restriction of employees in terms of gender, race and ethnicity, and strictly prohibits discriminatory expressions of gender and ethnicity in external recruitment advertisements, so as to achieve a diversified composition of employees in terms of age, race, ethnicity, professional background and ability.

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The Company persists in establishing standardized and fair employment and dismissal procedures, and rigidly standardizes the process, employee induction and departure according to 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》) and other human resource management rules so as to effectively safeguard 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 promotes harmonious employment relations. In addition, the Company also strictly prohibits the employment of child labor and forced labor by rigorously verifying the identity of employees and regularly checking workload. In 2020, the Company did not have any confirmed violations of laws or any lawsuits in terms of employment and labor standards.

- ***Boosting employee communication and exchange***

In order to promote democratic management and facilitate harmonious corporate development, the Company establishes and improves the system of workers’ congress and the system of collective consultation, striving to bridge the communication between employees and the Company. In 2020, the Company organized and convened the meeting of employee congress, employee representative meeting and joint meeting of employee congress to elect the employee representative director and employee representative supervisors and consider and approve the resolution on the DFZQ Employee Stock Ownership Plan (東方證券股份有限公司員工持股計劃) and other resolutions, thereby giving play to the important role of employee congress system in democratic management.

Establishment of Employee Stock Ownership Plan

In order to further establish and improve the benefit sharing mechanism between employees and the Company and enhance the cohesion among employees and competitiveness of the Company so as to meet the requirements of long-term, sustainable and healthy development, the Company made timely decision to prepare the H share employee stock ownership plan. In July 2020, the Company successfully established the employee stock ownership plan and became the first company in the industry to launch the H share employee stock ownership plan, taking its first step in the innovation of employee stock ownership mechanism.

A total proceed of RMB317 million was raised under the employee stock ownership plan with 3,588 participants, representing approximately 63% of the total number of staff, which achieved the expected goal of aligning the interests of employees with the development of the Company, and reflected employees’ confidence in the Company’s development.

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The Company maintains two-way and effective communication with employees, and conducts investigation on the departure of resigned employees 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, and strives to fundamentally improve potential management problems, raise employee satisfaction, and achieve common development between the Company and employees.

The Company pays attention to listening to employees' voices and has established a reasonable and effective grievance reporting mechanism to ensure that employees' grievances are resolved in a fair and just manner. In addition, the Company keeps employees' identity information strictly confidential in the process of grievance handling, and prohibits any retaliation or discrimination against employees who file grievances, so as to fully protect employees' rights and interests.

Aspect of grievance	Grievance handling procedures
Performance appraisal	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.
Compliance accountability	If employees disagree with the compliance accountability decision, they may submit a written appeal to the relevant organization that made the compliance accountability decision within 15 days from the date of the decision. The relevant organization will make a decision on the appeal within 30 days and inform the appellants and their departments in writing of the result of the appeal.

3.2 Facilitating Talent Development

With focus on the mid to long-term mission of "improving employee skills, endowing potential talents, boosting business development and transmitting core values", 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" to empower employees with capacity and performance through training and learning and better facilitate employees in their career development.

In 2020, the Company organized 300 face-to-face internal trainings, involving approximately 13,000 people, and recommended employees to attend 96 training courses held by various regulatory departments and professional training institutions, with 261 participants, and held more than 137 online training sessions involving nearly 100,000 visits.

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Affected by the pandemic, the Company provided online training in the first half of the year and gradually resumed offline classes in the second half of the year to ensure the smooth implementation of training. With a diversified curriculum system and effective organizational management, different types of courses were arranged for employees at different levels and different stages of career development. In 2020, the Company carried out training programs such as new employee training, leadership improvement training and various special training to comprehensively improve the professional skills and team management capabilities of the talent team.

The Company focuses on improving employees' leadership and management capability and continuously carries out trainings for middle and senior management personnel. In 2020, the Company conducted 9 training sessions of "Innovation and Development" series and "Leadership Development" series with focus on macro environment, new Securities Law and improving the Party's style of work and upholding integrity, and regularly recommended special reading list for the management to help middle and senior management members expand their vision and improve their comprehensive quality.

"Management Acceleration" training camp helped build leadership and management skills

In order to further accelerate the improvement of skills of young managers and strengthen their leadership and management capabilities, the Company held the "Management Acceleration" training camp from September to November 2020 for some of the younger and less experienced second-level team leaders in the headquarters. 35 second-level team leaders from different business departments participated in the training.

In order to create a high-quality learning program combining training and practicing based on actual business and management scenarios, in addition to traditional lectures, the training camp innovatively added new sessions such as preliminary study, mid-term ability modeling workshop and post-training feedback to help young managers systematically master the core management skills and tools and enhance management awareness, so as to lay a foundation for the Company to strengthen the development of a management talent pool.

In addition, taking into account the business priorities and market hotspots and based on the training programs of "Orient Securities Forum", "Orient Securities Classroom" and "Joyful Reading", the Company invited internal and external veterans and relevant professional backbone staff to conduct special training on business hotspots such as the new Securities Law, new foreign exchange policy and wealth management, so as to fully improve the professional skills of employees.

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To meet the diversified learning needs of employees, the Company has steadily upgraded the E-learning online platform and continued to improve the “online + offline” all-round training mechanism. In 2020, the Company further optimized the training course system of the E-learning platform by leveraging the mobile internet platform and making full use of the online learning platform and the Company’s internal WeChat platform to integrate the Company’s training resources, share business knowledge and experience, and create a learning atmosphere in which all employees may share information and achieve joint improvement. In 2020, 161 online training courses were added on the E-learning platform, including 144 independently developed courses and 17 courses procured externally.

In order to implement the Company’s talent strategy and effectively improve the competency of employees, the Company supports its 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 after obtaining relevant certificates or other supporting documents, which covers all employees who enter into official labor contracts, in order to help its employee improve their professional skills and strengthen their competencies.

In terms of promotion, performance management, remuneration and incentives of employees, the Company has formulated the “Detailed Rules for the Implementation of Promotion of Employees” (《員工晉升晉級實施細則》), the “Performance Management System” (《績效管理制度》), the “Remuneration Management System” (《薪酬管理制度》) and other internal rules and regulations to continuously standardize the career promotion paths, improve the performance management system, and optimize the remuneration and incentive mechanism, thereby providing a better development platform for the employees.

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Promotion

The Company advocates the employment principle of “promotion and demotion”, 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.

Performance management

The Company has established a top-down multi-level performance management system, and promotes the further implementation of performance orientation and performance culture by dynamically optimizing the performance indicator system, performance assessment rules, application of performance results and other management rules. For employees, the Company places equal emphasis on the results of performance assessment and performance process management, and encourages adequate communication between direct supervisors and employees in respect of performance to help employees review, analyze and improve problems in their work and better enhance their performance level.

