



EVERBRIGHT SECURITIES CO., LTD.

**2021**

**ENVIRONMENT,  
SOCIETY AND GOVERNANCE REPORT**



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## Opening

- **Notice About Report Preparation**

This is the twelfth social responsibility report issued by Everbright Securities Co. Ltd. ("Everbright Securities", "the Company" or "we"). This Report truthfully and objectively introduces how the Everbright Securities, its branches, business departments and subsidiaries fulfill corporate social responsibility in 2021 and focuses on disclosing the information in the three major areas of environment, society and governance (ESG).

Unless otherwise specified herein, the currency used in this report shall be RMB.

The report reflects objective facts while disclosing positive and negative indicators.

- **Scope of Application**

Reporting period: As an annual report, the Reporting period is from January 1, 2021 to December 31, 2021, but some information is beyond this period.

Scope of organization: Unless otherwise specified, this Report covers the headquarters, branches, business departments and subsidiaries of Everbright Securities. Some of the information involves China Everbright Group ("Everbright Group").

- **Preparation Standards**

Guidelines to the State-owned Enterprises on Better Fulfilling Corporate Social Responsibilities released by the State-owned Assets Supervision and Administration Commission of the State Council (SASAC)

Shanghai Stock Exchange ("SSE") Guidelines for the Self-Regulatory Supervision of Listed Companies No. 1 - Standardized Operation and Guidelines for Disclosure of Environmental Information by Listed Companies of Shanghai Stock Exchange issued by Shanghai Stock Exchange ("SSE")

Environmental, Social and Governance Reporting Guide, Appendix XXVII to the Rules Governing the Listing of Securities on Hong Kong Exchanges and Clearing Limited issued by Hong Kong Exchanges and Clearing Limited (HKEX)

GRI Standards for Sustainability Reporting

- **Confirmation and Approval**

This Report was confirmed and approved by the Board of Directors on 24 March 2022.

- **Reporting Language**

This Report is available in Simplified Chinese, Traditional Chinese and English.

- **Reporting Principles**

**Materiality:** The report identifies and responds to important social responsibility issues affecting the Company's sustainability based on stakeholder surveys, data analysis, etc. See details on P24 of this report.

**Quantization principle:** The Company's quantitative key social responsibility performance has been disclosed in this report P80.

**Consistency principle:** The report keeps indicators used in different reporting periods as consistent as possible and explains changed indicators to present changes in key performance.

**Balance principle:** The report reflects objective facts while disclosing positive and negative indicators.

- **Access and Response to This Report**

The electronic version is available on the following websites:

Everbright Securities (<http://www.ebscn.com>)

Shanghai Stock Exchange (<http://www.sse.com.cn>)

Hong Kong Exchanges and Clearing Limited (<https://www.hkex.com>)

Website of cninfo ([www.cninfo.com.cn](http://www.cninfo.com.cn))

We attach great importance to the opinions of our stakeholders. Please feel free to contact us in the following ways. Your comments will help us further improve this Report and enhance the overall social responsibility performance of Everbright Securities.

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## **Chapter I About Everbright Securities**

### **1.1 Statement of the Board of Directors**

Everbright Securities attaches great importance to the development of ESG responsibility. We have established the ESG governance structure covering three levels of "Board of Directors - Management - ESG Working Group" with clarified duties at each level, and integrated ESG concepts into all aspects of our daily operations. The Board of Directors is responsible for the deliberation and decision-making of major ESG-related issues; the management comprehensively arranges the implementation of ESG strategies, prepares the ESG report and reports to the Board of Directors; the ESG Working Group, consisting of ESG functional departments and subsidiaries, is the executor of ESG work who implements ESG-related tasks assigned by the management in accordance with the ESG work plan.

To identify important ESG issues and determine management policies, the company conducts the research and analysis of substantive issues once a year. By understanding the important issues of concern to internal and external stakeholders, the company's experts discuss and analyze the importance of each issue to the company's social responsibility, and then determine the key issues for the annual social responsibility report and disclose them. In 2021, Everbright Securities paid great attention to compliance operations, "double carbon" target, risk control and investor education, and continued to follow up the implementation of key ESG work.

In terms of setting ESG targets, the company continued to improve its operation level while actively responding to national strategies, integrating the concept of green development into its own green operations and business activities, promoting economic transformation to the low-carbon mode and the implementation of the "double carbon" target; in terms of the society, the company continued to promote inclusive finance to support private and small and micro enterprises, consolidate the achievements in poverty eradication and boost rural revitalization based on the "Securities+" model with Everbright characteristics. in terms of governance, the company further strengthened the prevention and control of corruption risks and steadily promoted compliance management, laying a sustainable foundation for the company's long-term stable operation.

Through the "2021 Environment, Society and Governance Report", the company discloses in detail its management approaches and practical progress in the above-mentioned work and other ESG issues, and presents its ESG performance results to all stakeholders.

Standing at the starting point of a new journey towards the Second Centenary Goal, Everbright Securities will adhere to the leadership of the Party, seek progress while maintaining

stability, and strive for excellence in progress; we will continue to create long-term returns for stakeholders while following the new development requirements of "innovation, coordination, green development, openness and sharing", and make more contributions to the society.

## 1.2 Company Profile

Everbright Securities Co., Ltd. was established in 1996 and is headquartered in Shanghai. It is one of the first three innovative pilot securities companies approved by the China Securities Regulatory Commission ("CSRC"), and the core financial services platform of China Everbright Group ("Everbright Group"), a Fortune 500 company, listed on both the SSE and the Main Board of the HKEX, the company is an A+H listed brokerage firm.

<b>English name</b>	Everbright Securities Company Limited
<b>Stock code</b>	601788 SH 06178 HK
<b>Headquarters address</b>	No.1508, Xinzha Road, Jingan District, Shanghai
<b>Total assets</b>	239,107,601,376.24 RMB
<b>Operating revenue</b>	16,706,575,061.43 RMB
<b>Total number of employees</b>	8,760

Targeting market entities such as retail, institutional and corporate customers, the company has set up six business clusters, namely wealth management, corporate financing, institutional customers, investment transactions, asset management and equity investment, to provide comprehensive financial services through its branches and subsidiaries in mainland China, Hong Kong and Macao. So far, the company owns 7 wholly-owned and holding subsidiaries, 14 branches and 244 business departments. With a total revenue reaching RMB 16.71 billion in 2021, the company has been rated as Grade AA securities company by China Securities

Regulatory Commission and its business covers 122 cities in 30 provinces, autonomous regions, and municipalities directly under the Central Government.

2021 marks the 25th anniversary of Everbright Securities. During the reporting period, the company was rated Grade AA of Class A once again, shortlisted in the first batch of "whitelists" by the CSRC, and received Class A in the evaluation of cultural construction practices of securities companies, resulting in better brand awareness and social influence.

### 1.3 Social Recognition

Awards	Awarded by:
2021 Golden Bull Award of China Securities Industry	China Securities Journal
2021 Culture Construction Award of China Securities Industry	
2021 Golden Bull Growing Securities Company	
2021 Golden Bull Growing Wealth Management Team	
2021 China Jinpin Award - "Poverty Alleviation Achievement Award"	National Business Daily
2021 Best Bond Underwriter of A-share	
2021 Most Trusted Brokerage for Asset Management by Investors	
2021 Outstanding Culture Construction Case	
2021 China Securities Industry Junding Award	Securities Times
2021 China Securities Industry Junding Award for All-round Investment Banking	
2021 China Securities Industry Junding Award for GEM Investment Banking	
2021 China Securities Industry Junding Award for Brokerage	
2021 China Securities Industry Junding Award for Inter-bank Bond Financing Team	New Fortune (journal)
Fourth prize of 2021 Best Investment Advisory Team - Excellent Organization Award	
2021 Outstanding Practice Case of Board of Directors in Listed Companies	China Association for Public Companies
2021 "National Youth Civilization"	National Youth Civilization
2021 "Star Diamond Service Award"	Sing Tao Daily
"Friendship Program of Chinese YMCA of Hong Kong" - Corporate Recognition Award	Chinese YMCA of Hong Kong



## **Chapter II: Making Progress While Maintaining Stability - Empowering High-quality Development with Better Governance**

In 2021, facing the new situation in the new era, under the decision-making and deployment of the Party Committee of the Group and the company, and focusing on the requirements of the "Year of Management Promotion", the company played a leading and guaranteeing role in strictly governing the Party in an all-round way, providing a strong political guarantee for the high-quality development of corporate governance. As a financial central enterprise inheriting the spirit of the Communist Party, Everbright Securities will constantly adhere to the political consciousness of "two safeguards", integrate ideas and actions into the decision-making and deployment of the Party Central Committee, constantly perform its political, economic and social responsibilities, and organically combine the role of securities with the needs of national strategies and the Group's deployment. We will carry out the Group's risk management concept of "three defensive lines and four firewalls", seriously identify and remove existing problems, and deepen the risk culture, so as to enhance our ability to prevent and resolve risks. Meanwhile, we will strictly implement the requirements of the Party's style and anti-corruption, buttress the disciplinary red line and bottom line, promote steady progress in business development, and strive to achieve the goal of building a first-class investment bank with "leading values and distinctive characteristics".

### **2.1 Party Building**

As the listed securities of a state-owned brokerage with red genes, the company always adheres to the leadership of the Party, strengthens Party building, draws wisdom from the history of the Party, and regards the inheritance of red genes as its mission. The year 2021 is the starting point towards the Second Centenary Goal, and also the opening year of the 14th

Five-Year Plan. Standing on the new journey of building a modern socialist country in an all-round way, the company played the role of leading and guaranteeing the overall strict governance of the Party by building a clean and upright team, strengthening the construction of grass-roots Party organizations, and enhancing ideological propaganda, so as to integrate the leadership of the party into all aspects of corporate governance and promote the high-quality development of the company's operations.

In terms of discipline construction, the company strictly governed the Party in an all-round way throughout the year, formulated the "Ten Measures of the Party Committee of Everbright Securities to Strictly Govern the Party in 2021", and promoted the construction of the "three noes" mechanism of "dare not", "cannot" and "will not", to create an atmosphere of down-to-earth and practical work, and build a clean and upright team.

### **Dare not be corrupt**

- Implement the accountability mechanism, seriously deal with the clues of problems, keep an eye on the accountability of risk projects, establish the principle of "power must be accompanied by responsibility, responsibility must be assumed, and accountability must be ensured", and continue to maintain a high-pressure anti-corruption attitude.

### **Can not be corrupt**

- Strengthen system construction and daily supervision. In 2021, we revised five systems successively, set up an accountability committee, and developed accountability management measures, forming an effective accountability system.

### **Will not be corrupt**

- Regularly carry out the special warning education activity of "learning from cases and keeping the alarm bell ringing" and arrange employees to study cases of disciplinary violations. Through OA, Integrity Everbright and other platforms, we remind all staff on a daily basis to firmly establish the bottom-line thinking and ensure the practical effect of "investigating a case, alerting a group of employees, and regulating the entire company".

To strengthen the construction of grassroots party organizations, the company adopted a two-pronged strategy, continuously expanding the organization and coverage of the party through external recruitment on the one hand, and selecting outstanding young backbones to work on the front line on the other. In 2021, 65 new primary-level party organizations and were established with 170 new party members. Meanwhile, to accelerate the standardization of Party branches, we formulated the annual assessment and supervision plan for 2021, further

improved the task list, and strictly enforced the assessment procedures. In 2021, a total of 21 party branches were assessed for standardization and 19 were inspected, with a compliance rate of 100%.

In addition, in order to implement the new development concept and solve bottlenecks and other problems of reform and development, the company created the "Youth Think Tank of Everbright Securities" in 2021, covering more than a dozen topics, which are developing well at present. Further, we continued to improve the corporate system in accordance with the requirements of Everbright Group, and included party building as a performance indicator into the comprehensive assessment results for better implementation.

In terms of ideological propaganda, we gave special Party lectures by taking people and events in the history of the Party as examples. We adopted innovative approaches, such as hosting a party building symposium for securities companies in Shanghai and organizing Party history drama activities, to further strengthen theoretical literacy and enhance the sense of mission and responsibility for entrepreneurship.



Photo: The company held a party history learning and education deployment implementation meeting; and organized a special party class on party history learning and education

## Symposium on Learning Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era

In August 2021, under the guidance of China Securities Regulatory Commission Shanghai Bureau, the company held a symposium on learning Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era in cooperation with Shanghai Securities Association. The main leaders and persons held responsible of China Securities Regulatory Commission Shanghai Bureau, Shanghai Securities Association and 10 securities companies in Shanghai attended the meeting. Mr. Yan Jun, Secretary of the Party Committee and Chairman of Everbright Securities, said that the company would resolutely implement the "Nine Musts", fully respond to the call of the Party, follow the new development concept to build a new development pattern, and exchange insights with peers around promoting high-quality development.



