

# 2022

Shenwan Hongyuan Group

## Corporate Social Responsibility Report / Environmental, Social and Governance Report





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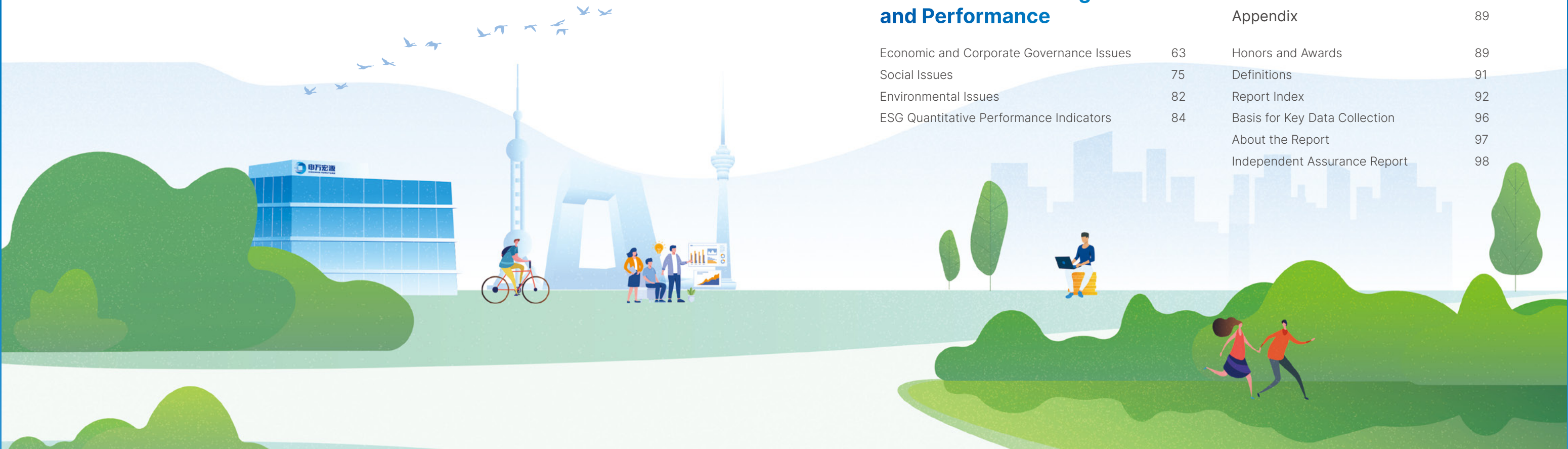
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## Statement of the Board of Directors



2022 marked the opening of the 20th CPC National Congress. It was also a pivotal year when China embarked on a new journey to build a modern socialist country in all respects, and a new journey toward the second Centenary Goal. In the past year, Shenwan Hongyuan actively implemented the State requirements on high-quality and sustainable development. Under the leadership of the Board of Directors of the Company, Shenwan Hongyuan was committed to improve its ESG management system, integrate ESG into the whole process of management and promote environmental and social benefits while pursuing reasonable economic benefits, in an effort to create greater value for all stakeholders.

**The Company's ESG management structure was further improved.** Attaching great importance to ESG management and related work, the Company keeps refining the three-tier management framework where the Board of Directors is the ultimate decision-making body, the Strategy and ESG Committee of the Board of Directors serves as the decision-making advisory body and the ESG Management Leadership Group acts as the executive coordination body. The Board of Directors is responsible for exercising decision-making authority on ESG-related strategic planning, objectives, policies and significant matters, and effectively strengthening supervision and guidance on ESG matters by developing strategies, making decisions and preventing risks. Within the year, the Strategy Committee of the Board of Directors was renamed the "Strategy and ESG Committee of the Board of Directors". As a subordinate body of the Board of Directors, the committee unleashes its role of research support and assumes the responsibility for studying the Company's ESG-related planning, objectives, policies and significant matters, reviewing ESG-related reports, supervising and inspecting the implementation of ESG-related work. At the management level, the ESG Management Leadership Group of the Company as the executive coordination body is responsible for coordinating and implementing the Company's ESG-related work, working with the relevant departments of the Company and its subsidiaries to improve the Company's ESG management structure and implementation system, fully practicing the ESG philosophy, comprehensively enhancing the ESG management and effectively protecting the rights and interests of all stakeholders.

**Actions were taken in key ESG fields.** In terms of the identification and evaluation of key ESG fields and issues, the Company has identified and summarized 23 highly material issues for the Company's operation based on its own strategy and industry characteristics, ESG policy trends and ESG disclosure standards at home and abroad as well as communication with internal and external stakeholders. These issues are ranked by importance through peer benchmarking, expert consultation and management feedback, and prioritized in information disclosure in this Report. In 2022, based on the *ESG Management Enhancement Action Plan*, the Company harnessed its professional strengths and innovation ability and implemented relevant actions in key ESG fields such as "Carbon Peaking, Carbon Neutrality", green finance, rural revitalization, inclusive finance and staff development. Within the year, the Company served green enterprises through a "Carbon Neutrality" professional team, took targeted assistance measures in line with the five goals of rural revitalization set forth in the "Huining Plan", set up a task force to steadily promote the work on ensuring the stability on six fronts and security in six areas and serving small and medium-sized enterprises, launched the "Three Programs" for human resource management to build an integrated financial service team and fulfilled the ESG responsibilities at multiple levels and in multiple dimensions.

**ESG performance management was enhanced and ESG objectives were formulated.** The Board of Directors kept an eye on the formulation and progress of ESG objectives. In 2022, the Company established an ESG performance management system based on the information-based system and its business conditions, and realized the online unified reporting, consolidation and analysis of performance indicators regarding employment and training, carbon emissions and energy management as well as water resources and waste management and set relevant targets. In addition, the Company regularly discloses ESG performance in the ESG report, identifies its own potential risks in ESG management and takes timely countermeasures according to the trends in ESG performance. The Board of Directors will review the results of risk identification and urge the implementation of response measures to improve the overall ESG performance.

This report, which thoroughly discloses the progress and effectiveness of the Company's ESG work in 2022, was considered and approved by the Strategy and ESG Committee of the Board of Directors on March 16, 2023 and approved by the Board of Directors on March 30, 2023.



# About Shenwan Hongyuan Group

## Company profile

Shenwan Hongyuan Group Co., Ltd. (Shenwan Hongyuan or the Company) is an investment holding group under China Investment Corporation and Central Huijin Investment Ltd., and was formed by the merger of the former Shenyin & Wanguo Securities Co., Ltd. and the former Hong Yuan Securities Co., Ltd. in January 2015. The Company has always integrated social responsibility into its development philosophy and practice, operated in compliance with laws and regulations, actively created value for shareholders and customers, helped employees realize their self-worth, spared no effort to carry out the noble mission of serving the real economy, and actively built a state-owned tier-one investment holding group with “belief and responsibility”.

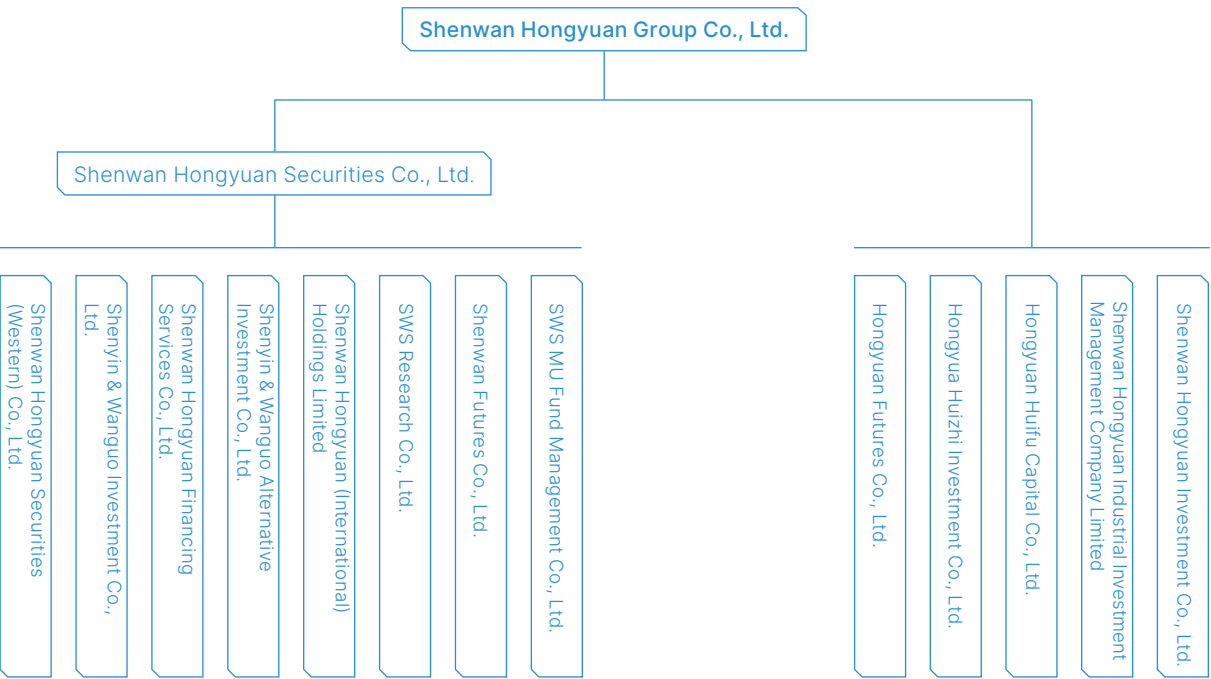
## Basic information of the Company

Company name	申万宏源集团股份有限公司
English name	Shenwan Hongyuan Group Co., Ltd.
Address of headquarters	19 Taipingqiao Street, Xicheng District, Beijing 20/F, Dacheng International, 358 Beijing South Road, High-tech Zone, Urumqi, Xinjiang
Wholly owned/controlled subsidiaries	Shenwan Hongyuan Securities, Hongyuan Futures, Hongyuan Huizhi, Hongyuan Huifu, Shenwan Hongyuan Industrial Investment, Shenwan Hongyuan Investment, etc.
Stock codes	000166.SZ; 6806.HK



## Organizational structure

© Organizational structure of Shenwan Hongyuan Group



## Branch offices

As at December 31, 2022, the Company had a total of 297 securities branches across 125 cities in 21 provinces, 4 municipalities directly under the Central Government and 4 autonomous regions. Of these securities branches, 61 were located in Shanghai and 236 in other regions.

## Business modules of the Company

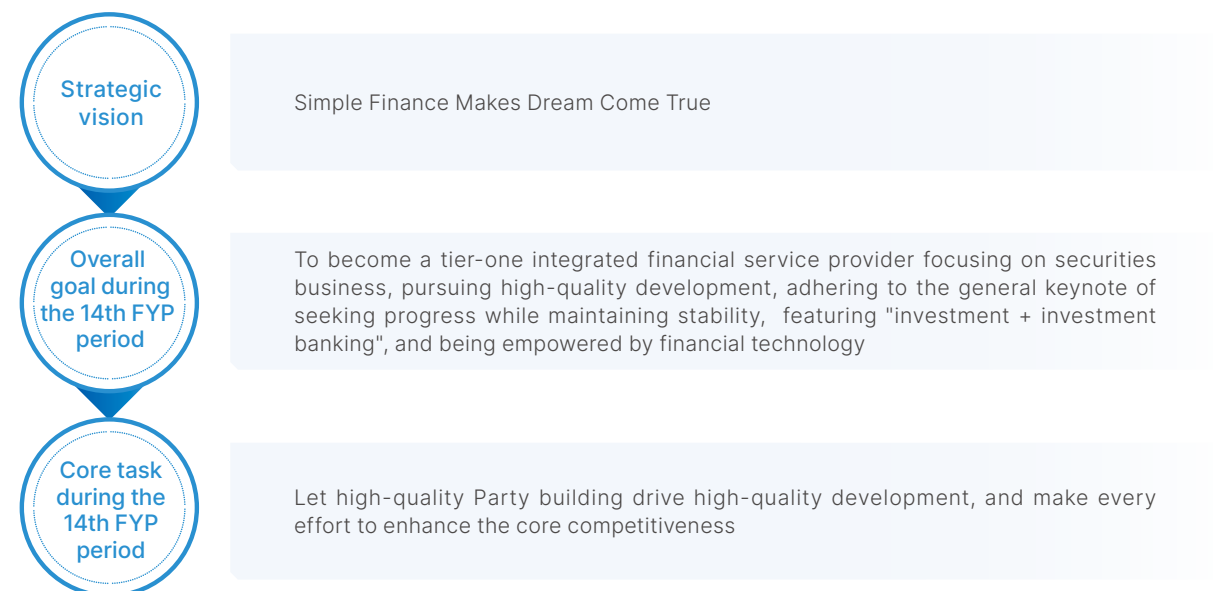
Corporate Finance	Personal Finance	Institutional Services and Trading	Management
<b>Investment Banking</b> <ul style="list-style-type: none"><li>Equity Financing</li><li>Bond Financing</li><li>Financil Advisory Services</li></ul>	<b>Principal Investment</b> <ul style="list-style-type: none"><li>Equity Investment</li><li>Debt Investment</li><li>Other Forms of Investment</li></ul>	<ul style="list-style-type: none"><li>Securities Brokerage and Futures Brokerage</li><li>Margin Financing and Securities Lending</li><li>Stock Mortgage Financing</li><li>Financial Products</li></ul>	<ul style="list-style-type: none"><li>Prime Brokerage Services</li><li>Research and Consulting</li><li>Proprietary Trading</li></ul>
			<ul style="list-style-type: none"><li>Asset Management</li><li>Public Fund Management</li><li>Private Fund Management</li></ul>



## Corporate strategy

According to the *14th Five-Year Plan for National Economic and Social Development and the Long-Range Objectives Through the Year 2035*, the Company formulated the *Outline of Development Plan of Shenwan Hongyuan for 2021-2025*. The latest five-year plan of the Company has comprehensively, systematically and accurately incorporated China's main goals and strategic tasks during the 14th Five-Year Plan period, clarified the Company's strategic vision, overall objectives and core tasks, identified key targets for business operation and pointed out the direction in which the Company will forge ahead on the new journey in a new era.

