



东方证券  
— D F Z Q —

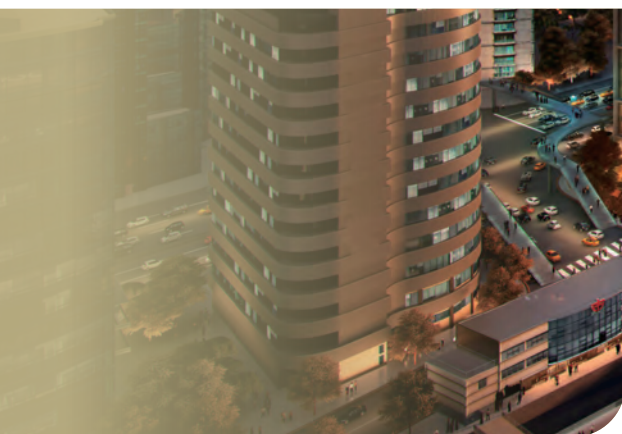
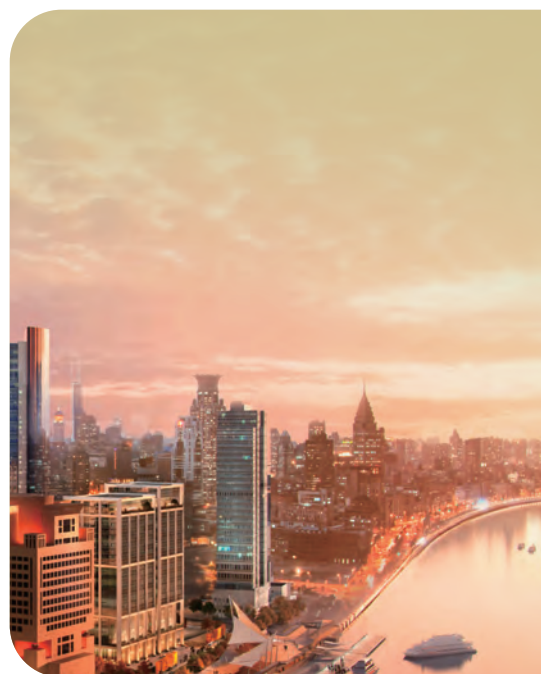
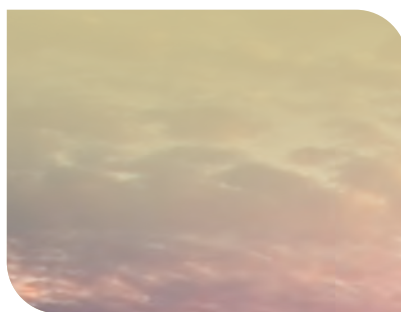
25<sup>th</sup>  
1998-2023

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

Stock code: 03958



# 2022 Environmental, Social And Governance Report



# DFZQ 2022 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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# DFZQ 2022 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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

The report of the 20th National Congress of the Chinese Communist Party proposed to persist in putting the focus of economic development on the real economy. As an important participant and builder of the capital market, securities companies play an important role in serving the real economy. DFZQ always adheres to the fundamental purpose of supporting the real economy with financial services, actively performs the responsibilities as a financial state-owned enterprise, integrates its development into the national strategy, resonates with the new era, and strives to start a new journey of high-quality development of the Company.

The Company attaches great importance to ESG management and actions. Under the supervision and guidance of the Sustainable Development Committee, the Company has fully integrated ESG factors into its strategy, business and risk management, and is committed to providing high-quality services to clients while fully implementing the Company's sustainable development objectives in the four major aspects of governance, economy, environment and society during the "14th Five-Year Plan" period, and has achieved important results in supporting the high-quality development of the real economy, promoting the healthy and stable operation of the capital market, facilitating green and low-carbon transformation and fulfilling social responsibilities.

**Strengthening sustainable development management capabilities.** The Board of Directors oversees and is ultimately responsible for sustainable development matters, and has established the Sustainable Development Committee under the operational management, which is responsible for taking the lead in formulating the overall planning and objectives of sustainable development and ESG management, and identifying and managing ESG risks and opportunities. In 2022, the Company issued various ESG management documents, including the Statement of the Board on Environmental, Social and Governance (ESG) Management, to regulate and effectively promote sustainable development efforts. In terms of implementation of sustainable development efforts, the sustainable development working group of the Company is responsible for implementing the resolutions and instructions of the Sustainable Development Committee and coordinating various departments to carry out sustainable development and ESG-related tasks.

**Identifying key issues in sustainable development management.** The Company has established regular communication channels with stakeholders, including shareholders and investors, customers, employees, government and regulatory authorities, suppliers and partners, and the community. In 2022, the Company selected 19 material topics and ranked the importance of the topics, taking into account the main concerns of macro policies, stock exchanges and ESG rating agencies, and based on the results of industry benchmarking and expert analysis. In 2022, taking into account the key concerns of regulatory authorities and ESG rating agencies, the Company added "ESG risk management" as a material topic of high importance, and increased its focus on the topic of "information security and privacy protection", and has implemented comprehensive monitoring and management of key issues in its management practices throughout the year. Please refer to section 1.3 of this report for details of the topic identification process and results.

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**Fully improving sustainable development performance.** In 2022, under the guidance of the “DFZQ Sustainable Development Plan”, the Company vigorously promoted financial businesses related to sustainable development, conducted industry culture performance appraisal and implemented the rural revitalization strategy to steadily facilitate the implementation of sustainable development objectives in the four major aspects of governance, economy, environment and society. In 2022, the Company’s industry culture building performance appraisal covered 33 entities within the Group, achieving 100% coverage, including relevant indicators of sustainable development; in 2021-2022, the Company has directed a total of over RMB200 billion of funds into the sustainable development sector; compared with last year, total greenhouse gas emissions under Scope 1 and Scope of the parent company decreased by 12%; in 2021-2022, the Group has invested RMB64.36 million in public welfare in the social sector, and the coverage rate of employee volunteer services reached 26.87%.

In 2022, the Company was frequently recognized by international rating agencies and capital markets for its outstanding performance in sustainable development. It continued to maintain its MSCI ESG rating of A, the highest rating among Chinese securities companies that have been publicly rated; for the second consecutive year, its CDP rating reached a management B– grade, second only to the leadership grade; it received an A grade in the Hang Seng A-Share Sustainability Index assessment and was included in the Hang Seng A-Share Corporate Sustainability Index for the second consecutive year; and the S&P ESG score was significantly higher than the industry average.

Facing a new journey, financial enterprises have an important and inescapable responsibility to promote the great process of Chinese-style modernization. The Company will continue to adhere its mission of providing high-quality comprehensive financial services for the real economy and social wealth management and providing both material and spiritual rewards for shareholders, employees and the society, actively support the national strategy, and facilitate the high-quality development of the capital market with its own high-quality development, thereby making contribution to the process of Chinese-style modernization.

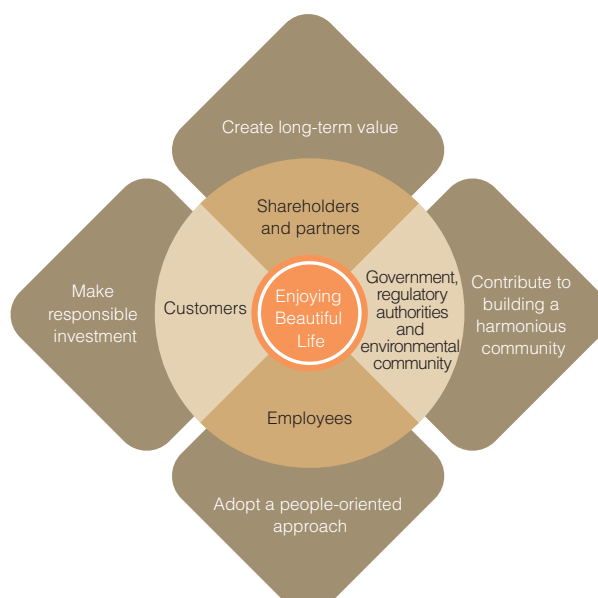
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## 1. SUSTAINABLE DEVELOPMENT PHILOSOPHY AND MANAGEMENT

### 1.1 Sustainable Development Philosophy

Upholding the idea of “Enjoying Beautiful Life”, the Company strives to provide high-quality and comprehensive financial services to create long-term value, make responsible investment, adopt a people-oriented approach and contribute to building a harmonious community, thereby generating sustainable and comprehensive value for stakeholders including shareholders, customers, employees, government and regulatory authorities, partners, and environmental community.

**Sustainable Development Model of DFZQ**



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## Explanation of objectives and actions for sustainable development of DFZQ

Stakeholders	Objectives	Actions
Shareholders and partners	Create long-term value	Through compliance management, honest operation and standardized governance, the Company will achieve stable development, provide long-term returns to shareholders and cooperate with shareholders, suppliers and partners to achieve a win-win situation.
Customers	Make responsible investment	The Company will fully utilize its advantages in comprehensive financial services to provide professional, efficient, caring and high-quality services to support the real economy and green industries, and contribute to achieving the national goals of peaking carbon emissions before 2030 and achieving carbon neutrality before 2060.
Employees	Adopt a people-oriented approach	The Company upholds a people-oriented “family” culture and builds a positive, inclusive, happy and energetic workplace to develop with its staff.
Government, regulatory authorities and environmental community	Contribute to building a harmonious community	The Company actively responds to the government’s call and the industry’s advocacy, proactively serves the national strategy through compliant operation and stable development, actively fulfills its social responsibility, promotes green operations, creates a more harmonious and better environmental community and supports sustainable social development.

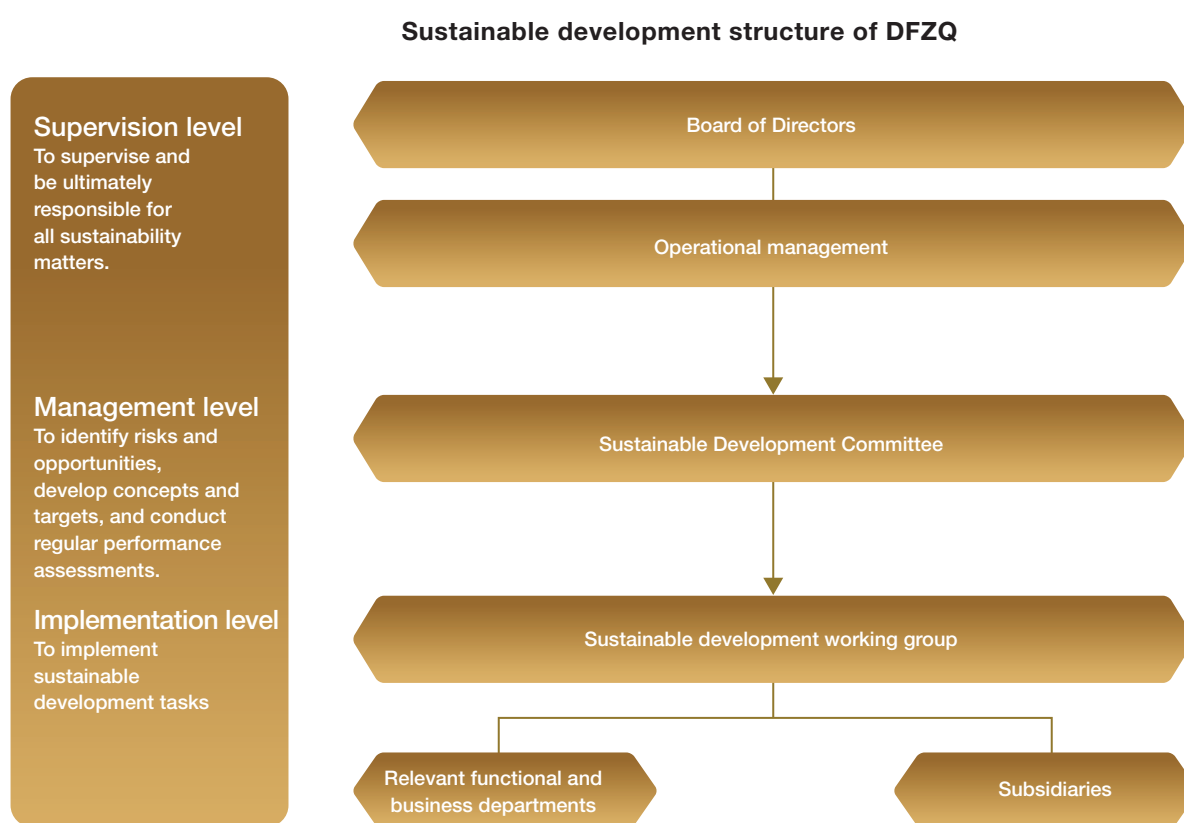


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## 1.2 Sustainable Development Management

### *Sustainable development management structure*

The Company integrates sustainable development into its corporate strategy, and has established and improved the organizational system and working mechanism related to sustainable development to coordinate and promote the implementation of ESG work, identify and manage long-term ESG risks and opportunities, thereby laying the foundation for healthy development of the Company.



In 2022, the Company considered, formulated and published the Statement of the Board on Environmental, Social and Governance (ESG) Management of DFZQ (《東方證券董事會環境、社會及公司治理(ESG)管理聲明》) (<https://www.dfzq.com.cn/osoaviews/main/a/20220331/3493.shtml>), the Statement on Anti-Corruption Management of DFZQ (《東方證券股份有限公司反腐敗管理聲明》) (<https://www.dfzq.com.cn/osoaviews/main/a/20220802/3632.shtml>), the Statement on Anti-Corruption Management for Suppliers of DFZQ (《東方證券股份有限公司供應商反腐敗管理聲明》) (<https://www.dfzq.com.cn/osoaviews/main/a/20220802/3631.shtml>), the Responsible Investment Statement of DFZQ (《東方證券股份有限公司責任投資聲明》) (<https://www.dfzq.com.cn/osoaviews/main/a/20220802/3635.shtml>) and other documents, which further enabled the standardized and effective implementation of the Company's sustainable development work, and also demonstrated the Company's confidence and determination in sustainable development to internal and external stakeholders.


## DFZQ 2022 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In addition, led by the sustainable development working group, the Company provides the latest information on sustainable development and ESG to members of the Sustainable Development Committee and various sustainable development-related functions and business departments on a regular basis to help develop the Company's sustainable development capabilities, assist the Sustainable Development Committee in making ESG-related decisions, and strengthen the capabilities of the Company's sustainable development management structure to perform relevant duties.

### *Implementing sustainable development plan*

In 2021, the Company issued the "DFZQ Sustainable Development Plan" to guide the Company's direction of action for sustainable development during the period from 2021 to 2025. In 2022, the Company adhered to high-quality and sustainable development as its top priority, and steadily promoted the implementation of sustainable development objectives in the four major aspects of governance, economy, environment and society by vigorously promoting sustainable development-related businesses, conducting industry culture performance appraisal and implementing the rural revitalization strategy under the guidance of the sustainable development plan.

#### Governance: Establishing a target-oriented governance structure for sustainable development


Our target	Progress in 2022	Corresponding to global sustainable development goals
<p>Achieve 100% sustainability performance appraisal coverage by 2025.</p> <p><i>Note:</i> Sustainability performance includes culture construction performance and corporate sustainability management performance, etc.</p>	<p>In 2022, DFZQ's industry culture building performance appraisal covered 33<sup>Note</sup> entities within the Group, achieving 100% coverage, including relevant indicators of sustainable development.</p> <p><i>Note:</i> The 33 entities include all departments (offices and institutes), subsidiaries and branches of DFZQ.</p>	



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Economy: Expanding the positive impact of financial services on the society and the environment		
Our target	Progress in 2022	Corresponding to global sustainable development goals
<p>During the “14th Five-Year Plan” period (2021-2025), we will channel RMB450 billion into sustainable development sector through investment and financing business, and maintain the average annual growth rate of sustainable investment and financing at a minimum of 9%.</p> <p><i>Note:</i> Statistics on sustainable investment and financing targets include investment and financing amounts in areas such as energy conservation and environmental protection, clean production, clean energy and green upgrading of infrastructure, which are the focus of support at the environmental level, as well as consolidating poverty alleviation achievements and facilitating rural revitalization at the social level. In particular, the sustainable investment amount represents the point-in-time data up to the end of 2025, and the sustainable financing amount represents the total amount from 2021 to 2025. The Company will also make dynamic adjustments to this target in the future based on business development.</p>	<p>In 2021-2022, the Company actively directed the capital into the sustainable development sector through investment and financing business, and has directed a total of over RMB200 billion of funds into the sustainable development sector.</p>	<div> <div> 9 INDUSTY, INNOVATION AND INFRASTRUCTURE </div> <div> 12 RESPONSIBLE CONSUMPTION AND PRODUCTION </div> </div>

# DFZQ 2022 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Environment: Supporting the targets of carbon peaking and carbon neutrality		
Our target	Progress in 2022	Corresponding to global sustainable development goals
<p>Strive to achieve carbon neutrality on direct operations by 2025;</p> <p>Strive to achieve net zero emissions from the investment portfolio by 2060.</p> <p><i>Note:</i> The Company's 2025 carbon neutrality target for operating activities covers Scope 1 (including carbon emissions from the combustion of natural gas, petrol and diesel in its own vehicles), Scope 2 (including carbon emissions from purchased electricity), and part of Scope 3 (including carbon emissions from leased data centres and staff business travel).</p>	<ul style="list-style-type: none"> <li>12% reduction in the total emissions of greenhouse gases under Scope 1 and Scope 2 of the parent company as compared to 2021.</li> <li>For investment portfolio, the Company actively applied its responsible investment strategies by prioritizing companies with outstanding performance in terms of environmental benefits and low carbon transformation, and started to develop an action plan to measure the carbon emission intensity of its investment portfolio.</li> </ul>	

Society: Working with partners to build a better society		
Our target	Progress in 2022	Corresponding to global sustainable development goals
<p>During the “14th Five-Year Plan” period (2021-2025), the Group will invest over RMB100 million in social welfare, and the voluntary service coverage rate of employees will reach 30%.</p> <p><i>Note 1:</i> Investment in social welfare includes public welfare foundation expenditure and expenditure in targeted poverty alleviation, environmental protection projects and other public welfare projects.</p> <p><i>Note 2:</i> The volunteering rate is based on the headquarters of parent company of DFZQ.</p>	<ul style="list-style-type: none"> <li>In 2021-2022, the Group has invested RMB64.36 million in public welfare in the social sector.</li> <li>In 2022, the volunteering rate of employees at the Company's headquarters reached 26.87%.</li> </ul>	

## DFZQ 2022 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

On the basis of the steady implementation of the sustainable development plan, the Company will further expand the indicator system and coverage of the sustainable development performance appraisal, and actively support the national strategy of “carbon peak” and “carbon neutrality” through green operation and green financial business, and contribute to the construction of a better society by means of public welfare donations and encouraging relevant parties to participate in voluntary services, with a view to achieving the Company’s sustainable development-related targets by 2025 as scheduled.

### 1.3 Communication with Stakeholders and Identification of Material Topics

#### *Communication with stakeholders*

Stakeholders’ opinions are of great value to the Company’s sustainable development work, which can help the Company calibrate its work priorities and respond to stakeholders’ concerns in a timely manner. Through regular social responsibility reports and a sustainability section on its website, the Company has established regular communication channels with its six major stakeholders, being shareholders and investors, customers, employees, government and regulators, suppliers and partners, and the community, and has incorporated the demands of various stakeholder into its operation and decision-making process, thereby creating greater comprehensive value for all parties.