Photo: Everbright Securities Hosted a Symposium on Learning Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era

## Construction of Corporate Culture

In 2021, the company organized a comprehensive promotion activity of "Inheriting the Red Gene and Carrying Forward Everbright Culture", held a kick-off meeting on corporate culture at the headquarters, and extended the culture publicity to the grassroots, setting off an upsurge of learning and practicing new Everbright culture within the company. In 2021, a total of 310 lectures on new Everbright culture were held, with 12,000 participants and a coverage ratio of 100%.

## Corporate culture

In 2021, the company upgraded its corporate culture column, released more than 150 cultural practice cases and experiences on themes such as "Promoting Everbright Culture" and "Everbright Culture in My Eyes", and jointly launched more than 50 articles in the series of "Enabling• - Sailing" and "100-day Competition" with business departments, with a total view of more than 200,000. In addition, a series of publications were designed and produced, including the annual journals of Handbook of the "Four Beams and Eight Pillars" Cultural Values System with Everbright Characteristics, Struggling Everbright Workers, the official promotional video of "Song of Everbright" and several theme films, which further visualize the cultural concept. In 2021, the company set up a team of 61 cultural propagandists who actively promoted the new Everbright culture at the grassroots level in various forms, such as training, lecture and case sharing. A series of culture building selection activities were carried out to mobilize the enthusiasm, initiative and creativity of all employees and create a better atmosphere.

## **2.2 Corporate governance**

### **2.2.1 Governance Structure**

The company strictly complies with domestic and foreign laws and regulations regarding listed companies. A corporate governance structure consisting of the General Meeting of Shareholders, the Board of Directors, the Board of Supervisors and senior management has been established, forming a mechanism of independent operation and mutual checks and balances among the power, decision-making, supervisory and executive bodies. The Articles of Incorporation has been continuously optimized, with emphasis on diversity and inclusion issues. In setting the composition of the Board of Directors, the company considers diversity of Board members from several aspects, including but not limited to gender, age, cultural and educational background, race, professional experience, skills, knowledge and length of service. All appointments of the Board of Directors are made on the basis of talent selection, and the benefits of diversity of board members are fully taken into account. As of the end of 2021, the company had 13 directors, 9 supervisors, and 3 female leaders in senior management. During the reporting period, female members were appointed to both the Board of Supervisors and senior management.

The company has set strategic objectives for 2025 in line with the National 14th Five-Year Plan: on the basis of building a first-class investment bank, make full use of the synergistic resources of the Group, consolidate the client base and develop special businesses to boost the brand of Everbright; continuously promote the synergistic development of six business clusters to enhance the brand influence and market competitiveness.

## 2.2.2 Communication with investors

To maintain an efficient communication mechanism in the capital market, the company continued to improve its daily investor relations mechanism in 2021 based on different categories and levels, and established a responsible corporate image by integrating platform and channel resources, delivering inspiring messages of Everbright Securities, and organizing activities such as special research and special investor communication meetings. Throughout the year, we received the research of analysts and investors 25 times, either on-site, online or by phone, attended 12 interim and annual investment strategy meetings of peer companies, and successfully organized the company's 2020 annual performance briefing, 2021 interim performance briefing, Moody's annual rating interview, and special interview meetings, etc.



### Communication with Small and Medium Investors

We maintained a professional and patient attitude in responding to various small and medium-sized investors. In 2021, we responded to investors' various questions more than 200 times through investor hotline, emails and SSE e-interaction.

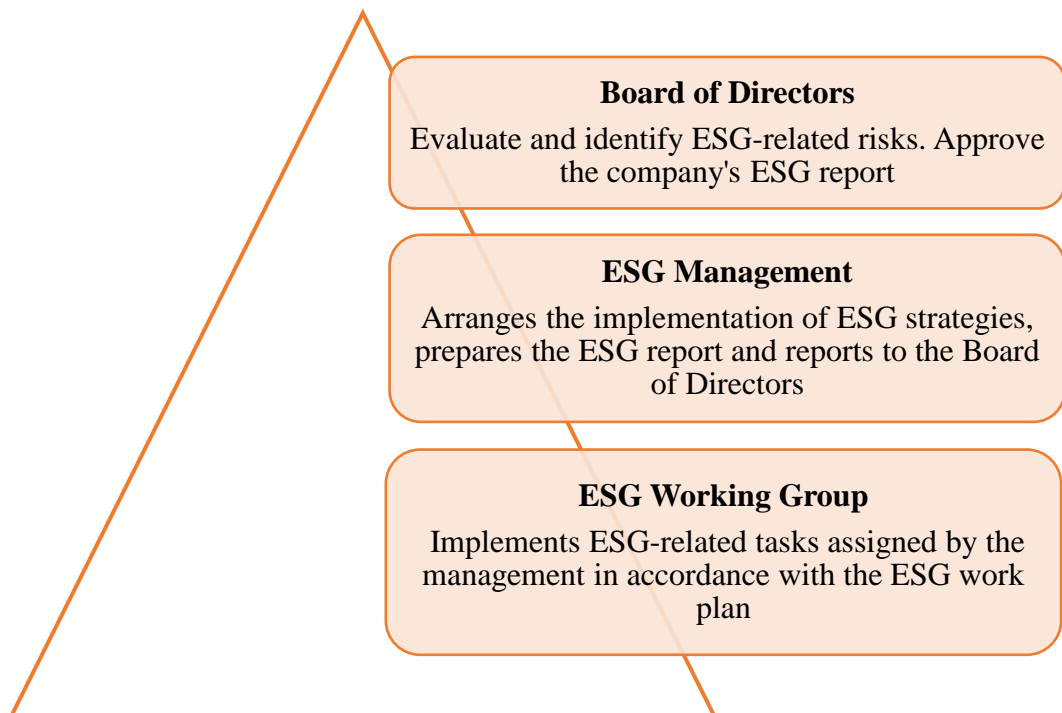


Photo: The company held the 2021 Interim Results Analyst Briefing

## 2.3 Development of Social Responsibility

### 2.3.1 ESG Governance Structure

The company attaches great importance to the development of ESG responsibility. We have established the ESG governance structure covering three levels of "Board of Directors - Management - ESG Working Group" with clarified duties at each level, and integrated ESG concepts into all aspects of our daily operations. The Board of Directors is responsible for the deliberation and decision-making of major ESG-related issues; the management comprehensively arranges the implementation of ESG strategies, prepares the ESG report and reports to the Board of Directors; the ESG Working Group, consisting of ESG functional departments and subsidiaries, is the executor of ESG work who implements ESG-related tasks assigned by the management in accordance with the ESG work plan.








### 2.3.2 Communication with the stakeholders

The company attaches great importance to communication with stakeholders and has established a regular communication mechanism with shareholders, customers, employees, government and regulatory agencies, and communities. By deeply understanding the demands, opinions and suggestions of all these parties and incorporating their concerns into the operation and decision-making process, the company performs its social responsibility in daily operation and drives sustainable development.

We have identified five categories of key stakeholders who have decision-making power or influence on Everbright Securities and their concerns.



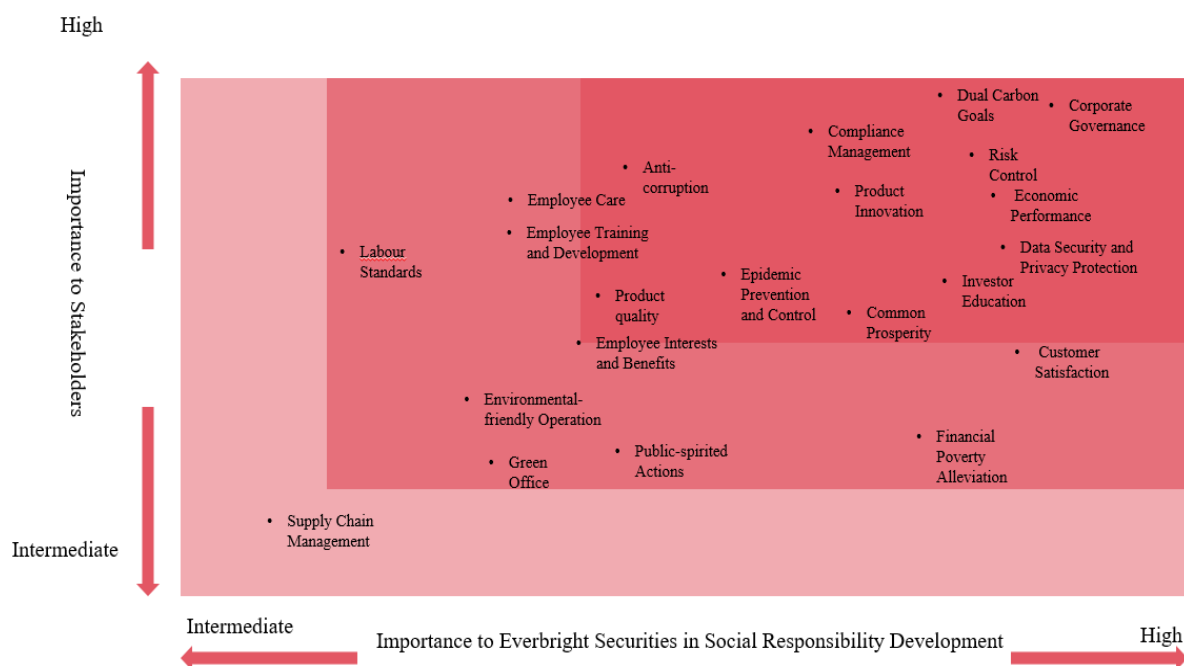
Stakeholder	Issue of Concern	Communication and Feedback
<b>Government and regulator</b> 	<ul style="list-style-type: none"> <li>• Contribute to common prosperity</li> <li>• Boosting rural revitalization</li> <li>• Promote the "double carbon" goal and develop green finance</li> <li>• Enhancing risk control</li> <li>• Deepening anti-corruption</li> <li>• Strengthen legal and compliant operation</li> </ul>	<ul style="list-style-type: none"> <li>• Full information disclosure</li> <li>• Strengthening risk identification capability and improve the company's risk control system</li> <li>• Innovating green financial products</li> <li>• Improving accountability mechanism and strengthen compliance management</li> </ul>
<b>Shareholders /investors</b> 	<ul style="list-style-type: none"> <li>• Strengthening Corporate Governance</li> <li>• Promoting business development</li> <li>• Preventing and control financial risks</li> <li>• Protecting the rights and interests of shareholders and investors</li> <li>• Information disclosure compliance</li> </ul>	<ul style="list-style-type: none"> <li>• Holding meetings such as shareholders' meetings and performance presentations</li> <li>• Expanding communication channels for shareholders and investors</li> <li>• Strengthening risk identification capability</li> <li>• Improving corporate governance structure and procedures</li> <li>• Conducting anti-corruption training</li> </ul>
<b>Clients</b> 	<ul style="list-style-type: none"> <li>• Protecting customers' interests and rights</li> <li>• Providing high-quality services</li> </ul>	<ul style="list-style-type: none"> <li>• Optimizing Golden Sunshine APP and E Counter</li> <li>• Promoting product innovation of Golden Sunshine 30</li> </ul>

	<ul style="list-style-type: none"> <li>• Developing financial technology</li> <li>• Innovating financial products</li> <li>• Protect private information</li> </ul>	<ul style="list-style-type: none"> <li>• Organizing investor education activities</li> <li>• Conducting customer satisfaction survey</li> </ul>
<b>Employees</b> 	<ul style="list-style-type: none"> <li>• Protecting employee rights, interests and benefits</li> <li>• Carrying out training and education to promote employees' career development</li> <li>• Providing equal promotion opportunities</li> <li>• Paying attention to employees' health</li> <li>• Observing Labour Standards</li> <li>• Providing equal opportunities</li> </ul>	<ul style="list-style-type: none"> <li>• Optimizing salary structure</li> <li>• Carrying out various employee training</li> <li>• Improving employee training and promotion mechanism</li> <li>• Carrying out cultural and sports activities by the labor union</li> <li>• Improving the compensation and benefits of employee</li> <li>• Organizing employee conferences</li> </ul>
<b>Community</b> 	<ul style="list-style-type: none"> <li>• Promoting community development</li> <li>• Participating in the fight against COVID-19</li> <li>• Focusing on social welfare and charity</li> </ul>	<ul style="list-style-type: none"> <li>• Carrying out "Securities +" poverty alleviation project</li> <li>• Student Aid</li> <li>• Charitable donation</li> </ul>

### 2.3.3 Materiality Assessment

To better respond to the demands and expectations of stakeholders, the company regularly identifies key issues. During the reporting period, based on the analysis and evaluation by experts, the annual key social issues were determined and taken as one of the important bases

for the preparation of the annual social responsibility report, taking into account the company's development strategy and operational priorities. In this report, the issues are analyzed based on their importance to both stakeholders and the company's social responsibility, and responses are mainly made on the key issues.



## 2.4 Setting a Firm Risk Bottom Line

### 2.4.1 Construction of the Risk Management System

In 2021, following the relevant requirements of the Internal Control System in Enterprise Management, the company improved its internal control level in a comprehensive and multi-dimensional manner by standardizing the internal control system, strengthening supervision and inspection, and reinforcing accountability, so as to ensure the long-term, healthy, stable and standardized development. At the same time, key risk areas such as liquidity, market, credit, operations, legal compliance, reputation, and information technology. were managed efficiently.