Remuneration and incentive

The Company optimizes the remuneration, incentive and restraint mechanism for each line of business, continues to facilitate business development and promotes market-oriented reform of the mechanism in order to establish a sound market-oriented mechanism that combines incentive and restraint and matches reward and risk, thereby facilitating the stable operation and sustainable development of the Company.

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3.3 Enhancing Care for Employees

Focusing on the actual needs of employees, the Company provides regular medical check-ups and comprehensive medical protection for all in-service and retired employees and provides special gynecological examinations for female employees. In addition, the Company has built a platform for employee insurance benefits, and established a multi-layer, multi-functional and multi-faceted insurance benefits system based on core benefits such as social insurance, housing provident fund, corporate annuity and comprehensive supplementary medical insurance and supplemented by employee-selected insurance benefits plans to provide employees with more targeted and personalized insurance benefits plans to meet their needs.

To ensure the health and safety of its employees, the Company strictly complies with the “Labor Law of the People’s Republic of China” (《中華人民共和國勞動法》), the “Production Safety Law of the People’s Republic of China” (《中華人民共和國安全生產法》), the “Regulation on Work-Related Injury Insurance” (《工傷保險條例》) and other laws and regulations, formulates the “Administrative Measures of Security and Fire Safety Work of DFZQ” (《東方證券股份有限安全保衛和消防安全工作管理辦法》) and other relevant rules and regulations and regularly conducts on-site inspections of security and fire safety to rectify potential safety hazards in a timely manner, protect employees from occupational hazards, and create a safe, healthy and warm office environment for its employees. In 2020, there were no occupational health and safety violations at the parent company level.

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Major efforts made for employee care in 2020

Support for employees in difficulty

According to the requirements of the “Opinions on Further Strengthening the Efforts of Trade Unions in Shanghai to Provide Support and Care for People with Difficulties” (《關於進一步深化上海工會幫困送溫暖工作的實施意見》) and other policies, the Company specified the standard of spending on supporting employees in difficulty in the “Measures for Management of Use of Funds of the Trade Union of the Company” (《公司工會經費收支管理辦法》), and provide employee benefits by carrying out various employee care activities such as special benefits offered in winter and summer and birthday and festival celebrations and providing support for employees with serious illness as well as education sponsorship in 2020. In 2020, the Company offered care to 31 employees in difficulties during the Chinese New Year and donated RMB117,000.

Protection for female employees

The Company signs the Special Contract for Protection of Special Interests of Female Employees (《女職工特殊禮儀之保護專項合同》) with female employees to fully protect the welfare, rights and interests of female employees in terms of leave duration, work arrangements, wages and benefits during menstruation, marriage, pregnancy, maternity and breastfeeding period. In addition, the “Orient Flower” love mommy cabin of the Company continues to provide humanized and warmhearted services to pregnant and nursing mother employees to enhance their sense of belonging and happiness.

4. COMPLIANCE OPERATION

4.1 Anti-money Laundering

The Company strictly complies with the “Anti-Money Laundering Law” (《反洗錢法》), the “Measures for Administration of Customer Identification and Retention of Customer Identification Data and Transaction Records of Financial Institutions” (《金融機構客戶身份識別和客戶身份資料及交易記錄保存管理辦法》), the “Measures for Administration of Reporting of Large Amount Transactions and Suspicious Transaction of Financial Institutions” (《金融機構大額交易和可疑交易報告管理辦法》) and other laws and regulations, effectively fulfills its anti-money laundering obligations and assumes the anti-money laundering responsibilities as a financial institution.

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In 2020, based on regulatory requirements, the Company formulated a Board-level system, being the “Measures on Management of Money Laundering and Terrorism Financing Risk of DFZQ” (《東方證券股份有限公司洗錢和恐怖融資風險管理辦法》), which specifies that the Board shall assume the ultimate responsibility for money laundering risk management, the Supervisory Committee shall assume supervisory responsibility for money laundering risk management and the senior management shall assume implementation responsibility for money laundering risk management.

The Company also made amendments to 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 “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》) and 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 further improve the construction of anti-money laundering system and effectively prevent money laundering risks. The compliance and legal management department of the Company participated in the activity of analysis and research on types of money laundering risks in securities industry organized by Shanghai Branch of the People’s Bank of China, which sorted out the types of money laundering risks in securities industry in China and laid a foundation for evaluation of money laundering risks in securities industry.

With the development of financial technology, the Company took innovative approach to apply artificial intelligence and big data technology in anti-money laundering works, carried out innovative research and practices in respect of customer identification, money laundering risk analysis and abnormal behaviour monitoring, and conducted research and development on anti-money laundering system. In 2020, the Company’s anti-money laundering system flagged a total of 11,370 suspicious transactions and reported 37 suspicious transactions after manual analysis and screening.

Anti-money laundering training and promotion in 2020

Published 4 articles related to anti-money laundering on the Wechat official account

Produced and published 3 anti-money laundering training videos

Published 3 articles on the internal newsletter of the Company

Conducted anti-money laundering system upgrade training for anti-money laundering personnel of 172 branches of the Company to help them quickly master the use of the system

Conducted targeted anti-money laundering interviews with 15 business units with focus on introducing the main tasks and requirements of anti-money laundering

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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 2020, the Company drafted the “Employee’s Undertaking on Honest Practices” (《員工廉潔從業承諾》) and organized all employees to sign such undertaking online. It also required the employees to sign the undertaking during the induction and job reallocation process, and required them to adhere to integrity and ethical values and not to provide or seek improper benefits.

For whistleblowing and reporting, by making reference to 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 the Implementation Measures on Discipline Inspection, Supervision, Whistleblowing and Reporting of Shenergy (Group) Company Limited (《申能(集團)有限公司紀檢監察信訪舉報工作辦法》), the discipline inspection department of the Company maintains a smooth and uninterrupted whistleblowing channel to receive reports through letters and personal visits, and arranges designated personnel to handle the works related to discipline inspection and whistleblowing. Whistleblowing process is conducted in an anonymous manner and is kept strictly confidential according to relevant requirements.

For reports and complaints made by internal departments or employees of the Company in respect of the non-compliance and potential compliance risks in the Company’s operation management and the employees’ practices, the Company will handle relevant matters in accordance with the “Non-Compliance Reporting Measures of the Compliance and Legal Management Department of DFZQ” (《東方證券股份有限公司合規法務管理總部違規舉報工作辦法》), which “strictly prohibits the disclosure of the name, department, address and other information of the whistleblower”, “strictly prohibits to disclose the reported matters to the persons involved or other persons who may cause adverse consequences to the whistleblower”, and “if any department or person is found to retaliate against the whistleblower, it shall be timely reported to the senior management of the Company and handled in strict accordance with relevant regulations, and if it constitutes a crime, it shall be reported to judicial authorities and handled according to relevant laws”, in order to protect the legitimate rights and interests of the whistleblower.