### © The 14th five-year strategic plan of Shenwan Hongyuan



### © Key objectives of business operation

Stronger and larger securities business	Excellent and professional investment business	Integrate development
<ul style="list-style-type: none"> <li>Deepening the transformation and turning the Company into one of the tier-one securities companies with balanced business, distinctive features, strong profitability and first-class risk control</li> </ul>	<ul style="list-style-type: none"> <li>Refining the orientation, mix, model and management of investment, and building a Shenwan Hongyuan investment brand with distinctive strengths</li> </ul>	<ul style="list-style-type: none"> <li>Taking the coordination of customer, business and resource allocation as the core element, pursuing integrated development of investment and investment banking and formulating development synergies of Shenwan Hongyuan</li> </ul>

## Culture development

In response to the call of China Securities Regulatory Commission and Securities Association of China, the Company continued to improve the concepts and measures of industry culture development in the course of corporate development. We developed the core industry culture philosophy of "compliance, integrity, professionalism and robustness" in a bid to build a tier-one state-owned financial enterprise with "belief and responsibility".

In 2022, Shenwan Hongyuan Securities was rated **Class A - Level A** in the 2021 cultural development evaluation in the securities industry.



In 2022, taking building a tier-one state-owned financial enterprise with "belief and responsibility" as its value goal, the Company formulated the *Shenwan Hongyuan Corporate Culture Outline (Version 2022)* based on the *Shenwan Hongyuan Culture Development Sub-Strategy (2021-2025)*, incorporating culture and brand in its core competencies and further enriching the connotation and spiritual essence of corporate culture.

The Company has established a sound organizational structure for corporate culture development, created a three-tier leadership system consisting of "steering group on culture development - member entities of the joint meeting on culture development - principal officers of entities responsible for culture development" and set up culture development departments, providing a strong organizational backing for overall culture development.

During the 14th Five-Year Plan period, the Company acted on the core values of "seeking truth and innovations while pursuing integrity and sincerity in practice", upheld the development philosophy of "seeking progress while ensuring stability, following fundamental principles while breaking new ground" and followed the 12-point "Shenwan Hongyuan consensus". We formulated the overall goals and phased objectives for corporate culture development during the 14th Five-Year Plan period, established a practical cultural development model and strategy, and carried out corporate development in a top-down manner along the three paths of "knowledge, belief and action" that converge on the corporate culture philosophy.

### © Corporate Culture Philosophy System of Shenwan Hongyuan

#### Mission and Vision

Simple finance makes dream come true  
Become the tier-one comprehensive financial service provider

#### Corporate Values

Seeking truth and innovations while pursuing integrity and sincerity in practice

#### Corporate Outlook on Development

Seeking progress while ensuring stability, following fundamental principles while breaking new ground

#### Corporate Consensus

Consensus on customer, value, responsibility, professionalism, risk, innovation, talent, team, efficiency, crisis, self-discipline and excellence

#### Organizational Code of Conduct

Organizational behaviors: customer first, coordination, open and sharing  
Organizational atmosphere: simplicity, inclusiveness, unity, respect  
Leadership portrait: committed, responsible, visionary, honest  
Employee portrait: devoted, professional, self-driven, self-discipline








## Social Responsibility and ESG Management System

The Company attaches great importance to environmental, social and governance (ESG) management and has incorporated ESG into the *Outline of Development Plan of Shenwan Hongyuan for 2021–2025*. The Company has made solid headway in ESG management by building a scientific ESG governance framework, communicating with stakeholders and regularly issuing ESG reports. The Company regards ESG management as the foundation and core of CSR management, assumes the responsibility as a corporate citizen and strives to deliver more positive social and environmental impacts.

### ESG governance structure

The Company has combined ESG management with corporate development strategy in an ongoing effort to improve the corporate ESG governance structure. In 2022, based on the existing three-tier structure of "Board of Directors, Strategy Committee and ESG Management Leading Group", the Company renamed the "Strategy Committee of the Board of Directors" to "Strategy and ESG Committee of the Board of Directors" to add the ESG management-related duties. We also revised the *Rules of Procedure of the Board of Directors* and the *Working Rules of the Strategy Committee of the Board of Directors* accordingly, ushering in a new stage of ESG management in the Company.

Under the leadership of the ESG Management Leadership Group, all departments and subsidiaries of the Company fully implement the ESG philosophy and continuously improve ESG management. The Company has made headway in ESG management by constantly improving the working mechanism for serving the goals of "Carbon Peaking, Carbon Neutrality", stepping up the creation of the ESG investment product line, consolidating the achievements in poverty alleviation, strengthening the communication with stakeholders and enhancing corporate governance.

ESG management hierarchy	ESG management duties
 Board of Directors	The ultimate decision-making body for the Company's ESG management, having the decision-making right over the Company's ESG strategic objectives, plans and significant matters.
 Strategy and ESG Committee of the Board of Directors	Providing advice on ESG strategy to the Board of Directors, supervising and evaluating the Company's implementation of ESG strategy and progress of target fulfillment, supervising the Company's enhanced communication with investors, regulators and other stakeholders and providing advice on continuous improvements in the company's ESG management.
 ESG Management Leadership Group	Responsible for coordinating the planning and implementation of ESG work of the Company, promoting the implementation of the development strategy of the Company's social responsibility and applying ESG concepts to guide corporate governance so as to enhance the Company's sustainability of development.



### Communication with stakeholders

The needs and expectations of stakeholders are the core conservations for the Company in developing the CSR and ESG strategies and disclosing relevant information. In 2022, the Company created a regular communication mechanism focused on six key stakeholders, namely, shareholders and creditors, governmental and regulatory authorities, customers, employees, suppliers and partners and the community. The requests and demands of all stakeholders were incorporated into the operation and decision-making process in an effort to create sustainable overall value for all stakeholders.

Key stakeholders	Issues	Channel and mode of communication
 Shareholders and creditors	<ul style="list-style-type: none"> <li>Protecting rights and interests of investors</li> <li>Enhancing corporate governance</li> <li>Comprehensive risk management</li> <li>Compliance and internal control management</li> <li>Intellectual property protection</li> <li>Business ethics</li> </ul>	<ul style="list-style-type: none"> <li>General Meeting of Shareholders</li> <li>Corporate governance mechanism building</li> <li>Information disclosure and investor communication</li> <li>Roadshow and survey</li> <li>Business ethics system building</li> </ul>
 Governmental and regulatory authorities	<ul style="list-style-type: none"> <li>Supporting the real economy</li> <li>Supporting coordinated regional development</li> <li>Developing inclusive finance</li> <li>Supporting the goals of "Carbon Peaking, Carbon Neutrality"</li> <li>Rural revitalization and charity</li> <li>Compliance and internal control management</li> <li>Business ethics</li> </ul>	<ul style="list-style-type: none"> <li>Information disclosure</li> <li>Policy interpretation and implementation</li> <li>Participation in governmental surveys</li> <li>Providing financial services for real industries</li> </ul>
 Customer	<ul style="list-style-type: none"> <li>Supporting the real economy</li> <li>Supporting coordinated regional development</li> <li>Developing inclusive finance</li> <li>Fintech empowerment</li> <li>Practicing responsible investment</li> <li>Providing quality products and services</li> <li>Strengthening data security and privacy protection</li> </ul>	<ul style="list-style-type: none"> <li>Customer service and complaint handling mechanism</li> <li>Investor education base building</li> <li>Customer privacy protection mechanism</li> <li>Providing financial services for real industries</li> <li>Customer satisfaction survey</li> </ul>
 Employees	<ul style="list-style-type: none"> <li>Enhancing employee care and benefits</li> <li>Staff training and development</li> <li>Tatten attraction and retention</li> <li>Ensuring employee health and safety</li> </ul>	<ul style="list-style-type: none"> <li>Employee recruitment mechanism</li> <li>Employee training system</li> <li>Remuneration and benefits system</li> <li>Employees' congress</li> <li>Various cultural activities</li> </ul>
 Suppliers and partners	<ul style="list-style-type: none"> <li>Intellectual property protection</li> <li>Business ethics</li> <li>Responsible procurement</li> </ul>	<ul style="list-style-type: none"> <li>Day-to-day communication</li> <li>Industry cooperation and exchanges</li> <li>Bidding activities</li> <li>Anti-commercial bribery system building</li> </ul>
 The Community	<ul style="list-style-type: none"> <li>Supporting the goals of "Carbon Peaking, Carbon Neutrality"</li> <li>Developing inclusive finance</li> <li>Practicing responsible investment</li> <li>Developing green finance</li> <li>Responding to climate change</li> <li>Promoting green operation</li> <li>Rural revitalization and charity</li> </ul>	<ul style="list-style-type: none"> <li>Rural revitalization projects</li> <li>Community activities</li> <li>Green and low-carbon operations</li> <li>Innovating green finance products</li> </ul>



Identification and analysis of material issues

In 2022, the Company identified and summarized 23 highly material issues for the Company’s operation based on its own strategy and industry characteristics and according to the HKEX’s *Environmental, Social and Governance Reporting Guide*, the Global Reporting Initiative (GRI)’s *Sustainability Reporting Standards* and communication with internal and external stakeholders. In addition, these issues are ranked by importance through peer benchmarking, expert consultation and management feedback to generate a list of material issues. Among them, the issues of higher importance to stakeholders or the sustainable development of the Company will be the focus of the Company’s day-to-day ESG management and information disclosure in this Report.

© List of Material Issues of Shenwan Hongyuan Group

Materiality	Material Issues	Section
Highly material	Supporting the real economy	Steady Progressing: Serving National Strategies Low-carbon Development: Lucid Waters and Lush Mountains are Invaluable Assets
	Supporting the goals of “Carbon Peaking, Carbon Neutrality”	Low-carbon Development: Lucid Waters and Lush Mountains are Invaluable Assets
	Developing green finance	Low-carbon Development: Lucid Waters and Lush Mountains are Invaluable Assets
	Providing quality products and services	Technology Led: Providing High-quality Customer Services
	Staff training and development	People-oriented: Fostering a High-caliber Talent Team Social Issues - Staff training and development
	Enhancing corporate governance	Economic and Corporate Governance Issues - Corporate governance
	Comprehensive risk management	Economic and Corporate Governance Issues - Comprehensive risk management
Medium to high material issues	Fintech empowerment	Technology Led: Provide High-quality Customer Services
	Practicing responsible investment	Low-carbon Development: Lucid Waters and Lush Mountains are Invaluable Assets.
	Supporting coordinated regional development	Steady Progressing: Serving National Strategies
	Developing inclusive finance	Steady Progressing: Serving National Strategies Work Together: Pursuing Common Prosperity
	Tatten attraction and retention	People-oriented: Fostering a High-caliber Talent Team
	Ensuring employee health and safety	People-oriented: Fostering a High-caliber Talent Team Social Issues - Employee health and safety
	Enhancing employee care and benefits	People-oriented: Fostering a High-caliber Talent Team Social Issues - Employment and protection of employees' rights and interests
	Strengthening data security and privacy protection	Social Issues - Information security and privacy protection
	Protecting rights and interests of investors	Economic and Corporate Governance Issues - Protection of shareholders’ rights and interests
	Compliance and internal control management	Economic and Corporate Governance Issues - Compliance and internal control management
	Business ethics	Economic and Corporate Governance Issues - Business ethics

Materiality	Material Issues	Section
Medium material issues	Responsible procurement	Social Issues - Supplier management
	Intellectual property protection	Social Issues - Intellectual property protection
	Responding to climate change	Low-carbon Development: Lucid Waters and Lush Mountains are Invaluable Assets
	Promoting green operation	Environmental Issues
	Rural revitalization and charity	Work Together: Pursuing Common Prosperity

© Main changes in material issues of Shenwan Hongyuan Group in 2022

Material issues in 2022	Material issues in 2021	Reason for change
Practicing responsible investment	—	Responding to regulatory requirements and concerns of international rating agencies and capital markets more comprehensively
Responding to climate change	Addressing climate change risks	
Promoting green operation	—	
Tatten attraction and retention	Improving labour standards	
Business ethics	Anti-corruption	
Rural revitalization and charity	Public welfare and charity	Responding to the national 14th Five-Year Plan and rural revitalization strategy
Strengthening data security and privacy protection	Enhancing data security	Enriching the content of issues in response to regulatory requirements





# Part One

## Social Responsibility Practices and Contributions

- Steady Progressing: Serving National Strategies
- Technology Led: Providing High-quality Customer Services
- People-oriented: Fostering a High-caliber Talent Team
- Low-carbon Development: Lucid Waters and Lush Mountains are Invaluable Assets
- Work Together: Pursuing Common Prosperity





# Steady Progressing Serving National Strategies

The report to the 20th CPC National Congress states that, to build a modern country, we must, first and foremost, pursue high-quality development as our overarching task. In order to promote the high-quality development of the real economy, the Company always adheres to the new development philosophy, uphold the guiding principle of seeking progress while maintaining stability and insists that stability is the foundation, progress is the direction, and innovation is the fundamental driving force.

In 2022, the Company implemented the original mission that “finance serves the country and the people”, continued to deepen the business model of “research + investment + investment banking” and provided strong financial support for implementing the tasks of ensure the stability on six fronts and security in six areas, supporting the Belt and Road Initiative, serving the major regional strategies and serving the national drive for greater self-reliance and self-improvement in science and technology, thereby consolidating the foundation for high-quality development.



## Key issues in this chapter

Supporting the real economy, Supporting coordinated regional development, Developing inclusive finance

## Supporting deepen financial reforms

In response to the call of the State and with focus on the forefront of reform, the Company created a “novel think tank” with Shenwan Hongyuan characteristics leveraging on its financial strengths to constantly provide high-quality consulting services for the development of national macro-financial policies, financial regulatory policies and local government policies and fully implemented the requirements of the registration-based IPO reform to support sustainability and stability of the financial system reform.