The company's internal control mechanism operated smoothly in 2021 and no major deficiencies were identified.

#### **2.4.2 Risk Preference Management**

The company has established a comprehensive risk preference management system and various management rules, and set up multi-dimensional risk indicator systems, including risk appetite, risk tolerance and risk limit. Through the closed-loop process management including annual formulation, effective decomposition, regular re-examination and supervision and implementation, the company's risk level is controlled within the appropriate range.

**Establish a comprehensive risk appetite management system covering all types of risks and regularly re-examine and optimize risk appetite**

**Determine overall risk appetite tolerance, decompose risks to each department from top to bottom, and manage and execute them in each subsidiary.**

**Set up a categorized risk limit system to control sub-business risks and restrain key business exposures.**

### **2.4.3 Risk Management Flow**

The company's risk management department is under the overall responsibility of the Board of Directors and its Risk Management Committee and Board of Supervisors; the management and the subordinate professional committees assume the main responsibility. Each risk management department identifies, monitors, evaluates and reports specific risks as required; and each department, branch and subsidiary assume direct responsibility for risk management in their respective business areas.

### **Overall responsibility - Board of Directors, Risk Management Committee, Board of Supervisors**

The Board of Directors is responsible for promoting the risk culture; considering and approving the basic risk management system, risk appetite, risk tolerance, major risk limit and periodic risk assessment report. The Risk Management Committee performs part of the duties for comprehensive risk management. The Board of Supervisors monitors and inspects the performance of the Board of Directors and the management in risk management and supervises them for rectification.



### **Supervision on implementation - Management and subordinate professional committees**

The company's management formulates the risk management system, defines the risk management structure and the division of responsibilities of each department, develops specific implementation plans and the risk performance assessment system, and regularly monitors and evaluates the company's risk management status and submit reports to the Board of Directors.



### **Main execution - each risk management department**

Identify, monitor, evaluate and report various risks, assist, guide and inspect the counterpart risk management work of each department, branch and subsidiary.



### **Implementation – Each department, branch, and subsidiary**

Carry out business strictly in accordance with the company's management system within the corresponding scope of authority, and effectively manages and controls risks through various systems, processes and regulations.

#### 2.4.4 Risk Control Capacity

In order to better cope with and resolve risks, the company has established a comprehensive selection, training and career development system for risk management practitioners. We introduce talents with professional knowledge and background in finance, technology, and risk management through comprehensive investigation and strict selection, and cultivate good professional ethics and conduct among the practitioners. Meanwhile, the company actively carries out personnel training and exchanges, and holds special risk training for different risk types. Through internal and external training, encouragement of job rotation, and assessment and incentive, we build a strong risk management talent team with outstanding professionalism to meet the business and risk management needs of the company.

2021,

**A total of 538 people  
participated in risk  
trainings**

**Conducted independent  
training for 10 times**

**Entrusted outsourced  
training for 3 time**

### **Training on liquidity risk**

- In 2021, we organized various trainings on consolidated regulation, ECB monetary policy framework, development model of derivatives business, financial treatment of subsidiaries, tax treatment and so on.

### **Reputation risks training**

- Organized company-wide work tests on reputation risk and public opinion management to strengthen the reputation risk awareness of all employees and enhance the company's reputation risk management culture.
- Organized training and emergency drills for reputation risk control and public opinion management in 2021, and invited external experts in public opinion handling to train public information officers, so as to build a better public information officer team.

### **Training on Information technology risk**

- Conducted multi-dimensional training, practice and assessment of network security such as video broadcasting, WeChat articles and anti-phishing email attack to enhance employees' awareness of network security.

### **Training on risky asset disposal**

- Held special training courses on write-off of bad debts to standardize the due diligence of the company's risky assets and facilitate the daily management and disposal of risky assets

## 2.5 In-depth compliance

In 2021, by deepening the reform of compliance mechanism, clarifying the value orientation, and accelerating the transformation, the company continuously improved its compliance system, and enhanced the anti-money laundering, anti-fraud, anti-corruption ability and intellectual property protection.

### 2.5.1 Compliance Culture

In terms of compliance culture, we have optimized and upgraded the "Law Popularization by Everbright Securities", the company's WeChat official account as the main platform for compliance publicity. In 2021, three columns were set up focusing on the internal and external priorities, namely Rule of Law, New Regulation Insights and Compliance Tips, which were used to popularize the latest regulatory priorities and hot industry news and enhance the readability and practicality of articles. By the end of 2021, 486 articles had been released on this WeChat official account, with a total of more than 90,000 views and 4,500 followers.



Photo: Screenshot of the Law Popularization by Everbright Securities

In 2021, we improved the professionalism and relevance of compliance training, as well as the timeliness of training on important external regulations. The trainees include company executives, staff of the compliance department, compliance officers of the business department and business personnel. We also organized training on the Personal Information Protection Law and annual skills training for compliance personnel, etc.

At the same time, we conducted in-depth compliance research. In 2021, four issues of Legal Compliance Research for Reference were released, which provided research support for business development, management reference for leadership, and insights of Everbright Securities for industry development. Through in-depth analysis and research on new policies related to various business lines, this quarterly publication formed reflections with Everbright Securities characteristics and put forward management suggestions. We organized several research projects and submitted a number of research results to the monitoring agency of the People's Bank of China and the Securities Association.

2021,

**More than 107  
compliance-related  
training sessions were  
conducted**

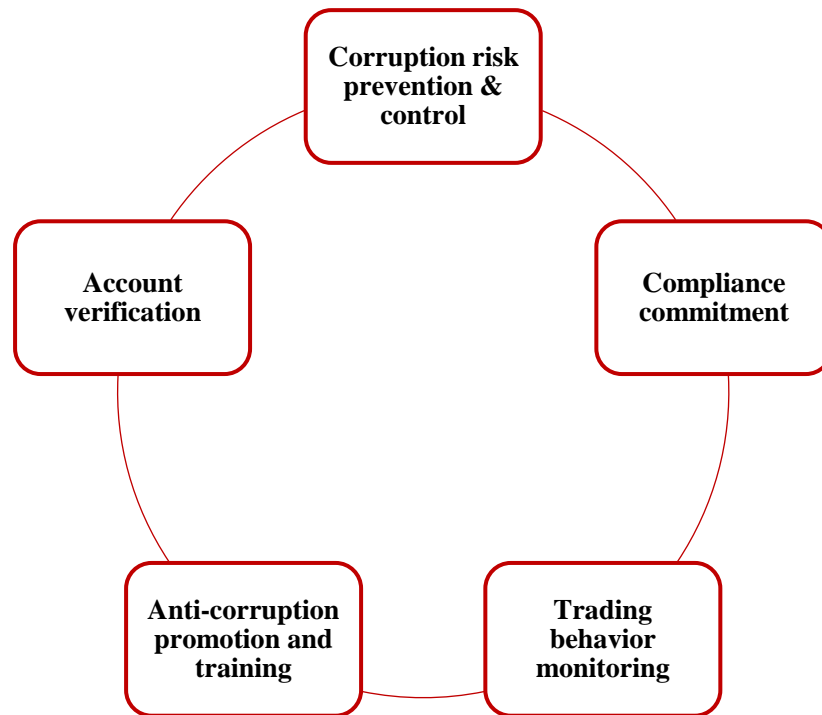
**Over 14,000 people  
participated in  
compliance training**

**1,920 people  
participated in legal  
training**

### **2.5.2 Anti-Corruption**

In terms of anti-corruption, the company has always been resolutely, seriously, and comprehensively punishing financial corruption and strengthening the prevention and control of financial risks. In 2021, we updated the anti-corruption rules, established a clean governance leading group and optimized corresponding responsibilities. We put forward five

key initiatives to strengthen the anti-fraud and clean governance work. In 2021, a total of 15,000 persons participated in the clean governance training with 19 clean governance cases collected.



First, we assessed the clean governance risks of business lines, identified and investigated the risk points, and updated the risk prevention and control measures. For the key lines of brokerage and investment banking, the company carried out an anti-corruption self-examination and launched a study on anti-corruption practices with the Securities Association of China.

Second, we required the employees engaged in the business development of each line to sign the "Letter of Commitment for Employees of Everbright Securities to Prohibit Illegal Engagement in Profit-making Activities" and the "Letter of Commitment for Compliance of Employees of Everbright Securities" twice a year, which were applicable to six categories of

general employees, brokers, trading business personnel, investment bankers, research institute employees and fund investment consultants.

Third, we continuously verified all employee accounts, reported office resource information, and monitored irregularities in transactions and communications of sensitive personnel.

Fourth, we continuously monitored the compliance of the information segregation wall. We monitored more than 10 types of indicators of the information segregation wall involving reversing trade, same-direction trade on the same day, trading portfolio restriction lists, portfolio watch and restriction list reports., and inquired about relevant trade records.

Fifth, we conducted multi-level, high-frequency and multi-form anti-corruption promotion and training within the company to enhance the awareness among our employees. We also carried out training on the interpretation of anti-corruption cases and confidentiality for our senior management.



Special  
warning  
meeting

Inspection  
and  
rectification  
mobilization  
meeting



### 2.5.3 Anti-money laundering

In the context of the ever-stricter trend of financial anti-money laundering, in 2021, the company revised five systems and established a self-assessment program to enhance its money laundering risk management capabilities in accordance with the latest requirements of policies such as the Guidelines on Self-Assessment of Money Laundering and Terrorist Financing Risks for Legal Financial Institutions. In addition, in 2021, the company built a new anti-money laundering system which successfully replaced the old system and passed the test. The new system further optimized customer identification, enhanced support for non-brokerage business, improved indicators involving suspicious transactions, strengthened money laundering risk management for non-brokerage business and guided the establishment of AML internal control systems in each business unit. Through regular off-site inspections of licensed subsidiaries, branches and business departments, we raised the awareness of anti-money laundering compliance in each branch and subsidiary.

The company actively carried out anti-money laundering promotion and training, and incorporated anti-money laundering into the special assessment indicators of compliance. In 2021, the company further strengthened the anti-money laundering awareness in a combination of measures: all employees attended anti-money laundering special training, executives received anti-money laundering training from external experts, and the anti-money laundering column were added to the official website and platforms such as Law Propaganda by Everbright Securities.

**Reported 213 suspicious transactions to the People's Bank of China**

**Conducted 4 anti-money laundering special training sessions**

**Published 26 articles on anti-money laundering topics on Law Propaganda by Everbright Securities**

## **Chapter III: Seeking Opportunity in Changes - Serving the First-class Economy with Financial Power**

In the new development stage, the company resolutely implements the new development concept and actively integrates itself into the new development pattern. Under the guidance of the National 14th Five-Year Plan, the company has empowered green finance with its red gene, intensified in-depth research on green finance, and effectively contributed to achieving the goals of "carbon peaking" and "carbon neutrality" through financial products and services. Promoting common prosperity is one of the most important goals for China to achieve high-quality development in the next stage, and the company has always placed a high priority on supporting small and micro enterprises. Meanwhile, under the leadership of Everbright Group's E-SBU mechanism, the company gives full play to the advantages of a large investment bank to boost regional economy and promote industrial transformation and upgrading.

### **3.1 Implementing the National Strategy to Contribute to the Goal of "Carbon Neutrality"**

As a financial central enterprise, the company has always adhered to its role as a financial service provider to the real economy and created sustainable development momentum through its own high-quality development. After the state proposed the "carbon peaking" and "carbon neutrality" goals in 2020, the company gave full play to the role of resource allocation and market pricing in "financial support for green and low-carbon development", deepened the structural reform of the financial supply side, and actively responded to the strategic goal of "Green Everbright", so as to create a sustainable green financial ecology and promote the green transformation of the economy and society. Following the three principles of "stable team, stable business and risk control", the company proactively participates in the construction of

green financial market by vigorously developing innovative products and conducting special research. While serving the real economy, the company focuses on high-quality economic development and effectively contributes to the national goals of "carbon peaking" and "carbon neutrality". In 2021, the company issued the 17 "carbon neutral" related projects with an underwriting scale of RMB 6.06 billion. The company actively participated in investment and financing transactions in the green and low-carbon field and issued green financial bonds with a total amount of RMB 18.61 billion.

**Supporting Everbright Environment to issue the first "Carbon Neutral" ABN in China for the urban biomass power generation project**

In December 2021, the "Phase-I Green Asset-Backed Notes (Carbon Neutral Bond) of Everbright Environmental Protection (China) Limited in 2021" in which the company acted as the sole lead underwriter was issued, with a total issuance scale of RMB 672 million. It is a carbon-neutral ABN innovation project with the state-subsidized accounts receivable generated by the urban biomass power generation project as the basic asset. This carbon neutral ABN provides cash flow to support the urban biomass power generation project, which not only brings significant carbon emission reduction benefits, but also has practical effect on the improvement of environmental sanitation and landfill saving.