For training on honest practice, the Company promotes 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 its implementation rules and provides relevant trainings to the directors and supervisors of the Company in this regard, and carries out annual honest practice education activities covering all employees to strengthen the education on honest practice, guide the employees to develop ethical values and enhance the awareness of honest practice.

In 2020, there were no corruption lawsuits against the Company or its employees at the parent company level.

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Special Seminar on “New Trend and New Requirements of Improving the Party’s Style of Work and Upholding Integrity in New Era”

In July 2020, based on the overall arrangement of the campaign of “Education on Situation and Task and Honest Practice”, the Company invited Liu Yali, associate professor of the Party School of Shanghai Committee of CPC, to conduct a special seminar on “New Trend and New Requirements of Improving the Party’s Style of Work and Upholding Integrity in New Era” for leaders and key staff, aiming to improve the leaders’ ability to fight against corruption and degeneration and prevent illegal and unlawful acts.

Focusing on the current situation and requirements of anti-corruption and upholding integrity, Professor Liu explained the importance of self-discipline, honest practice and adherence to the bottom line from three aspects, being “accurately grasping the situation of anti-corruption in the new era”, “deeply understanding the new requirements of building a clean government in the new era” and “remaining true to the original aspiration and striving to be a model of integrity and honesty”, which inspired party members and leaders to think deeply about the work of anti-corruption and upholding integrity.

4.3 Intellectual Property Rights Protection

In strict accordance with the “Patent Law of the People’s Republic of China” (《中華人民共和國專利法》), 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 2020, 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.

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》).

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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.

5. ENVIRONMENTAL PROTECTION

5.1 Response to Climate Change

- ***Climate change risk management system***

Climate change is a major factor that could lead to structural changes in economic and financial systems, and may cause long-term, structural and global impact. The Company is fully aware of the potential impact of climate-related risks and opportunities on financial market and therefore begins to disclose its approach and actions to address climate risks and opportunities in 2020 under the framework of Task Force on Climate-related Financial Disclosures (TCFD).



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Governance	The Board of the Company is responsible for monitoring the climate impact of the Company's operations and reviewing the annual social responsibility report, which includes the topic of "addressing climate change". The Company also promotes ESG management, including climate change, through a multi-departmental ESG working mechanism.
Strategy	The Company identifies, assesses and analyses the potential financial impact of climate risks and opportunities on the Company's business and operations, and addresses climate change by promoting energy conservation and emission reduction, building green data center and facilitating the issuance of climate bonds.
Risk management	The Company identifies climate risks and opportunities relevant to the Company's business and operations under the TCFD framework to provide a basis for further managing climate risks and seizing climate opportunities.
Metrics and targets	With the ESG information management system, the Company is able to fill in, sort out and analyze greenhouse gas emissions and other ESG data online. At the same time, the Company monitors possible risk exposure related to climate issue through data trend analysis.

- **Identifying climate change risks and opportunities**

The Company is fully aware that climate change may have a material impact on its business and operations, either financially or strategically, and therefore carries out identification, assessment and analysis of climate risks and opportunities in 2020, with a view to managing climate risks in its business development and operations and working with stakeholders to seize climate opportunities and create a sustainable environment.

Climate risks and opportunities analysis process

Identification of risks and opportunities

- Identify the climate risks and opportunities associated with the business and operations of the Company based on the TCFD recommendation report.

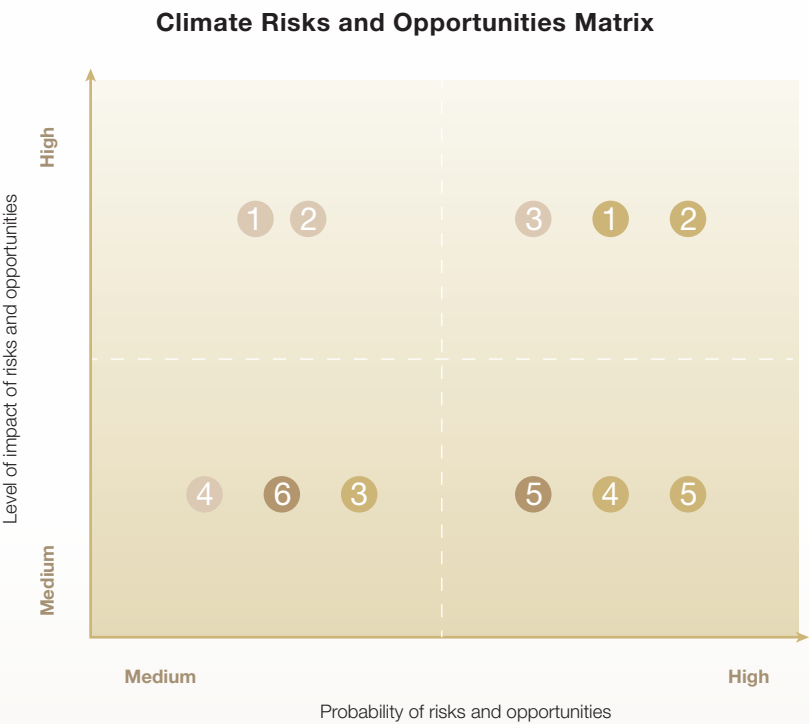
Assessment of risks and opportunities

- Fully assess the extent of the impact of climate risks and opportunities on the operational and financial aspects of the Company based on advice from experts.

Analysis of risks and opportunities

- Analyse the level of impact and probability of climate risks and opportunities and prioritise risks and determine the priority of risks and opportunities.

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Transition Risks	Opportunities
① Policy and legal risks	① Market opportunities
② Reputation risk	② Products and services
③ Market risk	③ Resilience
④ Technology risk	④ Resource efficiency
Physical Risks	⑤ Energy source
⑤ Acute physical risk	
⑥ Chronic physical risk	

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Analysis of the potential financial impact of climate risks and opportunities

Risks/opportunities	Description	Potential financial impact
① Policy and legal risks	The introduction of climate policies and laws causes companies/clients/investment targets to consider climate change and other factors in their business operations, and to prevent risks such as regulatory penalties and property losses due to non-compliance with relevant policies and laws.	Increase in operating costs Decrease in operating income Decrease in value of investment portfolio
② Reputation risk	The high level of public concern about climate change causes companies/clients/investment targets to actively promote green operations, green buildings, green products, etc. and prevent reputational risks resulting from failure to meet public expectations.	Increase in operating costs Decrease in operating income Decrease in value of investment portfolio
③ Market risk	In the context of a low carbon economy, consumers and investors reduce their demand for products and services that do not conform to a low carbon lifestyle, and companies that fail in low carbon transition may be abandoned by consumers and investors.	Decrease in operating income Decrease in value of investment portfolio
④ Technology risks	As a financial company, the Company itself is not involved in the development of low carbon products and technologies, and the Company's clients/investment targets may incur high transition costs due to low carbon technology development or capital expenditure.	Decrease in value of investment portfolio
⑤ Acute physical risk	Dramatic climate changes such as typhoons, heavy rains and floods may interrupt the normal business operations of the Company/customers/investment targets and cause certain economic losses.	Increase in operating costs Decrease in operating income Decrease in value of investment portfolio