### Strengthening advisory services for macro policies

Strengthening the centralized and unified leadership of the CPC Central Committee on financial work is the overarching requirement of deepening the financial system reform. The Company always maintains its stance as a financial state-owned enterprise and persistently provides macro-policy research services for the CPC Central Committee and the State Council based on its expertise, playing its part in promoting the top-level design of reform and the mitigation of macro financial risks.

#### © Measures to support macro-policy research

##### Supporting the top-level design of reform

- In 2022, we submitted six pieces of advisory reports to State leaders, and several reports were adopted by relevant ministries and commissions of the State.

##### Mitigating macro financial risks

- During the NPC & CPPCC annual sessions in 2022, the proposals submitted by delegates from our Company received written comments from State leaders;
- The Company submitted nine pieces of advice to national ministries and commissions and Shanghai government agencies on how to properly resume work and promote economic and social development.

### Strengthening decision-making supportive services for financial regulators

Based on our frontline business experience and tracking of industry developments, we actively participates in the research conducted by the General Office of the Central Financial and Economic Affairs Commission, China Securities Regulatory Commission, exchanges and Securities Association of China, continuously provides think tank services and strengthens research support for the decision-making by financial regulatory authorities.

#### © Measures to serve financial regulators' decision-making



The Company participated in the securities consulting brand power survey organized by the Securities Association of China and ranked No. 1 among the securities consulting institutions.



The Company assisted the General Office of the Central Financial and Economic Affairs Commission, China Securities Regulatory Commission, Shanghai Stock Exchange and other regulatory agencies in researches on housing reform, investment advisory service and securities valuation.



The Company actively participated in the researches of China Association for Public Companies and Securities Association of China and advised on industry development. The *Research on the High-Quality Development of Securities Companies in the Context of Integrated, Platform-based and Digital Financial Services* was named by Securities Association of China as a key research project of 2022.



## Promoting local governments' financial reforms

In response to local governments' financial reform needs, the Company participated in municipal and provincial financial system reforms to provide research support for local governments, giving a boost to the financial system reform in various aspects.

### © Measures to support local financial reforms

#### Providing research support

- The company strengthened local government services. Under a consulting service agreement made with the Yantai Municipal Government through government procurement bidding, the Company provided research support for the Yantai Municipal Government in 2022 focusing on chip development, green finance and digital trade, etc. Six research deliverables received comments from the Mayor of Yantai.

#### Providing advice for decision making

- The Company continued to increase its services to local governments in Shanghai, Xinjiang and other key regions, including giving a number of high-quality recommendations for decision-making.

## Fully implementing the registration-based IPO reform

Further promoting the registration-based IPO reform is an institutional condition for deepening the financial system, improving the functions of the capital market and increasing the proportion of direct financing. By updating the work guidelines for investment banking, revising relevant policies, processes and agreements strengthening internal training and investor education, the Company fully implemented requirements of the registration-based IPO reform and unleashed its role as a financial enterprise to improve the ecosystem for implementing the registration-based IPO reform.

### © Measures to promote the registration-based IPO reform



So far, 16 guidelines have been updated and 12 internal policies on issuance have been revised, covering the entire process of project charging, project approval, due diligence and filing.



The mega investment banking management system has been gradually improved, which currently encompasses contracting, undertaking, underwriting and ongoing management.



Relevant information systems were transformed and tested for upgrading in accordance with regulatory requirements.



Internal training and investor education were persistently carried out. The Company had organized all branches to carry out a series of special training on full implementation of the registration-based IPO reform, so as to disseminate knowledge on the registration-based IPO reform to investors and promote the concept of rational investment.

## Serving the real economy

The year 2022 was full of challenges. The international landscape become more complex and grimmer due to the supply chain disruptions and macro-policy adjustments in major developed economies while China's economic growth faced the triple pressure of supply shock, demand contraction and weakening expectations. Being confronted with challenges at home and abroad, China continued to implement policies to ensure stability on six fronts and security in six areas, keep the economy stable and improve basic living standards.

In 2022, the Company implemented the spirit of the Central Economic Work Conference and made persistent efforts on ensuring stability on six fronts and security in six areas. The *Shenwan Hongyuan 2022 Work Plan for Serving the National Strategies, Implement the Tasks of Ensuring Stability on Six Fronts and Security in Six Areas and Serving SMEs* was formulated to carry out the requirements for ensuring stability on six fronts and security in six areas, including stabilizing employment to maintain basic living standards and stabilizing financial markets to protect market entities, to keep promoting inclusive finance development.

## Stabilizing economic growth to protect industry chains and supply chains

The Company continued to improve its financial service capacity for major national development strategies, with a focus on implementing the national strategies and serving the real economy. In 2022, the lead underwritings of bonds totaled more than RMB220 billion with which funds mostly flowed in construction projects, transportation and other key areas to bolster the stability of market players, industry chains and supply chains.

### © Debt financing instruments of governments, central enterprises and local government-owned enterprises underwritten by Shenwan Hongyuan in 2022 (Selected )

#### List of projects

- Facilitating the 2022 Corporate Bond (Series 2) of Xinjiang Jintou Asset Management Co., Ltd offered publicly to professional investors
- Facilitating the 2022 Corporate Bond (Series 1) of Xinjiang Hami State-owned Assets Investment Operation Co., Ltd. placed privately with professional investors
- Facilitating the 2022 Public Corporate Bond (series 1) of Jiangxi Provincial Communications Investment Group Co., Ltd.
- Facilitating the 2022 Renewable Corporate Bond (Series 2) of Jiangxi Provincial Water Conservancy Investment Group Corp. offered publicly to professional investors
- Facilitating the 2022 Medium-Term Note (Series 1) of Wuhan Municipal Construction Group Co., Ltd.
- Facilitating the 2022 Corporate Bond (Series 1) of Wuhan Metro Group Co., Ltd. offered publicly to professional investors
- Facilitating the 2022 Private Placement Note (Series 1) of MCC Real Estate Group Co., Ltd.
- Facilitating the Senior Unsecured Fixed Rate USD Bond of Ganzhou Development Investment Holding Group
- Facilitating the 2022 Short-term Corporate Bond (Series 1) of CCCC Shanghai Dredging Co., Ltd. placed privately with professional investors
- Issuing the ABS plan (Series 8) of China Communications Construction Company
- Issuing the CSCEC No. 2 Final Project Payments ABS Series 18
- Facilitating the 2022 Corporate Bond (Series 1) of Jinan Zhangqiu Holding Group Co., Ltd. offered publicly to professional investors



### Contributed to stabilize industry chains by futures services



Hongyuan Futures unleashed its strengths in futures business to help smooth and stabilize the industry chains by means of option-embedded trade, hedging and training.

To help a business conglomerate address its dull sale of soda ash and volatile inventory value, Hongyuan Futures provided a hedging scheme for it. By “selling spots” in the futures market, Hongyuan Futures protected its inventories from depreciation and helped the customer increase earnings by about RMB4.5 million.

An agricultural materials company found it difficult to purchase urea at a suitable spot price due to the elevated costs of buying, storage and shipping. Hongyuan Futures guided the customer to open a position in batches in the futures market and coordinated logistics warehouses for warehouse receipt replacement and delivery of goods, helping the customer through the spot purchase of 10,000 tons of urea and reducing the purchase cost by over RMB 1 million.



### Actively implementing inclusive finance

In 2022, the Company continued to promote inclusive finance development and provided investment and financing services for medium, small and micro enterprises. The Company took various measures to solve the common problem of difficult and expensive financing for medium, small and micro enterprises. By setting up the working group on “ensuring stable price and supply of commodities, serving medium, small and micro enterprises”, creating supply chain asset-backed notes (ABNs), and providing investment and financing services for medium, small and micro enterprises, the Company has enriched financing channels for medium, small and micro enterprises to fuel their development.

By the end of 2022 the underwriting scale for IPOs on the Beijing Stock Exchange was **RMB1.465 billion** for **9** enterprises, ranking the first in the industry in terms of underwriting number. The Company ranked **first** in terms of total score in our practice quality evaluation by Beijing Stock Exchange. We provided continuous supervision for **583** NEEQ-listed enterprises, ranking the **second** in the industry, including **153** enterprises on the innovative layer, ranking the **second** in the market; we accumulatively recommended **828** enterprises for listing, provided **885** private placements for listed enterprises, and conducted equity financing in a total amount of **RMB36.014 billion** for listed enterprises, all ranking the **first** in the industry.



### Creating the supply chain ABN to help healthy growth of medium, small and micro enterprises



In 2022, the “Shenwan-Xinyuan 2022 Supply Chain Oriented Asset-Backed Note (ABN) Series 1” filed by Shenwan Hongyuan Securities marked an innovation in supply chain finance products. This supply chain ABN project totaled RMB8 billion with a priority rating of AA+. The supply chain ABN serves as a bridge to transmit the creditability of large enterprises to small and micro enterprises, help small and micro enterprises revitalize their movables and reduce their financing costs, and eventually boost healthy development of supply chains and medium, small and micro enterprises.

### Facilitating the ABN and PPN issuance of Lionbridge Financing Leasing



In July 2022, the Company issued Asset-backed Notes (ABN) and Private Placement notes (PPN) for Lionbridge Financing Leasing (China) Co., Ltd. (“Lionbridge Financing Leasing”) with an aggregate size of RMB806 million. Lionbridge Financing Leasing is a leading independent third-party financial leasing company in the industry. It has long been committed to addressing the financing problems of micro, small and medium-sized enterprises and farmers’ livelihoods. Most of its business scenarios involve interaction with heavy truck drivers and logistics enterprises. The lessees of the underlying assets of the issued products are mainly heavy truck drivers and micro and small logistics enterprises, helping micro and small businesses gain easier access to financing.



## Supporting regional development

### Serving major regional strategies

In 2022, the Company thoroughly implemented major regional development strategies and served the Belt and Road Initiative. Guided by major strategies such as the coordinated development of the Beijing-Tianjin-Hebei Region, the development of the Yangtze River Economic Belt, and the construction of the Guangdong-Hong Kong-Macao Greater Bay Area, the Company carried out regional strategies to financially serve economic and social development of China's major regions and promote integration and cooperation among regions.

In 2022, the Company actively served China's major regional strategies and coordinated regional development strategies in line with the National 14th Five-Year Plan. The Company continued to explore investment and financing opportunities in the six strategic regions, namely, the Yangtze River Delta, Beijing-Tianjin-Hebei Region, Greater Bay Area, Greater Southwest, Xinjiang and Central China and promoted regional industrial development through jointly establishing major industrial funds and REITs investment in economic parks.

#### Investing in Lingang REIT and Dongjiu REIT projects

In September 2022, Hongyuan Huizhi, as a strategic investor, successively invested the first batch of standard industrial plant REITs -- Lingang Innovation and Intelligent Manufacturing Industrial Park REIT Project ("Lingang REIT") and Dongjiu New Economy Industrial Park REIT Project ("Dongjiu REIT"), an active move to implement major regional strategies.

The Lingang REIT infrastructure project is located in Shanghai Lingang New Area (Free Trade Zone), a national development zone, mainly serving precision machinery, high-tech materials, automotive equipment biomedicine, etc. The Dongjiu REIT infrastructure project mainly serves precision machinery, automotive equipment, information industry, high-tech materials and other industries in key areas of the Yangtze River Delta metropolitan area. It is very meaningful for building a world-class urban agglomeration in the Yangtze River Delta and constructing the Shanghai metropolitan area.



Lingang REIT and Dongjiu REIT

#### Working with strategic customers to support Southwest China development

In working with strategic customers to implement the national regional development strategy and support the infrastructure construction and industrial development in Southwest China, the Company cooperated with large state-owned enterprises in Mianyang City to establish and act as the fund manager of Mianyang Major Industry Fund with a total size of RMB5.01 billion. The fund invested in key industries in Mianyang such as electronic information, new materials and high-end equipment manufacturing in 2022, helping the city become a "Chengdu-Chongqing Economic Sub-center" and "Innovation Hub in Chengdu-Chongqing Economic Circle".

In cooperation with Sichuan Changhong Group, the Company established the "Changhong Group Shenwan Hongyuan Strategic New industries Fund of Funds" with a total scale of RMB1.5 billion. Under the umbrella of the FoF, the Company established four sub-funds for four major industries, namely, new energy, semiconductor, IT innovation as well as smart home and intelligent manufacturing, so as to empower sub-funds and enterprises.

## Facilitating the Belt and Road Initiative

Facilitating the Belt and Road Initiative is not only necessary for achieving higher-standard opening-up, but also necessary for unleashing regional strengths and promoting coordinated regional development. The Company formulated the *Work Plan for Serving the Belt and Road Initiative in 2022*, providing investment and financing support for the Belt and Road Initiative, actively promoting the industrial development of cities along the Belt and Road and helping local enterprises "go global".

### Facilitating the Belt and Road bond issuance of Chongqing Airport Development Investment Group Co., Ltd.

Chongqing Airport Development Investment Group Co., Ltd. ("CADI"), with an AA+ issuer rating, is the largest state-owned enterprise in the Yubei District of Chongqing, and also the core enterprise advancing the Belt and Road Initiative in Chongqing. With Shenwan Hongyuan Securities serving as the sole lead underwriter, CADI successfully issued "Corporate Bond (Belt and Road) Privately Placed with Professional Investors in 2022".

The raised funds will be used to support the key project in the Chongqing Airport Economic Demonstration Zone. The project is of great significance for supporting the Belt and Road Initiative, promoting infrastructure projects within the zone and supporting the Chongqing Government and Yubei District Government build an international integrated transport hub.