### **Supporting the A-share IPO of Three Gorges Renewables**

In 2021, our investment bank acted as co-lead underwriter to support the initial public offering of A shares of China Three Gorges Renewables (Group) Co., Ltd. ("Three Gorges Renewables", stock code "600905") on the main board of SSE. Three Gorges Renewables publicly issued 8.57 billion shares, raising a total of RMB 22.7 billion, and its market value on the first day of listing exceeded RMB 100 billion, making it the stock with the highest market value among A-share listed renewable energy companies. As the strategic implementation body of Three Gorges Corporation's renewable energy business, Three Gorges Renewables is an important leader in promoting the transformation and upgrading of the renewable energy industry, providing strong support for achieving the "carbon peaking" and "carbon neutral" goals.

### **Participating in the introduction and sales of "carbon neutral" related fund products**

In 2021, the company organized a special live broadcast of "Investment in Carbon Neutral & Low Carbon Industry" held by Penghua Fund, gradually attracting key clients and introducing low carbon products in phases. In the first half of 2021, we participated in Penghua Fund's sales of low-carbon ETF of RMB 26 million and Efund's sales of low-carbon ETF of RMB 4.73 million. In the second half of the year, considering the market demand, we vigorously carried out the introduction of such products, participating in the sales of Huaxia Carbon Neutral ETF of RMB 135 million and Taikang Carbon Neutral ETF of RMB 80 million. We kept communicating with public fund ETF issuers to jointly enhance the market liquidity of green financial products and promote green transformation.

The company actively participates in industry exchanges with relevant organizations and peers to enhance the understanding and insight of low carbon economy. In 2021, the company participated in the special meeting on the industry development research held by the Shanghai Securities Association, and submitted the special report titled "Carbon Neutrality and Industry Outlook in the Context". In addition, the company participated in discussions with the Chinese Academy of Environmental Planning of the Ministry of Ecology and Environment and offer advice for the investment of the National Green Development Fund. On the other hand, the company's research team conducted in-depth research and policy interpretation around the "double carbon" hot topics, providing strong support for several "first projects". In 2021, we

published 95 "carbon neutral" series research reports, including 46 in-depth ones. We organized 75 field surveys for Guangzhou Emissions Exchange and renewable energy companies, and held 92 special teleconferences on carbon neutrality and more than 1,100 roadshows and counter-roadshows.

### **3.2 Further Implementing the E-SBU Mechanism to Synergize Regional Development**

Boosting coordinated regional development is one of the major national strategies in the new era, and is also an important part in implementing the new development concept and building a modernized economic system. In 2018, Everbright Group proposed the strategy of building the E-SBU ecosphere through resource integration and coordinated development. Based on the six key strategic business units of wealth, investment, investment banking, environmental protection, tourism and health, the Group continues to develop its ecosphere in the three key regions of Beijing, Tianjin and Hebei, Yangtze River Delta and Guangdong, Hong Kong and Macao Greater Bay Area by leveraging its advantages in comprehensive operation and industry-finance integration and introducing the ecosphere and digital elements. The E-SBU ecosphere strategy not only reflects the leading and synergistic value of Everbright Group, but also reflects its adherence to the concept of inter growth and co-prosperity of finance and real economy.

The company takes the lead in the investment banking E-SBU of Everbright Group and actively participates in the environmental protection, health and tourism E-SBU strategic units. By optimizing service linkage, the company continues to further the layout in the three key regions. In 2021, the company underwrote 85 local corporate bonds in the three key regions, with the underwriting scale of RMB 363.10 billion.

### **Contributing to the development of Yangtze River Delta Economic Zone**

The company provides underwriting services for short term financing, medium term notes, corporate bonds, asset-backed securities and asset-backed notes for several corporate clients in the Yangtze River Delta Economic Zone. In 2021, under the E-SBU mechanism, four special fund-raising accounts for equity business in the Yangtze River Delta region were opened, with the deposits in Everbright Bank exceeding RMB 300 million. Meanwhile, the company jointly underwrote 13 bonds, with the amount exceeding RMB 5 billion.

### **3.3 Promoting Industrial Upgrading**

The company focuses on developing the large investment banking service system of "one big and three new", and undertakes IPO projects to support strategic emerging industries such as new-generation information technology, biotechnology, high-end equipment manufacturing and new materials. In 2021, the company held the spring strategy meeting, exchange of Hong Kong listed companies, and 10 large and medium-sized forums on semiconductors, new consumption, and steady growth, with a total of more than 210,000 people participating online and offline.

In 2021, the company completed 4 IPO projects and 2 refinancing projects for high-tech enterprises, one of which was the first debt issuance of a central enterprise group's high-tech startup company. Through these projects, the company helps to improve the independent innovation capability of China in key core technologies, and provides financial support for breaking through the technology bottlenecks.

### **3.4 Supporting Rural Revitalization with Financial Instruments to Promote Common Prosperity**

The company is committed to supporting private enterprises and small and micro real economy enterprises to raise funds. In 2021, the company helped private enterprises and SMEs raise a total of RMB 12.8 billion and RMB 3.2 billion respectively; offered stock pledge service for 5 private enterprises with a total amount of RMB 239 million; issued a total of 7 ABNs for loans to SMEs; and made an equity investment in a private enterprise (Huarai Transportation) with an amount of RMB 20 million. In 2021, the company issued three bonds to support rural revitalization, with a total amount of RMB 2 billion.

Responding to the call of the central government, the company gives full play to its own resources and advantages to contribute to the rural revitalization strategy; through Everbright Futures, one of our subsidiaries, we realize the undertaking, transfer and hedging of agricultural business risks with innovative models such as "insurance + futures" and professional tools such as options and insurance

So far, the company's "insurance + futures" projects cover 57,000 households in Xinjiang, Hunan, Yunnan, Hainan and Henan, including 14,000 registered poor households, with the total insured amount of over RMB 1.3 billion, total premium of RMB 53 million and total compensation amount of over RMB 15 million.

## Supporting rural revitalization through the innovative approach of "insurance + futures"

Guangnan County in Yunnan Province, as a listed poverty-stricken county in 2020, was a key target for national rural revitalization in 2021. In the past few years, the local sugarcane industry has been declining year by year, and the price issue has become a pain point for enterprises and cane farmers. With the support of Zhengzhou Commodity Exchange, Everbright Futures and China Life Property Insurance launched the "insurance plus futures" project for sugar industry in Guangnan County.

The successful operation of the "insurance + futures" project for sugar industry have achieved three roles of consolidating the achievements of poverty alleviation, serving the three rural issues and providing financial services to the real economy, which is a typical case of the futures market serving the national strategy.

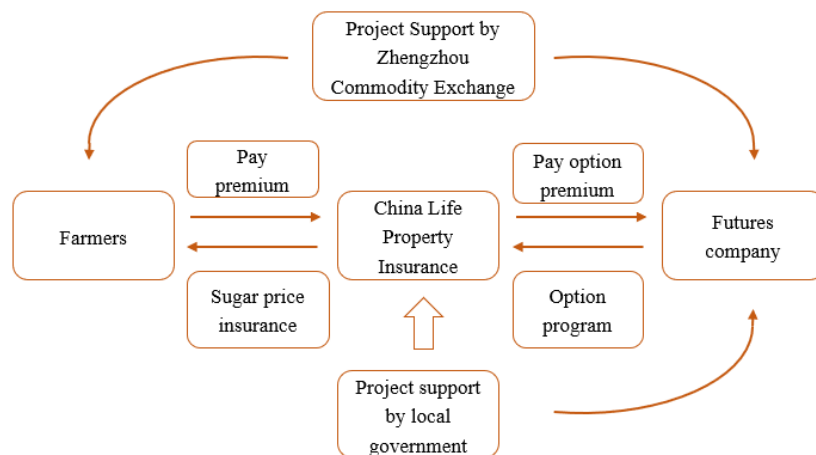


Photo: "insurance + futures" project

## **Chapter IV: Riding on the Momentum - Driving Excellent Services with Technology**

### **Innovation**

Over the past 25 years, Everbright Securities has always adhered to the "customer-centric" service concept, constantly exploring better customer experience and considering the performance and characteristics of different customer groups. In terms of improving service quality, the company has vigorously developed Golden Sunshine APP and E-Counter, continuously optimizing their functions to meet customers' service and product needs. At the same time, we promote digital transformation through intensive management to enhance service efficiency. In terms of wealth management, the company has achieved greater improvement and realized the parallel development of private and public fund distribution systems.

#### **4.1 Improving Customer Experience by Enhancing Both Quality and Efficiency**

##### **4.1.1 Optimizing Platform and Process to Enhance Service Efficiency**

In the securities industry, counter services have long been provided through traditional working modes such as multi-system operation, paper documents and manual work. During the service process, materials need to be printed frequently, and customers are often required to sign their names repeatedly, even for more than ten times, resulting in poor customer experience and low environmental protection effect. In 2021, the company continued to optimize the "one-stop, paperless, full-process" counter service system (E-Counter) for individual customers, simplified the business process in branch networks, and further enhanced the value and quality of the "mobile counter". Customers no longer need to sign their names

repeatedly and fill in identity information, and a total of RMB 1.5 million of printing and distribution costs can be saved each year. In 2021, 724,000 new individual users registered in "E-Counter", an increase of 15.1%. For senior citizens and customers with special difficulties, the company provided door-to-door service via mobile counter. In 2021, 96 senior citizens and customers with special difficulties received the door-to-door service.

For institutional customers, the company vigorously implemented off-site account opening process in 2021 Through centralized information entry and video witness by the headquarters, and self-service activation by customers, customers need not go to the counter throughout the process, which significantly improved the account opening experience. By the end of 2021, the company had provided centralized account opening services for 1,261 institutional customers, effectively improving account opening efficiency.

### Serving special groups - "I do practical things for the masses"

To protect the property and privacy information of customers and provide investors with better trading services, based on the practical activities of "Bearing responsibility with the beginner's mind and doing practical things for investors " and "I do practical things for the masses" on the National Investor Protection Publicity Day in 2021, the company held an symposium at its business office in Tacheng Road, Shanghai, inviting 14 senior investors to the business office site for a special research centered on SSE market services.



Photo: Symposium for senior investors

#### 4.1.2 Improving the Complaint Mechanism to Enhance Service Quality

To safeguard the legitimate rights and interests of customers, the company has established a standardized complaint handling process, which transforms the original passive complaint management into active intervention in the conciliation and communication process, and coordinated all lines to form a closed loop of complaints. In 2020, many customers complained of the difficulty in account cancellation, so the company promoted the online handling of the whole cancellation process. In 2021, a total of 579 complaints were accepted, with the overall effective complaints decreased by 29%; the settlement rate was 100%, and the service satisfaction reached 99%.

### 4.1.3 Information Security Protection

Based on data-driven security, the company establishes in-depth defense, collaborative defense, vulnerability operation and threat operation systems, enhancing its security defense capability from multiple perspectives. According to the guiding ideology of "three bases and six defenses", the company has strictly implemented the evaluation of graded protection work. Strict access control policies are established between the divided security domains to provide security isolation from the architectural design. Security scans and penetration tests are regularly conducted on important information systems and server network segments, so as to quickly repair high-risk vulnerabilities. By deploying security equipment for host intrusion detection, abnormal traffic detection and email sandboxing, we can trace and analyze the attack source of actual hackers' behaviors, further improving the company's information security capacity. 122 drills on information systems, networks and infrastructure in 2021

#### Enhancing network security awareness

In 2021, the company raised the security awareness of all employees mainly from four aspects: release of the security awareness videos, monthly security magazines in wechat official account, quarterly centralized security training and on-site awareness activities in security weeks. A total of 20 security awareness videos were released in sunshine college, 12 monthly security magazines were released in the wechat official account of technical services, 5 centralized training sessions and 1 network security week activity were carried out. At the same time, anti-phishing email attacks and other activities were carried out, covering all departments of the headquarters and 14 branches.

## 4.2 Creating a Distinctive Brand through Multi-level Investment Education

Under the guidance of the Investor Protection Bureau of CSRC, the Securities Association of China, the Futures Association of China and the Asset Management Association of China jointly issued the Guidelines for Handling Complaints from Investors of Securities, Funds and Futures Institutions. The Investor Service and Protection Committee of the Securities Association of China took the lead in formulating the Code of Practice for the Protection of Investors' Rights and Interests of Securities Companies. In 2021, the company revised three system documents and issued two implementation rules in accordance with the external regulations.