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Risks/opportunities	Description	Potential financial impact
⑥ Chronic physical risk	Long-term changes in natural patterns such as rising sea levels and persistent high temperatures will have an impact on the Company's normal operations, such as a significant increase in electricity consumption for air conditioning during the summer months.	Increase in operating costs
① Market opportunities	The introduction of policies related to climate change and green finance has a guiding effect on the financial business and market. If the Company follows the development trend of the green finance market, it will help to increase the revenue generated from the green finance business.	Increase in operating income
② Products and services	The Company facilitates the development of climate-friendly enterprises through the issuance of "climate change" bonds, support for IPOs, and equity investments, thereby creating revenue for the Company while guiding private capital to invest in climate-friendly industries to jointly address climate change.	Increase in operating income Increase in value of investment portfolio
③ Resilience	The Company actively participates in responsible investment activities and industry exchanges that include climate change issues, and fully utilizes its resource advantages as a financial institution to effectively incorporate climate change factors into its business, and comprehensively improve its own and its partners' ability to mitigate and adapt to climate change.	Increase in operating income Increase in value of investment portfolio

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Risks/opportunities	Description	Potential financial impact
④ Resource efficiency	The company improves resource efficiency and reduces emissions in its operations through the application of energy-saving and emission-reducing technologies and the construction of green data center, which helps to reduce resource expenditure while mitigating climate change.	Decrease in operating costs
⑤ Energy source	The Company follows the trend of new energy development and actively promotes the development and application of low-carbon energy in its own operations and business development, which is conducive to achieving carbon neutrality and reducing energy expenditure in the future.	Decrease in operating costs

- **Measures to respond to climate change**

The Ministry of Ecology and Environment has proposed to comprehensively strengthen its efforts to address climate change during the “14th Five-Year Plan” period, form a mechanism to promote high-quality economic development and high-level protection of the ecological environment, and promote the fundamental transformation of the economic, industrial and energy structures from the source. The Company actively responds to the national policy and contributes to the mitigation of climate change by promoting energy saving and emission reduction and building green data center. In 2020, the parent company did not identify any confirmed violations related to environmental protection with a significant impact on the Company.

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DFZQ's measures for energy saving and emission reduction

- 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;
- 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.

The servers hosted in the data center need to run non-stop throughout the year to provide continuous services to internet users, and require auxiliary cooling equipment such as air conditioners to supply cooling capacity in real time to maintain their reliable operation, resulting in huge power consumption and consequently large carbon emissions. Based on the policy requirements such as the "Guidance on Strengthening the Construction of Green Data Center" (《關於加強綠色數據中心建設的指導意見》), the Company continuously promotes the construction of green data center and accelerate the low-carbon transformation of data center.

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Promoting the construction of a green data center

In 2020, the Company continued to promote the construction of green data center, and launched the new Jinqiao Data Center, which was the first financial data center in China to be awarded the three-star green building design certification. It also continued to adopt energy-saving and emission reduction technologies to improve energy and resource efficiency and reduce greenhouse gas emissions.

- ① Reducing power line losses through an efficient power supply system with substations on each floor of data server module.
- ② Adopting diffuse and lateral air supply and the server rack heat channel close-off technology to significantly enhance the cooling efficiency.
- ③ Using highly efficient equipment such as intelligent busbars, energy-storage UPS and high-efficiency cooling and heating source units to improve energy utilization efficiency.
- ④ Using natural cooling technology to improve cooling efficiency, with natural cooling capacity accounting for over 86% of the total rated cooling capacity in winter.

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- **Development of green finance**

In addition to its business development, the Company has been supporting the national strategies by actively assuming the social responsibility as a financial institution, supports the development of green enterprises through direct and indirect financing, facilitates the corporate development of green and environmental enterprises through direct and indirect financing, promotes green finance to become a new driver of economic transformation and development, and supports China's goal of achieving carbon neutrality.

Underwriting of green finance bonds under the theme of “Addressing Climate Change” as a lead underwriter

In July 2020, as the lead underwriter, the Company underwrote the first “Bond Connect” green finance bond under the theme of “Addressing Climate Change” issued by China Development Bank (CDB) in multiple markets for global investors, actively participated in CDB's innovative initiative to enrich the green finance bond system, and contributed to addressing climate change and achieving carbon neutrality while promoting the high-quality development of the debt market.

The bond is the first 3-year RMB10 billion “Bond Connect” green finance bond issued by CDB in multiple markets under the theme of “Addressing Climate Change”, and the funds raised will be used for low-carbon transport and other green projects to help protect the blue skies and defend the rivers and soil from pollution. The project is expected to save approximately 413,000 tons of standard coal and reduce carbon dioxide emissions by approximately 912,000 tons per year, effectively mitigating and curbing climate change and reducing pollutant emissions.

5.2 Environmental Protection Activities

The earth is the only home for human beings, and a harmonious natural ecosystem is the basis for human survival. In recent years, the greenhouse effect has intensified, natural disasters become more frequent, biodiversity is threatened and global sustainable development has been severely tested. The COVID-19 pandemic in 2020 has reminded people of the interdependence between human and natural ecosystem.

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To further promote the idea of environmental protection, the Company organized the environmental protection campaign of “Care for the Earth Together at This Moment” on June 5, 2020, the World Environment Day, to raise the environmental awareness among the employees. In particular, the Company organized environmental protection themed photography exhibition and encouraged its employees to participate in the “coffee grounds recycling” scheme and “used clothes recycling” scheme in order to advocate all employees to take immediate actions and practice a sustainable lifestyle and spending pattern in order to protect the natural ecosystem with concerted efforts.