CADI Belt and Road bond



Strategic layout of the Belt and Road bond

### Facilitating the Belt and Road Initiative projects in Xinjiang

Project description	Project significance
On July 13, 2022, Shenwan Hongyuan facilitated the IPO of Xinjiang Lixin Energy Co., Ltd. ("Lixin Energy") with proceeds of RMB789 million.	The Lixin Energy IPO project is of great significance for promoting the Belt and Road Initiative development, implementing the "Carbon Peaking, Carbon Neutrality" strategy, fueling the development of core areas Xinjiang Silk Road Economic Belt and achieving the industrial rebalancing and economic reform in Xinjiang.
On December 27, 2022, the Company's investment project Yili Chuanning Biotechnology Co., Ltd. ("Chuanning Biotech") rang the bell on the Shenzhen Stock Exchange, making its debut in the capital market. It became the first A-share listed company in Yili, Xijiang.	Shenwan Hongyuan Group and its subsidiaries made an equity investment in Chuanning Biotech in 2020, another successful move to serve the national strategy, deepen the support for economic development in Xinjiang and invest in the "big health" industry.



## Promoting innovative development

### Supporting financing of sci-tech innovation enterprises

In the context of another round of sci-tech revolution and industrial transformation, “achieving greater self-reliance and self-improvement in science and technology” has become the strategic basis of national development. In 2022, the Company thoroughly implemented the innovation-driven development strategy and took a wide array of measures to support the development of sci-tech innovation enterprises by facilitating them go public and investing in sci-tech innovation enterprises and projects, etc.

The Company has improved the financing ecosphere for innovative enterprises with its financial strengths. We continued to promote the STAR Market and ChiNext business, actively carried out the financing business for high-end electronics manufacturing, new materials and 5G communication, completed the financing projects for a number of sci-tech innovators such as Chongqing YuXin Pingrui Electronic and CICT Mobile Communication Technology, and supported the financing of sci-tech innovation enterprises by issuing the sci-tech innovation bonds of Shanghai Sate-owned Assets Management and promoting the development of strategic emerging industries.

In 2022, Shenwan Hongyuan Financing Services completed a total of **6 projects** in support of emerging industries such as blockchains, new materials, artificial intelligence, big data, biopharmaceuticals, digital economy, etc., with financing of **RMB3.72 billion**. In terms of serving sci-tech startups, supporting innovators and “Internet Plus” industries, a total of **7 projects** were completed with total financing of **RMB8.423 billion**. In supporting the upgrading of traditional industries, a total of **14 projects** were completed with total financing of **RMB8.908 billion**.



### Facilitating the STAR Market IPO of CICT Mobile Communication Technology

On September 26, 2022, CICT Mobile Communication Technology (“CICT Mobile”) launched its IPO on the STAR Market. It came as the largest IPO project in Hubei Province so far. The Company served as the sponsor and lead underwriter for this IPO. Through the strategic placement with core employees and external investors, and the “green shoe” mechanism, the IPO turned out to be a success.

The IPO proceeds will be used for the R&D project on 5G wireless system product upgrading and technological evolution, the R&D project on 5G private network and intelligent application, the R&D project on 5G fusion antenna and new-type indoor distribution equipment and the replenishment of working capital. They will effectively relieve the financial pressure of CICT Mobile, improve its asset structure and further enhance its R&D capacity and market competitiveness, laying a solid foundation for its future development.

### Facilitating the issuance of sci-tech innovation bonds by Shanghai Sate-owned Assets Management

On June 1, 2022, the Company successfully assisted Shanghai State-owned Assets Management Co., Ltd. (“Shanghai SOA Management”) in issuing a corporate sci-tech innovation bond, one of the first sci-tech innovation bonds officially introduced by Shanghai Stock Exchange on May 20, 2022. The bond had a coupon rate of 2.75%, the lowest ever among bonds issued by Shanghai SOA Management, and the lowest coupon on three-year bonds of comparable issuers in the industry.

All the RMB1 billion of bond proceeds will be invested in the forefront of sci-tech innovation in the Shanghai International Financial Center. The project is of great significance to broadening financing channels for sci-tech innovation, reducing financing costs for startups and innovators and powering industry transition and upgrading.

## Investing in innovative industries

Based on financing services, the Company invested in sci-tech innovation enterprises by creating funds and making proprietary investments to support innovative development. In serving the national strategy of sci-tech self-reliance, the Company added 12 projects to its investment portfolio including, Vimicro investment, ACTT investment, strategic new industry fund of funds and Jiangxi Specialization, Refinement, Differentiation and Innovation Fund, etc. The total support for these projects amounted to RMB765 million, of which the Company invested RMB346 million, accounting for 45%.

### Investing in Vimicro to support chip technology R&D



In 2022, the Company invested RMB30 million in Vimicro Corporation (“Vimicro”) through Foshan Sci-tech Innovation Fund managed by it. Vimicro is a high-tech firm with world-class chip design technology and new-generation machine vision encoding and decoding technology. It has taken the lead in formulating the standards for the Skynet Project and Xueliang Project and developed proprietary core chips and undertaken major strategic projects of national security.

Through the investment in Vimicro, the Company helped its establishment in Foshan, which not only contributes to the transformation and upgrading of local industrial structure, but also enhances the financial support for strategic emerging industries and implements the national sci-tech self-reliance strategy.

### Setting a special fund to serve the sci-tech innovation industry



The Company actively promoted the development of sci-tech innovation industry support funds and gave full play to their “connector” role between capital and real industry to empower the sub-funds and enterprises, fuel technological innovation and support real economy development.

The Company set up the Jiangxi Provincial Specialization, Refinement, Differentiation and Innovation Fund with a total size of RMB1 billion. The fund focuses on new energy, new materials, intelligent manufacturing and biomedicine, etc., and mainly invests in enterprises with “Specialization, Refinement, Differentiation and Innovation” features, such as owners of core technologies, strong innovators and fast-growing businesses.





# Technology Led

## Providing High-quality Customer Services

As technology-driven financial innovation, Fintech is an important engine for deepening supply-side structural reform and enhancing financial service providers' ability to serve the real economy.

In 2022, the Company continued to improve its ability to serve customers' new needs for wealth management by building a system of "online and offline, on-site and off-site, domestic and overseas" services and improving the efficiency and level of financial services across the board. Valuing Fintech as an enabler of business development, the Company pursued the in-depth integration of financial business and technology to constantly improve the quality of customer service, actively implemented customer communication and feedback and carried out investor education effectively.



### Key issues in this chapter

Fintech empowerment, Providing quality products and services, Protecting rights and interests of investors



## Tapping deep into Fintech

In accordance with the requirements of the *14th Five-Year Plan for Scientific and Technological Development of Securities and Futures Industries*, the Company incorporated digital transition and Fintech empowerment into its *Strategic Plan for the New Round of Development in 2021-2025*, established Fintech sub-strategic goals and set up a steering group on digital transition. With the four paths of "perfecting top-level design, accelerating data governance, implementing the mobile channel first and remaining business-driven" and the three ideas of "accelerating digital transformation, promoting platform construction and deploying intelligent applications" well defined, the Company promoted the in-depth integration of finance and technology toward the goals of improving customer service quality and efficiency, making flexible and efficient business innovations and enhancing management synergies and efficiency.

### © "12349" Fintech Plan of Shenwan Hongyuan

1	One blueprint: a five-year Fintech plan
2	Two-wheel drive: trading + data
3	Three core capabilities: Digital, platform-based, intelligent
4	Four pillars: infrastructure; data governance; systems, mechanisms and talent; fintech ecosystem
9	Empowering nine business areas: wealth management, investment banking, investment business, institutional business, proprietary & market making, asset management, internationalization, operational risk control and internal management

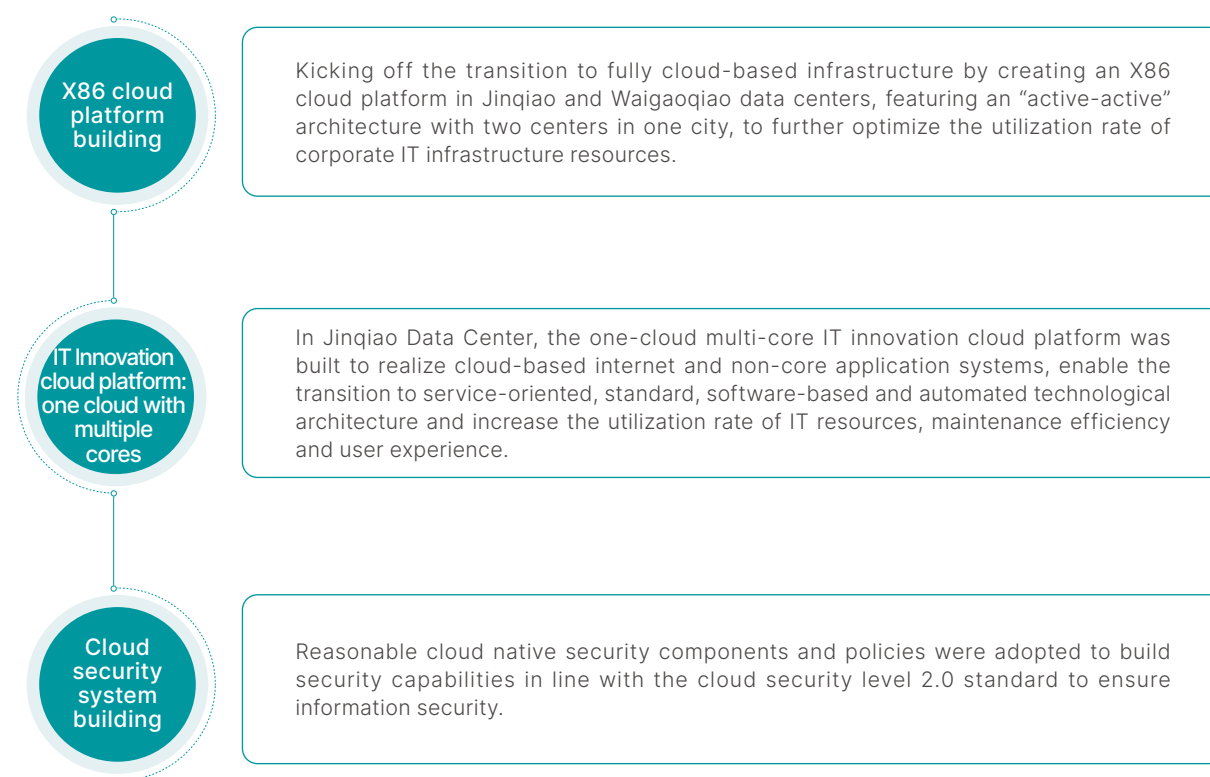




## Cementing the technological foundation

Technology is the cornerstone of fintech innovation. The Company continued to optimize the technological system, refined the Fintech innovation support system and constantly improved the capacity of in-house Fintech research, with a focus on upgrading of cloud computing, big data, artificial intelligence, mobile internet and other innovative technologies, so as to enhance the Company's Fintech service ability and technological level.

### © Measures to optimize and upgrade "cloud computing" in 2022



In 2022, the Company continued to spend more on innovative technology research and financial applications and other aspects, and won a number of external awards and honors.

- The *Shenwan Hongyuan Cloud Native Business Middle Office* won the 2022 annual **"Excellent Case of Cloud Native Application"** from China Academy of Information and Communications Technology (CAICT)
- The *Research and Exploration on IT Innovation in the Middle Office of Shenwan Hongyuan Securities* and the *Based on Commercial Cipher Transformation Scheme of Securities Industry* won the **"Most Forward-looking Value Award"** and **"Most Innovative Value Award"** respectively from the IT Application Innovation Base of the Securities and Fund Industry.
- *Shenwan Hongyuan Securities Mobile Business Travel Platform* Project won the **"Best APP Award for Financial Institutions"** in the Second Yangtze River Delta Fintech Innovation and Application Global Competition

## Empowering business transition

"Remaining business-driven" is one of the Company's key paths to digital transition and Fintech empowerment. In a push for integrating digital technology deeply into business management, the Company has made unremitting efforts on full digital transition, in-depth promotion of platform-based operation and active deployment of artificial intelligence, so as to empower business transition.

### © Achievements in Fintech-empowered business transition in 2022





### Continuing to iterate on the Big Winner APP and promoting the Shencai Youdao APP development



APPs serve as the Company's comprehensive service portal, providing customers with instant market information, convenient financial transactions and efficient service communication. In addition to ongoing improvements in the user experience of the Big Winner APP, the Company focused on developing the new generation of Shencai Youdao APP to realize professional, digital and intelligent customer service.

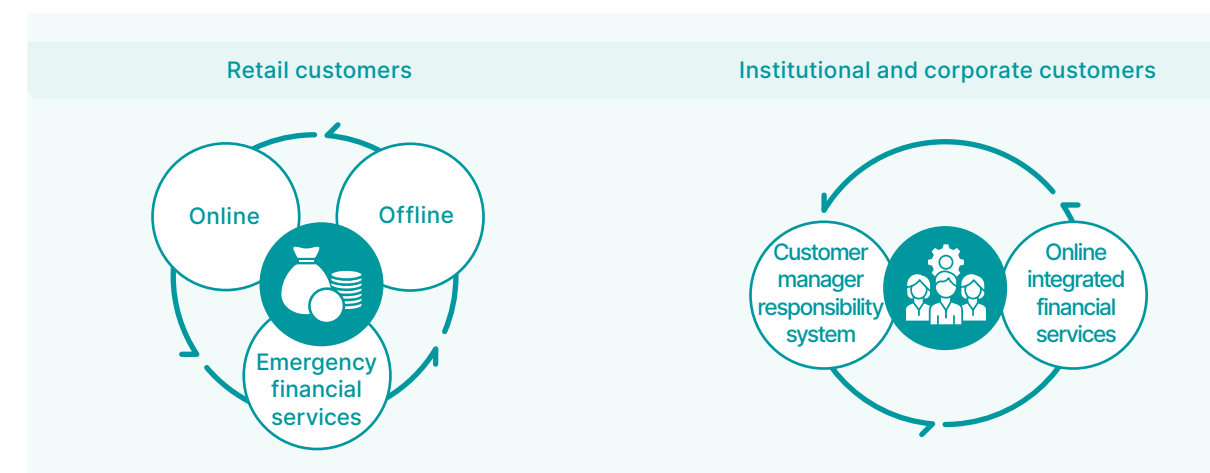
As for continuous iteration on the "Big Winner APP", we added and improved various business functions, such as the after-hours trading on ChiNext market under margin trading and securities lending, B-to-H conversion, convertible bonds on Beijing Stock Exchange, the switching of the Shanghai Stock Exchange's order matching platform (ETF), the custody transfer of Shenzhen Stock Exchange and the real-time 5-level order data on Southbound Trading Link. The intelligent news feed module was launched, and such new features as conditional orders and intelligent automatic investment plan (AIP) were brought online, thereby providing customers with more powerful, more friendly trading services.