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Implementation Rules for Appropriateness Management of the Risk Warning Board of Everbright Securities Limited

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Implementation Rules for Appropriateness Management of Investors in the Brokerage Business of Science and Technology Innovation Board of Everbright Securities Limited

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Implementation Rules for Appropriateness Management of Investors in Bond Market of Everbright Securities Limited (Revised in April 2021)

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Implementation Rules for Appropriateness Management of Investors in Beijing Stock Exchange of Everbright Securities Limited (Trial)

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Implementation Rules for Investor Education on the Beijing Stock Exchange of Everbright Securities Limited (Trial)

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In 2021, the company strengthened the investment education system, and explored the multi-level investment education mode of "online + offline" around hot topics such as the

publicity and popularization of the new securities law, the deep reform of the Growth Enterprise Market, the reform of the New Third Board, the prevention of bond default risks, the prevention of private equity fund risks, and the prevention of over-the-counter financing; the company was committed to improving the level of investment education in terms of service, content and form, so as to better protect the rights and interests of investors and shoulder the mission and responsibility as a securities company of the central financial department. At the same time, relying on the Internet investment education base under construction, the company gradually developed a unified support center for investment education, forming a virtuous cycle of interaction with investors and a close linkage between headquarters and branches to carry out various forms of investment education.

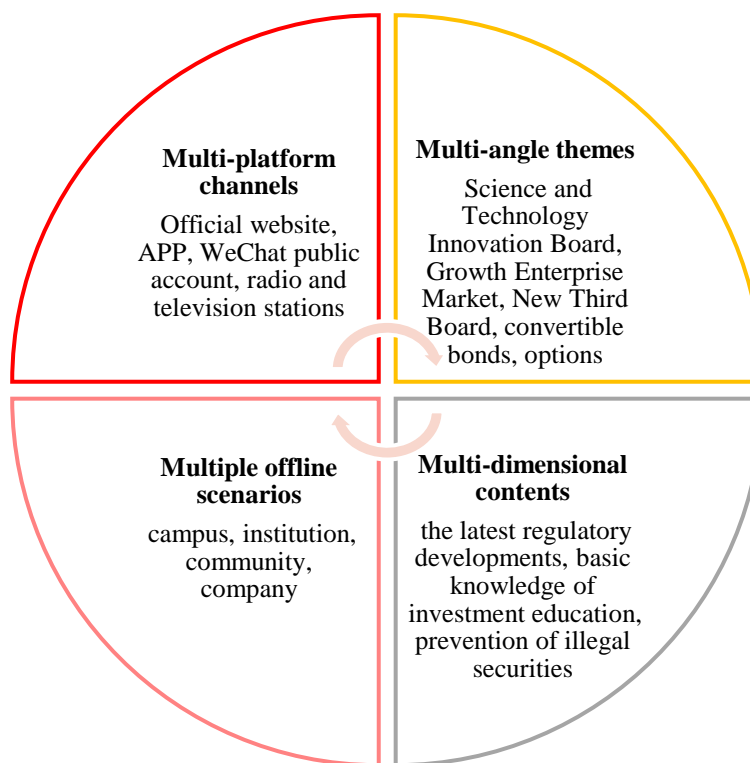


Photo: Multi-level Investment Education System

#### 4.2.1 Optimizing the Online Investor Education

##### Wechat Public Account Of Investment Education Of Everbright Securities

To avoid the spread of the covid-19, the company carries out online investor education through various channels. In 2021, the wechat public account of investment education was upgraded, providing investors with the latest, most comprehensive, and fastest risk announcements and new regulations in the industry, as well as information related to rights protection. More contents highly relevant to investors' rights and interests were added on the wechat public account, such as risk warning and removal, price adjustment of convertible bonds and possibilities of triggering the termination of the fund contract. In 2021, the online investment education contents were released more than 10,000 times through the platform, with about 3.8 million hits. A total of 644 online live broadcasts were carried out, and 72 short videos or animations of investment education were produced and released, covering more than 1.9 million person-times accumulatively.



Photo: Wechat public account of investment education of everbright securities

## "Golden Sunshine Live"

In view of the severe COVID 19 situation in 2021, "Golden Sunshine Live" of Everbright Securities, as an online promotion platform, provided investors with investment education of a number of investment varieties and concepts through graphics and live videos. The live platform focused on fund fixing, snowball structure, fund allocation and private equity product selection, helping investors understand various investment varieties and establish correct investment concepts and realizing the popularization of inclusive finance and investment education through new media. By the end of December 2021, "Golden Sunshine Live" had launched more than 10 columns, held nearly 480 live broadcasts, and served 850,000 people in total. Among them, the special column of "Free Talk of Everbright Securities" attracted 122,000 views in each single session, leading the way in live streaming in China's financial sector.



Photo: "Golden Sunshine" Live Streaming Platform of Everbright Securities

## Jointly Launching An Investor Protection Publicity Campaign Titled "Retracing The 100-Year Path Of The Party, The Red Journey Of Investor Education " With SSE

In 2021, the investor protection bureau of CSRC, together with the SSE and SZSE, organized an investor protection publicity campaign titled "retracing the 100-year path of the party, the red journey of investor education ". As a state-owned financial enterprise inheriting the "red gene", the company, together with the SSE and the shanghai securities regulatory bureau, organized seven activities for investors, the masses and students to publicize the history of the party, the history of red finance and the development history of capital market.

In May 2021, the company supported the thematic propaganda activity of "SSE market with high-quality development" and delivered lectures on "strength - practice and development history of capital market under the leadership of the communist party of china in the past 100 years", "stock market with high-quality development" and "allocation and trading strategy of index funds". Nearly 70 investors from Everbright securities and sister company Everbright bank participated in this investment education activity. Through this activity, investors learned more about the reform and development of the capital market and the achievements under the leadership of the communist party of china.



Photo: Thematic Propaganda Activity Of "SSE Market With High-Quality Development"

#### 4.2.2 Investment Education with Red Themes

##### Holding The Red Investment Education Tour In "Zunyi Station" With SZSE

In June 2021, the company held a thematic symposium of "Protection of Investors' Rights and Interests - Entering the Securities Department" together with SZSE. We invited investors to the business department and held communication and exchange around securities and futures knowledge, relevant laws and regulations of the capital market and rational investment, helping investors identify risks, improve financial literacy and enhance self-protection ability. In addition, we also arranged investors to enter listed companies together, guiding them to raise the awareness of their rights and responsibilities as shareholders, and promoting information exchange between listed companies and investors.



Photo: Red Investment Education Tour in "Zunyi Station"

### 4.2.3 Entering Colleges and Communities

#### National Investment Education Lecturers Entering Colleges And Universities

As one of the first five brokerages in Shanghai, the company was invited to participate in the "Project of Promoting Investor Education into National Education System" organized by SSE and signed a tripartite cooperation memorandum with SSE and Shanghai University of Finance and Economics. In 2021, seven special lecturers of the company went to colleges and universities and gave lectures at Tsinghua University and Shanghai University of Finance and Economics for a total of eight times, covering various fields such as capital market, investment and financing, research and analysis, wealth management and career development, which were well received by teachers and students.



Photo: Investor Education Lecturers of Everbright Securities in the Campus

## Investor Education “Entering Into Community”

In May 2021, Everbright Securities, together with SSE and other units, launched the special investor education activity of "Guard Against Gang Crimes and Do not Fall into the Investment Traps of Securities and Futures" in the Science and Technology Innovation Acceleration Park of Jiading New City and Cultural Community Center of Qingcun Town in Fengxian District respectively, explaining to the backbones of Community Youth League of Jiading New City about illegal securities and futures traps, rational investment and basic knowledge of asset allocation. The activity aimed to guide the youth cadres to have a correct understanding of the capital market, improve their professional knowledge and awareness of risk prevention, create a rational investment culture, and continuously promote investor protection and education through the follow-up publicity and guidance by the youth cadres.



Photo: Investor Education Lecturers of Everbright Securities in the Community

### 4.3 Ensuring Data Security by Technology Innovation

With the rapid development of information technology and the digital transformation of the securities industry, the bearing capacity and complexity of IT systems have risen sharply, posing certain challenges to the capital market. In 2021, in order to better promote the intensive management, the company, following the strategic goal of "building a first-class investment bank in China", revised seven financial technology-related system documents, and formulated the Financial Technology Development Plan of Everbright Securities, realizing the transformation from business support to value innovation; with the wealth management, institutional business, operation management and intensive control comprehensively empowered, the company strove to build a technology-based brokerage, continuously improving its management effectiveness and leading business innovation and transformation in the industry.

In 2021, through innovative systems, product development, and transformation initiatives, the company established a highly efficient management mechanism, reformed the organizational structure of the team, promoted the transformation to independent research and development, and empowered the wealth management business of individual customers. Meanwhile, the company promoted the intensive management of finance and human resources in accordance with the "Administrative Measures for Information Technology in the Securities Institution Industry".

### 4.3.1 Coordinating Innovation Systems

<b>Establishing Innovation Teams</b>	<ul style="list-style-type: none"> <li>• In February 2021, the company established an IT application innovation leading group and an IT application innovation working group, with the CEO and CIO as the leader and deputy leader respectively.</li> <li>• 41 new professional positions were added. Through the effective collaboration of the teams, ten key links including business communication, product design and continuous services were improved, forming the product lifecycle management system.</li> </ul>
<b>Revising Innovation System</b>	<ul style="list-style-type: none"> <li>• The company revised the "IT Project Management Measures" and further improved the IT project management process system for the whole lifecycle, including project creation, procurement, printing, launch and acceptance.</li> <li>• Following the regulatory requirements, industry standards and combined with the actual situation, the company revised five data management systems and implemented data management by category and level</li> </ul>
<b>Developing Talent Teams</b>	<ul style="list-style-type: none"> <li>• The company increased its efforts in recruitment, continuing to introduce qualified and excellent talents in development, product, design and other lines. In 2021, the company introduced more than 60 financial technology talents through various recruitment channels.</li> </ul>
<b>Basic Platforms Building</b>	<ul style="list-style-type: none"> <li>• In terms of data development, centralization computing, and unified scheduling management and control decreased the overall data redundancy reduced by 40% and the data computing power increased by 2 times.</li> <li>• In terms of data governance, the company formulated and implemented 4 sets of big data development specifications, and developed a 4-layer data architecture and 8 big data subject domains, ensuring that data becomes comprehensive, timely, credible and sharable.</li> <li>• In terms of data application, a data index system containing core indicators with specific business, clear scenarios and uniform caliber was initially formed</li> </ul>

### 4.3.2 Empowering Digital Transformation

In 2021, in accordance with the Group's requirements for the "Year of Management Improvement", the company made significant improvements in top-level design, technology application capability, integration of technology innovation and intensive reform, constantly

promoting the digital transformation.

In terms of retail business, the company optimized the integrated mobile financial service platform of Golden Sunshine, and designed and built a one-stop life channel in the Golden Sunshine APP, which efficiently empowered the wealth management business. In 2021, the company increased the coverage of online business processing to 95%, and the conversion efficiency of account opening exceeded 60%, with the average number of monthly active customers exceeding 2.5 million. At the same time, the company launched the account opening system 3.0. Upon continuous iterative upgrade and optimization, the average account opening time on the client side was shortened from the original 13 minutes to the current 9 minutes, while the average conversion rate of account opening increased by 15% compared to the past, reaching 63%. The upgraded online investment advisory zone 2.0 was created, which integrated various service modes such as investment advisory portfolio, live video streaming, live graphic streaming, information perspective, trading circle, and product tips; it greatly enhanced the online business development capability of investment advisory, met more differentiated advisory service needs of customers, and effectively improved customer satisfaction.

**The time efficiency of  
account opening  
increased by more  
than 40%**

**10,000 new  
orders were placed for  
the investment  
advisory products**

**The coverage rate of  
online business  
processing reached  
95%**

In terms of institutional business, the company achieved compliance monitoring of trading behaviors through security control, joint risk control and other middle platform services in 2021, thus providing a safe and extremely fast solution for institutional customers. In the three

areas of trading-related client, middle platform and extremely fast counter, the company completed the selection and project approval of self-developed professional terminals. In addition, the company completed the construction of Lehigh Hongking, a strategy trading platform, which, relying on professional T0 trading strategy service, can automatically trigger T0 trading behavior, attracting a large number of customers to open accounts. At the same time, the platform can enhance the active management capability for institutional trading, thus saving more transaction and labor costs and improving the efficiency of trade execution. We also promoted the selection and project approval of the extremely fast counter to provide more channel options for large institutions and high-net-worth customers.