Stakeholders	Issues concerned	Ways and channels of communication
Shareholders and investors	<ul style="list-style-type: none"> <li>• Corporate governance</li> <li>• Compliance operation</li> <li>• Adhering to business ethics</li> <li>• Responding to climate change and supporting the goals of “carbon peak and carbon neutrality”</li> </ul>	<ul style="list-style-type: none"> <li>• General meetings</li> <li>• Regular information disclosure</li> <li>• Results presentation</li> <li>• SSE E interactive platform</li> <li>• Investor research</li> <li>• Green investment and financing practices</li> <li>• Promoting green operation</li> </ul>
Customers	<ul style="list-style-type: none"> <li>• Serving real economy</li> <li>• Protecting the rights and interests of customers</li> <li>• Investor education</li> <li>• Financial technology</li> <li>• Responsible investment</li> </ul>	<ul style="list-style-type: none"> <li>• Conducting investment and financing business</li> <li>• Customer enquiry and complaints</li> <li>• 95503 customer service hotline</li> <li>• Investor education</li> <li>• “Orient Winners (東方贏家)” APP</li> </ul>

## DFZQ 2022 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

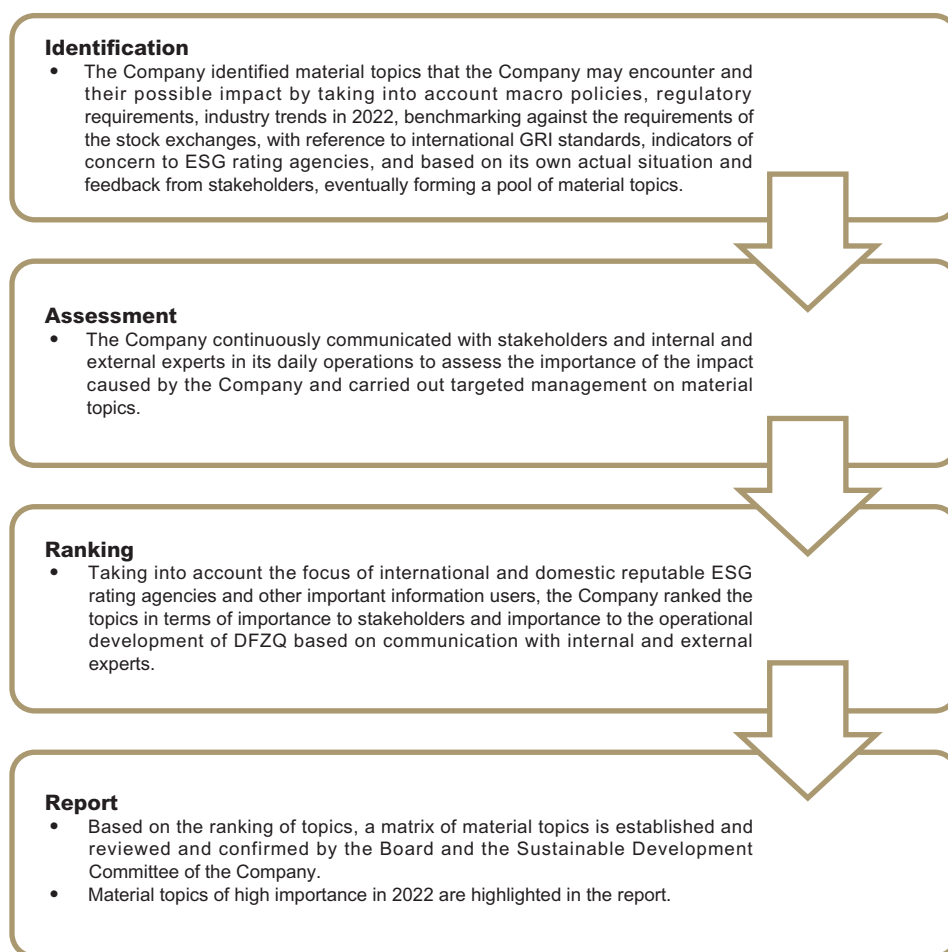
Stakeholders	Issues concerned	Ways and channels of communication
Employees	<ul style="list-style-type: none"> <li>Employee interests and benefits</li> <li>Employee training and development</li> <li>Employee equality and diversity</li> </ul>	<ul style="list-style-type: none"> <li>Work unions and employee congress</li> <li>Multi-level employee training system</li> <li>Annual employee cultural festival</li> </ul>
Government and regulators	<ul style="list-style-type: none"> <li>Compliance operation</li> <li>Risk management</li> <li>Adhering to business ethics</li> <li>Promoting rural revitalization</li> <li>Promoting culture building</li> <li>Responding to climate change and supporting the goals of “carbon peak and carbon neutrality”</li> </ul>	<ul style="list-style-type: none"> <li>Carrying out compliance promotion activities</li> <li>Regular communication and report</li> <li>Institutional inspection</li> <li>Anti-corruption training</li> <li>Tea and other industrial assistance projects</li> <li>“Insurance + Futures” and other financial assistance projects</li> <li>Participating in assessment of industry culture building practices</li> <li>Green investment and financing practices</li> <li>Promoting green operation</li> </ul>
Suppliers and partners	<ul style="list-style-type: none"> <li>Compliance operation</li> <li>Suppliers management</li> </ul>	<ul style="list-style-type: none"> <li>Cooperation and exchange</li> <li>Bidding procurement standards</li> <li>Supplier admission and management system</li> </ul>
Community	<ul style="list-style-type: none"> <li>Promoting rural revitalization</li> <li>Public charity and voluntary services</li> </ul>	<ul style="list-style-type: none"> <li>Tea and other industrial assistance projects</li> <li>“Insurance + Futures” and other financial assistance projects</li> <li>Art classroom construction</li> </ul>

# DFZQ 2022 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## *Analysis of material topics*

In order to better address the expectations and demands of stakeholders, the Company conducts research on material topics of social responsibility once every two to three years to understand the concerns and expectations of stakeholders towards the Company. In 2022, the Company updated, screened and assessed material topics based on the results of the previous research using methods such as policy research, industry benchmarking and expert judgement, and identified topics of importance to the Company and stakeholders for prioritized disclosure and response in the report.

### Material topic analysis process



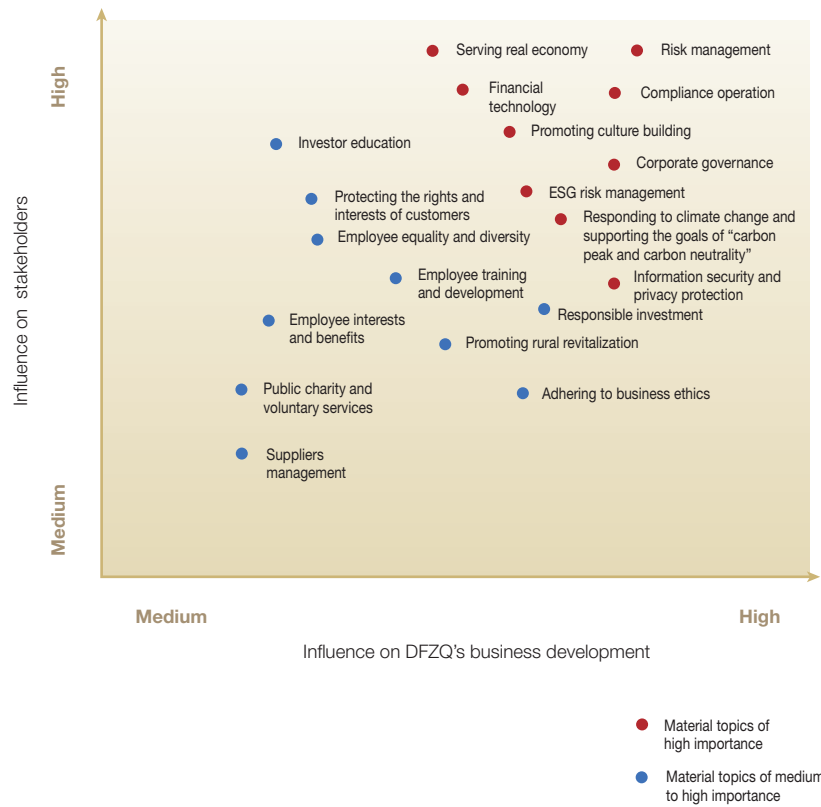
# DFZQ 2022 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Major Changes in Material Topics for 2022

Material topics for 2022	Material topics for 2021	Change	Reason
ESG risk management	–	New topic	To respond more directly to the key concerns of international ESG rating agencies.
Adhering to business ethics	Business ethics	Improving and optimizing the description	Based on the actual situation of the Company, industry policies and relevant requirements, the Company has rationalized and formed the latest meanings of the topics, improved and optimized the description, and better aligned the topic names with the actual management situation of the Company and the common expressions of the industry.
Promoting culture building	Building corporate culture		
Information security and privacy protection	Information security and privacy protection	Enhanced importance of topic	The Company determined that the importance of the topic was enhanced based on external policy requirements and industry development trends.

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**Material Topics Matrix of DFZQ**





# DFZQ 2022 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

**List of material topics of DFZQ and corresponding chapters**

Type	Material topics	Corresponding chapters	
Operational responsibility	<b>Compliance operation</b>	2.2	Promoting ESG Risk Management
	<b>Risk management</b>	2.2	Promoting ESG Risk Management
	<b>Corporate governance</b>	2.1	Consolidating the Foundation of Governance
	<b>Promoting culture building</b>	2.4	Promoting Industry Culture Building
	<b>ESG risk management</b>	2.2	Promoting ESG Risk Management
	Adhering to business ethics	2.2	Promoting ESG Risk Management
Customer responsibility	<b>Serving real economy</b>	3.4	Serving the Real Economy
	<b>Financial technology</b>	3.3	Strengthening Technological Empowerment
	<b>Information security and privacy protection</b>	3.1	Information Security and Privacy Protection
	Investor education	3.2	Safeguarding Investors' Rights and Interests
	Protecting the rights and interests of customers	3.2	Safeguarding Investors' Rights and Interests
Employee responsibility	Employee equality and diversity	5.1	Safeguarding Rights of Employees
	Employee interests and benefits	5.3	Deepening the Care for Employees
		5.1	Safeguarding Rights of Employees
	Employee training and development	5.2	Empowering Employee Development
Environmental and community responsibility	<b>Responding to climate change and supporting the goals of “carbon peak and carbon neutrality”</b>	4.3	Promoting Sustainable Financing
		4.1	Supporting the Achievement of the Goal of “Carbon Neutrality”
		4.4	Active Response to Climate Change
		4.3	Promoting Sustainable Financing
	Responsible investment	4.2	Practicing Responsible Investment
	Promoting rural revitalization	6.2	Promoting Rural Revitalization
	Public charity and voluntary services	6.1	Developing the Public Welfare Platform
		6.3	Promoting Volunteer Spirit
	Suppliers management	2.3	Adhering to Business Ethics

*Note:* Bolded items are material topics of high importance, the rest are material topics of medium to high importance.

# DFZQ 2022 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

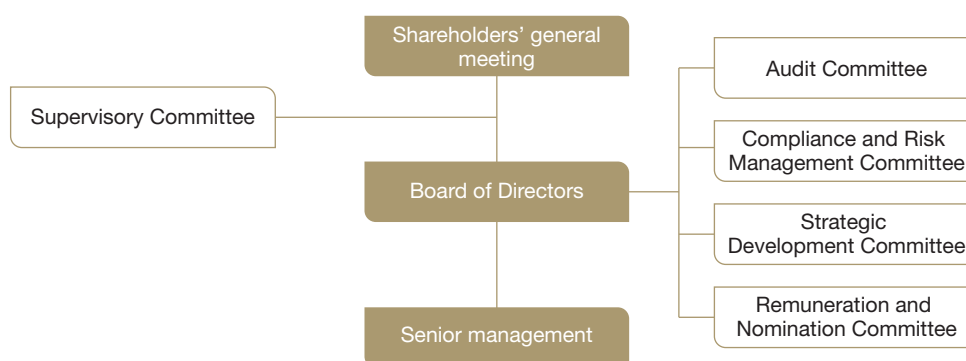
## 2. MAINTAINING STABLE OPERATION TO SUPPORT LONG-TERM STABLE DEVELOPMENT

### 2.1 Consolidating the Foundation of Governance

- **Corporate governance**

The Company strictly complies with the requirements of the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Code on the Governance of Listed Companies and the regulatory documents of domestic and overseas listing places, and has established a corporate governance structure comprising the shareholders' general meeting, the Board of Directors, the Supervisory Committee and the senior management, with each level assuming its own duties and responsibilities within the scope of its authority to ensure the compliance and stable operation of the Company.









**Corporate governance structure of DFZQ**



In 2022, the Company amended and optimized the Articles of Association, the Implementation Rules for Online Voting at Shareholders' General Meetings of the Company, the Independent Director Policy of the Company, the Management Measures of Related-party Transactions of the Company, the Measures to Manage External Guarantees of the Company, the Management Measures of Proceeds from Fund-raising Activities of the Company and other corporate governance rules in accordance with the new regulations published and implemented by the CSRC and the stock exchanges and based on the actual situation of the Company, to continuously improve the corporate governance system.

In addition, in strict accordance with the requirements of the Notice on the Effective Implementation of Requirements Relating to Equity Pledges of Securities Firms issued by the Shanghai Bureau of the CSRC, the Company conducted self-inspection on corporate governance, formulated the Rules on Equity Management of the Company to refine specific tasks on equity management, and continued to enhance the capabilities of the Company's directors and supervisors to perform their duties and effectively improve the effectiveness of corporate governance through the monthly briefing mechanism and by organizing directors and supervisors to participate in internal and external corporate governance-related training.

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Composition of the Board and the Supervisory Committee		Meetings convened in 2022	
	The Board has 13 directors including 1 female director		3 general meetings considered 24 proposals
	3 executive directors 5 independent non-executive directors		12 Board meetings considered 63 proposals
	1 employee representative director		16 meetings of the special committees under the Board
	The Supervisory Committee has 8 supervisors including 3 employee representative supervisors		7 meetings of the Supervisory Committee

- **Information disclosure and investor relations management**

The Company is committed to protecting the legitimate rights and interests of investors, establishes a comprehensive management system for information disclosure, maintains smooth online and offline investor communication and interaction channels, and properly performs information disclosure and investor relations management.

In terms of information disclosure, the Company strictly follows the requirements of the Securities Law, the Administrative Measures on Information Disclosure of Listed Companies of the CSRC, the stock exchanges and other laws, regulations and regulatory documents, and formulates relevant internal management rules. In 2022, the Company further amended the Management Measures of Information Disclosure of the Company, the Administrative Measures for Insider Registration and Confidentiality of the Company and other rules and regulations, and enhanced compliance requirements for reporting on material matters, strengthened the quality control of information disclosure, improved the information disclosure system and enhanced the information disclosure capability of the Company. In 2022, the Company organized the preparation and release of four regular reports and issued nearly 80 interim announcements. The Company received an A (highest rating) in the assessment of information disclosure work by the Shanghai Stock Exchange for two consecutive years.

## DFZQ 2022 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In terms of investor relations management, the Company continued to improve the construction of investor relations management platform and channels, and established a new media communication matrix based on the results presentation, investor hotline, email, SSE E interactive platform and institutional roadshows, including maintaining the investor relations column on the Company's official website, creating and operating the WeChat official account for investor relations, Tonghuashun corporate account and Xueqiu corporate account, to convey the Company's information and value in a timely and effective manner, thereby enhancing the Company's influence. Meanwhile, the Company facilitated the establishment of a two-way communication channel between investors and the Company's management, and provided timely feedback to the management on market opinions and expectations through the compilation of monthly reports on investor relations, in order to strengthen positive interaction with investors.

In 2022, the Company conducted a total of 87 roadshow and communication activities of various kinds. In particular, the Company held 3 regular results presentations and 1 briefing on cash dividend, received 20 small-scale research activities, participated in 42 securities dealers' strategy meetings and 1 group reception day activity, conducted nearly 20 one-on-one shareholder visits, answered 85 questions through the SSE E interactive platform, and published 25 articles on the WeChat official account with nearly 300,000 views, which effectively conveyed the Company's value.

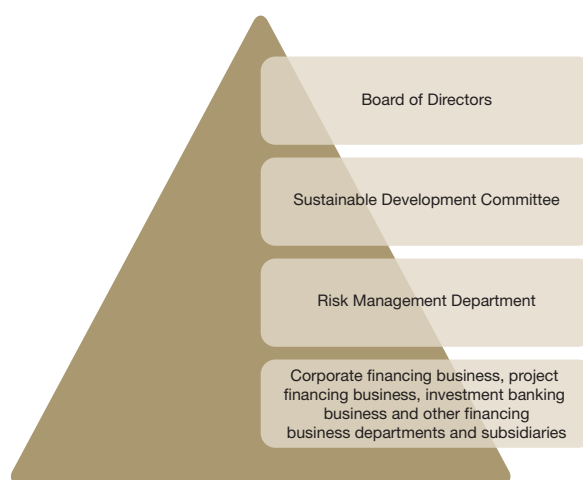
### 2.2 Promoting ESG Risk Management

The Company attaches great importance to the prevention and control of financial risks, upholds the risk management concept of "risk control as the focus", strictly complies with the requirements of the Regulation on the Comprehensive Risk Management of Securities Companies (《證券公司全面風險管理規範》), the Measures for the Management of Risk Control Indicators of Securities Companies (《證券公司風險控制指標管理辦法》) and other documents, and has built a "six-one" comprehensive risk management system covering risk management rules, organizational structure, talent pool, information technology system, risk indicator system and risk response mechanism, which provides strong support for the implementation of risk management of the Company.

## DFZQ 2022 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Company actively responds to the concerns of financial regulators and investors and gradually integrates ESG risks into its comprehensive risk management system. In 2022, the Company formulated and issued the Statement on Environmental, Social and Corporate Governance (ESG) Risk Management of DFZQ (《東方證券股份有限公司環境、社會及公司治理(ESG)風險管理聲明》) (<https://www.dfzq.com.cn/osoaviews/main/a/20220802/3636.shtml>), which takes ESG factors as one of the important aspects in evaluating financing targets by building an ESG risk management system and ESG management process, and comprehensively incorporates ESG risks into financing businesses such as corporate financing, project financing and investment banking, covering the Fixed Income Business Department, Securities Financial Business Department and Orient Investment Banking, its subsidiary. The Company has established a multi-level ESG risk management structure, comprising the Board of Directors, the Sustainable Development Committee, the Risk Management Department, as well as various business departments and subsidiaries, with each level assuming its own responsibilities to promote ESG risk management on a top-down basis.

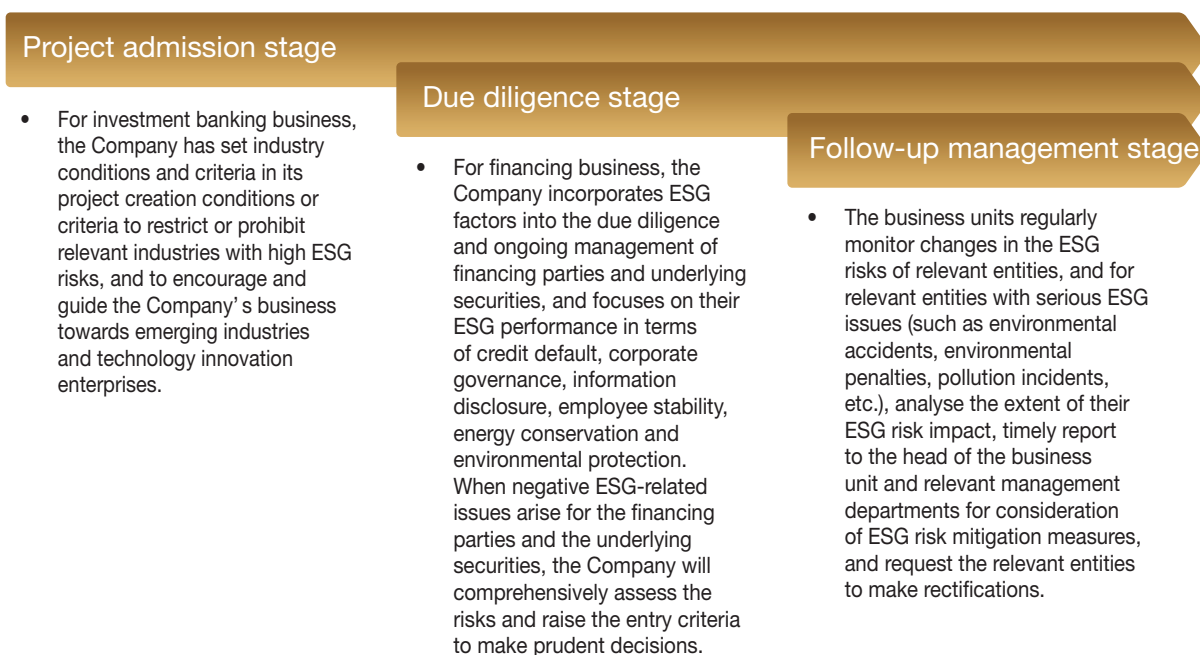
**ESG risk management structure of DFZQ**



The Company incorporates ESG factors into the due diligence, approval and decision-making and follow-up management of its corporate financing, project financing, investment banking and other financing businesses to prevent credit risks arising from the impact of ESG risks on the credit performance ability of relevant entities in the financing business.