Major activities	Details
Organizing environmental protection photography exhibition under the theme of “Care for the Earth Together at This Moment”	On June 5, 2020, the World Environment Day, the Company cooperated with Visual China to organized the environmental protection photography exhibition under the theme of “Care for the Earth Together at This Moment”, which selected and exhibited 35 photos related to water resource protection, biodiversity, climate change and sustainable consumption.
Implementing the “Coffee Grounds Recycling” environmental protection scheme	<p>The Company implemented the “Coffee Grounds Recycling” environmental protection scheme and cooperated with professional partners to recycle the coffee grounds from the coffee bar of the Company on a regular basis to produce organic soil for ecological greenery.</p> <p>In 2020, the Company recycled a total of 500 kilograms of coffee grounds.</p>
Encouraging employees to participate in the “Used Clothes Recycling” scheme	The Company encouraged its employees to participate in the “Used Clothes Recycling” scheme and joined hands with professional platform to recycle and reuse used clothes, thereby safeguarding the natural environment through small actions. In 2020, the Company’s employees donated a total of 414.30 kilograms of used clothes.

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5.3 Sustainable Workplace

The Company actively advocates a low-carbon and environmentally friendly way of business operation and working, actively promotes an energy-saving and environmental protection system, facilitates employees to develop environmentally friendly habits, promotes sustainable operation of office premises, and saves social resources with best efforts in order to protect the environment and reduce pollution.

Saving water resources	<ul style="list-style-type: none">• The Company uses municipal water as its main water source, water consumption is mainly from the daily operation of the office, and there is no shortage of water resources• Induction taps are installed in toilets to prevent leaving water running unintentionally• Regular and timely inspection and repairing of water equipment are conducted to eliminate water leakage
Reducing paper use	<ul style="list-style-type: none">• Promote electronic internal newsletters to replace paper newsletters• All announcements are published through OA system to promote paperless office• Double-side printer or photocopying is required for informal documents and drafts• Paper certified by Forest Stewardship Council (FSC) are used to print the social responsibility report to ensure that the paper comes from sustainable, legal and logging-permitted forest resources
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 from office operation include electronic wastes, light pipes, carbon powder cartridges, toner cartridges and other hazardous wastes, which are entrusted to qualified units for recycling, and 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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6. CONTRIBUTION TO SOCIETY

6.1 Precise Poverty Alleviation

- *Poverty alleviation footprints of DFZQ*

Winning the battle against poverty is a realistic need to build a moderately prosperous society in all aspects, and is also the basis and prerequisite for gradually achieving the goal of common prosperity. Since 2016, the Company has been actively implementing the “One Company to One County” pair-up support initiatives, and 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 assume corporate social responsibilities.

The Company and its subsidiaries entered into pair-up assistance agreements with 18 national poverty-stricken counties, including Morin Banner of Inner Mongolia, Tongyu County in Jilin Province, Jingle County in Shanxi Province, Muchuan County in Sichuan Province, Wufeng County in Hubei Province and Yanchi County in Ningxia, to carry out precise poverty alleviation. As of 2020, with the pair-up support of the Company, all 18 national poverty-stricken counties have been lifted out of poverty, contributing to the greater cause of comprehensive poverty alleviation.

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Overview of investment and typical projects of poverty alleviation of DFZQ

Way of poverty alleviation	Typical projects and achievements
Industrial poverty alleviation	From 2016 to 2020, the Company invested nearly RMB33 million in industrial poverty alleviation. Industrial poverty alleviation projects such as “Dongfang Guniang”, “Dong Fang Hong Selected Mingqian Spring Tea” and “Dong Fang Hong Yi Black Tea” helped 1,964 people in recorded poor households get out of poverty.
Financial poverty alleviation	From 2016 to 2020, the Company has raised a total of over RMB34 billion for impoverished areas through various financing methods such as bond issuance and facilitating the IPOs of enterprises in impoverished areas.
Educational poverty alleviation	Since 2016, the Company has successively carried out eight poverty assistance programs in No. 1 Middle School of Ni Er Ji in Morin Banner of Inner Mongolia, benefiting approximately 820 impoverished students, with total amount of aid exceeding RMB2.4 million.
Consumption poverty alleviation	Since 2016, the Company has invested over RMB1.8 million for consumption poverty alleviation.
Public welfare poverty alleviation	Through the “Xindeyizhang Art Classroom” project, the Company set up ten art classrooms in eight rural primary schools in various areas including Anhui, Gansu, Hubei, Zhejiang and Yunnan, and provided more than 220 vivid courses to nearly 1,000 students.

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- ***Carrying out precise poverty alleviation through various measures***

The Company upholds the poverty alleviation concept of giving priority to industrial poverty alleviation, and provides industrial assistance based on the resources and characteristics of impoverished counties. Since 2016, the Company has been focusing on Wufeng of Hubei and Morin Banner of Inner Mongolia as the key areas of project implementation, and facilitates the development of tea, Guniang fruits and other local characteristic industries, actively explores the establishment of a long-term poverty alleviation mechanism, and steadily promotes poverty alleviation work in all pair-up counties based on the experience in key areas.

Carrying out the “Dongfang Guniang” industrial poverty alleviation project based on local conditions

In 2016, the Company signed the pair-up assistance agreement with Morin Banner of Inner Mongolia. After fully researching and understanding the local industrial situation, the Company 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 with a view to helping impoverished areas to get rid of poverty through “blood-making” industrial assistance.

As of the end of 2020, the Company invested a total of over RMB10.2 million in the “Dongfang Guniang” industrial poverty alleviation project to help over 1,000 recorded poor households get rid of poverty.

Carrying out the “Dong Fang Hong Yi Black Tea” and “Dong Fang Hong Selected Mingqian Spring Tea” industry poverty alleviation projects

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 the unique geomorphic environment and the profound history of tea growing industry of Wufeng, the Company carried out the “Dong Fang Hong Yi Black Tea” and “Dong Fang Hong Selected Mingqian Spring Tea” industry poverty alleviation projects.

As of 2020, the Company and its subsidiaries invested over RMB12 million in Hubei Wufeng tea industry, helping 453 recorded poor households achieve employment.

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Since the second half of 2018, the Company actively responds to the call of “Double Hundred” village and enterprise pair-up precise poverty alleviation actions of Shanghai. With the guidance of Shenergy Group, the Company provides pair-up assistance to Pingmeng Village in Gula Township, Funing County, Yunnan Province and actively promotes precise poverty alleviation in various aspects such as improving the appearance of the village, promoting special industries and economic development, and promoting the development of social undertakings.

In 2020, with funding from the Company, the hardening project of two village road into Pingmeng Village, Gula Township was successfully completed and the roads were put into use. In addition, the Company also funded the LED solar street light project and industrial poverty alleviation projects with local features, which effectively improved the local accessibility and promoted the economic development of the village.

With the professional and resource advantages in capital market and based on the “One Company to One County” pair-up assistance and capital market industrial poverty alleviation, the Company actively explores the function and mechanism of inclusive finance in the capital market, facilitates impoverished areas to broaden financing channels, reduce financing costs, resist market risks, and promotes the transformation and upgrade of regional economies.

Facilitating the issuance of revenue bond for poverty alleviation projects by Zunyi Bozhou Transportation Construction Investment Co., Ltd.