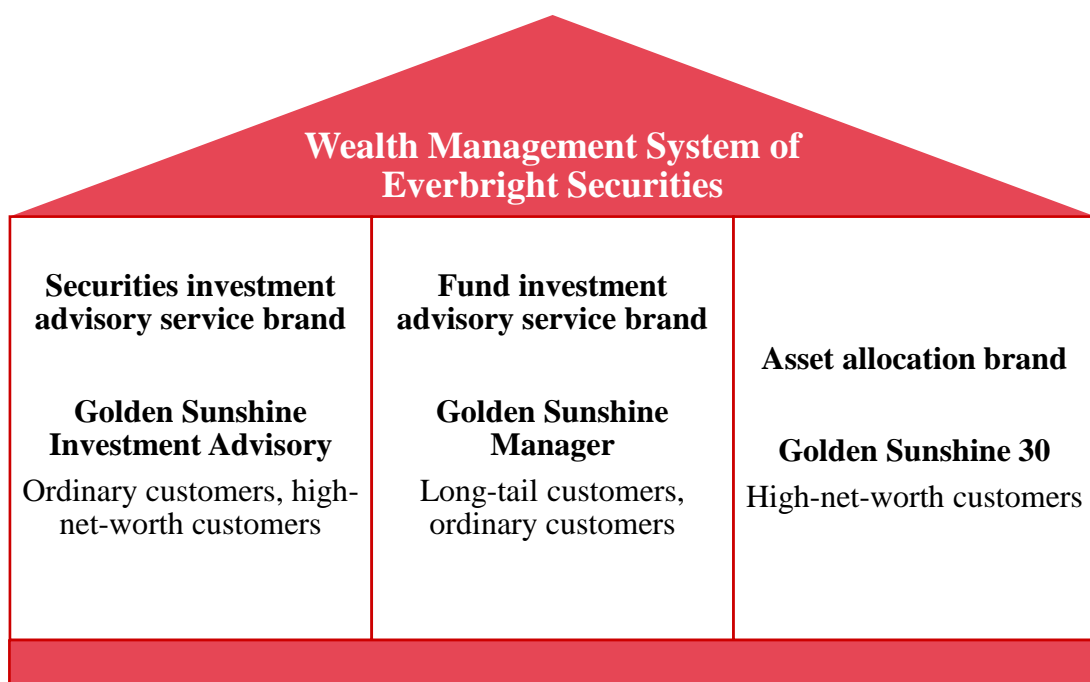
In terms of operation management, the company has interconnected the transmission paths of financial data so that data can be reported automatically. In addition, the company adopted hierarchical authorization and simplified official document approval nodes, reducing the average completion time for official document approval from 168.96 hours in 2019 to 54.1 hours. Meanwhile, the company strengthened the national centralized operation mode, and improved the auditing efficiency of counter business by 60% by means of unified auditing standards and optimized auditing process. The company also introduced intelligent audit assistant technology to enhance the intelligent level of the whole process of account opening, reducing the auditing time by 25% compared with the previous period.

#### **4.4 Product Optimization and Upgrading**

Relying on the advantages of Everbright Group in asset scale, customer base and comprehensive finance, the company has built an integrated product system for institutional services and formed a close bond with investors through nation-wide branches, online and offline channels. As the asset allocation of Chinese residents enters the third stage, the company

is continuously optimizing its wealth management product system based on the "customer-centric and professional-based" wealth management concept.

In 2021, with the release of the new brand "Golden Sunshine 30", the company had gathered three major wealth management brands, "Golden Sunshine Investment Advisory, Golden Sunshine Fund Manager and Golden Sunshine 30", forming a comprehensive investment advisory system that covers all areas from inclusive finance to private wealth.



The company is committed to making "Golden Sunshine 30" an industry-leading panoramic wealth management platform, with which a deep connection between core customers and high-quality assets can be established. Through the product research, evaluation and allocation system containing 30 high-quality private equity administrators and 30 outstanding public fund managers, the company creates a pool of preferred products and provides customized asset allocation portfolios based on customers' individual needs to achieve wealth preservation and appreciation.



Photo: Release of the "Golden Sunshine 30"

In 2021, the company adopted the fund brokerage settlement model to improve its wealth management capability on the product side. With, the company can provide high-quality customized public fund products, thus improving customer satisfaction. We actively launched public fund brokerage settlement products in the new competitive field. As of the end of 2021, we had issued a total of 13 such products, with an issuance size of RMB 15.4 billion, which created a good brand image in the whole market of the public fund brokerage settlement business.



## **Chapter V: Keeping the Beginner's Mind Forever - Building a Wonderful Homeland with Concerted Efforts**

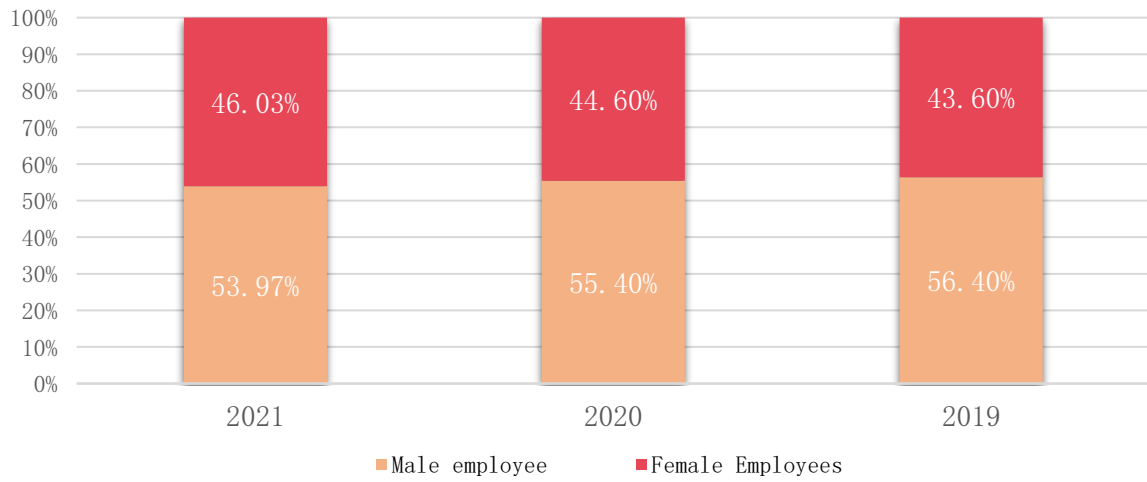
### **5.1 Working with Employees to Build a Better Everbright Securities**

#### **5.1.1 Employee Recruitment**

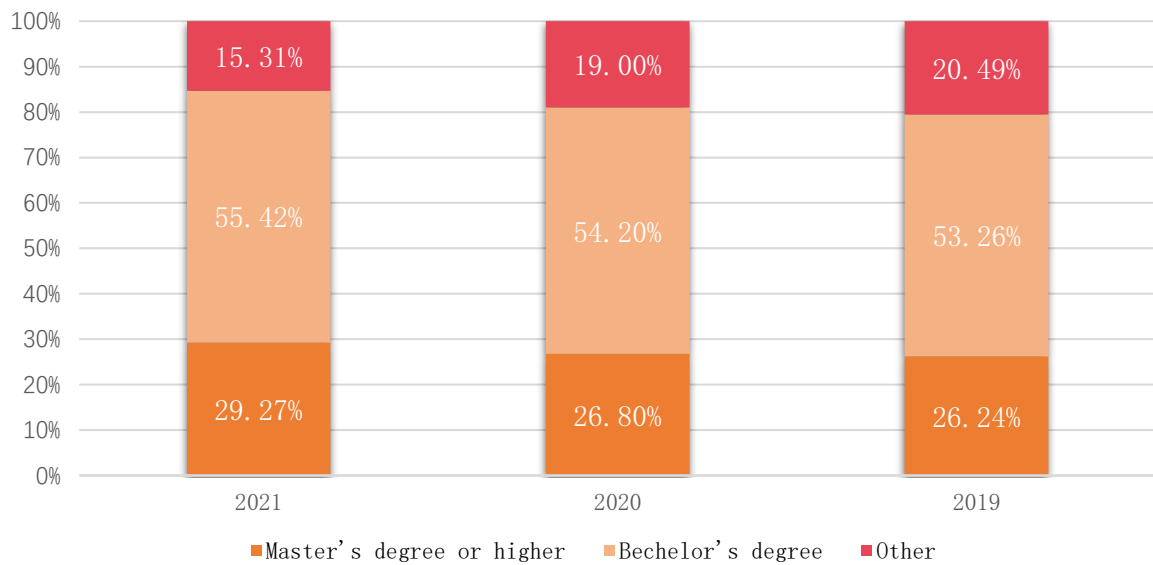
The company always adheres to the people-oriented development concept and follows the recruitment principle of equality and legality. In strict compliance with the requirements of the Labor Contract Law of the People's Republic of China, the Labor Law of the People's Republic of China and other relevant laws and regulations, we have formulated and implemented a series of salary and welfare distribution policies to protect the legitimate rights and interests of employees. According to the legal requirements, the "Administrative Measures for Employee Recruitment" has been formulated, which stipulates that the recruitment of employees should be fair, just and open, and follow the principles of strict selection for competitive talents and equal stress on integrity and ability. There are two main types of recruitment: internal recruitment and external recruitment. We strictly manage the recruitment process, prohibit child labor, and resist all forms of forced recruitment and compulsory labor. Meanwhile, we practice the concept of diversity in recruitment and eliminate discrimination in various aspects such as age, gender, ethnicity, race, marital status, and religious belief.

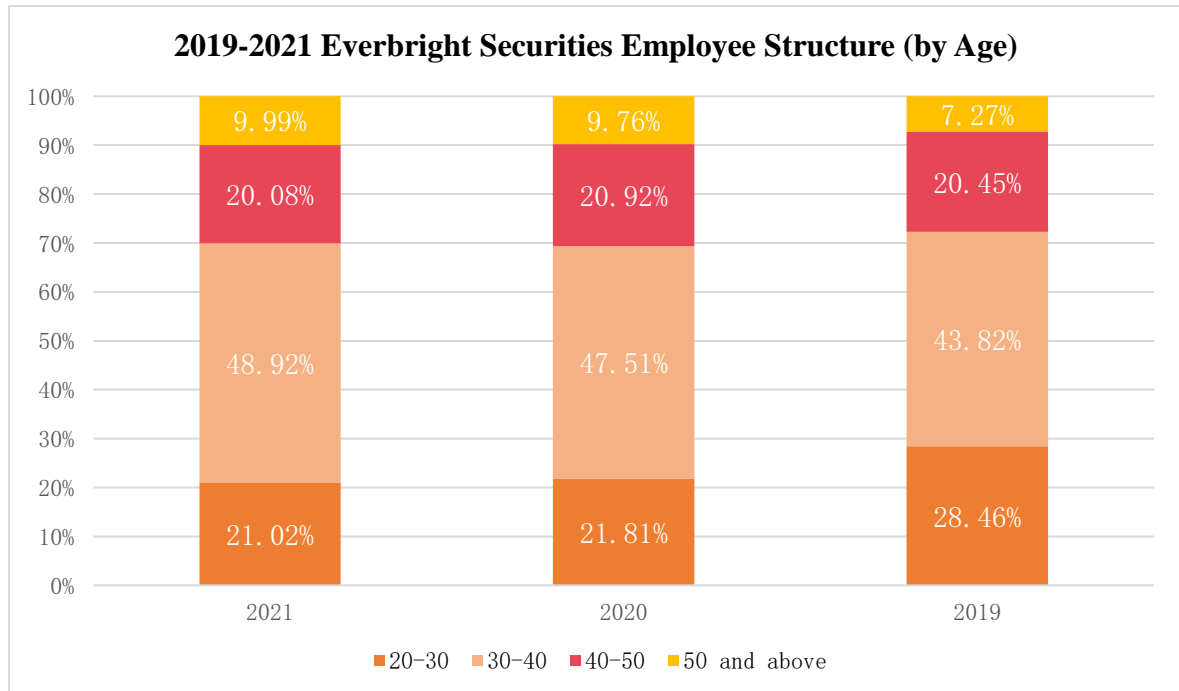
As of December 31, 2021, Everbright Securities had a total of 8,760 existing employees; the employee turnover rate at headquarters was 9.37%, down 1.3% year-over-year.

**2019-2021 Everbright Securities Employee Structure (by Gender)**



**2019-2021 Everbright Securities Employee Structure (by Educational Background)**





### 5.1.2 Protection of Employees' Rights and Interests

The company has revised the "Administrative Measures for Attendance and Leave of Employees of Everbright Securities Limited" and "Administrative Measures for Compensation and Benefits by the Headquarters of Everbright Securities Limited, providing protection for the rights and interests of employees from the system level. In addition to statutory annual leave, the company has set up additional paid leave, which can be enjoyed according to employees' working years and service time with the company, and has extended maternity leave and parental leave for female employees in response to the call of the government.

In response to the national common prosperity strategy, the company has optimized the salary structure of employees, expanded the proportion of middle-income groups, and adhered to the principle of distribution according to work and more pay for more work; at the same time, the company has reasonably set the salary gap between employees of different ranks, positions and performance to form a salary mechanism that balances fairness and efficiency. In 2021, the company repeatedly discussed the optimization of the salary structure of lower ranks, and tilted the salary resources to basic positions, front-line positions and real talents; the company reasonably reduced the over high income and expanded the proportion of middle-income groups, creating an olive-shaped income structure. The optimized salary system is expected to be formally implemented from 2022.

The company always practices its social responsibility and works with the state to protect employees' life after retirement. Since the official implementation in 2008, the company's corporate annuity plan has been running for more than 10 years. In 2021, the company increased the ratio of corporate contribution in corporate annuity and set up quarterly reporting to keep track of the operation of the annuity. After the optimization, the number of

employees participating in the corporate annuity program increased by 17%.

The company held several symposiums to communicate with representatives of business units around compensation, incentives, benefits and other related contents. In addition, we actively promoted the work of the Workers Congress and the Trade Union Member Congress. Four employee representative meetings were held, on which we considered 24 systems or program documents involving the vital interests of employees.