# DFZQ 2022 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

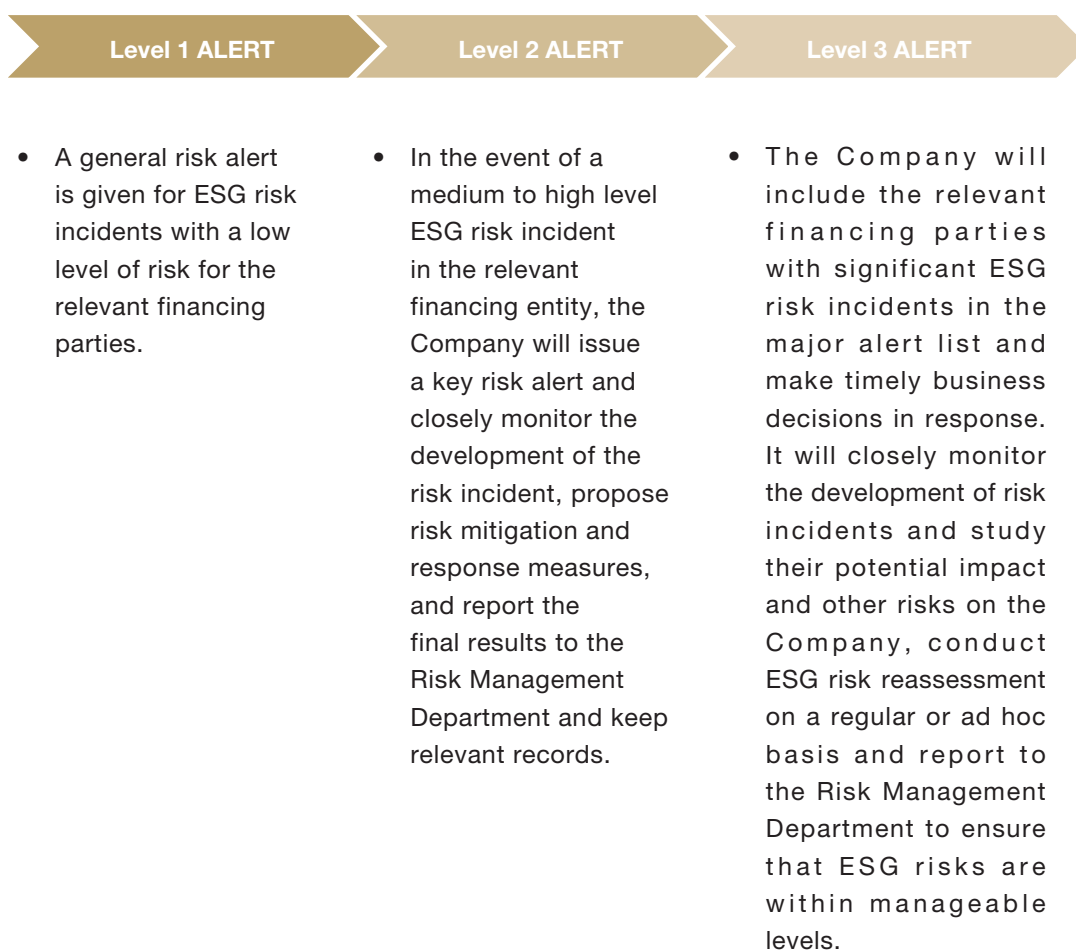
## ESG risk management process of DFZQ



In the ESG risk management process, for ESG risk incidents of different levels occurring in financing targets, the Company assesses and analyses ESG risks based on the severity of the incident, the entity's response measures and treatment results, and follow-up control actions, and establishes different risk levels and adopts corresponding risk triggering, response and reporting processes and measures. In addition, the Company plans to specify corresponding due diligence and credit policy guidelines for high environmental risk industries such as energy use, raw materials, agriculture, biodiversity, climate change, forestry, mining, oil and natural gas, and transportation, to further strengthen the ESG risk control of its financing business.

# DFZQ 2022 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## ESG Risk Levels and Risk Response Measures of DFZQ





## DFZQ 2022 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### Organising special training on ESG risk management

To further improve the ESG risk management concept and strengthen risk management and investment banking staff's understanding of ESG risk management process, the Company invited external experts to conduct special training on ESG risk management on September 22, 2022, which focused on topics such as ESG management and trends, disclosure and rating and ESG risk management trends. Nearly 100 staff from the Risk Management Department, investment banking and other business departments and subsidiaries participated in this training activity, which was conducted offline and on the online platform.

This training has laid the foundation for the Company to further promote ESG risk management, and facilitated the Risk Management Department and relevant staff of investment banking and other business units to implement ESG concepts in daily operation, prevent ESG risks and enhance ESG risk management capabilities.

### 2.3 Adhering to Business Ethics

- **Anti-money laundering management**

The Company strictly implements the anti-money laundering responsibilities as a financial institution, has formulated the Measures for Management of Money Laundering and Terrorist Financing Risk of DFZQ (《東方證券股份有限公司洗錢和恐怖融資風險管理辦法》), the Anti-Money Laundering Work System of DFZQ (《東方證券股份有限公司反洗錢工作制度》) and other internal management rules in accordance with the requirements of the Anti-Money Laundering Law (《反洗錢法》), the Measures for Administration of Customer Identification and Retention of Customer Identification Data and Transaction Records of Financial Institutions (《金融機構客戶身份識別和客戶身份資料及交易記錄保存管理辦法》), the Measures for Administration of Reporting of Large Amount Transactions and Suspicious Transaction of Financial Institutions (《金融機構大額交易和可疑交易報告管理辦法》) and other documents, clarifies the management regulations and work procedures related to anti-money laundering work, and establishes a three-level internal control system for anti-money laundering at the Board-level, the Company-level and the department-level.

## DFZQ 2022 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In 2022, the Company focused on promoting the construction of anti-money laundering internal control mechanism, completed the self-assessment of money laundering risks, carried out special rectification on high-risk customer identity information, coordinated and promoted the anti-money laundering work of subsidiaries and various non-brokerage business units, optimized the identification of beneficial owners for anti-money laundering, solidly facilitated the construction of anti-money laundering system, steadily optimized the money laundering risk level and suspicious transaction monitoring model, and continuously carried out customer identification, suspicious transaction reporting and monitoring, list screening and other relevant tasks.

The Company has established an anti-money laundering monitoring system and continuously updates and upgrades such system. It has set up monitoring thresholds in accordance with the requirements of the People's Bank of China, promptly sends suspicious transaction warning data to the compliance and risk control specialists of the business department to carry out screening work, and if confirmed as a suspicious report, it will be reported to the monitoring center of the People's Bank of China and follow-up supervisory measures will be taken based on the situation. In 2022, the Company's anti-money laundering system provided warning of 10,181 suspicious transactions and reported 30 suspicious transactions to the testing center of the People's Bank of China after manual analysis and screening.

In addition, the Company continued to organize anti-money laundering promotion and training for senior management, relevant staff responsible for anti-money laundering, front-line business departments and all employees of the Company. Firstly, the Company has established a quarterly briefing mechanism for anti-money laundering work; secondly, it has set up a communication mechanism for anti-money laundering work; thirdly, it fully utilized self-media platforms, online education, short-form videos, offline promotion and other innovative methods for promotion; fourthly, it fully utilized the "Happy Orient" APP platform to continuously update the content of each section of "Orient Joyful City" and organized activities such as video or long graphic education courses, quizzes on compliance knowledge and special examinations from time to time to motivate employees to participate in.

- **Anti-corruption management**

In strict accordance with the Regulations on Honest Practice of Securities and Futures Operating Institutions and Their Staff (《證券期貨經營機構及其工作人員廉潔從業規定》), the Opinions on Strengthening the Prevention and Control of Honest Practice Risks of Securities Companies Employing Third Parties in Investment Banking (《關於加強證券公司在投資銀行類業務中聘請第三方等廉潔從業風險防控的意見》) and other requirements, the Company incorporated the management objective of honest practices into its strategic plan, and formulated the Management Measures of Honest Practices of 東方證券股份有限公司 (《東方證券股份有限公司廉潔從業管理辦法》), the Supervision Work Meeting System of 東方證券股份有限公司 (《東方證券股份有限公司監督工作會議制度》) and other internal rules and regulations, thereby forming a closed-loop management system of "prevention in advance, in-process control and follow-up accountability" to strengthen the prevention and control of integrity risks.

## DFZQ 2022 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Company promotes the implementation of corruption management and has set up an integrity management structure. The Board of the Company determines the integrity management objectives and assumes responsibility for the effectiveness of integrity management. The principal person in charge of the Company is the primary person responsible for implementation of duties of integrity management, and the persons in charge of each department and subsidiary assume the corresponding management responsibility within the scope of their duties.

In 2022, the Company formulated and published the Statement on Anti-Corruption Management of DFZQ (《東方證券股份有限公司反腐敗管理聲明》) (<https://www.dfzq.com.cn/soa/views/main/a/20220802/3632.shtml>), whereby it pledged to strictly prevent and manage business corruption. The Company put great efforts in integrity risk prevention and control, focused on function adjustment and process changes in response to the steady implementation of registration system and construction of multi-level capital markets, and made reference to latest regulatory requirements of the industry. Starting from 2020, the Company carries out dynamic management of integrity risk prevention and control throughout the Company (including business departments and subsidiaries), makes dynamic investigation into integrity risk areas, evaluates risk levels, strengthens prevention and control measures, updates the integrity risk prevention and control list in a timely manner, promotes the integration of the party's requirements for honest practices into business development and business processes, and prevents corrupt practices. In 2022, the Company did not identify any significant integrity risks.

The Company actively created an atmosphere of honest practices among all staff, required all staff to sign the "Letter of Undertaking on Honest Practices", and adopted diversified methods for integrity education and training to strengthen the promotion of the concept of integrity risk prevention and control and enhance the awareness of honest practices among staff.

In 2022, there were no corruption criminal cases in relation to the Company or its existing employees at the parent company level of DFZQ and there were no incidents related to employees violating integrity requirements.

## DFZQ 2022 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### Key practices of the Company for integrity culture building in 2022

The Company attaches great importance to the construction of a corruption-free culture, proposes the integrity cultural concept of “upholding integrity and frugality and prioritizing self-discipline”, deeply promotes the activities of building integrity culture, ensuring integrity based on relevant rules, strengthening integrity through supervision, promoting integrity through education and supporting integrity practices through team building, develops the integrity culture brand of “A Breeze of Fresh Air”, and is recognized as the “Party Culture Building Brand of State-owned Enterprise” by the Shanghai State-owned Assets Supervision and Administration Commission.

- Conducted a series of training on education of disciplines and laws for cadres under the theme of “Staying Respectful and Wary and Safeguarding the Bottom Line”, invited experts to give lectures on “Common Criminal Risks and Prevention and Control for Securities Practitioners” and “Risk Prevention and Control and Criminal Compliance in the Securities Industry”, and organized the cadres to watch the educational videos of “Zero Tolerance” and “Eliminating the Corrupt Elements in State-owned Enterprises”;
- Carried out “Education on the Situation and Honest Practice” and “Five-One” activities, and continuously improved the accuracy and penetration of promotion and education through new media such as “A Breeze of Fresh Air” WeChat account, “Happy Orient” APP and electronic posters;
- Organized all staff to carry out special training and examination on “correcting the four undesirable work styles and promoting new ones” and used self-made video animations and typical cases to strengthen the warning education of work style construction;
- Invited the SWCS Academy in Hong Kong to arrange special anti-corruption training for all directors and supervisors.

### • **Whistleblower protection**

For whistleblowing and reporting and non-compliance management, the Company followed the Regulations on the Supervision and Management of Securities Companies (《證券公司監督管理條例》), Whistleblowing Work Management Rules of Shenergy (Group) Company Limited (《申能(集團)有限公司信訪工作管理規定》), the Implementation Measures on Discipline Inspection, Supervision, Whistleblowing and Reporting of Shenergy (Group) Company Limited (《申能(集團)有限公司紀檢監察信訪舉報工作辦法》) and other laws, regulations and administrative rules, formulated the Whistleblowing Management Measures of DFZQ (《東方證券股份有限公司信訪工作管理辦法》), the Measures on Compliance and Accountability Work of DFZQ (《東方證券股份有限公司合規問責工作辦法》) and other rules, maintained a smooth and uninterrupted whistleblowing channel and ensured the protection of whistleblowers.

## DFZQ 2022 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### Reporting channels and approaches

- The Company publishes the telephone number, fax number, mailbox and workflow for whistleblowing in a prominent position on its website, ensures that the whistleblowing process is conducted in an anonymous manner, arranges designated personnel to handle the works related to whistleblowing, and relevant parties may report to the Company through letters and personal visits.

### Whistleblower protection

- Strictly prohibit the disclosure of the name, department, address and other information of the whistleblower, and strictly prohibit to disclose the reported matters to the persons involved or other persons who may cause adverse consequences to the whistleblower;
- If any department or person is found to retaliate against the whistleblower, it shall be timely reported to the senior management of the Company and handled in strict accordance with relevant regulations, and if it constitutes a crime, it shall be reported to judicial authorities and handled according to relevant laws.

### • *Intellectual property protection*

The Company strictly complies with the requirements of the Patent Law of the People's Republic of China, the Copyright Law of the People's Republic of China, the Trademark Law of the People's Republic of China and other relevant laws and regulations, protects its own intellectual property and respects and avoids infringing the intellectual property of others.

In 2022, the Company further regulated the installation and safe use of images, fonts, articles and licensed software, and required all departments to further raise awareness of copyright and conduct timely self-inspection and rectification in order to reduce or avoid infringement.

## DFZQ 2022 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

- **Supplier management**

As a financial enterprise, the Company's suppliers primarily include office consumables, facilities and equipment and service-related suppliers. In strict accordance with the Law of the People's Republic of China on Tendering and Bidding, the Government Procurement Law of the People's Republic of China and other relevant laws and regulations, the Company has formulated the Procurement Management Measures of DFZQ, the Operating Procedures for Infrastructure Projects of DFZQ, the Implementation Rules for the Procurement and Management of Non-Computer Assets of DFZQ and other procurement internal control rules to specify the selection, admission and management process of suppliers, thereby providing systematic protection for procurement management of the Company.

The Company practices green procurement. In the tendering process of procurement projects such as engineering projects, IT equipment and office supplies, the products or services provided by suppliers are specifically required to comply with national and industry standards and green procurement standards, and preference is given to energy-saving and environmentally friendly products. In addition, in the procurement selection process, the Company pays special attention to the environmental impact in the operation of suppliers and conducts scientific assessments through questionnaires, on-site observation and expert consultation in accordance with the Control Procedure for Identification and Evaluation of Environmental Factors (《環境因素識別與評價控制程序》).

In order to further promote the anti-corruption management of suppliers, in 2022, the Company published the Statement on Anti-Corruption Management of Suppliers of DFZQ (《東方證券股份有限公司供應商反腐敗管理聲明》) (<https://www.dfzq.com.cn/soa/views/main/a/20220802/3631.shtml>), expressly undertaking to ensure effective integrity management of the Company's internal procurement and to promote the integrity of suppliers. The Company requires its internal procurement staff to comply with the relevant requirements of honesty practices in procurement transactions and not to provide improper benefits or seek improper benefits for themselves or others. For cooperation with third parties, when the amount of important cooperation agreements and contracts reaches or exceeds RMB300,000, the third parties are required to sign the "Letter of Undertaking on Honest Practices" or include clauses on honest practices in the relevant agreements; suppliers are required to formulate integrity-related rules and require all employees to comply with the requirements of integrity-related rules and policies, so as to work together with suppliers to create a fair and clean supply chain.

# DFZQ 2022 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 2.4 Promoting Industry Culture Building

In 2022, in order to actively implement industry culture building, the Company included the latest requirements on industry culture in the Articles of Association, formulated the Industry Culture Building Plan of DFZQ (2023-2025) (《東方證券行業文化建設規劃(2023-2025年)》), organized the the Action Plan of DFZQ for Implementation of Work Arrangements to Further Consolidate and Promote Culture Building of Securities Industry (《東方證券貫徹落實〈進一步鞏固推進證券行業文化建設工作安排〉的行動計劃》), continued to promote the in-depth integration of industry culture building and business management, and continuously improved itself through regular self-assessments.

In terms of industry culture promotion, the Company adhered to the concept of practicing integrity and honesty while making innovation, constantly improved the new promotion content in line with the needs of the new era, explored new forms of culture and philosophy promotion, used new media platforms such as Wechat official account and short-form video to facilitate the dissemination of industry culture, and continued to improve the “Orient Joyful City” and “Orient Securities Space” to adopt staff-friendly forms to innovate the way of internal promotion and implement new methods of external promotion of culture and philosophy. The project of Establishing an “Online City” by Creating “Cloud-based Space” submitted by the Company was included in the Annual Report of Culture Building of Securities Companies (2021) by Securities Association of China, which was the second year that the Company’s culture building case was selected in such annual report, standing out among 28 published cases by demonstrating a new form of culture and idea promotion based on the prevailing trend.

### **Orient Joyful City**

- It incorporates the industry culture into the construction of Joyful City, and promotes culture internally and strengthens the sense of belonging among staff through the “ Joyful Bookstore”, “ Joyful Salon”, “Joyful Cinema” and “ Joyful Exhibition Hall” and by means of industry culture information, industry culture training and industry culture promotion and learning videos.

### **Orient Securities Space**

- Through “Orient Securities Space”, an immersive cloud-based experience platform, the special exhibition hall on “Industry Culture Building” has been set up to showcase the Company’s achievements in industry culture building and convey the concept of industry culture to customers.



# DFZQ 2022 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 3. FULFILLING RESPONSIBILITIES WITH PROFESSIONAL SERVICES

### 3.1 Information Security and Privacy Protection

The Company strictly complies with the Data Security Law of the People's Republic of China, Personal Information Protection Law of the People's Republic of China, Information Technology Management Measures for Securities and Fund Operators, Data Classification and Grading Guidelines for Securities and Futures Industry, Data Life-cycle Security Standards for Financial Data Security" and other laws and regulations, and has formulated the "Data Governance Measures of DFZQ, Computer Information System Security Management Measures of DFZQ, Data Security Management Standards of DFZQ, Data Classification and Grading Management Guidelines of DFZQ and other rules, and carried out data security management based on the basic principles of "confidentiality, integrity and availability". The relevant rules are applicable to all business lines or subsidiaries of the Company.

For data security governance, the Company has built a three-tier management structure consisting of the data governance committee, responsible department for data governance management and data security working groups to provide organisational support for the implementation of customer information security management and privacy protection of the Company.

**Three-tier data security management structure of the Company**



## DFZQ 2022 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

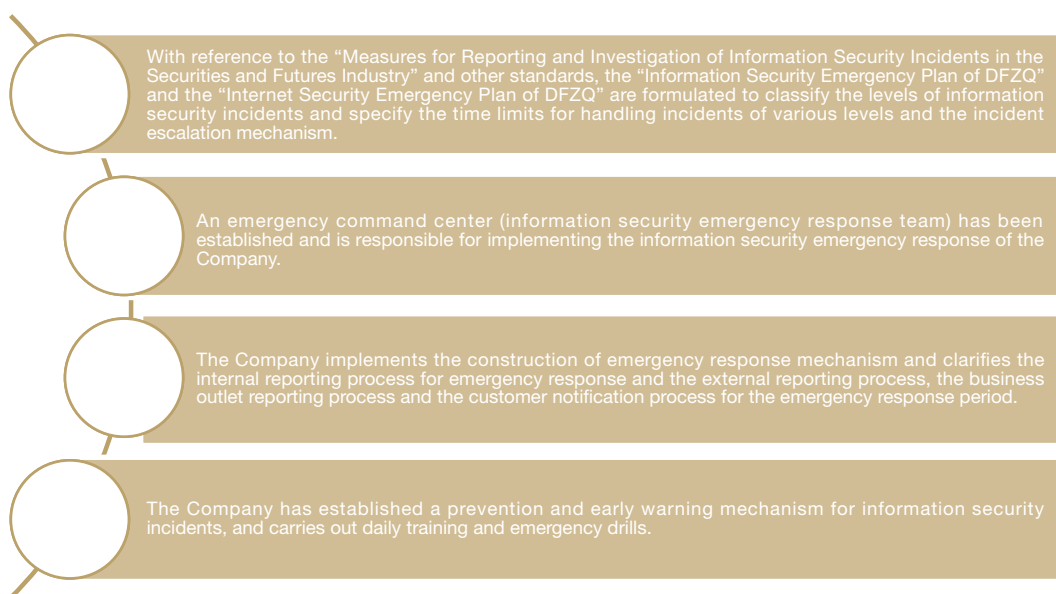
Management level	Composition	Responsibilities
<b>Data governance committee</b>	Composed of the Company's chief information officer, heads of major departments at the Company's headquarters, technological managers of subsidiaries and staff of the system research and development department	It is the highest decision-making body for data security work, and is responsible for defining the overall requirements for data security management, considering relevant major work matters (such as rules and reports), and promoting the implementation of data security work, etc.
<b>Responsible department for data governance management</b>	The system research and development department serves as the responsible department for data governance management	It is responsible for regulating the formulation of rules and regulations related to data security management of the Company, organizing and conducting data security risk assessments, coordinating the handling of various data security incidents, and conducting data security education and training, etc.
<b>Data security working groups</b>	Composed of data security specialists assigned by the business departments	They are responsible for the implementation of data security work, promoting the implementation and review of the relevant work of their respective departments, and making regular work reports to the responsible department for data governance management

## DFZQ 2022 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Based on well-established rules and regulations and organizational management, the Company has established an information security management system and passed ISO27001 certification, which covers the Company's system operation department, South Zhongshan Road Data Center, Waigaoqiao Zhentong Building Data Center, Jinqiao Data Center and Dongguan Nanfang Data Center, achieving 100% coverage of the Company's data centers and server rooms.