In order to support the strategy of the Central Government to carry out in-depth industrial and precise poverty alleviation and accelerate the development of ecological tourism in Guizhou Province, in 2020, “S20 Bojiao 1”, “S20 Bojiao 2” and “S20 Bojiao 3”, which were exclusively underwritten by Orient Investment Banking, were issued in a total amount of RMB1 billion. The funds raised will be used by Zunyi Bozhou Transportation Construction Investment Co., Ltd. for the Wujiang Ancient Village Protection and Tourism Poverty Alleviation Development Project (Phase I).

In 2020, China has basically eliminated poverty with significant decrease in poverty rate, laying a solid foundation for promoting the alignment of poverty alleviation and reduction strategy and rural revitalization strategy. In the next step, the Company will actively explore the establishment of institutional mechanisms that combine long-term and short-term initiatives and address both the symptoms and the root causes, actively implement the new development concept, focus on developing new industrial structures and systems, and promote the effective alignment of comprehensive poverty alleviation and rural revitalization.

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6.2 Social Welfare

- *Fifth anniversary of the establishment of Xindeyizhang Public Welfare Foundation*

The Company always insists on protecting and inheriting the cultural heritage of China, and focuses on children's art education. Since its establishment in 2015, the Xindeyizhang Public Welfare Foundation has consistently focused on the preservation of Chinese cultural heritage and the development of children's art education, and 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.

In 2020, according to the Administrative Measures for Assessment of Social Organizations (Order No. 39 of the Ministry of Civil Affairs in 2010) and the relevant regulations of Shanghai, and after review by the Shanghai Social Organization Assessment Committee, the DFZQ Xindeyizhang Public Welfare Foundation was recognized as a Class 4A foundation, which is a meaningful recognition of the foundation's continuous efforts in standardized and professional operation.

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Five years of public welfare works by Xindeyizhang Public Welfare Foundation

2015	<ul style="list-style-type: none"> • DFZQ Xindeyizhang Public Welfare Foundation was officially established. • Held the “Xindeyizhang Charity Fashion Night – Brocade Art Show”.
2016	<ul style="list-style-type: none"> • Launched the “A Beautiful City in Western China Dunhuang” cultural heritage plan, and invited animation director to make hand-painted fenders for the first season of “Twilight in Mogao Grottoes” as a tribute to the Dunhuang painters.
2017	<ul style="list-style-type: none"> • Launched the “Xindeyizhang Art Classroom” public welfare project with the first art classroom set up in the primary school of Taoyan Village, Guazhou County, Jiuquan, Gansu Province.
2018	<ul style="list-style-type: none"> • The “Gentle Backbone” Public Welfare Show, the second season of “A Beautiful City in Western China Dunhuang” was unveiled at Shanghai Fashion Week. • Through introduction films and cards, the “Spirit of Yulin”, the third season of “A Beautiful City in Western China Dunhuang”, better presented Yulin Grottoes to the public.
2019	<ul style="list-style-type: none"> • Jointly carried out the 4th Shanghai “Future Science and Technology Stars” selection and cultivation activities. • Jointly carried out the “Future Hope Early Childhood Classes” project for a term of three years.
2020	<ul style="list-style-type: none"> • Jointly organized the “A Beautiful City in Western China, Divine Dunhuang” public welfare exhibition which attracted over 150,000 visitors • Organized the first winter camp under the “Xindeyizhang Art Classroom” with 10 students from national poverty-stricken counties.

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- ***Focusing on the inheritance of traditional Chinese culture***

In order to protect and pass on the traditional Chinese cultural heritage, in 2016, the DFZQ Xindeyizhang Public Welfare Foundation launched the cultural protection project of “A Beautiful City in Western China”, taking Dunhuang as the first stop of cultural protection to launch 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.

Based on the successful experience in three seasons of “Twilight in Mogao Grottoes”, “Gentle Backbone” and “Spirit of Yulin”, the foundation cooperated with relevant partners to hold the public welfare exhibition of “A Beautiful City in Western China, Divine Dunhuang” and other art exhibitions in 2020, thereby bringing the Dunhuang arts to various cities in a more approachable form, presenting Dunhuang culture to more people, letting them learn about and protect the Dunhuang culture.

Jointly organized the “A Beautiful City in Western China, Divine Dunhuang” public welfare exhibition with Duoyun College

In early 2020, Xindeyizhang Public Welfare Foundation joined hands with Duoyun College to organized the “A Beautiful City in Western China, Divine Dunhuang” public welfare exhibition for 36 days, which focused on presenting to the public the results of the three seasons of “A Beautiful City in Western China | Dunhuang” public welfare projects, including the hand-painted fenders and documentary under the theme of “Twilight in Mogao Grottoes”, three beautiful dresses with designs inspired by the spirit of Dunhuang and the pictures of 17 open caves in Yulin Grottoes. The exhibition also held a number of weekend sharing salon events, attracting over 150,000 visitors.

- ***Supporting children’s art education***

Rooted in the protection and promotion of cultural heritage, Xindeyizhang Public Welfare Foundation pays close attention to children’s art education, and organizes staff volunteers to give lectures in local schools on a regular basis to provide support and guidance for children’s art education. As of 2020, the foundation set up ten art classrooms in eight rural primary schools in various areas including Anhui, Gansu, Hubei, Zhejiang and Yunnan, and provided more than 220 vivid courses to nearly 1,000 students.

In 2020, in addition to setting up Xindeyizhang Art Classrooms and organizing staff volunteers to give lectures, the foundation has further expanded its cooperation with other foundations and non-governmental organizations to carry out projects such as the “Xindeyizhang Future Hope Early Childhood Classes” and the “Home” public welfare exhibition in order to promote the formation of synergy, expand the influence of public welfare projects and bring more accessible and high-quality art education to children.

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Sponsoring the “Xindeyizhang Future Hope Early Childhood Classes” project

In 2020, Xindeyizhang Public Welfare Foundation cooperated with Shanghai Huji Foundation to carry out the “Xindeyizhang Future Hope Early Childhood Classes” project with annual investment of over RMB600,000 to sponsor 15 “Xindeyizhang Future Hope Early Childhood Classes” in Butuo County, Liangshan Yi Autonomous Prefecture, Sichuan Province, and support the preschool education of over 500 children and the development of 38 tutors. The project provides environmental design and teacher training for early childhood classes and creates a good learning and growing environment for the children, thereby facilitating the development of education industry.

6.3 Supporting the Fight Against Pandemic

Facing the challenges in prevention and control of the COVID-19 pandemic, the Company made active contribution by cooperating with Orient Futures, Orient Securities Asset Management and China Universal to set up special public welfare funds with total amount of RMB11 million for providing subsidies and support to the Shanghai medical staff who fought against the pandemic in Wuhan.