### "I Am the Speaker" Activity

With the theme of "Talking About Employee Benefits", the activity provided a comprehensive introduction and interpretation of the latest corporate annuity, supplementary medical insurance, women's health insurance, annual physical examination and other welfare policies that employees care about, and timely answers to their questions. In 2021, a total of four micro-lectures were recorded and launched, with over 4,200 views.



Photo: "I Am The Speaker" Activity

### 5.1.3 Employee health and safety

The physical and mental health of employees is the premise of doing a good job. In 2021, to further protect the occupational health of employees, the company optimized the supplementary medical insurance for employees to reduce their burden of medical expenses, and provided more types of special insurance to meet their different needs.

**Purchased the special epidemic insurance for existing employees to cope with the COVID-19 and protect the life safety of employees**

**Specially insured female employees with the female health insurance to reduce the economic burden in case of of sickness**

**Insured employees with various local Huimin insurance products, which complemented the company's group insurance.**

At the same time, we optimized the physical examination plan and organized annual physical examinations for employees. On the premise of meeting the requirements of epidemic prevention and control, we organized on-site and online publicity for many times, and invited doctors to the company for one-on-one consultations and interpretation of physical.

## "Sunflower" health care action for employees

In 2021, the company carried out the "Sunflower" health care action for employees, caring for employee health through live training and release of health-related articles. In two live training sessions titled "Keep Happy in the Workplace - Stress Management Training" and "The Code of Happiness: The Power of Positive Thinking", the university lecturers and psychological consultants shared with employees how to change their thinking perspective, establish a healthy mood, and actively and reasonably face stress through case studies. A total of six health management-related articles were released, which introduced physical and mental health tips for employees, so as to lay a solid foundation for efficient work.



Photo: Lecture On Stress Management In The "Sunflower" Health Care Action For Employees

#### **5.1.4 Employee Training and Development**

The company has formulated rank management measures and continuously optimized the rank system to broaden the career development path for employees. In 2021, the company accelerated the "7, 8, 9" talent project, opened up talent attraction channels and strengthened internal talent cultivation; while selecting and cultivating outstanding young talents, the company also created more development opportunities and platforms for the older backbones to stimulate their work and entrepreneurial enthusiasm. In addition, the company provided a stage for employees with ideas and abilities by means of public election of young talents and training in temporary posts.

To further promote employee training and development, the company optimized the education and training management system and internal lecturer management system. We encouraged cadres to pursue further study and certification, provided more promotion channels for lecturers, and efficiently used internal lecturer resources, so as to stimulate cadres' enthusiasm for independent learning. The company organized several training programs titled "Elite Program", "Flying Eagle Program", "Sailing Program" and "I Am the Speaker", and carried out training for cadres, reserve talents, new employees, and professional talents by rank and category.



### **Elite Program - Reserved talents and young backbone**

Through the combination of training and practice, improve the ability of talents in all aspects and empower the professionalism of reserve talents, effectively enhancing their self-awareness, management, leadership and other abilities.

### **Eagle Program - New employees**

Through the combination of online and offline training such as lectures, interactive exchanges and post-class tests, help new employees quickly understand the company's corporate culture and enhance their sense of identity with the company.



### **Sailing Program - Young cadres**

Cultivate young cadres to quickly improve the ideological awareness of performing their duties and enhance their professionalism.

On the one hand, the company continued to strengthen its internal lecturer team, so as to inherit business experience, carry forward corporate culture and spread the voice of Everbright. We formed a group of special lecturers to teach professionals and new employees within the company, and also let them enter colleges and universities, including Tsinghua University and Shanghai University of Finance and Economics, to share experience and knowledge with the younger generation and create a high-quality employer brand image. On the other hand, in 2021, the company hired external experts and conducted two sessions of "Sunshine Lectures" training to strengthen employees' financial professional ability and official writing level.



Photo: Special Training of Sunshine Lectures - Financial Statement Analysis

We have set up the learning platform and enterprise WeChat public account of Sunshine College to provide employees with online learning materials and timely training information. By the end of 2021, a total of 990 courses had been launched on the platform, with 270,000 employees learning online and 155 pieces of learning information published on the WeChat public account.

As of the end of December 2021, the overall training of the company's employees was as follows:



A total of 2,030 training sessions were organized, with a 100% employee coverage rate



Employees' participation in training reached 302,776 person-times



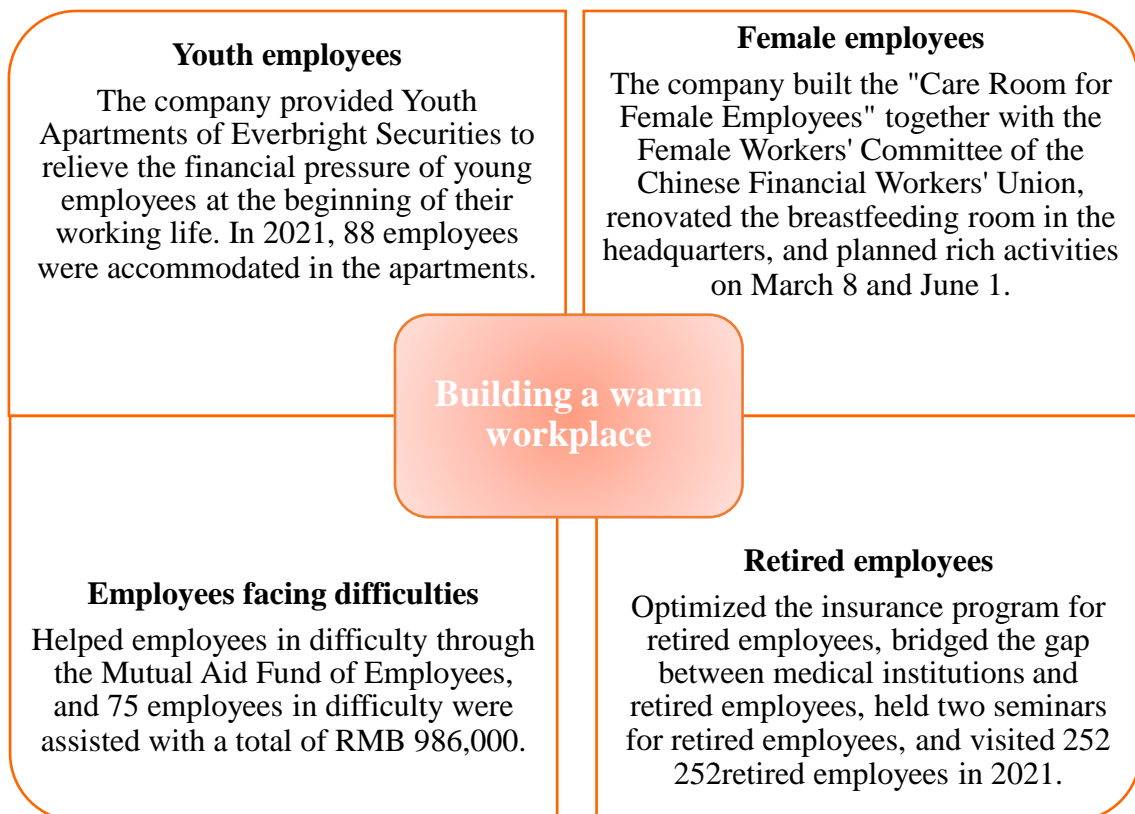
The total number of training hours were 928,232.55 hours



The average number of training hours of employees reached 105.96 hours

### 5.1.4 Employee Care

The company took different employee care measures according to the specific situation, which effectively relieved the pressure of employees caused by the difficulty in rental of housing for young employees, breastfeeding for female employees and so on.



Developed online activity platform and celebrated the 100th anniversary of the founding of the Party with the theme of "Follow the Party Forever".



The company advocates the concept of keeping a balance between work and leisure, and strives to create a dynamic workplace. In 2021, the company organized rich recreational and sports activities, participated in a sports event with other enterprises of the Group in Shanghai, as well as football and basketball matches held by the securities association, and held youth fellowship activities with other units in the region.



## **5.2 Lighting up and Warming the Society with Love**

### **5.2.1 Consolidating the Achievements of Poverty Alleviation with Love**

With "true love, sincerity and devotion", the company insists on helping poverty-stricken counties consolidate the achievements of poverty eradication and realize rural revitalization. After working on poverty-stricken areas for many years, the company has developed the "One to Five" assistance practices of Everbright and created an innovative model of comprehensive assistance represented by "Securities+", which has served as a good social demonstration. Since 2016, the company has invested a total of RMB 80 million in poverty alleviation and various social welfare projects, helped enterprises in poverty-stricken areas raise nearly RMB 5 billion, and insured nearly 400,000 teachers and students in supported areas with major disease insurance for three consecutive years, with a total coverage of nearly RMB 33 billion.



Figure: Innovative Assistance Model with Characteristics of Everbright Securities

The year 2021 was the opening year of the 14th Five-Year Plan, also a year when we consolidated and expanded the achievements of poverty eradication and effectively promoted rural revitalization. The company deepened financial poverty alleviation and established an effective mechanism to prevent long-term re-poverty by implementing the "Securities + Precise Integrated Poverty Alleviation" model of "Finance + Consumption + Industry + Medical Care + Education + Infrastructure + Public Welfare", which better connected the achievements of poverty eradication with rural revitalization.



Figure: Poverty Alleviation Practices with Characteristics of Everbright Securities



#### **Assistance by finance**

In 2021, our subsidiary Everbright Futures successfully issued a policy for the pig feed "insurance + futures" project in Xintian County, Hunan Province. The total premium of the project was RMB 900,000, covering 25,000 pigs with a coverage value of nearly RMB 25 million, which reduced the financial pressure of farmers, brought practical benefits to them and effectively prevented long-term repoverty.



#### **Assistance by Consumption**

In 2021, the company purchased agricultural products from poverty-stricken areas with a total of RMB 1,956,000, including RMB 343,100 for those from Xintian County, Hunan Province, a targeted area for assistance of the Group.



#### **Assistance by Party building**

In 2021, the company arranged three Party branches to jointly carry out Party day activities with the themes of "Guard Children's Growth with Love" and "Study and Implement the Spirit of the Sixth Plenary Session of the 19th CPC Central Committee", and donated materials and a sum of RMB 65,000 to targeted areas..

## 5.2.2 Raising Hope for Teenagers with Love

### Student Aid – Everbright Daozhu Primary School

In 2021, the company carried out the "Sunshine Student Aid" activity, and donated books, desks and chairs to the "Everbright Daozhu Primary School" located in Huanglian Township, Zunyi City, as well as financial aid and gifts to students in need, and held the "Bravely Grow Without Fear of Setbacks" psychological counseling lecture to the students, supporting more than 500 teachers and students. In addition, the company carried out the clothing donation with the theme of "Learn the History of Party and Do Practical Things", collecting more than 1,000 pieces of cold-proof clothing for the students of Everbright Daozhu Primary School, so that the students can spend the winter with peace of mind and warmth. So far, 40 students graduated from "Everbright Daozhu Primary School" have been admitted to high schools and 10 students have been admitted to universities.



Photo: Everbright Daozhu Primary School

### 5.2.3 Assisting the Disaster-Stricken Areas with Love

#### Standing together through storm and stress--assisting Henan

In July 2021, Henan Province was hit by rare heavy rains and severe floods. At that time, the Party Committee of the company held an emergency meeting to fully know the local situation and the flood control response measures of the business department there, and set up a working group to assist in the flood control response work. Responding to Everbright Group's "Notice of Donation to Support Flood Control and Disaster Relief in Henan" at the first time, we coordinated all of our subsidiaries to donate RMB 3 million to the disaster-hit areas in Henan Province for flood control, disaster relief and post-disaster reconstruction.



#### 慰问信

公司驻豫各单位全体员工：

近日，河南省遭遇极端强降雨，郑州市更是普降特大暴雨，防汛形势十分严峻。在此，公司向驻豫各单位、全体员工及家属表示深切慰问。

汛情就是命令。在这个需要大家众志成城、齐心协力的关键时刻，公司各单位要坚决贯彻习近平总书记对防汛救灾工作作出的重要指示，按照集团和公司党委部署，发挥基层党组织战斗堡垒作用和党员先锋模范作用，切实组织群众、发动群众、服务群众，全力确保员工安全、客户安全和经营安全，尤其以人的安全为第一。

灾害无情，光大有爱。公司将竭尽所能做好支持保障工作，当好你们的坚强后盾。让我们携起手来，听从指挥、并肩作战，积极参与防汛工作，奋力夺取全面胜利！

祝一切顺利，平安健康！

公司党委书记、董事长：



2021年7月22日

In addition, the company actively offered protection for the lives and properties of people in the disaster-hit areas. We took various safeguard measures for off-site trading, ensuring the safety and stability of the trading and operation systems, provided corresponding service guidelines, and encouraged local customers in Henan to conduct securities trading through Golden Sunshine APP, online trading client, Everbright Securities Micro News and Micro Service.