In order to fully implement the requirements of the information security management system, the Company strengthened the data security prevention management while focusing on the response and handling of data security-related incidents thereby avoiding the potential multiple risks arising from data breach.

### Data security management response mechanism of the Company



In the course of daily business development, the Company actively promotes data security management, carries out regular internal audits on data security and privacy protection in accordance with the requirements of the Information Technology Management Measures for Securities and Fund Operators, and engages a third-party institution to conduct special audits on information security every three years to fully identify information security risks and enhance and strengthen information technology management capabilities.

## DFZQ 2022 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In terms of customer privacy protection, the Company gives customers full authority to manage their personal data while adhering to the principle of minimal data collection and storage, and implements minimal access management of customer information to protect the legitimate rights and interests of customers.

### Main measures for customer privacy protection of the Company

Main aspects	Main content
<b>Safeguarding customers' rights of data management</b>	<ul style="list-style-type: none"> <li>Customers have the right to know and decide on the processing of their personal financial information, the right to restrict or refuse the processing of their personal information by others, and the right to request the relevant departments to correct or supplement their personal information;</li> <li>A privacy policy is in place for the Company's APP and customers can access, correct and delete personal information through the methods set out in the policy.</li> </ul>
<b>Adhering to the principle of minimal data collection and storage</b>	<ul style="list-style-type: none"> <li>The Company obtains customers' personal financial information through counters, information systems, end-user terminals and other channels, and explicitly explains to customers the purpose, manner and scope of collecting and using personal financial information, and obtains their consent;</li> <li>All departments of the Company shall consider the necessity, compliance and security of data collection when carrying out business activities, and shall not collect business information or personal financial information that are not relevant to the services;</li> <li>The Company undertakes not to collect or provide personal financial information from or to third parties for purposes other than completing transactions or services;</li> <li>The Company shall proactively delete data and information when the purpose of the transaction has been fulfilled, when the provision of products or services has ceased, or when the storage period for personal data has expired, unless otherwise provided by laws, regulations and regulatory requirements.</li> </ul>
<b>Minimal access management of customer information</b>	<ul style="list-style-type: none"> <li>The Company prohibits anyone from possessing, copying or transmitting company data without authorization, and has established information system access management rules and access approval management mechanism to strictly control the scope of access to and knowledge of customer information;</li> <li>For sensitive personal information, the Company has formulated the Guidelines for Management of Data Desensitization Plan of DFZQ to desensitize relevant information.</li> </ul>

## DFZQ 2022 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In terms of suppliers and partners, the Company strictly implements the management of information security and customer privacy protection in the supply chain, explicitly requires suppliers to sign information confidentiality clauses in business contracts, and includes information security in the scope of project closure verification to ensure effective protection of information security.

In addition, the Company continues to conduct training on information security and customer privacy protection and is committed to fostering awareness among its employees. In 2022, the Company conducted thematic studies and examinations on the Data Security Law and the Personal Information Protection Law for all employees, and completed annual training and special examinations on internet information security.

In 2022, the Company did not find any violation of customer privacy or loss of customer data or received any confirmed related complaints.

### 3.2 Safeguarding Investors' Rights and Interests

- **Implementing responsible marketing**

The Company strictly complies with the Securities Law of the People's Republic of China, the Administrative Measures for the Sale of Securities Investment Funds and other laws and regulations and industry norms, and has formulated the Administrative Measures for Information Disclosure of OTC Trading Products of DFZQ (《東方證券股份有限公司櫃檯交易產品信息披露管理辦法》), the Administrative Measures for the Sales Business of Securities Investment Funds of DFZQ (《東方證券股份有限公司證券投資基金銷售業務管理辦法》) and other internal rules and regulations to impose comprehensive, detailed, complete and scientific regulations and constraints on the advertising and marketing of the Company's products. The Company also ensures the authenticity and integrity of financial product marketing of the Company and effectively protects the legitimate rights and interests of investors by effectively controlling and managing relevant work through a supervisory mechanism with multi-departmental coordination and full process coverage. In 2022, the Company did not violate any marketing regulations.

The Company attaches great importance to customer suitability management and "know your customer" efforts. In 2022, the Company continued to improve and refine the rules and regulations related to suitability management, updated and revised the Implementation Rules for Suitability Management of Bond Business of DFZQ (《東方證券股份有限公司債券業務適當性管理實施細則》), the Rules for Suitability Management of Product Sales Business of DFZQ (《東方證券股份有限公司產品銷售業務適當性管理細則》) and other rules and regulations, continuously optimized and improved investor suitability management standards and business application process, fulfilled special protection obligations for general investors, provided risk warning and dissuasion to customers with unmatched suitability, fully explained business rules and risk disclosure to customers with matched suitability, and implemented special protection measures for elderly customers in business transaction and product purchase.

## DFZQ 2022 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

- **Deepening investor education**

The Company advocates a rational investment culture and continues to raise investors' awareness of risk prevention by creating an online and offline one-stop investor education service platform, producing and promoting original investor education materials, actively organising investor education activities and promoting the integration of financial education into the national education system.

### Key practices of the Company to deepen investor education in 2022

Main aspects	Main content
<b>Strengthening the construction of open investor education platforms</b>	<ul style="list-style-type: none"> <li>• The Company upgraded the website and management back office of its investor education base to promote data-driven investor education operations and improve the quality and effectiveness of investor education</li> <li>• In 2022, DFZQ adhered to the strategy of “inviting in” and “going out”, and actively carried out various investor education activities such as “Investor Education Salon”, “Promotion in Community”, “Promotion in Universities”, “Promotion in Enterprises” and “Promotion in Villages”. The headquarters and branches have held a total of 3,770 events, with 60,429 investors participating on site, and reached over 2.88 million investors through off-site methods such as Wechat official account, mobile APP, online livestreaming and online courses.</li> </ul>
<b>Organising investor education activities</b>	<ul style="list-style-type: none"> <li>• The Company joined hands with Xiaodongmen Subdistrict in Huangpu District to launch the “Financial Alley – Share of Financial Ideas” investor education campaign, providing regular public education services to residents and employees of nearby enterprises and institutions</li> <li>• The Company conducted 18 events including the “Essential ETFs in Index Investment” and the “Proper Introduction to Proprietary Equity Funds”, reaching over 20,000 investors online and offline</li> <li>• The Company carried out 25 live investment education activities under various themes such as “Local Investment Advantages from a Global Perspective” with the support of “Orient Securities Wealth Management Live Studio”</li> <li>• Orient Securities Asset Management continued to carry out over 12,000 “Dongfanghong Miles” investor service and support activities covering a total of over 1.9 million people, helping investors to hold firmly in the long term despite short-term market fluctuations</li> </ul>

## DFZQ 2022 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Main aspects	Main content
<b>Promoting the integration of financial education into national education</b>	<ul style="list-style-type: none"><li>The Company established cooperation mechanisms with Shanghai University of Finance and Economics, Fudan University and other universities, and continuously carried out 21 national education activities such as “Investor Education in 100 Universities” and “One Company for One Province and One University”</li></ul>

### 3.3 Strengthening Technological Empowerment

- Accelerating digital transformation***

The Company firmly follows the new trend of financial development and considers the breakthrough of financial technology as one of the keys to enhance the core competitiveness of the Company, and continues to promote financial technology in improving management efficiency and empowering business development.

In 2022, the Company consolidated the foundation of its digital transformation by continuously strengthening the construction of a financial technology talent team, strengthening the practice of external integration of industry, universities and research institutes, and promoting the cultivation of a digital culture. It also promoted the integrated development of financial technology with the Company’s business scenarios, management innovation and the implementation of its middle platform strategy, so as to promote the improvement of management capabilities and the transformation of its management model through digital management.



# DFZQ 2022 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Key achievements in financial technology of the Company in 2022

Main aspects	Main content
<b>Consolidating the foundation of digital transformation</b>	<ul style="list-style-type: none"> <li>Promoted the construction of super investment management platform, new generation core business system, quantitative ecosystem, self-research investment advisory trading system and other business systems;</li> <li>Accelerated the digital transformation of innovation management and practice management by facilitating the transformation and upgrading of office collaboration platform, the construction of IT digital management system and the improvement of data governance capabilities;</li> <li>Promoted the sharing and empowerment of the middle platform, established a capability sharing center, made innovations in the technology middle platform, completed the construction of the full chain service function of the data middle platform, further deepened the platform architecture, and promoted the in-depth implementation of the middle platform strategy.</li> </ul>
<b>Promoting integrated development of financial technology</b>	<ul style="list-style-type: none"> <li>Formulated the “Rotation Training Plan for Young Financial Technology Employees” and implemented a job rotation mechanism for young financial technology employees to build a diverse talent pool;</li> <li>Promoted cooperation with universities such as Shanghai University of Finance and Economics, East China University of Science and Technology and external companies such as Microsoft to strengthen the exploration and application of cutting-edge technologies in securities business;</li> <li>Published a series of articles such as “Metaverse+Finance” and “Web3.0” through platforms such as “Geekbang” Wechat official account and “Happy Orient” APP, and organised and participated in the “Digital Transformation Month of the Securities and Futures Industry” campaign to strengthen the cultivation of digital culture.</li> </ul>

In 2022, the Company invested approximately RMB560 million in financial technology (excluding technological staff remuneration).

## DFZQ 2022 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

- **Providing high-quality services**

The Company adheres to the customer-centric approach, aims to continuously improve customer service quality and customer satisfaction, maintains a smooth and uninterrupted communication platform for customers, and continuously strengthens the service awareness of customer service practitioners, optimises customer service methods, and carries out customer service and demand follow-up and feedback work to improve customer service quality and efficiency.

**Maintaining smooth customer communication channels**

- Provided customers with multi-channel and comprehensive business consultation and complaint communication services through the customer service center telephone service hotline 95503, WeChat, website, online transaction and mobile APP in both manual call service and manual online reply;
- In 2022, the customer service center received 404,642 customer enquiries, including 115,732 enquiries via the 95503 manual call service, 58,591 enquiries via online customer service and 230,319 enquiries via intelligent customer service, including one complaint, with 100% resolution of complaints.

**Enhancing customer service quality**

- Revised and improved the Customer Service Center Performance Appraisal Standards, Implementation Rules for Follow-up Review of Customers of Wealth Management Business Department (Revised in 2022) and other internal and external rules related to customer service;
- Conducted customer service quality assessment, quarterly and annual assessment for customer service quality and service capabilities of customer service staff;
- Strengthened the development of intelligent customer service and further enhance the service efficiency and customer experience of the customer service center through technologies such as intelligent follow-up review and intelligent quality control;
- Focused on professional ethics and business skills training for staff in the customer service center, standardised the professional competence and service quality of the customer service center and enhanced customer service awareness.

## DFZQ 2022 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

For customer satisfaction surveys, the Company has established a comprehensive and sound customer satisfaction survey system, which focuses on user experience of online trading software, quality of financial and investment advisory services, margin financing and securities lending business and stock options business. Annual customer satisfaction survey is conducted through follow-up questionnaires, and the results are promptly returned to the relevant departments for improvement.

In 2022, the Company conducted satisfaction surveys with 99,973 customers and achieved a customer satisfaction rate of 91%, representing a 5% increase from 2021.

### 3.4 Serving the Real Economy

The report of the 20th National Congress of the Chinese Communist Party proposed that the focus of economic development shall be placed on the real economy. The Company always adheres to its mission of “providing high-quality comprehensive financial services for the real economy and social wealth management”, and continues to put in efforts in supporting technological innovation and industry upgrading, as well as relieving the difficulties of private small and micro enterprises, in order to serve the real economy and improve its quality and efficiency.

## DFZQ 2022 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Main aspects	Typical cases of services in 2022
<b>Supporting technological innovation and industry upgrading</b>	<ul style="list-style-type: none"> <li>Assisted the successful listing of Hanon Technology on the Beijing Stock Exchange: In October 2022, Orient Investment Banking, our subsidiary, assisted the successful listing of Hanon Advanced Technology Group Co., Ltd. (Hanon Technology, 430476.BJ) on the Beijing Stock Exchange.</li> <li>Led the investment in the series A financing of Anban Technology: In July 2022, Orient Securities Innovation Investment, our subsidiary, co-invested RMB30 million in the series A financing of Shanghai Anban Information Technology Co., Ltd. (Anban Technology).</li> </ul>
<b>Supporting the development of private small and micro enterprises</b>	<ul style="list-style-type: none"> <li>Assisted Dare Auto in highly efficient private placement on the ChiNext: In 2022, Orient Investment Banking, our subsidiary, assisted Fuxin Dare Automotive Parts Co., Ltd. (Dare Auto, 300473.SZ) in completing the private placement on the ChiNext through simplified procedures and raising RMB250 million.</li> <li>Assisted Bank of China in successfully issuing small and micro bonds: In June 2022, the “22 BOC Small and Micro Bond 01” and “22 BOC Small and Micro Bond 02” underwritten by Orient Investment Banking, our subsidiary, as the lead underwriter, were successfully issued with a total size of RMB40 billion.</li> </ul>

# DFZQ 2022 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

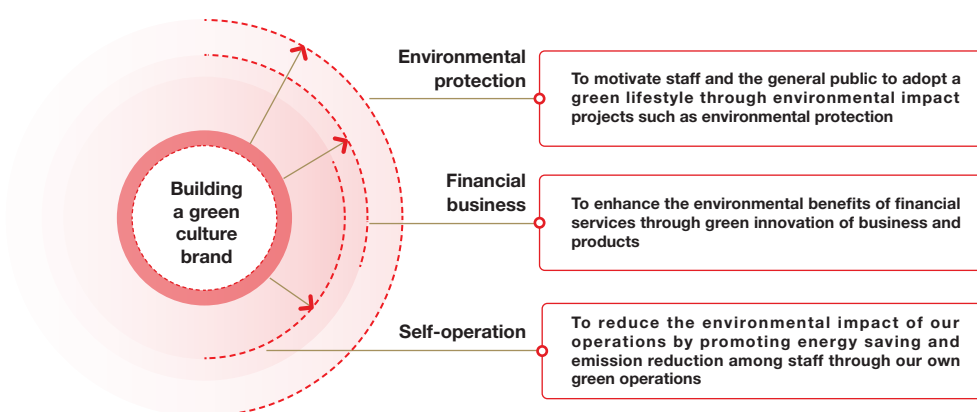
## 4. SUPPORTING “CARBON PEAK” AND “CARBON NEUTRALITY” AND FULFILLING FINANCIAL RESPONSIBILITIES

### 4.1 Supporting the Achievement of the Goal of “Carbon Neutrality”

In order to help achieve the national goal of “carbon peak” and “carbon neutrality”, the Company formulated and published the carbon neutrality plans and targets for itself and its investment and financing portfolio in 2021, and established a carbon neutrality action framework to motivate employees, customers, investors, the general public and other stakeholders to practice the concept of green development from the three aspects of operation, business and public welfare, thereby building a green culture brand with the characteristics of DFZQ.

In terms of green financial services, at the end of January 2023, the Company’s application for qualification of proprietary participation in carbon emission trading was approved by the CSRC, making it one of the few licensed securities firm qualified for carbon emission business in the securities industry in China. In June 2022, the Company cooperated with China Economic Information Service of Xinhua News Agency to prepare the Xinhua Carbon Technology Index, which focuses on technological innovation in the field of energy saving and carbon reduction, and further promotes the supply of key green and low-carbon technologies. In addition, the Company continued to support the goal of “carbon peak” and “carbon neutrality” in its investment banking and investment businesses. For details, please refer to the sections headed “Practicing Responsible Investment” and “Promoting Sustainable Financing”.

#### Action framework of DFZQ to support “carbon peak” and “carbon neutrality”



## DFZQ 2022 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

- **Practicing low-carbon operation**

In 2022, the Company continued to help achieve the goal of “carbon peak” and “carbon neutrality” and contributed to sustainable economic and social development through its own business and operations. As a financial institution, the Company does not have a significant impact on the environment and natural resources, and actively advocates a low-carbon and environmentally friendly business operation and work style, and saves social resources with best efforts in order to protect the environment and reduce pollution. In 2022, the Company did not identify any violations related to environmental protection with a significant impact on the Company.

### Performance against the environmental targets of DFZQ in 2022

	Targets by 2025	Performance in 2022
<b>Greenhouse gas emissions</b>	Strive to achieve carbon neutrality on direct operations by 2025 <sup>1</sup>	Greenhouse gas emissions (Scope 1 and Scope 2) reduced by 1,410.04 tonnes in 2022, with a downward trend in greenhouse gas emissions per unit area and per capita
<b>Electricity consumption per unit area</b>	10% <sup>2</sup> reduction compared to the electricity consumption per unit area of 160 kWh per square meter in 2019	Electricity consumption per unit area was 154.85 kWh per square meter in 2022, a decrease of 3.22% from 2019
<b>Water consumption per capita<sup>3</sup></b>	Show a decreasing trend compared to the water consumption per capita of 43.40 tonnes in 2021	Water consumption per capita was 19.31 tonnes in 2022, a decrease of 56% from 2021 <sup>4</sup>
<b>Non-hazardous waste and hazardous waste</b>	Gradually improve the source identification and registration of non-hazardous waste and hazardous waste, so as to control the generation of non-hazardous waste and hazardous waste at a low level	In 2022, the Company gradually improved its waste management mechanism to reduce the amount of waste generated from office operations

**Note 1:** Carbon neutrality target for operating activities is based on the headquarters of the parent of DFZQ and its branches and covers Scope 1 (including carbon emissions from the combustion of natural gas, petrol and diesel in its own vehicles), Scope 2 (including carbon emissions from purchased electricity), and part of Scope 3 (including carbon emissions from leased data centres and staff business travel).

**Note 2:** The statistics of electricity consumption per unit area are based on the headquarters of parent company of DFZQ.

## DFZQ 2022 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

*Note 3:* The statistics of water consumption per capita are based on the parent of DFZQ, including the headquarters and branches.

*Note 4:* In 2022, due to the work-from-home, certain branches of the Company significantly reduced offline office operation, leading to significant decrease in water consumption.