In the development of the Shencai Youdao APP, the Company planned and designed a connected user system to further enhance the user experience. Differentiated services are provided for different customer groups. More transaction assistance and transaction management functions are provided for retail traders, integrated solutions are provided for institutional customers for their investing and trading, and such features as wealth allocation and account management are displayed for long-term wealth management clients, so as to fully meet customers' individual needs.

## Improving customer services

The customer service ability underlies the Company's growth. While providing professional and personalized financial products for customers, the Company also maintains a sound customer service system to track and respond to customers' queries and needs, continually maximizing the value of customer service.

### © Corporate Customer Service System



### Improving customer service quality

To increase the granularity of customer service, the Company has created the "customer segmentation and classification management system" and the "customer service classification system". Customers are grouped into different categories, classes and tiers according to channel, team, product and system and accordingly provided with professional and personalized financial services.

In addition, the Company has established a "customer-centric" business training system based on training platforms such as Learning World, Rongjin School and AI training. The Company's investment research resources, market information and investment advisory capabilities were integrated to facilitate regular training on the most promising business fields and sharing of cases through the year to improve employees' customer service capabilities.

### AI chatbot has improved customer service

The Company continued to boost the intelligent and digital level of customer services. The AI chatbot provides account opening breakpoint service, customer review and reminder of risk assessment expiration, so as to improve the quality and level of customer service.

- In case of any breakpoint in customer account opening, the AI chatbot immediately inquires the customer about the cause of breakpoint incident and automatically provides solutions;
- In terms of customer review, the AI chatbot and agents carry out the customer review at the same time to improve the efficiency of customer review;
- For customers whose risk assessment has expired but cannot be reached by internet channels such as APP and PC clients, the AI chatbot gives phone notifications to customers and guides them to undergo another risk assessment, thus boosting the appropriateness of customer service.





## Strengthening customer communication and feedback

The Company remains customer-centric. While providing financial services to customers, the Company maintains effective communication with feedback to customers to address their problems, to protect investors' legitimate rights and interests and enhance customer satisfaction.

### © Creating a Customer Communication and Feedback System

#### Smoothing customer communication channels

- Directly taking customer complaints through online and offline communication channels including customer service hotline 95523, online customer service, email and branch offices.
- The investor education bases have set up the "Petitions and Complaints Reception Day", "Dispute Mediation Room", "Legal Advice Day" and "Laws and Regulations Publicity Platform" to build communication bridges between mediation agencies, securities companies and small and medium investors.

#### Improving the customer complaint mechanism

- The Company formulated and issued the *Guidelines on Handling Investor Complaints* and other relevant policies to establish a sound mechanism for investor complaints classification and handling and standardize the complaint handling procedures.
- An inter-departmental working group on investor complaint handling was created. It is responsible for providing guidance on investor complaint handling, tracking the handling of complaints, studying how to resolve complaints and regularly/irregularly review the work on investor complaints.



"Diversified Dispute Resolution Zone" of the investor education base

Petitions and Complaints Reception Day: Every Tuesday

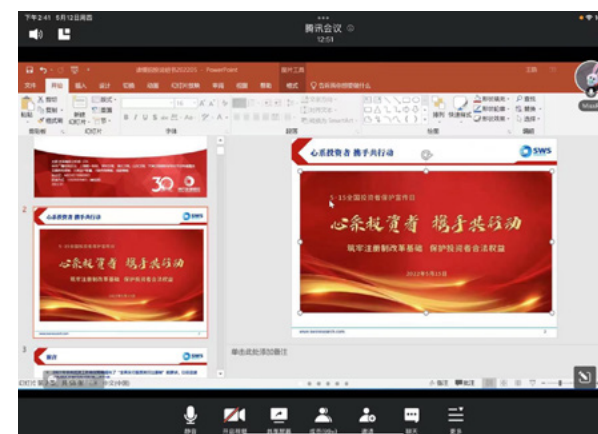


In addition, the Company has established a customer satisfaction survey mechanism. Customer satisfaction surveys are conducted over the overall situation of the company, customer manager services and securities trading terminals through APP, PCs, WeChat and other channels. The securities trading terminal survey covers market conditions, trading, wealth management, market news, value-added services and business handling.

## Promoting investor education

The Company has fully integrated investor education into every link of its business development in compliance with regulatory authorities' and self-regulatory organizations' requirements for investor education. With an investor education mode featuring "coordination of headquarters and branches, combination of online and offline channels and collaboration between the Company and external organizations", the Company has carried out a wide variety of investor education events to enhance investors' awareness and capability of financial risk prevention and control.

In terms of investor education activities, the Company carried out such themed events as "3.15 Investor Protection Day", "5.15 National Investor Protection Publicity Day", "Anti-Illegal Securities Publicity Month", "Investor Protection in Delisting", "Understand Reports of Listed Companies" and "Embrace Registration-based IPO" in line with hot topics of capital market reform.



"5.15 National Investor Protection Publicity Day" online investor education event



"Embrace Registration-based IPO" investor education program

The Company continued to push for inclusion of investor education in the national education system, gave full play to its brick-and-mortar investor education bases and steadily promoted on-campus investor education. By developing financial literacy courses in primary and secondary schools, cooperating with colleges and universities to provide theoretical and practical courses, holding themed investor education publicity events and organizing college students' visits to the brick-and-mortar investor education bases, the Company introduced systematic and professional financial knowledge into primary schools, secondary schools and colleges, in a bid to foster young students' correct sense of wealth management and improve the national financial literacy from the source.

### Deepening the cooperation between Shanghai Ocean University to extend the reach of investor education

Shenwan Hongyuan Securities actively implemented on-campus investor education. In 2020, Shenwan Hongyuan Securities entered into the *Memorandum of Cooperation on Promoting Inclusion of Investor Education in the National Education System Project* with Shanghai Stock Exchange, School of Management of Fudan University and Shanghai Ocean University.

In 2022, Shenwan Hongyuan Securities deepened its cooperation with Shanghai Ocean University, inviting six experts and excellent staff as lecturers to deliver vivid courses that combines theory and practice for college students in Shanghai Ocean University through online Tencent conference.

By December 2022, this series of courses had been taught for a total of 6 sessions under the topics of "Approach to ETF", "Read Prospectus under Registration-Based IPO Regime", etc. A total of 700 college student-times attended these courses to deepen their understanding of the capital market and establish the concept of rational investment and value investing.



The Company attaches great importance to the production and dissemination of investor education works. Focusing on the popularization of basic financial knowledge, management of investor suitability, notification of high-risk securities and prevention and fight against illegal securities activities, the Company designed and produced original investor education works in various forms, such as cartoons, short videos, melodramas and original music MV, to improve the readability and interactivity of the works and help investors deepen their understanding of capital market and boost their sense of rational investment.

The Company continued to diversify the channels of investor education publicity. A full range of investor education publicity events were carried out through online and offline channels, including the investor corners and bulletin boards in the business premises, company website, mobile APPs, WeChat Official Account, Tik Tok Account and Xinhua Account.



"Hello, registration-based IPO" series investor education program

"Financial Wealth" investor education program

### "Let's Be Financial Detectives" investor education program

On May 15, 2022, Shenwan Hongyuan Securities held a "Financial Detective" education campaign for preventing and fighting illegal securities activities at the brick-and-mortar investor education bases in Xinjiang, Shanghai and Jilin. Through the "Financial Detective" short video series, the three investor education bases joined online Q&A sessions to answer investors' questions about preventing and combating illegal securities activities, so as to enhance the financial literacy of investors.

The three investor education bases also unleashed their respective strengths to carry out educational and publicity events separately. The Shanghai Investor Education Base exploited online school channels to increase college students' awareness of preventing and combating illegal securities activities. The Xinjiang Investor Education Base disseminated relevant knowledge to investors through offline events of the base. The Jilin Investor Education Base enhanced publicity and interaction with investors through air broadcasting channels.

The "Financial Detective" video series are very popular among investors, registering 3,487,000 views and 29,270 likes.

- In 2022, the Company conducted **659** online investor education events reaching **86,368** investors and **551** offline events attended by **28,457** investors.
- A total of **45** "Investor Education on Campus" events were held through the year, covering **4,030** student-times.
- During the year, **1,056** original investor education works were produced and **906** electronic works were released, covering **23,301,709 person-times**. **150** physical works were released, covering **38,562 person-times**.



### © Investor Education Awards and Honors in 2022



The Gold Award, Silver Award, Excellence Award, Best Popularity Award, etc. from the "CBN Investor Education Works Solicitation & Exhibition" jointly organized by CSRC Shanghai Office, Shanghai Futures Association and China Business Network (CBN)



Excellence Award from the 2022 "Hello, Registration-based IPO!" Short Video Competition, organized by the "Shareholders Are Here" program of China Securities Investor Services Center



Gold Award for "Outstanding Video Works Exhibition: My Extraordinary Decade with Capital Market" by the Investor Protection Bureau of CSRC and China Securities Investor Services Center



"We Are Registered" won the "Excellent Works Award" in the "Hello, Registration-based IPO" short video competition jointly organized by Shenzhen Securities Association and Shenzhen Securities Investor Service Center



# People-oriented

## Fostering a High-caliber Talent Team

According to the Outline of the 14th Five-Year Plan, developing a quality workforce is a long-range objective through 2035. General Secretary Xi Jinping emphasized at the national conference on talent-related work that we should relax restrictions on talent development, improve the talent management system, be talent-oriented, trust talent, respect talent, treat talent kindly and ensure inclusiveness of talent.

The Company has created an open, equal, competitive, merit-based and suitable employment environment on a people-oriented basis to build a high-caliber team. In 2022, the Company stepped up the attraction of top talent, further implemented the multi-level talent training system, improved staff career development management and effectively carried out staff care practices, providing employees with solid career support to ensure their long-term development and self-value realization.



### Key issues in this chapter

Staff training and development, Talent attraction and retention, Enhancing employee care and benefits, Ensuring employee health and safety



## Stepping up talent attraction

People with talent are the Company's core competency in future development. The Company upholds the philosophy of "emphasizing both virtue and ability, appointing people on the basis of merit and tapping full potential of talent" in talent attraction and recruitment. The Company forecasts its recruitment demand each year based on the existing human resources inventory, staff turnover forecast, business development needs and talent pool plan and formulates an annual recruitment plan.

In 2022, the Company set the "strategic objectives" and "implementation paths" for high-caliber team building pursuant to the *Sub-strategy for Talent Development (2021-2025)*. A talent pipeline plan was developed based on the needs of development, transformation and innovation of all business lines to further strengthen the overall planning and top design of talent development. The "Three Programs" for human resources management were launched to build a team of integrated financial service professionals to accommodate the Company's development.

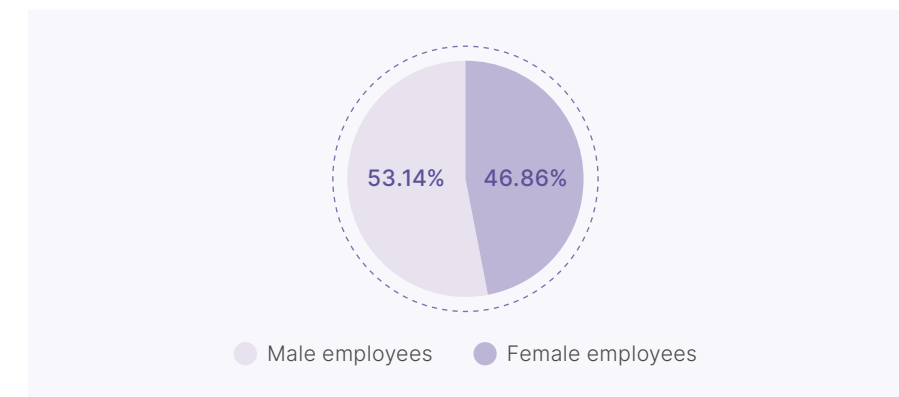
### © "Three Programs" for human resources management



To further implement the national task of ensuring stable employment, as part of China's push for the stability on six fronts and security in six areas, the Company worked hard to develop and build its talent pool without downsizings. A multi-channel recruitment system has taken shape, including online recruitment platforms, internal recommendation, school-enterprise cooperation and headhunter's talent pool, constantly expanding the recruitment channels and coverage of talent and steadily moving forward with talent attraction.

In 2022, the Company adopted a combination of "online + offline" recruitment modes and recruited 1,767 new employees, including 1,148 off campus and 619 on campus.

### © Diversity of Shenwan Hongyuan's New Employees in 2022





The Company paid close attention to the employment situation of college graduates, emphasized closer school-enterprise cooperation, launched the “Xin Shenli Plan” campus recruitment plan, and held recruitment seminars in various forms to create jobs for fresh graduates. The Company has signed internship base agreements with Fudan University, Shanghai Jiao Tong University, Nanjing University, Zhejiang University, Wuhan University and other well-known universities and departments, offering day-to-day internship and summer internship opportunities according to business needs, so as to enhance the professionalism of college students and strengthen the Company’s talent pool.