As the execution party of the project, DFZQ Xindeyizhang Public Welfare Foundation conducted research on the actual needs of various hospitals in Shanghai, and procured pandemic prevention supplies after ensuring that such suppliers met relevant standards and were from reliable sources. Eventually, 100,000 medical gloves, 9,000 surgical masks, 3 tons of disinfectants, 200 protective masks, 2,112 bottles of hand sanitizers and 3,700 hand creams were donated to the front line of pandemic fight to meet the urgent demand for medical supplies. It also donated RMB1.5 million to the Anti-NCP Medical Fund under the Fudan University Education Development Foundation, and offered subsidies of RMB3 million to 600 medical staff of the Shanghai medical aid team in Hubei through the Shanghai Respect Doctor Foundation.

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KEY QUANTITATIVE PERFORMANCE TABLE

Customer service performance

Customer service performance table

Indicator	Unit	2018	2019	2020
Number of customer enquiries through 95503 hotline (manual)	Case	136,816	178,591	141,760
Number of complaints	Case	11	0	13
Proportion of handled complaints	%	100	—	100
Customer satisfaction rate	%	84	84	85

Supply chain performance

Supply chain performance table

Indicator	Unit	2018	2019	2020
Number of mainland suppliers	Supplier	48	37	43
Number of overseas suppliers	Supplier	0	0	0

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Employee performance

Employee composition performance table

Indicator		Unit	2018	2019	2020
Total employees		Person	5,157	5,772	6,339
By gender	Male	Person	2,795	3,171	3,440
	Female	Person	2,362	2,601	2,899
By age	>50	Person	179	207	220
	30 to 50	Person	2,894	3,655	4,140
	<30	Person	2,084	1,910	1,979
By region	Mainland	Person	5,017	5,608	6,129
	Overseas (including Hong Kong, Macao and Taiwan)	Person	140	164	210

Note 1: The above statistics of total employees are based on the parent company of DFZQ, Orient Futures, Orient Securities Capital Investment, Orient Finance Holdings, Orient Securities Asset Management, Orient Securities Innovation Investment and Orient Investment Banking.

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 table

Indicator		Unit	2018	2019	2020
Employee turnover rate		%	14	13	14
By gender	Male	%	15	14	16
	Female	%	12	12	12
By age	>50	%	12	9	14
	30 to 50	%	9	10	11
	<30	%	20	19	20
By region	Mainland	%	14	13	14
	Overseas	%	0	0	0
(including Hong Kong, Macao and Taiwan)					
Number of male management staff		Person	201	199	209
Number of female management staff		Person	64	67	67
Number of newly-recruited fresh graduates		Person	56	196	213
Number of minority staff		Person	152	156	86
Number of disabled staff		Person	2	2	0

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 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 performance table

Indicator	Unit	2018	2019	2020
Labor contract signing rate	%	100	100	100
Social insurance coverage rate	%	100	100	100
Total incidents of labor discrimination	Case	0	0	0
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.

Employee training performance table

Indicator	Unit	2018	2019	2020
Participants of employee training	Person	30,042	42,192	103,176
Coverage ratio of employee training	%	100	100	100
By gender				
Male	%	100	100	52.21
Female	%	100	100	47.79
By employee type				
General staff	%	100	100	93.60
Mid-level staff	%	100	100	6.04
Management staff	%	100	100	0.18
Average training hours received by an employee	Hour	37.5	38	38
By gender				
Male	Hour	37.5	38	38
Female	Hour	37.5	38	38
By employee type				
General staff	Hour	37.5	38	38
Mid-level staff	Hour	37.5	38	38
Management staff	Hour	53	53	53
Proportion of staff receiving regular performance and career development assessments	%	100	100	100

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

Note 2: The calculation method of training coverage of employees in 2018 and 2019 is as follows: The training coverage of employees under each category = the number of employees in the specific category receiving training/the number of employees in the specific category. According to "How to Prepare an ESG Report – Appendix III: Reporting Guidance on Social KPLs" (March 2020) published by the Hong Kong Stock Exchange, the modified calculation method in 2020 is as follows: The training coverage of employees under each category = the number of employees in the specific category receiving training/the total number of employees receiving training.

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Environmental performance

Environmental performance table

Indicator	Unit	2018	2019	2020
Total natural gas consumption	Cu. m.	57,566	114,971	77,231
Natural gas consumption per capita	Cu. m./headcount	49.97	93.85	52.08
Natural gas consumption per unit area	Cu. m./sq. m.	2.58	2.55	1.73
Petroleum consumption of self-owned vehicles	Litre	36,003	30,000	29,000
Diesel consumption of self-owned vehicles	Litre	1,000	600	50
Total electricity consumption	KWH	3,831,060	7,390,000	6,783,000
Electricity consumption per capita	KWH/headcount	3,326	6,033	4,574
Electricity consumption per unit area	KWH/sq. m.	172	160	152
Total greenhouse gas emissions ⁴	Tonnes of carbon dioxide equivalent	3,307	5,531	5,703
Greenhouse gas emissions per capita	Tonnes of carbon dioxide equivalent/headcount	2.87	4.51	3.85
Greenhouse gas emission per unit area	Tonnes of carbon dioxide equivalent/sq. m.	0.15	0.12	0.13
Total water consumption	Tonnes	11,453	24,963	25,499
Water consumption per capita	Tonnes/headcount	9.94	20.38	17.19
Water consumption per unit area	Tonnes/sq. m.	0.51	0.55	0.57
Total office paper consumption	Tonnes	4.78	11.25	9.53
Electronic product wastes ⁵	Piece	—	1,580	312

Headquarters of DFZQ parent company¹

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Indicator		Unit	2018	2019	2020
Subsidiary headquarters of DFZQ ²	Total electricity consumption	KWH	1,820,242	1,960,715	1,917,639
	Electricity consumption per unit area	KWH/sq. m.	77.91	83.73	76.39
	Total greenhouse gas emissions ⁴	Tonnes of carbon dioxide equivalent	1,465	1,578	1,543
	Greenhouse gas emission per unit area	Tonnes of carbon dioxide equivalent/sq. m.	0.06	0.07	0.06
	Total water consumption	Tonnes	13,831	12,804	14,118
	Water consumption per unit area	Tonnes/sq. m.	0.59	0.55	0.56
	Total electricity consumption	KWH	14,633,983	11,020,506	12,221,868
	Electricity consumption per unit area	KWH/sq. m.	143.83	100.15	105.42
	Total greenhouse gas emissions ⁴	Tonnes of carbon dioxide equivalent	12,552	9,450	10,560
	Greenhouse gas emission per unit area	Tonnes of carbon dioxide equivalent/sq. m.	0.12	0.09	0.09
Branches of DFZQ ³	Total water consumption	Tonnes	170,782	174,130	167,330
	Water consumption per unit area	Tonnes/sq. m.	0.98	0.91	0.83

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, water consumption and natural gas consumption in 2019 increased compared with 2018. In 2020, affected by the COVID-19 pandemic, the Company had a higher number of employees working from home and therefore the canteen, gym and offices were used less frequently, resulting in lower figures for total consumption of electricity, natural gas and diesel compared to 2019.