### Key actions for energy saving and environmental protection of DFZQ in 2022

<b>Saving water resources</b>	<ul style="list-style-type: none"> <li>The Company uses municipal water as its main water source, water consumption is mainly from the daily operation of the office, and there is no shortage of water resources</li> <li>Induction taps are installed in toilets to prevent leaving water running unintentionally</li> <li>Regular and timely inspection and repairing of water equipment are conducted to eliminate water leakage</li> </ul>
<b>Reducing paper use</b>	<ul style="list-style-type: none"> <li>Promote electronic internal newsletters to replace paper newsletters</li> <li>All announcements are published through OA system to promote paperless office</li> <li>Double-side printer or photocopying is required for informal documents and drafts</li> <li>Paper certified by Forest Stewardship Council (FSC) are used to print the social responsibility report to ensure that the paper comes from sustainable, legal and logging-permitted forest resources</li> </ul>
<b>Green decoration</b>	<ul style="list-style-type: none"> <li>Use green and environmentally friendly materials to decorate office areas to avoid causing harm to human health and polluting the environment</li> </ul>
<b>Solid waste and wastewater treatment</b>	<ul style="list-style-type: none"> <li>Harmless waste generated from office operations is mainly daily office waste. Waste office supplies are encouraged to be reused. Wastes that cannot be recycled are collected and treated by the property management unit</li> <li>Hazardous wastes from office operation include electronic wastes, light pipes, carbon powder cartridges, toner cartridges and other hazardous wastes, which are entrusted to qualified units for recycling, and may be disposed of or reused by the recycling party</li> <li>Waste water generated in the process of office and service will be incorporated into municipal sewage pipe network</li> </ul>

## DFZQ 2022 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### Promoting the construction of green data centers

In 2022, the Company continued to promote the construction of green data center, and accelerated the relocation of high energy consumption server rooms to green server rooms. After four months of efforts, the Company successfully shut down the old 29F server room of South Zhongshan Road Data Center in late September through various means such as traffic diversion and resource integration in the 5F server room and Jinqiao server room. This shutdown successfully completed the relocation from a high energy consumption PUE2.5 server room to a PUE1.4 server room, which is expected to save 960,000 kWh of electricity annually.

### Energy consumption of the data centers of DFZQ

Name of data center	Location	Owned or rented	Gross floor area (square meter)	PUE	Electricity consumption (MWh)		
				2022	2020	2021	2022
Jinqiao Data Center	Shanghai	Rented (SSE Tech)	915	1.30	/	3,046	4,892
Securities Technology Building	Shanghai	Rented (SSE Tech)	500	1.88	1,658	1,726	1,714
Dongguan Nanfang Data Center	Dongguan	Rented (Shenzhen Securities Communication)	300	1.45	718	1,042	1,316
South Zhongshan Road Data Center	Shanghai	Owned	602	1.47	3,911	2,983	3,103

*Note:* Jinqiao Data Center commenced operation in 2021.

### Main measures of DFZQ to promote the construction of green data centers

- Reducing power line losses through an efficient power supply system with substations on each floor of data server module.
- Adopting diffuse and lateral air supply and the server rack heat channel close-off technology and natural cooling technology to significantly enhance the cooling efficiency.
- Using highly efficient equipment such as intelligent busbars, energy-storage UPS and high-efficiency cooling and heating source units to improve energy utilization efficiency.



## DFZQ 2022 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

- **Promoting environmental protection**

In order to continuously expand the positive impact of environmental protection, the Company promoted the implementation of the concept of “green office and low-carbon lifestyle” by carrying out the “Plastic Reduction Plan” and creating a column on the Wechat official account to advocate the green concept of “Trust and Faith”.

### Environmental protection

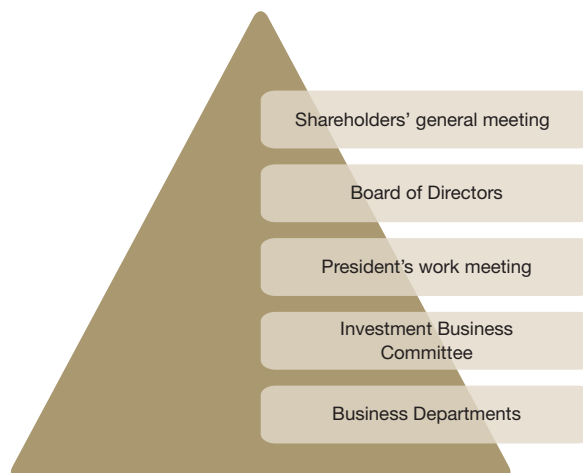
- The Company placed “plastic reduction stations” in the headquarters building for recycling plastic products, and used banners to promote the concept of environmental protection and carbon reduction. In 2022, the Company has recycled a total of 100 kilograms of waste plastic bottles and 20 kilograms of waste paper, and customized 1,409 pieces of recyclable environmental products, representing 13,160 plastic bottles being recycled and a total reduction in carbon emissions of 1,050.83 kilograms, equivalent to planting 206 trees.
- In 2022, the Company creating a column on the Wechat official account to advocate the green concept of “Trust and Faith” to educate the general public on the importance of carbon neutrality and actively share the Company’s green development experience, so as to help achieve the goal of carbon neutrality.

## 4.2 Practicing Responsible Investment

The Company uphold the idea of value investment and responsible investment, and while pursuing value investment returns, it takes social and environmental responsibilities into consideration in investment decisions and continuously facilitates sustainable and high-quality economic development. In 2022, the Company formulated and published the Statement on Responsible Investment of DFZQ (《東方證券股份有限公司責任投資聲明》) (<https://www.dfzq.com.cn/soa/views/main/a/20220802/3635.shtml>) (the “Responsible Investment Statement”) to fully incorporate ESG factors into its investment business by establishing a responsible investment management structure, applying responsible investment strategies and conducting responsible investment research and communication. The Company has established a five-level investment decision-making structure to carry out decision-making, authorization and management of its investment business, and has fully incorporated ESG factors into its investment decision-making process. Please refer to the Responsible Investment Statement for details of specific responsibilities of each level.

# DFZQ 2022 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Responsible investment management structure and process of DFZQ



For securities investment business, the Company has established an investment decision-making team for securities investment business. In particular, the investment team formulates and executes investment decisions within the scope of authorization, and selects investment targets in a bottom-up approach with focus on value investment. The research and planning team explores the investment value of the subject and analyzes the macroeconomic situation, industry development prospect and business conditions of the enterprises to identify investment opportunities and make recommend to the investment team.

### **Orient Securities Asset Management, our subsidiary, established the ESG investment management structure**

In 2022, Orient Securities Asset Management, our subsidiary, established a ESG special working group, which is responsible for the overall management of the Company's ESG business planning and promoting the construction and implementation of the Company's ESG system. The ESG special working group is chaired by the co-general manager of the Company, with the compliance officer, chief risk officer and assistant to the general manager as deputy team leaders, and its members include the investment and research departments, compliance/risk control departments and product departments of different assets of the Company.

When carrying out equity and fixed-income investment business, Orient Securities Asset Management, our subsidiary, assigns industry researchers to monitor the negative ESG information released by third party organization on a weekly basis, pays high attention to the environmental non-compliances of companies in high energy consumption and high pollution industries, and makes prudent decisions on whether to invest in companies with negative ESG incidents.

## DFZQ 2022 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

To further incorporate ESG factors into investment decisions, the Company implements responsible investment strategies such as positive selection, negative exclusion and integration of ESG elements to manage ESG risks of investment targets and achieve better investment returns. As a signatory to the United Nations Principles for Responsible Investment (UNPRI), Orient Securities Asset Management, our subsidiary, actively promotes the application of ESG element integration strategy in its investment business. Since 2020, it has started to procure and apply ESG rating databases from third-party institutions, introduce ESG rating results of enterprises into the Company's investment research system, and provide ESG risk alerts and early warnings to researchers.

### Application and investment size of sustainable investment strategy

#### Asset management business

Responsible investment approach	Listed stocks	Fixed income
Responsible investment guide on ESG factors	✓	✓
Responsible investment guide for specific asset types	-	-
Responsible investment guide for specific industries	-	-
Negative exclusion strategy	✓	✓
Shareholder engagement	✓	-
Proxy voting policy	✓	-

*Note:* The Company's asset management business does not involve private equity investments, direct investments in infrastructure, property investments, derivatives and alternatives investments.

Category	As of the end of 2022 (RMB100 million)
Total sustainable development <sup>1</sup> /impact investments <sup>2</sup>	1,057.54
Stocks related to green and low-carbon operation	535.38
Stocks related to society and livelihood	428.85
Green bonds	28.41
Bonds related to society and livelihood	61.32
Funds related to sustainable development	3.58
Total amount of assets under management <sup>3</sup> (AUM)	2,847.52

*Note 1:* Sustainable investments are divided into industries related to society and livelihood and green and low-carbon industries. In particular, green and low-carbon industries include energy-saving and environmental protection industry, clean production industry, clean energy industry, ecological and environmental industry, green upgrading of infrastructure, green services, etc.; and industries related to society and livelihood include consolidating the achievements of poverty alleviation or rural revitalization, supporting medical and healthcare, supporting scientific and technological innovation, intelligent manufacturing, supporting the development of small and medium-sized enterprises, etc. Such definition shall also be applicable for below.

## DFZQ 2022 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

**Note 2:** Impact investments are usually related to enhancing resource efficiency in the areas of climate, energy, water, health and food, and can be divided into green and low-carbon investment and social and livelihood investment with reference to SDG Impact, therefore the amount of sustainable development investment in this report represents impact investment.

**Note 3:** Total amount of assets under management includes the amount of ABS under management and excludes the amount of investment advisory business.

### Proprietary investment business

Responsible investment approach	Listed stocks	Fixed income	Private equity
Responsible investment guide on ESG factors	✓	✓	✓
Responsible investment guide for specific asset types	–	–	–
Responsible investment guide for specific industries	–	–	–
Negative exclusion strategy	–	–	✓
Shareholder engagement	✓	✓	✓
Proxy voting policy	✓	–	✓

**Note:** The Company's proprietary investment business does not involve direct investments in infrastructure, property investments, derivatives and alternatives investments.

Category	As of the end of 2022 (RMB100 million)
Total sustainable development/impact investments	8.778
Stocks related to green and low-carbon operation	2.398
Green bonds	4.78
Bonds related to society and livelihood	1.6

## DFZQ 2022 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### **Orient Securities Asset Management, our subsidiary, introduced its first ESG related fund**

On February 17, 2022, Orient Securities Asset Management, our subsidiary, introduced its first ESG related fund – Dongfanghong ESG Sustainable Investment Mixed Securities Investment Fund which strives to integrate the long-term value investment philosophy of Dongfanghong with the ESG sustainable investment philosophy to help investors achieve a better investment experience.

Dongfanghong ESG Sustainable Investment Mixed Securities Investment Fund mainly adopts negative exclusion and ESG rating to screen listed companies, and conducts a comprehensive evaluation of the social value of listed companies based on indicators in three aspects of environmental, social and corporate governance, and selects stocks with ratings in the top 80% to form its ESG stock pool, which will be subject to regular or occasional update and adjustment. The fund will use the rating data of Sino-Securities Index for constructing the A share stock pool, and use the rating data of Syntao Green Finance for the underlying stocks under the Hong Kong Stock Connect.

As of the end of 2022, Dongfanghong ESG Sustainable Investment Mixed Securities Investment Fund has a management size of RMB358 million.

### **Focusing on ESG investment and carrying out ESG investment research project**

In 2022, the Company carried out a research project on “Research on the Practice of ESG Investment by Securities Firms to Facilitate the Development of Green Finance”, which was recognize as a key project by Securities Association of China in 2022 and successfully concluded. The project comprehensively implemented the green development requirements put forward in the report of the 20th National Congress of the Communist Party of China, further focused on ESG investment, and conducted in-depth research on the practice of ESG investment by securities companies to facilitate the development of green finance, which laid the foundation for theoretical exploration of related business by the Company.

### **4.3 Promoting Sustainable Financing**

In response to the national strategy of achieving carbon peak by 2030 and carbon neutrality by 2060, the Company supports the green development of enterprises through the issuance of green and low-carbon stocks and green bonds, thereby contributing to the steady progress towards the goal of carbon neutrality in China.

For domestic business, in 2022, the Company underwrote 43 green bonds as the lead underwriter with total underwriting size of RMB8,537 million; assisted 8 equity financing projects with a total size of RMB15,992 million for green and low-carbon equity financing and underwriting size of RMB6,960 million; and raised RMB15,992 million through public issuance, non-public issuance and asset restructuring. For overseas business, in 2022, the Company underwrote 5 green bonds with total financing size of USD757.5 million.

## DFZQ 2022 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### Key cases of green bonds and green equity financing projects of DFZQ in 2022

Project name	Project content
<b>DFZQ actively underwrote the first green financial bond of China Development Bank in 2022</b>	In January 2022, China Development Bank successfully issued RMB15 billion of “Low-carbon Transportation System Construction” green financial bonds under the “Bond Connect” in the national interbank bond market for global investors. DFZQ, as the lead underwriter, actively participated in the underwriting of this green bond.
<b>Orient Investment Banking participated in the issuance of the first green technology innovation exchangeable corporate bond in China</b>	In June 2022, the “China Yangtze River Three Gorges Group Limited 2022 Publicly Offered Green Technology Innovation Exchangeable Corporate Bonds for Professional Investors (First Tranche)”, underwritten by Orient Investment Banking as one of the co-lead underwriters, was successfully issued on the Shanghai Stock Exchange. The bonds were issued with 6 lead underwriters and the total issue size amounted to RMB10 billion.
<b>Orient Investment Banking facilitated the issuance of PowerChina Leasing Asset-backed Special Scheme (Carbon Neutrality)</b>	In March 2022, the “PowerChina Leasing Green Lease Asset-backed Special Scheme (Carbon Neutrality) (Second Tranche)” was successfully issued on the Shanghai Stock Exchange with a size of RMB927 million, which was underwritten by Orient Investment Banking as the lead underwriter, and 97.05% of the projects corresponding to the underlying assets are renewable energy generation projects.
<b>Orient Investment Banking assisted the listing of Rychen Technologies on the ChiNext</b>	In October 2022, Shanghai Rychen Technologies Co., Ltd. (Rychen Technologies, 301273.SZ) completed its initial public offering and was listed on the ChiNext of the Shenzhen Stock Exchange, and Orient Investment Banking participated in the offering of Rychen Technologies as the sole sponsor and lead underwriter.

## DFZQ 2022 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### **DFZQ partnered with 36Kr to hold the “Double Carbon Planet Species” Sustainable Innovation Competition**

In 2022, DFZQ partnered with 36Kr to hold the “Double Carbon Planet Species” Sustainable Innovation Competition with focus on four major sectors of new energy, new materials, new technologies and new models to discover innovative companies with more potential. More than 120 start-up business proposals were received, and after the preliminary evaluation, the second round roadshow, and the final round and theme summit, Zaichi Technology, Crerax and Carbon Energy were successfully selected as the top three Double Carbon “Planet” companies.

In particular, Zaichi Technology is a company specialized in providing high-performance and low-cost nano-silica materials, Crerax is a company engaged in the research and development and innovation of new polymer materials, and Carbon Energy is focused on the development of economically positive carbon-negative technology. These three companies are all facing large market opportunities under the background of China’s strategy of “carbon peak” and “carbon neutrality”, providing technological support for energy revolution and green innovation in China.

#### **4.4 Active Response to Climate Change**

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

As global climate change intensifies, environmental risks such as climate change not only affect the Company’s own operation as a financial company, but may also migrate from the real economy to the Company through the investment and financing business. Under the framework of Task Force on Climate-related Financial Disclosures (TCFD), the Company identifies climate risks and opportunities related to its operations, and takes measures based on the results of identification to manage the impact of climate change on the Company.

# DFZQ 2022 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Climate-related Risk Management System of DFZQ

<b>Governance</b>	<ul style="list-style-type: none"> <li>• The Board of the Company is responsible for monitoring the climate impact of the Company's operations and reviewing the annual social responsibility report, which includes the topic of "responding to climate change";</li> <li>• The Sustainable Development Committee is responsible for guiding the development of carbon neutrality targets and plans, and identifying ESG related risks and opportunities, including climate change;</li> <li>• In addition, the Company promotes sustainable development matters, including responding to climate change, through a multi-departmental sustainable development working group.</li> </ul>
<b>Strategy</b>	<ul style="list-style-type: none"> <li>• The Company identifies, assesses and analyses the potential financial impact of climate risks and opportunities on the Company's business and operations, and addresses climate change by promoting energy conservation and emission reduction, building green data center and facilitating the issuance of climate bonds.</li> </ul>
<b>Risk management</b>	<ul style="list-style-type: none"> <li>• The Company identifies climate risks and opportunities relevant to the Company's business and operations under the TCFD framework to provide a basis for further managing climate risks and seizing climate opportunities.</li> </ul>
<b>Indicators and targets</b>	<ul style="list-style-type: none"> <li>• With the ESG information management system, the Company is able to fill in, sort out and analyze greenhouse gas emissions, green house gas emission intensity, energy consumption, energy consumption intensity and other indicators online, and identify possible risk exposure related to climate issue through data trend analysis in a timely manner, and adopts intervention measures;</li> <li>• For details of the targets for greenhouse gas emissions by 2025 and the performance in 2022, please refer to the section headed Supporting the Achievement of the Goal of "Carbon Neutrality".</li> </ul>

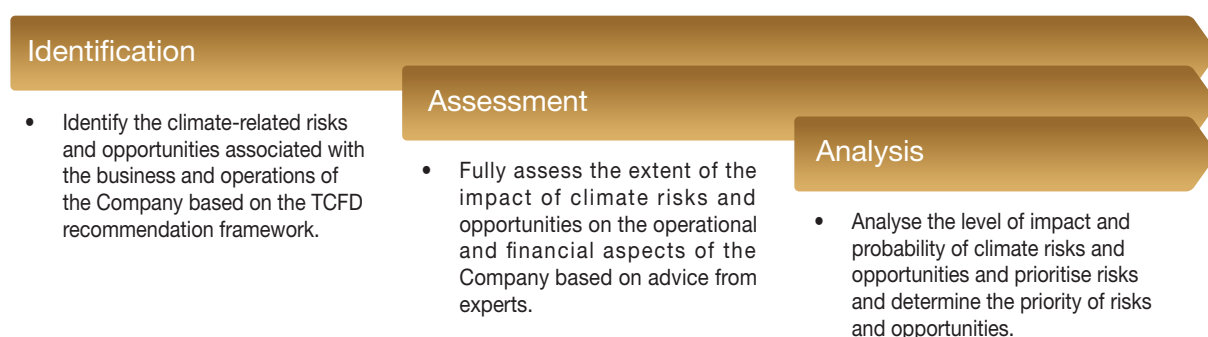


## DFZQ 2022 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

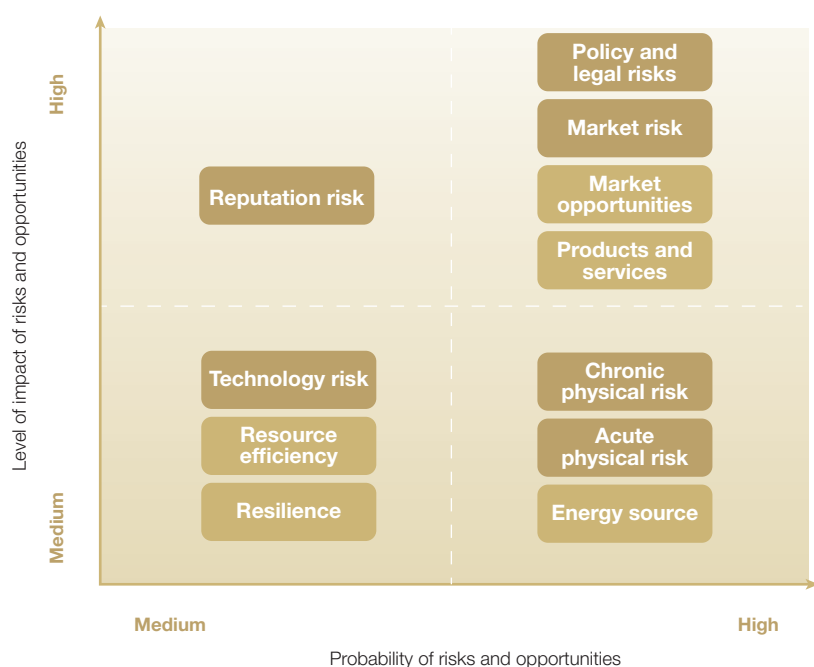
- **Identifying climate change risks and opportunities**

In order to better address the risks and seize the opportunities from climate change, the Company takes into account macro policies, conducts peer group benchmarking analysis and considers the opinions of the internal experts of the Company and external experts to proactively identify climate risks and opportunities related to the Company's operations, investment and financing business. In addition, the Company also assesses the potential impact that these risks and opportunities may have on the Company's financial position.