### Advancing the “Xin Shenli Plan” to attract young talent

The “Xin Shenli Plan” is a young talent attraction program to recruit fresh graduates at home and abroad. The program helps the new generation to better start their career through special training camp for new hires, tailor-made job rotation path and the “career + business” dual-mentoring mechanism. The “Xin Shenli Plan” recruitment system includes the spring campus recruitment, summer internships, autumn campus recruitment and Fintech special recruitment. The open recruitment channel throughout the year meets the job needs of fresh graduates and provides them with sufficient career opportunities.

In 2022, the Company published its campus recruitment information through the “Cloud presentation” for on-campus recruitment and the senior schoolmates’ livestreaming via the WeChat Account for recruitment, offering suitable jobs for fresh graduates.



Xin Shenli Plan

## Empowering staff development

The Company deeply implemented its talent strategy to empower talent development. In adherence to the *training* philosophy of “overall planning, classification, full coverage and precise focus”, a multi-level talent training system has been built. A hierarchical and classified system of training programs is in place for middle and senior management, key staff and specialists, and new employees to ensure targeted empowering.

### © Multi-level staff training system

Target group	Capability building	Training program
Middle and senior management	Leadership development	<ul style="list-style-type: none"> <li>“Flagship Program” Management Empowerment Buck-the-Trend Training Camp</li> <li>Strategy Decoding and Management Enhancement Training</li> </ul>
Key staff and specialists	Development of management and business skill	<ul style="list-style-type: none"> <li>“Voyage Program” skill enhancement training for new management staff and secondment employees</li> <li>“Good Start” special business training</li> <li>Fortune Star Training Camp</li> <li>Investment Research Training Camp</li> <li>“Venus Program” multi-category special intensive training</li> <li>“Huichuang Forum”</li> </ul>
New hires	Corporate culture and business skill development	<ul style="list-style-type: none"> <li>“Sailing Program” fresh graduate hires training camp</li> <li>Morning Start Program</li> </ul>

In terms of management and leadership training, the Company has integrated internal training resources to provide key staff with special management training on internal control, corporate governance and risk management. Also, the Company cooperates with independent education agencies to provide diverse employee training programs for key staff and managers of the Company.

In 2022, the Company organized the “Key Staff Performance Enhancement Training”, “Strategy Decoding and Management Improvement Training Program” and the “Flagship Program” Management Empowerment Buck-the-Trend Training Camp in conjunction with Tsinghua University PBC School of Finance, the Antai College of Economics and Management, Shanghai Jiao Tong University and the School of Management, Fudan University, respectively.

### Launching the “Flagship Program” Management Empowerment Buck-the-Trend Training Camp in conjunction with the School of Management, Fudan University

Relying on Fudan School of Management, the Company set up the “Flagship Program” Management eEmpowerment · Buck-the-Ttrend Ttraining camp Camp. The training modules included managers’ role perceptions, objective management system, process management system, team management system, talent development system, strategy marketing and leadership enhancement, aiming at improving managers’ skills and competency. In 2022, a total of 12 managers from Shenwan Hongyuan Securities’ headquarters, business divisions, branches and subsidiaries participated in the training.



“Flagship Program” Management Empowerment · Buck-the-Ttrend Ttraining Camp



### Carrying out the “Strategy Decoding and Management Enhancement Training” in conjunction with the Antai College of Economics and Management, Shanghai Jiao Tong University

From November to December 2022, the Company carried out the “Strategy Decoding and Management Enhancement” certification training program in conjunction with the Antai College of Economics and Management, Shanghai Jiao Tong University. Participants included the middle and senior management and business backbone of the Company. Centering on the three themes of “strategy decoding, management enhancement and digital transition”, the training program effectively improved management personnel’s strategy awareness and management ability through theoretical interpretation, case analysis and scenario simulation.



Strategy decoding and management enhancement training

In terms of targeted business training, relying on training brands such as “Huichuang Forum” and Investment Research Training Camp, the Company provided employees with a number of special business training events such as business research, professional guidance on investment and integrated business capacity building on wealth management, taking into account the business development needs of the Company and the professional capacity building of employees.

### The first Voyage Program “Fortune Star Training Camp” cornerstone class was successfully held

The “Fortune Star Training Camp” implemented the Company’s hierarchical and classified training system by grouping trainees into “Cornerstone Class”, “Elite Class” and “Excellence Class” in a well-targeted manner. Such training aimed to improve the integrated capacity building on wealth management across branches and provide solid talent guarantee for achieving the strategic goals of the Company’s new round of development.

In November 2022, the company held the first cornerstone class of “Fortune Star Training Camp” to further empower business personnel in branches and help build a high-caliber and professional team of wealth management.



The first cornerstone class of “Fortune Star Training Camp”

As for new employee training, the Company provided employees with online and offline training events with a focus on the development of employees’ workplace literacy and professional skills, and built two major training brands, namely “Morningstar Program - New Employee Training” and “Sailing Program - Fresh Graduate Hires Training Camp”.

### “Sailing Program” Fresh Graduate Hires Training Camp

The “Sailing Plan” fresh graduate hires training camp is targeted at new employees recruited on campus. Focused on the four themes of “On-boarding”, “Starting Your Career”, “Knowing Our Company” and “Knowing Your Job”, the Company set up the curriculum modules of corporate culture, professional integrity, compliance and risk control, instructions to staff and professional skills and expertise, so as to strengthen corporate culture dissemination and help new hires transform their roles.

The expertise module combines compulsory courses and optional courses, the compulsory program of “service manual for four categories of customers” was set up and the SWS Research’s “Investment Research Training Camp” was introduced as an optional expertise course to make the training more targeted and efficient.

In 2022, the fresh graduate hires training camp combined “offline + livestreaming” modes and adopted the “headquarters, branches and subsidiaries” interaction mode in face-to-face training, covering more than 400 new hires from famous universities.



“Sailing Program” Fresh Graduate Hires Training Camp

The Company pushed forward building the digital training platform to develop a cloud training ecosphere, created the “Learning World” online training platform and put together internal and external training resources to launch the first batch of in-house courses, with “online + offline” flexible training modes in place to meet the diverse learning needs of employees.

- 2022 saw **260** new courses added to the “Learning World” online training platform, with a total of **1,213,563** learning sessions recorded in the year;
- In 2022, a total of **61** central tests were organized on the learning platform. A total of **90** livestreamed lessons were given with **185,978** viewers;
- The “Sailing Program” was selected into the **“Quality Training Course & Brand Building Programs”** of the Training magazine of Xinhua Daily Media Group;
- The “Spring Learning Season” won the **Corporate Digital Learning Innovation Project Award** at the “CEIBS Top 20 E-Learning Best Enterprise Practice Awards” and the **Excellent Learning Platform Operation Award** at the “2022 Boao Awards”.





## Enhancing employee care

The Company adheres to the people-oriented principle, pays close attention to the requests and demands of employees and promotes democratic management. The system of Employees' Congress was established and improved. The employee supervisors were elected to exercise the rights to know, supervise and advise and perform the obligations of acting in the interests of employees, voicing the reasonable requests and demands of employees and safeguarding the legitimate rights and interests of employees and the Company.

In 2022, the Company kick-started re-election of the Workers' Representative Congress and the Employees' Congress, organized employee representatives to provide advice and inputs and listened to their opinions, giving full play to the role of employee representatives as a bridge connecting extensively with the masses.



© Measures to Caring for employees in 2022

### The Trade Union organized the "Blessings from the Year of the Tiger" Spring Festival event



During the Spring Festival of the Year of the Tiger, the Company carried out a "Blessings from the Year of the Tiger" online event attended by employees from all over the country. The event was divided into four themes: "Tiger with Good Luck - Talent Show", "New Year Blessings - Share Your Aspirations", "Celebrate the Spring Festival - New Year's Eve Dinner Show" and "Happy Together - Cheer for Winter Olympics".

Employees actively participated in the event by showing their works such as Spring Festival couplets, calligraphy and paintings, or sharing their perceptions of the Year of the Ox and their expectations of Year of the Tiger, or showing their elaborate New Year's Eve dinner, or photographing wonderful moments of their participation in winter sports. Such cultural and sports activities shed light on different New Year customs in different parts of China and manifested the positive spirit of employees.

#### Employee benefits

- Non-salary benefits such as paid leaves, regular health checkups, transportation and communication subsidies and staff canteen;
- Procurement of commercial insurance, such as medical insurance and traffic accident insurance, in addition to the basic medical insurance for employees.
- The "Shenwan Hongyuan eHome" APP was used for employees voting on the design of company uniforms and holiday gifts, solicit employees' opinions and unleash their creativity.

#### Caring for female employees

- Providing maternity allowance for female employees;
- Setting up a "Mom's Room" at the Company equipped with lactation supplies to create a friendly working environment for pregnant and lactating employees;
- The Company organized the "Women Blooming in a New Era" online learning and quiz event for notable female figures, the "Relieving Stress and Staying Away from Diseases — Women's Health at Work" health and other special activities.

#### Helping employees in need

- Refining the criteria of "Five Interviews" and "Five Visits" and providing daily assistance and showing sympathy through daily caring and door-to-door visits;
- An "Mutual Aid Fund for Employee with Major Illness" was set up to provide mutual assistance for workers suffering from severe diseases or major accidental injuries with an expenditure of more than RMB2.66 million.
- The Trade Union of the Company organized events such as "Warm Help for the Needy", and provided certain assistance for employees with serious illness or financial stress, distributing relief subsidies totaling more than RMB300,000.

#### Balance employees' work and life

- Deepening the management of cultural and sports clubs of the Company and continued to drive their expansion to meet the individual cultural needs of employees;
- Encouraging employees actively participate in special events organized by industry associations and other external organizations, such as "Review of Ten Years, New Journey Ahead" calligraphy and photography exhibition of Shanghai Securities industry in celebration of the 20th CPC National Congress;
- Organizing various recreational activities, such as "Happy Tigger Year" e-Sports and New Year life style show, and online Karaoke contest and online murder mystery game to enrich employees' spare time life.



# Low-carbon Development

## Lucid Waters and Lush Mountains are Invaluable Assets

The report to the 20th CPC National Congress states that, to advance the Beautiful China Initiative, we must take a holistic and systematic approach to the conservation and improvement of mountains, waters, forests, farmlands, grasslands and deserts, carry out coordinated industrial restructuring, pollution control, ecological conservation, and climate response, promote concerted efforts to cut carbon emissions, reduce pollution, expand green development and pursue economic growth, and prioritize ecological protection, conserve resources and use them efficiently, and pursue green and low-carbon development.

In 2022, the Company identified, assessed and responded to the risks and opportunities brought about by climate change, and promoted the effective integration of climate change management and “Carbon Peaking, Carbon Neutrality” practice and business. The philosophy of green development was further applied to promote green and low-carbon development with professional financial services, while the philosophy of responsible investment was incorporated in the investment decision-making process to enhance the environmental and social benefits of investing activities.



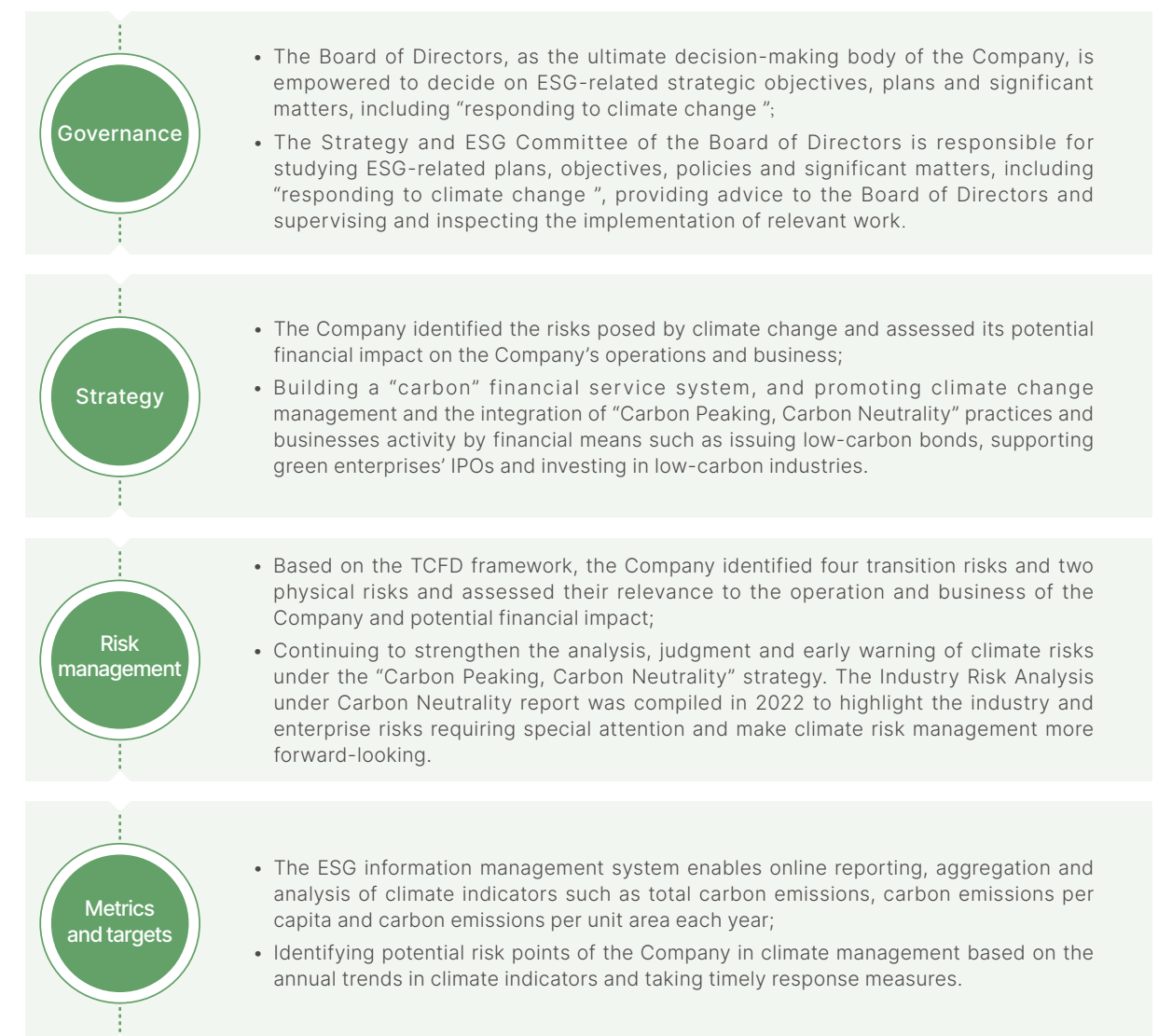
### Key issues in this chapter

Responding to climate change, Supporting the goals of “Carbon Peaking, Carbon Neutrality”, Developing green finance, Supporting the real economy, Practicing responsible investment

## Responding to climate change

The Company resolutely implements the national strategic plans for achieving the goals of “Carbon Peaking, Carbon Neutrality” and climate change response. With reference to the framework of the Task Force on Climate-related Financial Disclosures (TCFD), the Company has identified, assessed and responded to the risks and opportunities brought about by climate change, and continued to promote climate change management and make climate information disclosure to address the concerns of regulators, capital markets and other stakeholders and comprehensively enhance its ability to forestall risks.