## 5.2.4 Participating in Volunteer Activities with Love



The company continuously encouraged employees to participate in blood donation. In 2021, a total of 26,400ml of blood was donated by the our employees.



The company provided protection for employees in the post-epidemic period and distributed epidemic prevention materials to areas with serious epidemic.

## 5.3 Contributing to Green Future by Low Carbon Actions

### 5.3.1 Reducing Resource Waste

As green office has become an inevitable choice in the low-carbon era, the company actively advocates green management and green operation, and consciously integrates the concept of green development into its business and daily operations from management details. In 2021, the company promoted paperless transformation in its services and operations. We held meetings by means of video and voice, and conducted electronic process and approval through OA system, e-mail, SMS platform, WeChat and so on, effectively reducing dependence on resources while improving management efficiency.

The company identified behaviors that can consume more resources in daily operations and effectively reduced such behaviors by strengthening management on papers, water resources, employee canteens, and waste separation.



### Paper

- Implemented OA electronic processes and approval procedures, promoted the use of e-mail or circulating documents to transmit information; and set office computers to double-sided printing by default and single-sided printing only when necessary.



### Water resources

- Installed automatic sensor taps in public areas to reduce water waste. Water consumption dropped from 22.96 tons/person in 2018 to 12.70 tons/person in 2021.



### Waste

- We installed four types of waste separation bins on each floor of the company to enhance employee's awareness of recycling.



### Food

- Strengthened the refined management of staff cafeterias, launched the "Cherish food and oppose waste" campaign, and avoided food waste from the source through the "Smart Catering" system. After the campaign, food waste decreased by 45% compared with before.

### 5.3.2 Reducing Carbon Emissions to Address Climate Change

Regarding energy use, the company has taken effective measures to create an atmosphere of energy saving and carbon reduction to cope with the impact of climate change. We are constantly improving the level of energy management, and have taken targeted measures to promote energy saving and emission reduction in the main energy consumption aspects such as fuel use of official vehicles, electricity consumption in data center and offices.

#### Resource Consumption and GHG Emissions of Everbright Securities in 2021

	2019		2020		2021	
	Total	Density	Total	Density	Total	Density
<b>Resource consumption</b>						
Office electricity consumption	28,035,385 kWh	3,200.75 kWh/person	26,201,022 kWh	2,835.61 kWh/person	30,937,342 kWh	3531.67 kWh/person
Office water consumption	118,549 ton	13.53 ton/person	74,540 ton	8.07 ton/person	111,235 ton	12.70 ton/person
Natural gas	-	-	-	-	34,669 cubic meters	3.96 cubic meters/person
Gasoline consumption	351,463 L	40.13 L/person	458,187 L	49.59 L/person	253,322 L	28.92 L/person
Diesel consumption	435.19 L	0.05 L/person	0	0	8,215 L	0.94 L/person
Paper	148 ton	0.02 ton/person	136 ton	0.01 ton/person	160.30 ton	0.02 ton/person
<b>Wastes</b>						
Waste ink cartridge	2,620 piece	0.30 piece/person	1,706 piece	0.18 piece/person	2,690 piece	0.31 piece/person
Waste toner	-	-	540 kg	0.06 kg/person	1,838 kg	0.21 kg/person
Waste toner cartridge	2,693 piece	0.31 piece/person	3,250 piece	0.35 piece/person	5,824 piece	0.66 piece/person

Waste fluorescent tube	6,797 piece	0.78 piece/person	2,057 piece	0.22 piece/person	1,254 piece	0.14 piece/person
Office Waste	451 ton	0.05 ton/person	246 ton	0.03 吨/人	1,408 ton	0.16 ton/person
<b>温室气体排放</b>						
Total direct energy consumption	3,033,925 kWh	346.38 kWh/person	3,977,411 kWh	430.46 kWh/person	2,574,001 kWh	293.84 kWh/person
Total indirect energy consumption	28,035,384 kWh	3,200.75 kWh/person	26,201,022 kWh	2,835.61 kWh/person	30,937,342 kWh	3531.66 kWh/person
Total GHG emissions	19,886.20 ton	2.27 ton/person	23,085 ton	2.50 ton/person	18,789 ton	2.14 ton/person
- Direct GHG emissions	771 ton	0.09 ton/person	995 ton	0.11 ton/person	648 ton	0.07 ton/person
- Indirect GHG emissions	19,115 ton	2.18 ton/person	22,090 ton	2.39 ton/person	18,142 ton	2.07 ton/person

Notes.

1. Air pollutant emissions sources are typically grouped into two categories: stationary and mobile sources. Emissions from stationary sources are calculated based on the First National Census of Pollution Sources: Production Coefficients of Urban Domestic Source Pollutants; emissions from mobile sources are calculated based on the Technical Support Document: Preparation of the Inventory of Air Pollutant Emissions from on-Road Motor Vehicles (Trial). In addition, the relevant official vehicles mainly consist of those that meet the National Fourth Emission Standard, so the emission coefficients of the National Fourth Emission Standard are used for the calculation of the relevant mobile sources.
2. The data of GHG emissions is presented based on carbon dioxide equivalents, and is calculated in accordance with the "Guidelines for Accounting and Reporting of Corporate Greenhouse Gas Emissions: Power Generation Facilities (Revised in 2021)" issued by the Ministry of Ecology and Environment of China and the "2006 IPCC Guidelines for National Greenhouse Gas Inventories" published by the Intergovernmental Panel on Climate Change (IPCC).
3. Direct GHG emissions are mainly produced from the consumption of natural gas, diesel fuel for facilities, coal gas, and fuel for official vehicles.
4. Indirect GHG emissions are mainly produced from the consumption of purchased electricity.
5. Hazardous wastes involved in the company's operations are handed over to qualified professional companies for disposal, the main types of which are waste ink cartridges, toner and toner cartridges of the office printing equipment. The data disclosed herein are at the level of headquarters, branches, subsidiaries and sales departments in 2021.
6. Due to the change of the company's statistical caliber, some of the data show significant changes compared with the previous year.

### **5.3.3 Improving Supply Chain Management and Advocating the Green Concepts**

The company advocates the ecological concepts of "safety, environmental protection and green" and follows the procurement principles of "fairness, openness and compliance". We strictly control the source of procurement, use standard products, identify bid-rigging behaviors through technical means, and punish fraudulent suppliers in a timely manner. In 2021, the company formulated and issued the "Supplier Management Specification of Everbright Securities Limited (Trial)", which further clarified the requirement of "recalling all that should be recalled", announced the results of non-public procurements, and strengthened social supervision, ensuring the institutionalized and standardized management of suppliers.

## Building A Better Ecology Together - "Everbright Forest" Planting For Many Years

Sanjiangyuan is known as "China's Water Tower". In this era of increasingly severe climate change, we have kept a close eye on the ecological environment there. Since 2017, the company has arranged employee representatives to go to Xining, Qinghai, to participate in forest planting every year. By constructing the cofferdams and carrying water for irrigation, we have planted about 200 trees, creating a green area of over 40 mu, with an investment of more than RMB 300,000. The "Everbright Forest" activity has effectively enhanced the green development awareness of the company's employees.



Photo: Employee Representatives Participate in "Everbright Forest" Planting in Sanjiangyuan

## Appendix 1 HKEX ESG Indicators

Scope A. Environment		
<b>A1 Emissions</b>	<b>Indicator description</b>	<b>Index position</b>
	A1.1 The types of emissions and respective emissions data	5.3 Contributing to Green Future by Low Carbon Actions
	A1.2 Direct (scope 1) and indirect energies (scope 2) greenhouse gas total consumption (in tonnes) and, where appropriate, intensity(if calculated in unit of production and each facility)	5.3 Contributing to Green Future by Low Carbon Actions
	A1.3 Total hazardous waste produced (in tonnes) and, where appropriate, intensity (if calculated in unit of production and each facility)	5.3 Contributing to Green Future by Low Carbon Actions
	A1.4 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (if calculated in unit of production and each facility)	5.3 Contributing to Green Future by Low Carbon Actions
	A1.5 Description of settled emission targets and measures taken to achieve such targets	5.3 Contributing to Green Future by Low Carbon Actions
	A1.6 Description of methods to	5.3 Contributing to Green Future by

	dispose hazardous and non-hazardous waste, and description of settled waste reduction targets and measures taken to achieve such targets	Low Carbon Actions
<b>A2</b> <b>Use of Resources</b>	A2.1 Direct and/or indirect energy consumption by type (e.g. Electricity, gas or oil) in total (kWh in '000s) and intensity	5.3 Contributing to Green Future by Low Carbon Actions
	A2.2 Total water consumption and intensity (if calculated in unit of production and each facility)	5.3 Contributing to Green Future by Low Carbon Actions
	A2.3 Description of settled energy use efficiency targets and measures taken to achieve such targets	5.3 Contributing to Green Future by Low Carbon Actions
	A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, and the water efficiency targets as well as measures taken to achieve such targets	As the business operations of the company involve no significant use of water resources, and stakeholders have not expressed more concerns about this issue, we have not disclosed this indicator.
	A2.5 Total packaging material used for finished products and, if applicable, with reference to per unit produced	Not applicable due to the nature of the business

<b>A3</b>  <b>Environment and Natural Resources</b>	A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	Not applicable due to the nature of the business
<b>A4</b>  <b>Climate change</b>	Identification and response to major climate policies that may exert impacts on the issuer.	The company plans to disclose this in the future
	A4.1 Description of significant climate matters that may exert impacts on the issuer and the response and actions	The company plans to disclose this in the future
<b>Scope B Social</b>		
<b>B1</b>  <b>Employment</b>	<b>General Disclosure</b>  B1.1 Total workforce by gender, employment type, age group and geographical region	5.1.1 Employee Recruitment
	B1.2 Employee turnover rate by gender, age group and geographical region	5.1.1 Employee Recruitment
<b>B2</b>  <b>Health and Safety</b>	B2.1 The number and rate of people who died from work in the past three years (including the reporting year.	During the reporting period, no work-related deaths or injuries occurred.

	B2.2 Lost days due to work injury	During the reporting period, there were no cases of loss of work due to work-related injuries
	B2.3 Description of occupational health and safety measures adopted, how they are implemented and monitored	5.1.3 Employee health and safety
<b>B3</b> <b>Employment and promotion</b>	B3.1 The percentage of employees trained by gender and employee category	5.1.4 Employee Training and Development
	B3.2 The average training hours completed per employee by gender and employee category	5.1.4 Employee Training and Development
<b>B4</b> <b>Labor Standards</b>	B4.1 Description of measures to review employment practices to avoid child and forced labor	5.1.1 Employee Recruitment
	B4.2 Description of steps taken to eliminate such practices when discovered	The company plans to disclose this in the future
<b>B5</b> <b>Supply Chain Management</b>	B5.1 Number of suppliers by region	The company plans to disclose this in the future
	B5.2 Description of practices relating to engaging suppliers,	The company plans to disclose this in the future

	number of suppliers where the practices are being implemented, how they are implemented and monitored	
	B5.3 Description of practices to identify environmental and social risks at each link of supply chain, and corresponding execution and supervision methods	The company plans to disclose this in the future
	B5.4 Description of practices of urging selected suppliers to use more environmental products, and corresponding execution and supervision methods	The company plans to disclose this in the future
<b>B6</b> <b>Product</b> <b>Responsibility</b>	B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons	Not applicable due to the nature of the business
	B6.2 Number of products and service-related complaints received and how they are dealt with	4.1.2 Improving the Complaint Mechanism to Enhance Service Quality
	B6.3 Description of practices relating to observing and protecting intellectual property rights	2.5 In-depth compliance
	B6.4 Description of quality	Not applicable due to the nature of

	assurance process and recall procedures	the business
	B6.5 Description of consumer data protection and privacy policies, how they are implemented and monitored	4.1.3 Information Security Protection
<b>B7</b>  <b>Anti-corruption measures</b>	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	The company plans to disclose this in the future
	B7.2 Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	2.5 In-depth compliance
	B7.3 Description of anti-corruption trainings for directors and employees	2.5 In-depth compliance
<b>B8</b>  <b>Community Investment</b>	B8.1 Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sports).	5.2 Lighting up and Warming the Society with Love
	B8.2 Resources contributed	5.2 Lighting up and Warming the Society with Love



## Appendix 2 Feedback Form

Thank you for reading the 2021 Environment, Society and Governance Report of Everbright Securities Limited. To improve the company's ESG management, we expect you to put forward valuable comments and suggestions by filling out the feedback form. Please choose any of the following methods to give us feedback

Email: [ebs@ebsecn.com](mailto:ebs@ebsecn.com)

Address: No.1508, Xinzha Road, Jingan District, Shanghai

Tel: (8621) 2216-99144

1. Which of the following types of stakeholders do you belong to?
<input type="checkbox"/> Government <input type="checkbox"/> Regulator <input type="checkbox"/> Shareholder <input type="checkbox"/> Customer <input type="checkbox"/> Employee <input type="checkbox"/> Partner <input type="checkbox"/> Other
2. What do you think of the quality of this report?
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