### Climate risks and opportunities analysis process



### Climate-related Risks and Opportunities Matrix



- Climate related risks
- Climate related opportunitie

# DFZQ 2022 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Analysis of the potential financial impact of highly substantial climate risks and opportunities

Risks and opportunities	Description	Potential financial impact
<b>Policy and legal risks</b>	Following the introduction of national environmental protection policies and laws, the Company and its customers may be exposed to incidents such as defaults, penalties and litigation due to their inability to meet policy and regulatory requirements.	Increase in operating costs Decrease in operating income Decrease in value of investment portfolio
<b>Market risk</b>	The introduction of the low carbon policy will affect the supply and demand structure of the market, which may have an impact on the Company's business and may lead to higher credit risk due to reduced solvency of customers.	Decrease in operating income Decrease in value of investment portfolio
<b>Market opportunities</b>	The introduction of policies related to climate change and green finance has a guiding effect on the financial business and market. If the Company follows the development trend of the green finance market, it will help to increase the revenue generated from the green finance business.	Increase in operating income
<b>Products and services</b>	The Company facilitates the development of climate-friendly enterprises through the issuance of green bonds, support for IPOs, and equity investments, thereby creating revenue for the Company while guiding private capital to invest in climate-friendly industries to jointly address climate change.	Increase in operating income Increase in value of investment portfolio

# DFZQ 2022 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 5. STRIVING FOR COMMON DEVELOPMENT IN A PEOPLE-ORIENTED APPROACH

### 5.1 Safeguarding Rights of Employees

- **Recruitment and employment of staff**

The Company strictly complies with the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China, the Implementation Rules of the Labor Contract Law of the People's Republic of China and other relevant laws and regulations. The Company respects the rights and interests of its employees and maintains an open and inclusive atmosphere, cares for vulnerable groups, prohibits child labour, eliminates all forms of forced labour, firmly opposes employment discrimination, introduces ethnic minorities and non-mainland Chinese nationals without discrimination in the recruitment process, and prohibits refusal of recruitment on the grounds of gender and maternity. In 2022, the Company has no incidents of employee discrimination or child labour, and did not have any confirmed violations of laws or any lawsuits in terms of employment and labor standards.

#### Formulating annual staffing plan



The Company continues to adopt both in-house cultivation and external recruitment, forms a multi-level three-dimensional recruitment system of “online – mobile – offline”, uses flexible and diverse recruitment tools to meet internal recruitment needs, ensures that the job requirements, professional capabilities and values of the recruited talents are suitable for the positions in the Company, thereby ensuring the quality of the high-end talent team as a whole.

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### Diversified channels for campus recruitment

<b>Summer internship retention project</b>	“Orient I-MT” management trainee project, “Orient Star” wealth management trainees project
<b>Offline</b>	Information session, career development seminars, campus open days, internship sites, etc.
<b>Online</b>	Information session, official recruitment website, “DFZQ Recruitment” official account, advertisements on major recruitment websites, university employment websites, BBS, etc.

The Company always pays attention to the talents with leadership skills, high caliber and international vision, makes timely recruitment based on business development, continues to improve the dynamic human resources allocation management model based on staff performance, makes reasonable plans for allocation and selection, strengthens the recruitment of outstanding talents, enhances the attractiveness to outstanding university graduates, and continues to build the brand image of an excellent employer.

In 2022, the Company increased its efforts in maintaining the relationship with universities and signed an internship base agreement with Guanghua School of Management of Peking University. The Company continued to strengthen its brand influence and industry presence as an employer, won a number of employer brand awards granted by well-known third-party organizations, and assisted various organizations in conducting research projects.

The Company adheres to the principle of equal employment for men and women, and is committed to recruiting talents from various backgrounds and building a diverse workforce in terms of age, race, ethnicity, professional background and ability. The Company provides training for women and ethnic minority employees on equal employment, including training for middle and senior management at the Company’s headquarters, and online learning activities such as “monthly management courses” for branch leaders organized by the wealth management business department.

#### In 2022, the Company won various awards and recognitions:

- 2022 Forbes China – Most Sustainable Employer
- 2022 α i Quality Workplace Annual Renewal Certification
- Liepin 2022 Shanghai Outstanding Employer of the Year – Best HR Management Team
- China Investment Network – Golden Jubilee Award – 2022 Outstanding Employer

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- **Employee remuneration and benefit system**

The Company strictly complies with relevant national laws and regulations, formulates the Labor Contract Management System (《勞動合同管理制度》), “Attendance and Leave Management Regulations” (《考勤及假期管理規定》) and other rules, firmly prohibits the employment of child labour and forced labour, protects human rights, rigidly standardizes the employee induction and departure processes, effectively safeguard the basic rights and interests of employees in terms of labour protection, labour remuneration, labour conditions, working hours management, rest and leave and social insurance to establish harmonious employment relations.

### Construction of remuneration and benefit system of the Company

<b>Working hours and leaves</b>	<ul style="list-style-type: none"> <li>• A five-day work week with 40 hours of work per week. Monday to Friday are working days, Saturday and Sunday are rest days</li> <li>• Special working hours for special positions</li> <li>• Statutory holidays, sick leave, marriage leave, parental leave, etc.</li> <li>• Formulate the Employee Attendance and Leave Management Regulations of DFZQ (《東方證券股份有限公司員工考勤及假期管理規定》) to protect employees’ paid annual leave</li> <li>• All employees (including contracted and dispatched workers) are entitled to paid parental leave as stipulated by national regulations, which shall be implemented according to the standards set by the local government where the employees work; nursing leave shall be implemented according to local government regulations</li> </ul>
<b>Remuneration and benefits</b>	<ul style="list-style-type: none"> <li>• Determining salary based on market rate and making distribution based on results of performance appraisal</li> <li>• Ensure that total wages are reasonably aligned with business performance, and optimize the salary deferral mechanism for employees to advocate the development concept of sound management</li> <li>• Full and timely contribution to five insurance and one fund (basic pension insurance, basic medical (including maternity) insurance, unemployment insurance and work injury insurance and housing provident fund) with benefits covering both contracted employees and labour dispatch workers</li> </ul>

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### Non-statutory benefits

- The Company provides supplemental medical insurance for all in-service employees (including contracted and dispatched workers) and retired employees, covering outpatient and emergency, inpatient care, major illness, minor illness, maternity, accidental injury, public transportation, and term life insurance, which effectively reduces the burden of medical expenses for employees, especially those who suffer from serious illness
- Established the enterprise annuity system since 2006, completed the addition of enterprise annuity investment managers in 2022 with reference to industry practice, and improved the supporting management mechanism of investment management institutions to further strengthen the preservation and appreciation of the Company's enterprise annuity and diversify risks
- Build an employee insurance benefit platform and gradually establish and improve a multi-level, diversified and comprehensive insurance benefit system based on the actual needs of employees, core welfare protection (basic and group supplemental pension and medical insurance), and supplemented by employee-selected insurance benefit plans

### • *Democratic staff communication*

The Company persists in safeguarding rights according to relevant laws and implements the basic system of democratic management. It gives full play to the function of the employee congress, joint meeting of employee congress and the special committees to effectively promote publication of enterprise affairs. All employees of the Company have joined the trade union, and the coverage ratio of collective contracts is 100%.

In 2022, the Company organized and held the second meeting of the fourth session of the employee congress to consider and adopt the Performance Management Rules of DFZQ, Organizational Structure and Post Management Measures of DFZQ and other rules to effectively utilize the important function of the employee congress system in democratic management; and organized and held the plenary meeting of the fourth session of the trade union committee of the Company to fully perform the management responsibilities of supervision, assistance and promotion of the committee.

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Meanwhile, the Company guided its subsidiaries, Orient Securities Capital Investment and Orient Securities Asset Management, to complete the general election work. The Company guided its subsidiaries, Orient Securities Capital Investment and Orient Securities Asset Management, to hold general meetings of members (representatives) and elect a new session of the trade union committee and budget review committee based on sound organization and standardized procedures, which promoted harmonious employment relations, continuously improved the cohesiveness and competitiveness of grass-roots trade unions, and further strengthened the democratic management work structure led by the party committee, implemented by the administration and supported by the trade unions.

The Company has one employee representative director and three employee representative supervisors. The employee representative director shall exercise the relevant powers of the director as stipulated in the Articles of Association in accordance with relevant laws, and the employee representative supervisors shall be entitled to the right of information, supervision and suggestion and other democratic rights in accordance with relevant laws. When the Board of Directors and the Supervisory Committee deliberates on important matters of the Company, the employee representative director and supervisors shall fully express their opinions and at the same time perform their duties and obligations to represent the interests of the employees, reflect their reasonable demands and safeguard the legitimate rights and interests of the employees and the Company, and take the corresponding responsibilities.

The Company maintains two-way and effective communication with employees and conducts investigation on the departure of resigned employees through online questionnaires and offline interview, understands the internal and external factors of employee turnover from the aspects of turnover reasons, turnover destination, and opinions and suggestions to the Company, and strives to fundamentally improve potential management problems and raise employee satisfaction.

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## 5.2 Empowering Employee Development

- **Multi-level training system**

In 2022, the Company continued to conduct training with the goal of “endowing potential talents, improving staff skills and transmitting core values”, improved the multi-level curriculum system and designed targeted training programs after taking into account the learning needs of employees at different stages of career development. The Company promoted key annual training programs such as new employee training based on the strategic operation direction; and optimized the advanced learning of management and skills for new cadres based on the operation focus and market trends.

### Multi-level talent training system of DFZQ

#### New staff training

- Focus on staff career development, organize the annual training for new employees, adopt a combination of online and offline training, covering the Group’s overview, business introduction, party culture, regulatory rules, professionalism, etc.;
- The Company arranges dedicated instructors for new employees and develops personalized newcomer training plans to help new employees settle in as soon as possible.

#### Management training

- 5 offline seminars on “Innovation and Development” and “Leadership Development” on topics such as the Russia-Ukraine situation and the macro environment;
- 5 training sessions of Shenergy Lecture Hall which organized 6 outstanding young cadres to participate in the fourth training course for young and middle-aged cadres organized by the party committee of Shenergy Group, and conducted online large-scale learning from time to time;
- Regularly publish the book list exclusively for management and other services to help middle and senior management cadres develop their horizons.

#### Business training

- Organize the Company’s backbone staff to participate in various trainings held by the relevant association, the SSE and the CSRC to help employees keep abreast of the latest development trends, including a total of 47 sessions involving 209 person-times;
- Provide training support for various businesses based on the “Easy Learning” platform of Securities Association of China and the learning platform of Shanghai Securities Association which involved nearly 5,000 people of the parent company;



## DFZQ 2022 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### Diverse learning courses with standardized features

- The Company's new e-learning platform can better meet the customized training needs and make targeted course recommendations for each department, branch and subsidiary;
- In 2022, 197 online training courses were added on the E-learning platform, including 159 independently developed courses and 38 courses procured externally.

### Leadership training activity of “ Monthly Management Course”

On May 20, 2022, the Company held the 22nd online seminar on leadership development, and invited military analyst Professor Wang Qiang to give a lecture on “The End of the Post-Cold War Order – The Development of the Russia-Ukraine Conflict”. The seminar helped employees further understand the latest international affairs and broaden their horizons. More than 200 people, including cadres at or above the level of assistant to general manager of each department, the management team of subsidiaries and the heads of branches, attended the training through Tencent Meeting or live broadcast.

The “ Monthly Management Course” activity was carried out for heads of branches. Nine courses have been offered to the heads of branches on a monthly basis, covering 177 heads of branches, to continuously improve their management capabilities and comprehensive quality.

### Training on new business promotion

In 2022, in terms of business training, the Company's wealth management business department worked with all departments and subsidiaries to further promote training collaboration and business promotion, actively participated in the promotion of new businesses such as institutional wealth management, family trust and personal pension business, collaborated with the financial derivatives business department, OTC market business department and internet finance business department to conduct 24 training sessions, and collaborated with the private wealth division, institutional business division and retail business division of wealth management department to conduct 13 sessions, totaling 37 sessions and covering 51,989 people. Taking personal pension business training as an example, the wealth management department conducted a series of 4 training sessions for pension business promotion and operation process, covering all employees of the wealth management line and all staff of branches.

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### Staff training programs with external educational institutions

- **Online course for the improvement of professional work skills in collaboration with Ping An Zhiniao**

In 2022, the Company joined hands with Ping An Zhiniao, an external organization in the field of digital talent training, to carry out online courses for the improvement of professional work skills for the Company's IT staff with project management staff and developers as training targets, which introduced online courses on project management, development architecture, front-end frameworks, programming languages, etc. to provide employees with targeted training courses in the IT field.

- **Staff training and course cooperation projects with external institutions**

In 2022, our wealth management headquarters carried out staff training and course cooperation projects with various external institutions, cooperated with Zhengzhou Guanzhuo Consulting Company, Shenzhen Purui Financial Consulting Company and other external institutions to carry out live online and offline training for marketing managers, and cooperated with Beijing Lingdai InfoTech Company and Shanghai Yunyong Technology Company to introduce courses to support course learning activities for branch heads and new employees. Taking the training activity for branch marketing managers in cooperation with Zhengzhou Guanzhuo Consulting Company as an example, we jointly conducted live online courses by carrying out 3 live online training sessions, with course topics covering management mindset development and marketing skills enhancement, and the satisfaction rate of all 3 training sessions exceeded 93%.

In 2022, the Company organized various training activities for directors, supervisors, senior management, practitioners, dispatched workers and brokers. A total of 130 face-to-face internal training sessions were organized and held (including 11 sessions at company level and 119 sessions for headquarters departments and wealth management business line), covering 4,254 people. It also arranged for employees to attend a total of 338 online and offline training courses held by various regulatory authorities and external training institutions, covering 1,806 participants. A total of 324 online training sessions were held, covering over 200,000 people.

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In addition, the Company encourages employees to enhance the professional skills required for their individual positions and obtain relevant professional certifications such as Chartered Financial Analyst (CFA) and Financial Risk Manager (FRM). The Company reimburses examination fees or registration fees and provides additional subsidies for employees who take relevant examinations. In 2022, the Company reimbursed examination fees in a total amount of RMB117,232.64 for 39 employees.

- ***Staff appraisal and incentive***

The Company is committed to creating a healthy, fair and merit-based ecosystem for its young employees. The Company empowers the career growth of its employees by establishing clear career development paths, setting up regular promotion and advancement mechanism, improving scientific assessment system, formulating reasonable remuneration strategies and establishing diversified selection mechanism, and other systematic measures for promotion and implementation.

In 2022, the Company revised the Employee Handbook of DFZQ, Performance Management Measures of DFZQ, Organizational Structure and Position Management Measures of DFZQ, adjusted the Implementation Rules of Promotion and Advancement of Employees of DFZQ and formed the Management Measures of Ranking System of Employees of DFZQ to clarify the career development standards of employees, further open up the development channels of employees and speed up the development of outstanding talents.

The Company is committed to establishing a fair and just workplace for talents, and regulates employee performance management through the formulation of the Performance Management Measures and other related rules. At the same time, the Company pays attention to performance communication and process management, and the performance results of employees are strictly associated with personal remuneration and promotion development, so as to advocate appointment and dismissal of employees and flexible adjustment of remuneration based on performance. The Company requires supervisors to provide advice to employees in the performance process, as well as feedback and guidance on employee performance results, with the aim of developing the medium- and long-term incentive and constraint mechanisms of the Company and continuously optimizing the performance management system.

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### Employee performance appraisal operation mechanism

<b>Performance appraisal method</b>	Adopt a KPI-setting approach and set multi-dimensional performance appraisal targets on a top-down basis.
<b>Performance appraisal period</b>	The assessment period is generally one year, and the Company conducts quarterly or half-yearly assessments based on the needs of different business lines and departments.
<b>Differentiated assessment plan</b>	<p>The assessment targets for senior management and leaders mainly include the achievement of the Company's overall operating performance target, the achievement of performance target of responsible business lines, compliance and risk management, honest practice and other aspects.</p> <p>Staff assessment targets are mainly set by their respective departments and supervisors based on job content and departmental requirements, mainly covering work objectives, compliance management, honest practice and other aspects.</p>

In order to fully protect the rights and interests of employees, the Company has set up employee grievance channels and mechanisms, and employees can report problems in management to the Company in a timely manner in written form through courier, email, WeChat, SMS, system processes and other means. In addition, the Company requires grievance investigators to keep the details of grievance matters and the persons involved in the investigation confidential, and undertakes that all grievances will be handled in an appropriate manner and that any retaliation or discrimination against the grievance employee is strictly prohibited.

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### Employee grievance reporting mechanism

Type of grievance	Relevant rules	Grievance handling procedures
<b>Grievance against employee performance appraisal</b>	Performance Management Measures	<ul style="list-style-type: none"> <li>• In case that departments and employees cast doubt over the assessment process or the assessment results, they may apply to the human resources management department for reconsideration within seven days from the release date of assessment results by filling out the Performance Appraisal Reconsideration Form with appeal reasons and detailed evidence thereof;</li> <li>• The human resources management department will organize investigation and verification upon receiving the relevant application form, and issue a written reply within two weeks after reporting the investigation results to the Company.</li> </ul>

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Type of grievance	Relevant rules	Grievance handling procedures
<b>Employee grievance against the handling result</b>	Employee Reward and Punishment Management Measures	<ul style="list-style-type: none"> <li>The handling result will be communicated in writing to the subject person by his/her department or the human resources management department;</li> <li>If the subject person disagrees with the handling decision, he/she may submit a written appeal to the initiating body/department or the human resources management department within 10 days from the date of delivery of the handling decision, and provide relevant supporting documents;</li> <li>The Company will make a review decision to maintain, revoke or change the original handling decision within 30 days upon receipt of the appeal materials, and inform the appellant and his/her department in writing.</li> </ul>

In order to further establish and improve the benefit sharing mechanism between employees and the Company and share the development results of the Company with outstanding talents, the Company established the employee stock ownership plan covering all formal employees of the Company and controlling subsidiaries in July 2020. The lock-up period of the subject shares purchased under the H share employee stock ownership plan of the Company had been expired on December 24, 2021. As of the end of the reporting period, the employee stock ownership plan has a total of 2,836 participants holding a total of 49,239,200 shares, representing 0.5795% of the total share capital of the Company.

In 2022, in order to enhance the holding experience of the participants of the employee stock ownership plan, based on the cash dividend of the Company's shares, the Company completed the cash dividend distribution for the employee stock ownership plan in early August after consideration and approval by the management committee of the Company's employee stock ownership plan. The Company continued to maintain daily operation of the employee stock ownership plan, made timely disclosure of product quarterly reports and other information through Orient Winner, answered the inquiries from employees of the parent and subsidiaries on redemption and daily consultation of employee stock ownership by telephone and email, and maintained the confidentiality of stock ownership information and management of lock-up period. 14 redemptions were completed during 2022.

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## 5.3 Deepening the Care for Employees

The Company attaches great importance to safeguarding the safety and health of its employees, strictly complies with the Labor Law of the People's Republic of China (《中華人民共和國勞動法》), the Production Safety Law of the People's Republic of China (《中華人民共和國安全生產法》), the Regulation on Work-Related Injury Insurance (《工傷保險條例》) and other documents, formulates the Administrative Measures of Security and Fire Safety Work of DFZQ (《東方證券股份有限公司安全保衛和消防安全工作管理辦法》) and other relevant rules and regulations, establishes the employee insurance and benefits platform and takes multiple measures to protect the physical and mental health of the employees.

### Major efforts to safeguard the health and safety of employees

<b>Pay attention to the physical health of employees</b>	<ul style="list-style-type: none"> <li>Organize annual health checkups for employees (including labour dispatch workers and retired employees);</li> <li>Promptly verify and confirm the situation with the injured employee after a work injury and make a preliminary judgement on whether the injury is a work injury. Assist the employee to fill out the application form for work injury, and promptly report to the work injury certification authority and take corresponding measures.</li> </ul>
<b>Care for employees' mental health</b>	<ul style="list-style-type: none"> <li>Establish the "Growing Up Together Towards a Bright Future" employee occupational mental health care service to provide 24/7 free professional mental health counseling hotline and open classes to help employees resolve their worries and troubles in workplace and daily life and effectively safeguard the physical and mental health of employees.</li> </ul>
<b>Safeguard the rights and interests of female employees</b>	<ul style="list-style-type: none"> <li>Carry out comprehensive special gynecological examinations to ensure that female employees are examined as much as possible;</li> <li>Carry out comprehensive caring activities on the International Women's Day on March 8;</li> <li>Safeguard the legitimate rights and interests of female employees and ensure that female employees enjoy the right to prenatal checkups and prenatal leave, maternity leave, breastfeeding leave and breastfeeding care time, paid parental leave, family planning leave and other leave in accordance with relevant laws;</li> <li>Establish the "Mommy Care Cabin" to create a private, hygienic and comfortable place for breastfeeding mothers to rest and breastfeed.</li> </ul>

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Meanwhile, in order to fully invigorate its employees and enrich their spiritual and cultural life in the workplace, and allow employees to personally participate in corporate culture building, the Company organized various cultural activities and launched the 2022 Staff Cultural Festival campaign to provide warmth and care and stimulate vitality in the workplace.