### © Shenwan Hongyuan's Climate Change Management System





© Climate-related Risks and Their Potential Financial Impact

Climate-related risks	Risk description	Potential financial impact
Transition risks	Policy and legal risks	China's increasingly tightening environmental policies may result in business disqualification, non-compliance, penalty or lawsuit of or against the Company, investees or customers due to failure to meet the policy and regulatory requirements. <ul style="list-style-type: none"><li>• Decrease in operating revenue</li><li>• Increase in operating costs</li></ul>
	Market risk	The low-carbon policy will affect the supply and demand structure in the market, which may lead to deterioration in the operating conditions of investees or customers and affect their financing capacity and solvency. <ul style="list-style-type: none"><li>• Decrease in operating income</li><li>• Increase in sales costs</li></ul>
	Reputational risk	Failure to make a reasonable response to climate change will impair the Company's reputation; damaged reputation of the investee or customer may also affect the day-to-day operations, impair the brand value and affect its operating conditions. <ul style="list-style-type: none"><li>• Lower brand value</li><li>• Decrease in operating income</li><li>• Increase in operating costs</li></ul>
	Technology risk	The lack of the technical ability to develop and provide green finance products may affect the business of the Company as a financial corporation. The investee or customer may become uncompetitive due to the delayed research and development of low-carbon products and technologies and the delay in technological iteration or upgrading. Or costs cannot be recovered due to the failed development of related products and technologies. <ul style="list-style-type: none"><li>• Decrease in operating income</li><li>• Increase in operating costs</li></ul>
Physical risks	Chronic physical risks	The production and operation of the Company or its investees or customers may be affected by chronic climate events such as temperature rise and sea level rise. <ul style="list-style-type: none"><li>• Decrease in operating income</li><li>• Increase in operating costs</li><li>• Depreciation in fixed assets</li></ul>
	Acute physical risks	The Company or its investee or customer may suffer property loss or business disruption due to extreme weather events such as typhoon, flood and rainstorm. <ul style="list-style-type: none"><li>• Decrease in operating income</li><li>• Increase in operating costs</li><li>• Depreciation in fixed assets</li></ul>

In view of the identified climate change risks, the Company closely tracks the policy trends including environment and climate-related risks, updates the due diligence items for its investees or customers where necessary, requires the business lines, risk control function and investment research function to closely monitor the climate-related risk management of the investees or customers and properly addresses the extreme weather events in a timely manner.

To promote the effective integration of climate change management and “Carbon Peaking, Carbon Neutrality” practices with business activities, the Company created an integrated service system for “carbon” finance focused on “research, products, financing, investment, trading, cross-border and risk control” and formulated an action plan to serve the national strategy of “Carbon Peaking, Carbon Neutrality”.

SWS Research was elected Co-Chair Member of China Green Carbon Foundation



Founded in July 2010, the China Green Carbon Foundation (CGCF) pursues the goal of “addressing climate change, developing carbon sequestration, promoting green development and building a beautiful China”. It has developed into a trusted professional organization in China that currently conducts non-profit activities regarding carbon offset and carbon neutralization through afforestation for additional carbon sequestration.

On June 24, 2022, with the approval of the State Forestry and Grassland Administration (SFGA) and the Ministry of Civil Affairs, CGCF held a general meeting and elected the third Board of Directors. SWS Research was elected a Co-Chair Member. Chairman of SWS Research was elected Vice Chairman.

The Company held the “Carbon Peaking, Carbon Neutrality” online workshop and the “Financial Support for Green Development” online forum together with Shanghai Environment and Energy Exchange, Guangzhou Futures Exchange and other partners to promote sustainable development of climate-friendly industries and related enterprises.





## Promoting green development

In June 2022, nine central authorities including the National Development and Reform Commission (NDRC) the National Energy Administration (NEA) jointly issued the *14th Five-Year Plan for Renewable Energy Development*, calling for vigorously promoting the multi-scenario integrated development of solar photovoltaic (PV) power generation, pursuing across-the-board development of distributed solar PV power and giving priority to development and utilization of rooftop solar PV systems in industrial parks, economic development zones and public buildings.

The Company continued to deepen the philosophy of green development, created a “carbon neutral” industries team for investment banking, channeled capital into green industries by supporting equity and debt financing of green enterprises, continuously explored financial service models for “Carbon Peaking, Carbon Neutrality” and promoted green and low-carbon development through professional financial services.

In 2022, in terms of equity financing, the Company completed **7** projects in the green industries with total financing of **RMB3.978 billion**. In terms of debt financing, there were a total of **22** green bonds and carbon neutral bonds with an underwriting size of **RMB8.652 billion**, up **35.60%** from last year.



### Shenwan Hongyuan Securities helped issue the first low-carbon transition-linked bond exchange-traded in the exchange market

In May 2022, the “China Huaneng Group Co., Ltd. 2022 Renewable Corporate Bond Publicly Offered to Professional Investor (Low-carbon Transition-linked Bond) (Series 1)”, lead-underwritten by Shenwan Hongyuan Securities, was successfully issued with a size of RMB2 billion. It was the first low-carbon transition-linked bond in the exchange market. This low-carbon transition-linked bond, linked to the KPI of “new installed capacity for renewable electricity”, effectively promotes the low-carbon transition of carbon-intensive energy enterprises, representing a useful exploration to help boost green and sustainable development of real industries.

### Supporting the green and low-carbon transition of enterprises through the asset-backed securities (ABS) plan

In August 2022, Shenwan Hongyuan Securities helped China Construction Seventh Engineering Division Corp., Ltd. (CSCEC7) successfully issue the “CSCEC No. 2 20-installment Final Project Payment ABS Plan”. RMB257 million was raised at a senior tranche rate of 2.98%, the lowest interest rate among all three-year final project payment ABSs issued by similar central enterprises.

Underlying assets in the pool include wastewater treatment, integrated river restoration, river channel improvement and auxiliary works along river banks. The success of this ABS plan not only supported CSCEC7 in revitalizing the outstanding final payments of green projects and boosting the efficiency of asset utilization, but also provided an innovative solution and green financial support for CSCEC’s transition to a green and low-carbon future.

In 2022, Shenwan Hongyuan Group became the winner of **the third IFF Global Green Finance Award of the Year**. The International Financial Forum (IFF) is an independent, non-profit, non-governmental international organization headquartered in China, known as the “F20 (Finance20)” in the global financial sector. This award aims to recognize organizations that have carried out and promoted green finance (including climate investment and financing, responsible investment, etc.), pollution reduction and carbon reduction technologies worldwide and have a positive impact on the economy, environment or society. Assessors for the award are renowned global experts and scholars in the field of green finance and political leaders. This award represented an industry-wide recognition of the Company’s contribution and achievements in green finance.



The Company stepped up green research and exchanges, and promoted green finance development of itself and the larger industry by publishing ESG research reports, developing ESG-related indexes and participating in compiling the standards for ESG information disclosure and evaluation.

In 2022, SWS Research published 18 research reports on ESG and was invited to jointly compile two ESG standards, namely, *General Rules for ESG Information Disclosure of Enterprises* and *General Rules for ESG Evaluation of Enterprises*. The two standards were issued in Beijing on June 25, which is of great significance in promoting the standardization of ESG information disclosure of Chinese enterprises.



### Shenwan Hongyuan Securities launched the “ESG Green Credit Bond Select Index” together with China Bond Pricing Center



On December 30, 2022, Shenwan Hongyuan Securities and China Bond Pricing Center jointly issued the “China Bond-Shenwan Hongyuan Securities ESG Green Credit Bond Select Index”. The constituent bonds are credit bonds publicly issued by issuers with good performance confirmed in China Bond ESG evaluation or green bonds that meet relevant standards. The constituent bonds also meet the following conditions: China Bond Market Implied Rating (MIR) AA+ or above, remaining maturity of 1 to 3 years and satisfaction of the internal credit rating requirements of the Company.

By launching the “China Bond-Shenwan Hongyuan Securities ESG Green Credit Bond Select Index”, the Company actively explored and innovated in the bond investment strategy R&D, design of distinctive financial products and over-the-counter derivatives customization under the philosophy of green finance and sustainable development. Such moves have effectively served “Carbon Peaking, Carbon Neutrality” industries, channeling financial precisely into the green finance system.

### Shenwan Hongyuan Securities developed an ESG Enhanced Index and won the championship of 2022 China Bloomberg Hackathon



In the 2022 China Bloomberg Hackathon held by Bloomberg in November 2022, Shenwan Hongyuan Jinchuang Quant Team won the championship with the “Business Cycle-based Sector Rotation ESG Enhanced Index Strategy”.

In this competition, Shenwan Hongyuan Securities developed ESG indicators to incorporate enterprises’ contribution to environmental protection and social responsibility into investment decision making, and developed the “Business Cycle-based Sector Rotation ESG Enhanced Index Strategy” to further broaden the financing channels for carbon-neutral enterprises and projects. After comparing with many competitors, the index strategy was unanimously approved by judges and won the 2022 Bloomberg Hackathon championship.



## Practicing responsible investment

### Responsible investment actions and practices

The Company keeps track of the developments in responsible investment at home and abroad, gradually embedding the concept of responsible investment into its investment decision-making process. It is committed to reducing investment risks while improving the environmental and social benefits of investment activity.

In the investment research business, the Company actively applies responsible investment strategies such as positive screening, negative exclusion, convention-based exclusion and sustainability-themed investment, incorporating social and environmental impacts of investee assets in investment decision-making.

#### Responsible investment strategies currently used by the Company include, without limitation:

- Giving priority to investment in industries or enterprises that are highly aligned with the ESG philosophy and have minor impact on the environment;
- Excluding the sectors or enterprises with poor ESG performance or adverse environmental and social impacts;
- Selecting assets that meet the minimum commercial standards according to international standards, industry standards and agreed standards, and excluding investment in gambling, pornography and controversial geographical areas;
- Adopting the sustainability-themed investment and impact investment strategies, and investing in assets themed by sustainable development or enabling to solve social and environmental problems.

The Company actively participates in green investment and impact investment. While investing in green bonds and impact bonds such as “Carbon-Neutral Bonds”, “Rural Revitalization Bonds” and “Poverty Alleviation Bonds” with its own funds, the Company provides advice on ESG investment to customers in the investment advisory business, guiding capital into areas where greater environmental and social benefits will be created.

In 2022, the Company’s participation in green bond investments stood at **RMB7,250 million**, exceeding the annual target by **45%**. The asset management business line newly invested in **30** green bonds with a total size of **RMB1,268 million**. The participation in impact investments such as rural revitalization bonds totaled **RMB405 million**, with proceeds used for relocation, demolition and centralized resettlement of local people. In the investment advisory business, the Company guided **RMB487 million** of customer funds toward green bond investments.





### Shenwan Hongyuan Securities invested in the first green bond in Chengyang District, Qingdao City



In 2022, the Company invested in the “Qingdao Chengyang Municipal Development and Construction Investment Group Co., Ltd. Green Corporate Bond 2022 (Series 1) Privately Placed with Professional Investors”. As the first green bond in Chengyang District, Qingdao, the bond was issued by a local government financing vehicle of Chengyang District.

RMB665 million of proceeds from the bond will be fully used for the construction and operation of the fourth phase of a wastewater treatment plant in Chengyang District. When completed, the financed project will have a daily wastewater treatment capacity of 200,000 m<sup>3</sup>, which can effectively relieve the pressure of domestic and industrial wastewater treatment in Chengyang District, minimize the environmental impact of domestic and industrial wastewater and improve the living environment of local residents.

Through equity investment in industrial and commercial distributed solar photovoltaic (PV) power plant projects, the Company actively serves the national goals of “Carbon Peaking, Carbon Neutrality” while putting the ESG investment philosophy into practice.

### Industrial and commercial distributed solar PV equity investment project launched successfully



In November 2022, the Company established a partnership with Beijing-headquartered ALAN Asset Management Co., Ltd (“ALAN AMC”) with a total capital subscription of more than RMB300 million and paid the initial capital contribution. The partnership specializes in equity investment in industrial and commercial distributed solar PV projects, expected to facilitate an aggregate project investment of more than RMB1.5 billion.

The project is expected to support the construction of industrial and commercial distributed solar PV power plants with a total installed capacity of more than 325 MW. After all the projects are completed and grid-connected, the average annual power output within the 25-year project period is expected to reach approximately 297.8 million kWh. According to the *Annual Report on China's Energy Development (2022)*, China's coal consumption at thermal power plants with a capacity of 6,000 KW and above stood at 301.5 grams of coal equivalent (gce)/kWh, and the carbon dioxide emission per unit of thermal power output was about 828 g/kWh. It is estimated that the project can save about 90,000 tons of coal equipment (tce) and reduce carbon dioxide emissions by about 250,000 tons per year, which is equivalent to planting more than 330,000 trees a year, implying significant environmental benefits.