Note 2: The statistics of subsidiary headquarters of DFZQ are based on six subsidiaries, namely Orient Investment Banking, Orient Securities Innovation Investment, Orient Securities International, Orient Futures, Orient Securities Capital Investment and Orient Securities Asset Management. Water and electricity charges included in the property management fees of certain subsidiary headquarters cannot be counted, and relevant environmental data are based on estimation.

Note 3: The statistics of branches of DFZQ are based on 177 securities branches, representing an increase of nine branches as compared to 2019, and therefore total electricity consumption and total greenhouse gas emissions have increased compared to 2019. Water and electricity charges included in the property management fees of certain branches cannot be counted, and relevant environmental data are based on estimation.

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Note 4: Greenhouse gas emissions by the parent company of DFZQ refer to direct emission generated from petroleum consumption of self-owned vehicles, diesel consumption and natural gas consumption of canteen and the indirect emission of electricity purchased externally. Greenhouse gas emissions by subsidiary headquarters of DFZQ and branches of DFZQ only include the indirect emission of electricity purchased externally. The greenhouse gas emission factors have been updated in accordance with the “How to prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs” (March 2020) issued by the Stock Exchange of Hong Kong, and therefore the total greenhouse gas emissions and intensity data have been adjusted from the 2019 CSR Report of DFZQ.

Note 5: The non-hazardous waste generated in DFZQ is mainly daily office waste, while the hazardous waste is mainly electronic product waste, carbon powder box, toner cartridge, etc. The Company has only collected data on amount of electronic product waste and has yet to collect data on other waste. In 2019, certain computers of the Company reached their retirement term of five years, resulting in increase in electronic product waste.

Social contribution performance

Social contribution performance table

Indicator	Unit	2018	2019	2020
External donation	RMB0'000	2,827	3,545	3,512
Investment in poverty alleviation	RMB0'000	1,572	2,123	2,013
Number of recorded poor households helped	Person	505	312	728

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

Indicator	Unit	2018	2019	2020
Annual fund-raising amount	RMB0'000	1,340.37	1,450.00	1,458.00
Annual expenditure	RMB0'000	1,289.71	660.00	703.00

Employee voluntary service performance table

Indicator	Unit	2018	2019	2020
Number of employee volunteers	Person	122	146	193
Total length of employee voluntary services	Hour	708	555	672

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REPORT INDEX

HKEx ESG REPORTING GUIDELINES (2019) INDEX

This version was published in 2019 and shall be effective for financial years beginning on or after July 1, 2020.

**Aspect, general disclosure
and key performance
indicator**

Description

Disclosure chapter

Main scope A. Environment

Aspect A1. Emissions

General Disclosure A1	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Response to climate change Sustainable workplace
KPI A1.1	The types of emissions and respective emissions data.	Environmental performance
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental performance
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental performance
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental performance
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	Response to climate change
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Sustainable workplace

Aspect A2. Use of Resources

General Disclosure A2	Policies on the efficient use of resources, including energy, water and other raw materials.	Response to climate change Sustainable workplace
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Environmental performance
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Environmental performance
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Response to climate change
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Sustainable workplace
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Such indicator is not applicable as the Company only provides financial products

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Aspect, general disclosure and key performance indicator

indicator	Description	Disclosure chapter
Aspect A3. The Environment and Natural Resources		
General Disclosure A3	Policies on minimising the issuer's significant impacts on the environment and natural resources.	Response to climate change Sustainable workplace
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Response to climate change Sustainable workplace
Aspect A4. Climate Change		
General Disclosure A4	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Response to climate change Sustainable workplace
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Response to climate change
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 Facilitating talent development Enhancing care for employees
KPI B1.1	Total workforce by gender, employment type (for example, full- or part time), age group and geographical region.	Employee performance
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Employee performance
Aspect B2. Health and Safety		
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 occurred.	Employee performance
KPI B2.2	Lost days due to work injury.	Employee performance
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Enhancing care for employees

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Aspect, general disclosure and key performance indicator

indicator	Description	Disclosure chapter
Aspect B3. Development and Training		
General Disclosure B3	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Facilitating talent development
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Employee performance
KPI B3.2	The average training hours completed per employee by gender and employee category.	Employee performance
Aspect B4: Labour 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 preventing child and forced labour.	Safeguarding rights of employees
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Safeguarding rights of employees
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Safeguarding rights of employees
Main scope B. Community – 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 performance
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Supply chain management
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply chain management
KPI B5.4	Description of practices used to promote environmentally preferable products – and services when selecting suppliers, and how they are implemented and monitored.	

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Aspect, general disclosure and key performance indicator

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, labelling and privacy matters relating to products and services provided and methods of redress.	Compliance product marketing
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Such indicator is not applicable as the Company only provides financial products
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Customer service performance
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Intellectual property rights protection
KPI B6.4	Description of quality assurance process and recall procedures.	Such indicator is not applicable as the Company only provides financial products
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Information security and privacy protection
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 bribery, extortion, fraud and money laundering.	Anti-money laundering Anti-corruption
KPI B7.1	Number of concluded legal cases 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 of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Anti-corruption
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Anti-corruption
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 take into consideration the communities' interests.	Precise poverty alleviation Social welfare Supporting the fight against pandemic
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Social contribution performance

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ON THIS REPORT

Basis of preparation

This report was prepared according 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 with reference to the Consultation Conclusions on the Environmental, Social and Governance Reporting Guide (2019) issued by the Stock Exchange of Hong Kong and the Corporate Governance Code set out in Appendix 14 to the Main Board Listing Rules.

Coverage

Time scope:	From January 1, 2020 to December 31, 2020.
Period of release:	This report is an annual report and its precedent was prepared for year 2019.
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 Securities Investment Banking Co., Ltd.	Orient Investment Banking
Shanghai Orient Securities Asset Management Co., Ltd.	Orient Securities Asset Management
Orient Finance Holdings (Hong Kong) Limited	Orient Finance Holdings
Orient Futures Co., Ltd	Orient Futures
Shanghai Orient Securities Capital Investment Co., Ltd.	Orient Securities Capital Investment
Shanghai Orient Securities Innovation Investment Co., Ltd.	Orient Securities Innovation Investment

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 Shanghai Qingyue Environmental Protection Environmental Database, and there were no negative environmental records during the reporting period.