### 6. GIVING BACK TO THE COMMUNITY TO CREATE A BETTER FUTURE FOR ALL

#### 6.1 Developing the Public Welfare Platform

Shanghai DFZQ Xindeyizhang Public Welfare Foundation (“Xindeyizhang Public Welfare Foundation”) was officially established in May 2015. With the mission of preserving and promoting cultural heritage, Xindeyizhang Public Welfare Foundation focuses on children’s art education, develops a unique path of cultural heritage preservation by way of children’s art tours and construction of art classrooms in rural elementary school, and is committed to giving more children the opportunity to be inspired by cultural heritage and become the future guardians and promoters of cultural heritage.

After seven years of development, the foundation has made solid progress towards professional and standardized operations. By organizing Tujia Brocade Art Cultural Heritage Preservation, “A Beautiful City in Western China | Dunhuang” cultural heritage plan, Xindeyizhang Art Classroom construction and other projects, the foundation has established the Company’s responsible brand image of “willing to take up responsibilities and dare to rise up to challenges”.

In order to protect and pass on the traditional Chinese cultural heritage, in 2016, the Xindeyizhang Public Welfare Foundation launched the cultural protection project of “A Beautiful City in Western China”, taking Dunhuang as the first stop of cultural protection to launch the project of “A Beautiful City in Western China | Dunhuang”. The project aims to convey the beauty of Dunhuang art and the Mogao spirit to the public by producing a series of public welfare promotional videos for Dunhuang with innovative perspectives and tools, and through various forms and channels of communication such as media exhibitions and forums.

- **Supporting children’s art education**

In order to promote arts to children in rural areas, the DFZQ Xindeyizhang Public Welfare Foundation launched the “Xindeyizhang Art Classroom” public welfare project, aiming to build or renovate art classrooms in rural elementary school, together with public welfare teaching by volunteers, to enable more children to be exposed to culture and art and get inspired by art, thereby achieving “Equality in Beauty”. As of the end of 2022, the Xindeyizhang Public Welfare Foundation established a total of 14 art classrooms in 12 rural elementary schools.



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Since 2019, Xindeyizhang continuously funds 15 “Xindeyizhang Future Hope Early Childhood Classes” in Butuo County, Liangshan Autonomous Prefecture, Sichuan Province, benefiting over 500 children by providing support to pre-school education.

### Public welfare income and expenditure of Xindeyizhang Public Welfare Foundation in the last three years

Indicator	Unit	2020	2021	2022
Annual fund-raising amount	RMB'0000	1,458.00	820.26	1,282.00
Annual expenditure	RMB'0000	703.00	1270.79	875.89

*Note:* The public welfare income and expenditure of the public welfare foundation have been retroactively reported to be consistent with the annual audit report of the foundation.

### 6.2 Promoting Rural Revitalization

The Company actively implements the strategy of supporting rural revitalization, participates in the “Public Welfare Action for Rural Revitalization in the Securities Industry”, establishes assistance working groups within the Company, sets up a leading group for assistance headed by the secretary of the party committee and the chairman of the Board of Directors, formulates key tasks for precise assistance every year, and establishes and improves the work mechanism and procedure for assistance to consolidate the results of poverty alleviation and promote the implementation of rural revitalization.

In 2022, the Company and its subsidiaries continued to increase assistance efforts and expanded the coverage of assistance, thus providing pair-up assistance to a total of 32 areas. It also provided practical assistance through various means such as industry assistance, financial assistance, education assistance, public welfare assistance, ecological assistance and cultural assistance, thereby effectively contributing to rural revitalization.

In 2022, the parent company of DFZQ carried out 38 projects to consolidate poverty alleviation results and promote rural revitalization, including four industry assistance projects, 24 public welfare assistance projects, two knowledge assistance projects, two ecological assistance projects, three cultural assistance projects and three consumption assistance projects, with total investment of approximately RMB13.3895 million.

## DFZQ 2022 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

- ***Solidly promoting comprehensive assistance***

In 2022, the Company continued to focus on various aspects such as industry assistance, education assistance and consumption assistance to continuously expand and solidly promote the rural revitalization efforts. The Company steadily promoted key industry assistance projects such as “Orient Guniang” and “Dong Fang Hong Yi Black Tea”, and further coordinated resources to organically integrate the rural revitalization efforts with the Xindeyizhang Public Welfare Foundation, carried out assistance activities based on local conditions, and helped improve rural production and livelihood services and facilities and develop special cultural industries.

**Developing the “Dong Fang Hong Yi Black Tea” brand to promote the sustainable development of the regional business**

In 2022, the Company and its subsidiaries carried out the tea industry assistance project in Wufeng, Hubei for the fifth consecutive year, with an annual investment of RMB2.388 million and a total investment of approximately RMB18.388 million.

**Fully supporting the development of Morin Banner under the theme of “Sustainable Love”**

In 2022, the Company carried out the “Orient Guniang” industry assistance project in Morin Banner, Inner Mongolia for the sixth consecutive year, with an annual investment of RMB2.4253 million and a total investment of RMB14.0969 million.

**Cooperating with Nujiang Lisu Autonomous Prefecture in Yunnan Province to facilitate the development of special agricultural products**

In 2022, the Company joined hands with Nujiang Lisu Autonomous Prefecture in Yunnan Province to introduce the high-quality agricultural products from mountainous areas to Shanghai and to the “Orient Joyful City” to celebrate the new year in 2022, thereby facilitating the development of local special agricultural products through consumption assistance.

**Organizing the “Solving Lantern Riddles for Public Welfare” activity to support education assistance**

In February 2022, the Company joined hands with the Xindeyizhang Public Welfare Foundation to carry out the “Solving Lantern Riddles for Public Welfare” Chinese New Year activity under the “Public Welfare Action for Rural Revitalization in the Securities Industry”, and invited employees to join the Company in fulfilling the wishes of and sending blessings to 567 children in the schools where the Xindeyizhang Art Classrooms are located.

## DFZQ 2022 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

- **Financial assistance through innovation**

The Company fully utilizes its advantages in comprehensive financial services, and builds innovative models of financial assistance to facilitate agricultural and rural development with high-quality financial services.

### Typical projects of financial assistance of the Company in 2022

<b>Carrying out “insurance + futures” professional assistance</b>	In 2022, Orient Futures, our subsidiary, invested RMB8.9293 million in “insurance + futures” professional assistance, covering ten counties in seven provinces and involving apples, soybeans, hogs, sugar and other products. Insurance payouts amounted to RMB22.1638 million, benefiting approximately 23,590 farming households and cooperatives. It also organized nearly online and offline trainings on “insurance + futures”.
<b>Jointly underwriting the rural revitalization bonds of Zhongyu Town</b>	In September 2022, the “22 Town 01” co-underwritten by Orient Investment Banking was issued with a total size of RMB1.5 billion, and the funds raised will be mainly used for relevant shanty town improvement projects in Ningling County.

### 6.3 Promoting Volunteer Spirit

The Company promotes volunteer spirit through the Xindeyizhang Public Welfare Foundation and regularly organizes staff volunteers to participate in the “Xindeyizhang Art Classroom” public welfare project to teach art classes to children. In 2022, the Company adopted both online and offline forms to organize and carry out various types of volunteer activities including printing and dyeing art classes, handicraft classes, photography classes, painting classes and writing classes. Through the “Xindeyizhang Art Classroom” public welfare project, our staff volunteers provided 78 volunteer services with a total of 276 hours, bringing over 200 vivid and rich lessons to over 1,200 students.

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In 2022, Orient Securities Asset Management, our subsidiary, fulfilled its social responsibility by organizing over 114 employees to participate in voluntary service activities and continuously gather positive strength.

<b>Successful opening of the “2022 Dongfanghong Wispring Public Welfare Growth Camp”</b>	In 2022, Orient Securities Asset Management established an in-depth cooperation with Hunan Wispring Education Development Foundation through the Dongfanghong Foundation, and in addition to granting scholarships and bursaries, it added the “2022 Dongfanghong Wispring Public Welfare Growth Camp” program, inviting outstanding senior high school graduates from rural areas to attend a week-long summer camp in a super first-tier city.
<b>Carrying out the “Care for Autistic Children Volunteer Service” brand project</b>	In 2022, the Company’s staff volunteers actively promoted the brand project of “Care for Autistic Children Volunteer Service”, carried out two volunteer service activities through online and offline forms, made teaching aids and cleaned classrooms to offer heartfelt love and care to autistic children, and further strengthened the awareness of social responsibility and contribution among young employees.

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## KEY QUANTITATIVE PERFORMANCE TABLE

### Business performance

Business performance table

Indicator	Unit	2020	2021	2022
Total assets	RMB100 million	2,911.17	3,266.00	<b>3,680.67</b>
Total revenue	RMB100 million	231.34	243.70	<b>187.29</b>
Basic earnings per share	RMB/share	0.37	0.72	<b>0.35</b>
Social contribution value per share	RMB	1.93	2.28	<b>1.56</b>

*Note 1:* [Calculation method] social contribution value per share = (net profit of the Company + tax paid to the state during the year + salaries paid to employees + interest on borrowings paid to banks and other creditors + value created for other stakeholders, e.g. donations – other social costs due to environmental pollution)/share capital of the Company as at the end of the period.

*Note 2:* Basic earnings per share and social contribution value per share are retrospectively disclosed based on the annual report.

# DFZQ 2022 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Environmental performance

Environmental performance table of the parent company of DFZQ

Indicator	Unit	2020	2021	2022
Total greenhouse gas emissions	Tonnes of carbon dioxide equivalent	17,712.60	15,153.71	<b>15,997.73</b>
Total greenhouse gas emissions within Scope 1	Tonnes of carbon dioxide equivalent	245.86	233.28	<b>209.00</b>
Total greenhouse gas emissions within Scope 2	Tonnes of carbon dioxide equivalent	16,017.14	11,478.11	<b>10,092.36</b>
Total greenhouse gas emissions within Scope 3	Tonnes of carbon dioxide equivalent	1,449.60	3,442.32	<b>5,696.38</b>
Greenhouse gas emissions per capita (Scope 1 and Scope 2)	Tonnes of carbon dioxide equivalent/headcount	3.92	2.52	<b>2.12</b>
Greenhouse gas emission per unit area (Scope 1 and Scope 2)	Tonnes of carbon dioxide equivalent/sq.m.	0.10	0.07	<b>0.05</b>
Total electricity consumption	KWH	19,004,868.00	19,755,787.83	<b>17,696,572.35</b>
Electricity consumption per capita	KWH/headcount	4,579.16	4,248.42	<b>3,634.54</b>
Electricity consumption per unit area	KWH/sq. m.	116.07	120.63	<b>93.46</b>
Total natural gas consumption	Cu. m.	77,231.00	77,672.00	<b>85,597.00</b>
Natural gas consumption per capita	Cu. m./headcount	52.08	51.99	<b>57.06</b>
Natural gas consumption per unit area	Cu. m./sq. m.	1.73	1.53	<b>1.43</b>
Petroleum consumption of self-owned vehicles	Litre	29,000.00	24,000.00	<b>8,500.00</b>
Diesel consumption of self-owned vehicles	Litre	50.00	50.00	<b>50.00</b>
Total water consumption	Cu. m.	192,829.00	201,834.43	<b>94,029.72</b>
Water consumption per capita	Cu. m./headcount	46.46	43.40	<b>19.31</b>
Water consumption per unit area	Cu. m./sq. m.	0.77	0.90	<b>0.50</b>
Total office paper consumption	Tonnes	9.53	10.00	<b>10.00</b>
Electronic product wastes	Piece	312.00	776.00	<b>85.00</b>

## DFZQ 2022 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

- Note 1:* Total electricity consumption, total water consumption and relevant statistics are based on the parent company of DFZQ (i.e. headquarters and branches of the parent company), and other statistics are based on the headquarters of parent company of DFZQ.
- Note 2:* Greenhouse gas emissions within Scope 1 include direct greenhouse gas emissions from natural gas consumption and gasoline and diesel consumption from self-owned vehicles of the headquarters of parent company of DFZQ. Greenhouse gas emissions within Scope 2 include indirect greenhouse gas emissions from purchased electricity of the headquarters and branches of the parent company of DFZQ, with reference to 2012 data in the 2011 and 2012 China Regional Power Grid Average CO2 Emission Factors issued by the NDRC for carbon emission factors in 2020, reference to the 2021 National Grid Emission Factor in the Corporate Greenhouse Gas Emissions Accounting Methods and Reporting Guidelines for Power Generation Facilities, 2022 Revised Edition issued by the Ministry of Ecology and Environment of the People's Republic of China in respect of the carbon emission factors for purchased electricity in 2021, and reference to the National Grid Emission Factor in the Notice on the Management of Greenhouse Gas Emissions Report of Power Generation Industry Enterprises in 2023-2025 issued by the Ministry of Ecology and Environment of the People's Republic of China in respect of the carbon emission factors for purchased electricity in 2022.
- Note 3:* For 2020, greenhouse gas emissions within Scope 3 include indirect greenhouse gas emissions from purchased electricity of leased data centre of the parent company of DFZQ, and for 2021 and 2022, greenhouse gas emissions from employee business travel of the headquarters of parent company of DFZQ were added to the greenhouse gas emissions within Scope 3. Greenhouse gas emissions from employee business travel within Scope 3 are estimated in accordance with the Scope 3 calculation tool of the Greenhouse Gas Protocol.
- Note 4:* Electronic product wastes include obsolete server equipment, network equipment, security equipment, desktop computers, printers, etc.

# DFZQ 2022 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

**Environmental performance table of the subsidiaries of DFZQ**

Indicator	Unit	2020	2021	2022
Total greenhouse gas emissions	Tonnes of carbon dioxide equivalent	774.25	10,979.36	<b>8,106.19</b>
Total greenhouse gas emissions within Scope 1	Tonnes of carbon dioxide equivalent	39.81	38.64	<b>34.96</b>
Total greenhouse gas emissions within Scope 2	Tonnes of carbon dioxide equivalent	734.44	1,130.10	<b>1,148.60</b>
Total greenhouse gas emissions within Scope 3	Tonnes of carbon dioxide equivalent	–	9,810.62	<b>6,922.63</b>
Greenhouse gas emissions per capita (Scope 1 and Scope 2)	Tonnes of carbon dioxide equivalent/headcount	0.49	0.65	<b>0.57</b>
Greenhouse gas emission per unit area (Scope 1 and Scope 2)	Tonnes of carbon dioxide equivalent/sq. m.	0.03	0.04	<b>0.03</b>
Total electricity consumption	KWH	1,104,924.90	1,945,102.00	<b>2,014,032.82</b>
Electricity consumption per capita	KWH/headcount	703.33	1,078.22	<b>961.81</b>
Electricity consumption per unit area	KWH/sq. m.	76.39	69.08	<b>53.27</b>
Petroleum consumption of self-owned vehicles	Litre	14,700.00	14,269.00	<b>13,100.00</b>
Total water consumption	Tonnes	4,152.18	4,902.95	<b>2,908.00</b>
Water consumption per capita	Tonnes/headcount	2.64	2.72	<b>1.39</b>
Water consumption per unit area	Tonnes/sq. m.	0.17	0.17	<b>0.08</b>

**Note 1:** The statistics are based on the headquarters and branches of Orient Investment Banking, headquarters of Orient Securities Innovation Investment, Orient Securities Capital Investment, Orient Securities Asset Management and Orient Futures, and parent company and subsidiaries of Orient Finance Holdings.

**Note 2:** The scope of greenhouse gas emissions in 2020 includes direct emissions from the combustion of gasoline by self-owned vehicles and indirect emissions from purchased electricity. The scope of greenhouse gas emissions in 2021 and 2022 includes direct emissions from the combustion of gasoline by self-owned vehicles and indirect emissions from purchased electricity and employee business travel, measured in the same way as the parent company of DFZQ.

**Note 3:** Water and electricity charges included in the property management fees of certain subsidiaries cannot be counted, and therefore relevant environmental data are based on estimation.

**Note 4:** In 2021, a new server room was built for Orient Securities Asset Management, which resulted in a substantial increase in total electricity consumption and greenhouse gas emissions within Scope 2.

**Note 5:** In 2022, affected by the work-from-home measure, the Scope 3 greenhouse gas emissions decreased significantly.



# DFZQ 2022 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## Social performance

Customer service performance table

Indicator	Unit	2020	2021	2022
Number of customer enquiries through 95503 hotline (manual)	Case	141,760	145,403	<b>115,732</b>
Number of complaints	Case	13	12	<b>1</b>
Proportion of handled complaints	%	100	100	<b>100</b>
Customer satisfaction rate	%	85	86	<b>91</b>

*Note:* The customer satisfaction survey is conducted through the customer satisfaction follow-up project for investment advisory customers, customers of margin financing and securities lending business and stock options business, and by adding questions on customers' satisfaction with the Company's service staff in the follow-up review for existing customers and customers of fund investment advisory business.

Supplier performance table

Indicator	Unit	2020	2021	2022
Number of mainland suppliers	Supplier	43	46	<b>46</b>
Number of suppliers in Hong Kong, Macao, Taiwan and overseas	Supplier	0	0	<b>0</b>

## DFZQ 2022 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Employee composition performance table<sup>Note</sup>

Indicator		Unit	2020	2021	2022
<b>Total employees</b>		Person	6,339	6,948	<b>8,391</b>
By type	Full-time contracted employee	Person	–	–	<b>7,371</b>
	Full-time dispatched worker	Person	–	–	<b>39</b>
	Others	Person	–	–	<b>981</b>
By gender	Male	Person	3,440	3,872	<b>4,488</b>
	Female	Person	2,899	3,076	<b>3,903</b>
By age	<30	Person	1,979	2,433	<b>2,487</b>
	30 to 50	Person	4,140	4,260	<b>5,398</b>
	>50	Person	220	255	<b>506</b>
By region	Mainland China	Person	6,129	6,731	<b>8,161</b>
	Hong Kong, Macao, Taiwan and overseas	Person	210	217	<b>230</b>

*Note:* For 2020 and 2021, the statistics of total employees are the number of full-time employees who entered into labour contracts with DFZQ, Orient Futures, Orient Securities Asset Management, Orient Securities Capital Investment, Orient Finance Holdings, Orient Securities Innovation Investment and Orient Investment Banking; for 2022, the statistics of total employees cover full-time, dispatched workers and brokers of the parent of DFZQ and its subsidiaries.

## DFZQ 2022 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Employment performance table

Indicator		Unit	2020	2021	2022
<b>Employee turnover rate</b>		%	14	14	<b>13</b>
By gender	Male	%	16	16	<b>14</b>
	Female	%	12	12	<b>11</b>
By age	<30	%	20	24	<b>21</b>
	30 to 50	%	11	11	<b>9</b>
	>50	%	14	12	<b>11</b>
By region	Mainland China	%	14	14	<b>13</b>
	Hong Kong, Macao, Taiwan and overseas	%	0	0	<b>0</b>
<b>Number of voluntary employee turnover</b>		Person	—	682	<b>621</b>
By gender	Male	Person	—	402	<b>359</b>
	Female	Person	—	280	<b>262</b>
By age	>50	Person	—	25	<b>35</b>
	30 to 50	Person	—	356	<b>289</b>
	<30	Person	—	301	<b>297</b>
By region	Mainland China	Person	—	682	<b>621</b>
	Hong Kong, Macao, Taiwan and overseas	Person	—	—	<b>0</b>
By ethnic group	Han ethnic group	Person	—	—	<b>589</b>
	Ethnic minorities	Person	—	—	<b>32</b>
By management ranking	Junior management	Person	—	—	<b>0</b>
	Middle management	Person	—	—	<b>0</b>
	Senior management	Person	—	—	<b>0</b>
Number of male management staff		Person	209	190	<b>196</b>
Number of female management staff		Person	67	58	<b>62</b>
Number of newly-recruited fresh graduates		Person	213	116	<b>157</b>
Number of minority staff		Person	86	193	<b>44</b>
Number of staff of Han ethnic group		Person	—	4,529	<b>4,634</b>
Number of disabled staff		Person	3	3	<b>3</b>

## DFZQ 2022 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Indicator	Unit	2020	2021	2022
Number of management members (including junior, middle and senior management) of Han ethnic group	Person	—	71	67
Number of management members (including junior, middle and senior management) of ethnic minorities	Person	—	2	3
Proportion of female employees	%	—	48	47
Proportion of female management members (including middle and senior management)	%	—	38	41
Proportion of female middle management members	%	—	42	44
Proportion of female senior management members	%	—	11	11
Proportion of female staff at income generating positions	%	—	49	49
Proportion of female staff at positions related to STEM	%	—	20	23
<b>Total number of newly recruited staff</b>	Person	—	964	714
Number of newly recruited staff aged below 30	Person	—	530	423
Number of newly recruited staff aged 30-50	Person	—	434	291
Number of newly recruited staff aged above 50	Person	—	0	0
Number of newly recruited male staff	Person	—	522	393
Number of newly recruited female staff	Person	—	442	321
<b>Total number of internally recruited staff</b>	Person	—	—	56
Number of internally recruited staff aged below 30	Person	—	—	17
Number of internally recruited staff aged 30-50	Person	—	—	38
Number of internally recruited staff aged above 50	Person	—	—	1
Number of internally recruited male staff	Person	—	—	24
Number of internally recruited female staff	Person	—	—	32
Total number of job vacancies of the Company <sup>5</sup>	Post	—	1,020	804

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

**Note 2:** Voluntary employee turnover includes resignation, retirement, early retirement, negotiated termination of an agreement, etc.

**Note 3:** The management staff includes management personnel above the level of assistant to the department general manager within the Company and management personnel above management level within securities branches from 2020 to 2022.

**Note 4:** In 2021, the Company focused more on key positions for campus recruitment with enhanced recruitment standards, resulting in the decrease in the number of newly recruited fresh graduates.

**Note 5:** [Calculation Method] Total number of job vacancies of the Company = Newly recruited staff + internally recruited staff)

## DFZQ 2022 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Employee rights performance table

Indicator	Unit	2020	2021	2022
<b>Number of employees (full-time)</b>	Person	4,409	4,738	<b>4,839</b>
Labor contract signing rate	%	100	100	<b>100</b>
Social insurance coverage rate	%	100	100	<b>100</b>
Total incidents of labor discrimination	Case	0	0	<b>0</b>
Number of work-related fatalities	Person	0	0	<b>0</b>
Lost days due to work-related injuries	Day	0	60	<b>0</b>
Staff health check coverage rate <sup>1</sup>	%	100	100	<b>100</b>
Staff occupational disease incidence	%	0	0	<b>0</b>
Staff absence rate	%	0.38	0.57	<b>0.39</b>
Total number of days staff are absent from work	Day	3,828.5	5,995.0	<b>4,240.5</b>
Total number of working days of staff	Day	1,071,387	1,151,334	<b>1,171,038</b>

*Note:* The above statistics are based on the parent company of DFZQ and only cover full-time employees.

## DFZQ 2022 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Employee training performance table

Indicator		Unit	2020	2021	2022
Participants of employee training		Person	103,176	136,106	214,822
Total number of trained employees		Person	–	4,738	4,839
Total number of trained male employees (as at the end of the period)		Person	–	2,450	2,498
Total number of trained female employees (as at the end of the period)		Person	–	2,288	2,341
Total investment in employee training and development		RMB	–	3,800,000	3,930,000
Training cost per employee		RMB	–	802	812
<b>Coverage ratio of employee training</b>		%	100	100	100
By gender	Male	%	52.21	51.71	51.62
	Female	%	47.79	48.29	48.38
By employee type	Senior management staff	%	0.18	0.19	0.19
	Middle management staff	%	6.04	1.33	1.45
	General staff	%	93.60	98.48	98.36
<b>Annual average training hours received by an employee</b>		Hour	38	35	35
By gender	Male	Hour	38	35	35
	Female	Hour	38	35	35
By employee type	Senior management staff	Hour	53	35	35
	Middle management staff	Hour	38	35	35
	General staff	Hour	38	35	35
Proportion of staff receiving regular performance and career development assessments		%	100	100	100

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

Note 2: [Calculation method] The training coverage of employees under each category = the number of employees in the specific category receiving training/the total number of employees receiving training.

Note 3: [Calculation method] Training hours per year of employees under each category = training hours received by employees in the specific category/the number of employees in the specific category.

## DFZQ 2022 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

**Anti-corruption performance table**

Indicator	Unit	2022
Number of concluded corruption litigation cases filed against the Group and its employees	Case	0
Number of training on anti-corruption	Session	8
Number of employees participating in training on anti-corruption	Person	6,820
Total hours of training on anti-corruption received by employees	Hour	37,678
Number of directors participating in training on anti-corruption	Person	13
Total hours of training on anti-corruption received by all directors	Hour	41

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

**Social contribution performance table**

Indicator	Unit	2020	2021	2022
External donation	RMB0'000	3,512	3,959.40	2,477.25
Annual fund-raising amount of Xindeyizhang Public Welfare Foundation	RMB0'000	1,458.18	771.66	1,282.00
Annual expenditure of Xindeyizhang Public Welfare Foundation	RMB0'000	824.43	1,243.27	875.89

**Employee voluntary service performance table**

Indicator	Unit	2020	2021	2022
Number of employee volunteers	Person	193	201	2,078 <sup>1</sup>
Total length of employee voluntary services	Hour	672	797	5,276

*Note 1:* The number of volunteers and service hours increased significantly in 2022 as the Company's employees volunteered to support community health efforts in Shanghai.

# DFZQ 2022 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## APPENDIX

### INDEPENDENT ASSURANCE STATEMENT



#### ASSURANCE STATEMENT

##### **SGS-CSTC'S REPORT ON SUSTAINABILITY ACTIVITIES IN THE 2022 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT OF ORIENT SECURITIES COMPANY LIMITED SUBMITTED BY ORIENT SECURITIES COMPANY LIMITED**

##### **NATURE AND SCOPE OF THE ASSURANCE/VERIFICATION**

SGS-CSTC was commissioned by the Orient Securities Company Limited (hereafter as "Orient Securities") to conduct an independent assurance of the Chinese version of the Orient Securities 2022 environmental, social and governance Report (hereinafter called "the Report").

##### **INTENDED USERS OF THIS ASSURANCE STATEMENT**

This Assurance Statement is provided with the intention of informing all Orient Securities's Stakeholders.

##### **RESPONSIBILITIES**

The information in the report and its presentation are the responsibility of the directors and the management of Orient Securities

Our responsibility is to express an opinion on the text, data, graphs and statements within the scope of verification with the intention to inform all Orient Securities's stakeholders.

##### **ASSURANCE STANDARDS, TYPE AND LEVEL OF ASSURANCE**

The SGS ESG & Sustainability Report Assurance protocols used to conduct assurance are based upon internationally recognized assurance guidance and standards, which including:

- The principles of reporting process contained within the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards) as:
  - GRI 1: Foundation 2021, for report quality
  - GRI 2: General Disclosure 2021, for organization's reporting practices and other organizational detail
  - GRI 3: Material Topics 2021, for organization's process of determining material topics, its list of material topics and how to manages each topic
- and the guidance on levels of assurance contained within the AA1000 series of standards.

The assurance of this report has been conducted according to the following Assurance Standards:

- SGS ESG & SRA verification regulations (Refer to GRI Principles and AA1000 Guides)

The Assurance has been conducted at a moderate level of scrutiny.

##### **REPORTING CRITERIA**

The scope of the assurance included evaluation of quality, accuracy and reliability of specified performance information as detailed below, and evaluation of adherence to the following reporting criteria:

Reporting standards	
1	The <Environmental, Social and Governance Reporting Guide> by HKEX



# DFZQ 2022 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

2	GRI Standards 2021(Reference)
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## ASSURANCE METHODOLOGY

The assurance comprised a combination of pre-assurance research, onsite interviews with relevant Orient Securities employees at their headquarters located in Orient Securities Building, No. 119 South Zhongshan Road, Huangpu District, Shanghai, China; Documents and records are reviewed and confirmed with relevant employees of other subsidiaries as necessary.

## LIMITATIONS AND MITIGATION

Financial data drawn directly from independently audited financial accounts has not been checked back to source as part of this assurance process.

The on-site verification was only at the Orient Securities head-office and didn't involve other branches.

This verification only conducted interviews with staff of Orient Securities and access to relevant materials and didn't involve external stakeholders.

## STATEMENT OF INDEPENDENCE AND COMPETENCE

SGS is the world's leading inspection, verification, testing and certification company, SGS is recognized as the global benchmark for quality and integrity. SGS is a global leader in inspection, testing and verification, operating in more than 140 countries/ areas, providing services including management systems and service certification; quality, environmental, social and ethical audits and training; environmental, social and sustainability report assurance. SGS affirms that it is a completely independent organization from Orient Securities, and that there is no bias or conflict of interest against Orient Securities, its affiliates and stakeholders.

The assurance team was assembled based on their knowledge, experience and qualifications for this assignment, and comprised of CCAA registered ISO 9001, ISO 14001, ISO 45001, ISO37001, ISO37301 auditor and SGS recognized CSR/ESG lead auditor.

## VERIFICATION/ASSURANCE OPINION

On the basis of the methodology described and the verification work performed, the information and data contained within the Report verified is accurate and reliable, which have provided a fair and balanced representation of corporate Sustainability Activities by Orient Securities in 2022. There was no non-compliance with reporting standards in any material topics.

## The CONCLUSIONS, FINDINGS AND RECOMMENDATIONS

In our opinion, The Report of Orient Securities for 2022 is presented in accordance with the Introduction and Mandatory Disclosure Requirements of the < Environmental, Social and Governance Reporting Guide> of the < Rules Governing the Listing of Securities on the HKEX>.

## REPORT PRINCIPLES

### MATERIALITY

The substantive research and the analysis of stakeholders' concerns had been disclosed in The Report, and through materiality analysis, the impact of the environment, society and governance concerned by relevant parties is reported on a key basis, which matched with the principle of materiality.

### QUANTITATIVE

Orient Securities had provided statistics and analysis on key quantitative performance indicators and outlined their impact and purpose in the Report. The Report compared data from some key performance projects over the past three

# DFZQ 2022 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

years to assist stakeholders in evaluating their management performance better.

## **BALANCE**

The Report basically matched with the principle of balance, the environment, social and governance subjects had been disclosed truthfully and impartially.

## **CONSISTENCY**

A consistent methodology for disclosing relevant subject had been used by Orient Securities, including statistical methodology and standard for key quantitative performance indicators, some appropriate notes and explanations had been provided in the Report, so that the stakeholders can make clear comparisons.

## **MANAGEMENT APPROACH**

The Report had disclosed the management approach of the applicable subject in the < Environmental, Social and Governance Reporting Guide >.

## **GENERAL DISCLOSURE**

Orient Securities 's disclosure of applicable subject in the Report matches with the requirements of general disclosure of <Environmental, Social and Governance Reporting Guide>.

## **KEY PERFORMANCE INDICATOR DISCLOSURE**

Orient Securities had disclosed the key performance indicators about the economic, environmental, and social subject which applicable to the <Environmental, Social and Governance Reporting Guide>.

## **DISCOVERY AND RECOMMENDATIONS**

Detail report of the good practices, findings and recommendations for continuous improvement were presented in the SGS internal management report, which has been submitted to Orient Securities for their continuous improvement.

Sign:



For and on behalf of SGS-CSTC

David Xin  
Sr. Director – Knowledge  
16/F Century Yuhui Mansion, No. 73, Fucheng Road, Beijing, P.R. China

Mar. 20<sup>th</sup>, 2023  
WWW.SGS.COM

# DFZQ 2022 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## REPORT INDEX

- INDEX OF GUIDELINES FOR SELF-REGULATION OF LISTED COMPANIES ON THE SHANGHAI STOCK EXCHANGE NO. 1 – REGULATION OF OPERATIONS

Disclosure requirement	Index of chapters
8.1	2.1 Consolidating the Foundation of Governance 3.1 Information Security and Privacy Protection 3.2 Safeguarding Investors' Rights and Interests 4. Supporting "Carbon Peak" and "Carbon Neutrality" and Fulfilling Financial Responsibilities 5.1 Safeguarding Rights of Employees 6. Giving Back to the Community to Create a Better Future for All
8.2	2.2 Promoting ESG Risk Management 3.2 Safeguarding Investors' Rights and Interests
8.3	1. Sustainable Development Philosophy and Management
8.4	Key Quantitative Performance Table
8.5	Disclosed
8.6	3.2 Safeguarding Investors' Rights and Interests 4.1 Supporting the Achievement of the Goal of "Carbon Neutrality" 4.4 Active Response to Climate Change 5.1 Safeguarding Rights of Employees 6.1 Developing the Public Welfare Platform 6.2 Promoting Rural Revitalization
8.7	2.1 Consolidating the Foundation of Governance 5.1 Safeguarding Rights of Employees
8.8	4.1 Supporting the Achievement of the Goal of "Carbon Neutrality" 4.4 Active Response to Climate Change
8.9	4.1 Supporting the Achievement of the Goal of "Carbon Neutrality" 4.4 Active Response to Climate Change Key Quantitative Performance Table

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Disclosure requirement	Index of chapters
8.10	4.1 Supporting the Achievement of the Goal of “Carbon Neutrality”
8.11	4.1 Supporting the Achievement of the Goal of “Carbon Neutrality”
8.12	Not applicable
8.13	Not applicable
8.14	5. Striving for Common Development in a People-oriented Approach
8.15	3.3 Strengthening Technological Empowerment 3.1 Information Security and Privacy Protection

### • INDEX OF ESG REPORTING GUIDE OF HONG KONG STOCK EXCHANGE

Part B: Mandatory Disclosure Requirements	
Mandatory disclosure	Disclosure chapter
Governance Structure	Statement of the Board on Environmental, Social and Governance (ESG) Management
Reporting Principles	On This Report: Reporting Principles
Reporting Boundary	On This Report: Coverage

# DFZQ 2022 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Part C: “Comply or explain” Provisions		
Aspects, General Disclosures and KPIs		Disclosure chapter
Subject Area A. Environmental		
Aspect A1. Emissions		
General Disclosure A1	4.1	Supporting the Achievement of the Goal of “Carbon Neutrality”
KPI A1.1		Environmental Performance
KPI A1.2		Environmental Performance
KPI A1.3		Environmental Performance
KPI A1.4		Environmental Performance
KPI A1.5	4.1	Supporting the Achievement of the Goal of “Carbon Neutrality”
KPI A1.6	4.1	Supporting the Achievement of the Goal of “Carbon Neutrality”
Aspect A2. Use of Resources		
General Disclosure A2	4.1	Supporting the Achievement of the Goal of “Carbon Neutrality”
KPI A2.1		Environmental Performance
KPI A2.2		Environmental Performance
KPI A2.3	4.1	Supporting the Achievement of the Goal of “Carbon Neutrality”
KPI A2.4	4.1	Supporting the Achievement of the Goal of “Carbon Neutrality”
KPI A2.5		Such indicator is not applicable as the Company only provides financial products

## DFZQ 2022 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Part C: “Comply or explain” Provisions		
Aspects, General Disclosures and KPIs		Disclosure chapter
Aspect A3. The Environment and Natural Resources		
General Disclosure A3	4.1	Supporting the Achievement of the Goal of “Carbon Neutrality”
KPI A3.1	4.1	Supporting the Achievement of the Goal of “Carbon Neutrality”
Aspect A4. Climate Change		
General Disclosure A4	4.4	Active Response to Climate Change
KPI A4.1	4.4	Active Response to Climate Change

# DFZQ 2022 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Part C: “Comply or explain” Provisions		
Aspects, General Disclosures and KPIs		Disclosure chapter
Subject Area B. Social Employment and Labour Practices		
Aspect B1. Employment		
General Disclosure B1	5.1	Safeguarding Rights of Employees
KPI B1.1	Social Performance	
KPI B1.2	Social Performance	
Aspect B2. Health and Safety		
General Disclosure B2	5.1	Safeguarding Rights of Employees
KPI B2.1	Social Performance	
KPI B2.2	Social Performance	
KPI B2.3	5.1	Safeguarding Rights of Employees
Aspect B3. Development and Training		
General Disclosure B3	5.2	Empowering Employee Development
KPI B3.1	Social Performance	
KPI B3.2	Social Performance	
Aspect B4: Labour Standards		
General Disclosure B4	5.1	Safeguarding Rights of Employees
KPI B4.1	5.1	Safeguarding Rights of Employees
KPI B4.2	5.1	Safeguarding Rights of Employees
Subject Area B. Social – Operating Practices		
Aspect B5. Supply Chain Management		
General Disclosure B5	2.2	Promoting ESG Risk Management
KPI B5.1	Social Performance	
KPI B5.2	2.2	Promoting ESG Risk Management
KPI B5.3	2.2	Promoting ESG Risk Management
KPI B5.4	2.2	Promoting ESG Risk Management

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Part C: “Comply or explain” Provisions	
Aspects, General Disclosures and KPIs	Disclosure chapter
<b>Aspect B6. Product Responsibility</b>	
General Disclosure B6	3.2 Safeguarding Investors’ Rights and Interests
KPI B6.1	The Company only provides financial products and does not involve product recall
KPI B6.2	Social Performance
KPI B6.3	2.2 Promoting ESG Risk Management
KPI B6.4	The Company only provides financial products and does not involve product recall
KPI B6.5	3.1 Information Security and Privacy Protection
<b>Aspect B7. Anti-corruption</b>	
General Disclosure B7	2.2 Promoting ESG Risk Management
KPI B7.1	Social Performance
KPI B7.2	2.2 Promoting ESG Risk Management
KPI B7.3	2.2 Promoting ESG Risk Management
<b>Aspect B8. Community Investment</b>	
General Disclosure B8	6.1 Developing the Public Welfare Platform
	6.2 Promoting Rural Revitalization
	6.3 Promoting Volunteer Spirit
KPI B8.1	6.1 Developing the Public Welfare Platform
	6.2 Promoting Rural Revitalization
KPI B8.2	6.1 Developing the Public Welfare Platform
	6.2 Promoting Rural Revitalization
	Social Performance



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## ON THIS REPORT

- Coverage**

Time scope:	From January 1, 2022 to December 31, 2022, with certain content beyond this scope.
Period of release:	This report is an annual report and its precedent was prepared for year 2021.
Organizational scope:	Unless otherwise stated, the scope of this report corresponds to that of the annual consolidated financial statements of the Company. The full names and abbreviations of the subsidiaries within the consolidation scope covered in this report are set out in the table below.

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

- Data statement**

The data and cases in this report come from the original records or financial reports of DFZQ and its subsidiaries in actual operation. The financial data of this report are in RMB. In the event of any discrepancy between the financial report and this report, the financial report shall prevail.

- Basis of preparation**

This report was prepared according to the Guidelines for Self-Regulation of Listed Companies on the Shanghai Stock Exchange No. 1 – Regulation of Operations (2022) of the Shanghai Stock Exchange and the Environmental, Social and Governance Reporting Guide of Hong Kong Stock Exchange (Effective from 1 January 2022) with reference to the Guidelines for the Content and Format of Information Disclosure by Companies Offering Securities to the Public No. 2 – Content and Format of Annual Reports (amended in 2021) issued by the CSRC, and with reference to the Global Reporting Initiative (GRI) Sustainability Reporting Standards (2021).

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- **Reporting principles**

The process of preparation of this report follows the reporting principles of the Environmental, Social and Governance Reporting Guide of the Hong Kong Stock Exchange, with specific application as follows.

- ✓ **Materiality:** This report identifies the key issues to be addressed in the report through the identification, communication and analysis process of materiality analysis (see the chapter headed “1.Sustainable Development Philosophy and Management” for details).
- ✓ **Quantitative:** This report discloses the key quantitative performance indicators (see the section headed “Key Quantitative Performance Table” for details) and provides explanations of the meaning of the indicators, the basis and formulae for their calculation.
- ✓ **Balance:** The content of this report reflects objective facts and discloses indicators involving both positive and negative information.
- ✓ **Consistency:** This report specifies and data collection method and scope of the key quantitative performance indicators disclosed, and also ensures, as far as possible, that the indicators and their calculation methods are consistent across different reporting periods to reflect changes in performance levels.

- **Publication**

This report is published to the public in Chinese in printed and electronic form. The electronic version of the report is available for download on the Company’s website (<http://www.dfzq.com.cn>).