SWS MU joined the United Nations-backed Principles for Responsible Investment (UNPRI) on December 7, 2022. It is committed to integrating the philosophy of responsible investment into its corporate investment research system in an all-round way following the PRI requirements.

SWS MU set up a management framework for responsible investment. The management led an Environmental, Social and Governance (ESG) Committee to promote the incorporation and implementation of ESG in investment research, product creation and management. The ESG Committee has an ESG Working Group responsible for implementing the specific ESG work.

SWS MU makes continuous improvements in its management framework, policies and procedures for responsible investment. The *Administrative Measures for ESG Investment* was formulated in 2022, incorporating the ESG investment research function into the duties of specialist jobs. In addition, SWS MU has taken steps to create a distinctive ESG investment research system, formulate ESG investment strategies, strengthen ESG risk management, refine the information system for ESG and foster talent in ESG investment research.

### SWS MU's main actions to build its responsible investment system in 2022

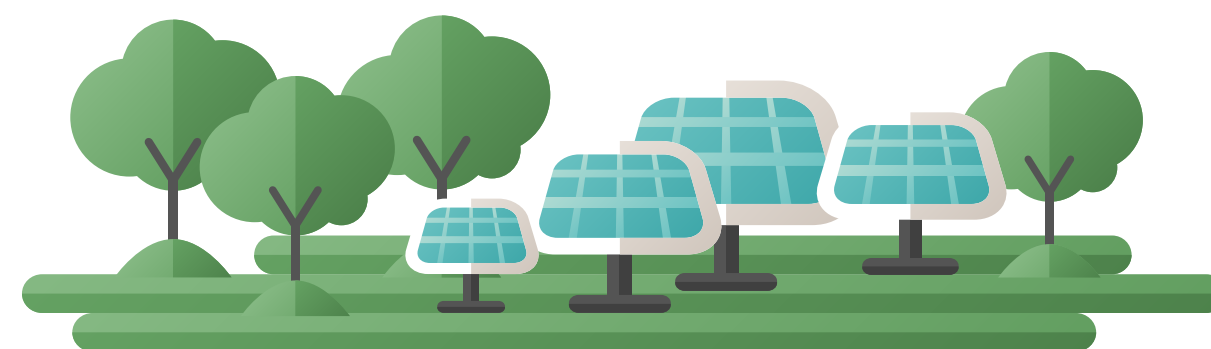
- Completing the blacklisting and negative listing of ESG investees, and adding the investees with significant flaws into the restricted investment pool;
- Including ESG assessment factors in the research and assessment of investees, assigning ESG rating and classification to all stocks in the market based on E, S and G considerations and their breakdown indicators, and setting industry-specific weights;
- Establishing a semi-annual ESG investment review mechanism to re-examine the reasonableness of investees that do not meet ESG investment requirements.

### SWS MU issued the first mutual fund product investing in green bonds



In August 2022, SWS MU successfully issued the first mutual fund product investing in green bonds, namely, SWS MU Green Bond-type Seed Securities Investment Fund, with an issue size of approximately RMB25 million.

The product mainly invests in bonds whose issuers are devoted to pursuing green industry development or whose proceeds are mainly used for green projects or supporting green industry development.





# Work Together

## Pursuing Common Prosperity

The report to the 20th CPC National Congress states calls for advancing rural revitalization across the board, stating that China will continue to put agricultural and rural development first, consolidate and expand our achievements in poverty alleviation, move faster to build up China's strength in agriculture and steadily promote the revitalization of businesses, talent, culture, ecosystems, and organizations in the countryside. On the way forward, we must hold the "basic line" of farmland, play the "industrial chess" well and unleash the "golden key" of talent to promote rural revitalization across the board and accelerate the agricultural and rural modernization.

In 2022, the Company took the initiative to implement the "Love Pairing" tasks, focusing on assisting regions such as Huining County, Gansu Province to consolidate and expand the achievements in poverty alleviation and promote rural revitalization across the board; unleashed the characteristics of the futures industry and carried out "insurance + futures" projects in many regions; established the Shanghai Shenwan Hongyuan Charity Foundation so that subsidiaries and branch offices actively participated in charity activities.



### Key issues in this chapter

Rural revitalization and charity, Developing inclusive finance

## Promoting rural revitalization

In February 2022, the *Opinions of the CPC Central Committee and the State Council on Comprehensively Promoting the Key Work of Rural Revitalization in 2023*, or the No. 1 central document for 2023, was released in February 2022. The document pointed out that China will exert every effort to ensure the national food security and prevent people from sinking back into poverty in large numbers, place emphasis on annual tasks, targeted measures and orientation to effectiveness, give full play to the leading role of primary-level Party organizations in rural areas and make solid and well-ordered progress in rural development, rural construction and rural governance.

As a state-owned financial enterprise with "belief and responsibility", the Company attaches great importance to the national rural revitalization strategy. We have actively implemented the decisions and plans of the CPC Central Committee, the State Council, China Securities Regulatory Commission and the Securities Association of China for the rural revitalization strategy. We also set up an organizational framework consisting of the Leading Group on Assistance, the Working Group on Assistance and the Assistance Office. In 2022, the Company held three special meetings on targeted assistance and several assistance project promotion conferences and progress seminars, promoting well-ordered and in-depth development of assistance work.

In 2022, based on the assistance plan and funding arrangement formulated, the Company assisted in the rural revitalization work in Huining County, Gansu Province and other regions in an all-round way by means of financial, industrial and educational assistance. We created an innovative "1+2+N" rural revitalization model that can be replicated in a bid to build a real-world role model for securities companies to promote rural revitalization.

### © "1+2+N" Rural Revitalization Model

1	Formulating a "five-year strategic plan", which has clarified the purpose, objectives, key points and implementation path of the Company's assistance work and played a "lighthouse" role.
2	Focusing on the two "key projects", including "consolidating the achievements in poverty alleviation" and "promoting rural revitalization on five fronts".
N	Carrying out a variety of charity and assistance work and a large number of related projects, including assistance in terms of Party building, finance, industry, education, and ecological conservation, and more than 100 charity projects such as aid to students, the elderly, the disabled, the sick and the needy.



In 2022, the Company advanced rural revitalization across the board through financial, industrial and educational assistance. We spent a total of RMB43.35 million in assistance for designated areas and disaster-stricken areas, including RMB34.5 million for Huining County, Gansu Province, RMB8.54 million for Xinjiang and RMB310 thousand for other areas. These funds were used to implement industrial, talent, biological, organizational, cultural and financial assistance projects.

In 2022, the company won a number of awards and honors in recognition of its rural revitalization and assistance work:

- **"Recommended Case of Financial Assistance in Rural Revitalization"**, the State Organs Work Committee of CPC Central Committee
- **"Six Key Cases in 'Solicitation of Typical Cases of Private-Sector Participation in Rural Revitalization'"** and **"The First Batch of 36 Typical Promotion Cases of Rural Revitalization"**, the National Rural Revitalization Administration
- **"Demonstration Base in the Securities Industry for Assistance in Rural Revitalization"**, the Securities Association of China
- **"Best Case of Rural Revitalization in 2022"**, China Association for Public Companies
- **"Annual Outstanding Contribution Award for Poverty Alleviation in 2022"**, China Foundation for Rural Development
- **"Outstanding Assistance Organization for Maigaiti County"**, Government of Maigaiti County
- Shortlisted in the **"Top Ten Most Charitable Enterprises of the Year"** at the Actors Union Charity Ceremony of ifeng.com



"Outstanding Contribution Award for Poverty Alleviation"

Shortlisted in the "Top Ten Most Charitable Enterprises of the Year"



## Implementing "Huining Plan" for Rural Revitalization

In recent years, the Company, as the leading institution for targeted assistance to Huining County, Gansu Province, has adopted a series of targeted assistance measures towards the objectives on five fronts of rural revitalization set forth in the "Huining Plan", leveraging on its strengths as a state-owned financial enterprise and its influence over the industry. We made every effort to promote the two key tasks of "consolidating and expanding the achievements in overcoming poverty" and "promoting rural revitalization across the board" in Huining County, so as to ensure effective implementation of the assistance projects.

### © Five Objectives of Rural Revitalization in the "Huining Plan" and Key Work for 2022





In Huining County, the Company has focused on consolidating and expanding the achievements in poverty alleviation. By implementing the anti-back-to-poverty comprehensive insurance project, the forest carbon sequestration development project and the water infrastructure construction project, the Company has taken various measures to ensure those lifted out of poverty will not sink back into poverty in large numbers.

#### “Anti-Back-to-Poverty Comprehensive Insurance” built a “a bastion of iron” to prevent return to poverty

In order to effectively mitigate the risk of falling back to poverty, consolidate the achievements in poverty alleviation in the long run and address poverty increment at the source, the Company innovatively launched the “Anti-Back-to-Poverty Comprehensive Insurance”, a comprehensive coverage and assistance program designed to protect those lifted out of poverty and the “three categories” of needy people identified in the State Council’s return-to-poverty dynamic monitoring system from accidents, diseases and infectious diseases.

In 2022, the Company spent RMB7.25 million on the “Anti-Back-to-Poverty Comprehensive Insurance” program in Huining County covering all the three categories of needy people (including registered poor households and marginal poor households) and benefiting 173,466 people. By the end of 2022, a total of 3,319 claims were filed across the county under the “Anti-Back-to-Poverty Comprehensive Insurance” program and RMB10,965.20 of indemnity was paid in aggregate, effectively reducing the risk of family losses caused by illness, disasters or accidents among residents in Huining County and avoiding the risk of return to poverty in large numbers.

#### The first carbon sequestration assistance project in the securities industry helped Huining County expand green income avenues

In July 2022, the Forest Carbon Sequestration Project in Huining County, Gansu Province was officially launched thanks to cross-departmental efforts within the Company. The cooperation period of the project is 30 years. Senhai Carbon Sequestration is responsible for the design, validation, monitoring, certification and funding of the forest carbon sequestration project. The forestry resources of Huining County will be listed and traded as carbon assets, expected to gradually generate net profits for Huining County and provide tailwinds for the local “Carbon Peaking, Carbon Neutrality” industries.

In the course of project implementation, the Company developed the *Proposal on a New Model of Rural Revitalization in Ecology: Huining Carbon Sequestration and Trading*. The Company led a thorough-discussion on the forestry resources and cooperation opportunities in Huining County in conjunction with CPC Huining County Committee, Forestry and Grassland Bureau of Huining County, Agricultural and Rural Affairs Bureau of Huining County and Senhai Carbon Sequestration, a subsidiary of Yueyang Forest & Paper Co., Ltd. After several rounds of on-site surveys and studies, the Company formulated the final implementation plan for the cooperation agreement, opening up a brand-new income avenue featuring green development in Huining County.



#### Promoting the “insurance + futures” project

Regarding the rural revitalization as a major political task, the Company unleashed the characteristics of the futures industry and tailored the assistance plan and organized the assistance work according to the regional development strategy and the actual conditions to meet rural financial needs precisely.

#### Maigaiti cotton “insurance + futures” project helped local farmers increase their income

Maigaiti County, Xinjiang is located in the western border area of our country. It was one of the “three districts and three prefectures” of extreme poverty before. As a county receiving pairing assistance from China Securities Regulatory Commission (CSRC), Maigaiti has a large population of ethnic minorities, with cotton being a major pillar of its economy.

Subsidiaries Shenwan Futures and Hongyuan Futures, as the lead implementors of the Maigaiti County cotton “insurance + futures” project in 2022, innovatively used futures options to transfer the price risk of cotton insurance products to the futures market leveraging on the heading role of futures and options, effectively promoting the sound development of the local cotton industry. The Xinjiang Maigaiti County “insurance + futures” project was successfully implemented in 2022. This pilot project covered a land area of approximately 109,800 *mu*, benefiting nearly 4,000 households, including more than 1,200 households out of poverty. The project has greatly helped Maigaiti County develop its cotton industry and increase local rural residents’ income.



In 2022, Shenwan Futures won two Outstanding Achievement Awards (Excellence) for Financial Assistance for Needy Enterprises in Shanghai at the 16th Shanghai Financial Services Fair, and the “Best Rural Revitalization Service and Social Responsibility Award” from the *Futures Daily* and *Securities Times*.



In 2022, Hongyuan Futures won the “Excellence Award for Rural Revitalization” from Dalian Commodity Exchange.



## Dedicating to public welfare

In July 2022, the Company established the Shanghai Shenwan Hongyuan Charity Foundation ("Shenwan Hongyuan Charity Foundation"). Its business scope includes providing financial assistance to needy people and families, carrying out public welfare projects such as assistance services and engaging in other public welfare undertakings related to civil affairs. The Company is now building the foundation's policy framework, brand influence, talent pool and project management capacity, committed to further promote the professional and brand-driven development of public welfare and assistance work.

### Shenwan Hongyuan Charity Foundation built a financial SOE's charity brand

2022 marked the first year of the Shenwan Hongyuan Charity Foundation. The Foundation successfully carried out "Shenwan Hongyuan Class", "Big Hands Holding Small Hands" and other public welfare projects in designated assistance areas, effectively supporting financial charity and rural education assistance. Shenwan Hongyuan Charity Foundation is committed to engaging all its staff in charity activities and foster a culture of public welfare among all employees. The "Love Pairing" program initiated by the foundation has successfully raised money to fund the charity. The program engaged over 1,000 participants in public welfare undertakings. The charity-related work of employees has delivered good results. The foundation made donated over RMB20,000 to Luding County, Sichuan Province, to aid the reconstruction in earthquake-stricken areas.

In 2023, Shenwan Hongyuan Charity Foundation will, with a focus on rural revitalization, coordinate with internal and external organizations, mobilize all sectors of society to develop public welfare projects and step up Shenwan Hongyuan public welfare undertakings.



### The "Youth Chip Making Program" promoted public education as welfare

In 2022, the Company launched the "Youth Chip Making Program" in five schools in Huining County to promote education on information technology (IT) innovation. The program helped improve the quality of education on IT innovation, foster youth's awareness of self-dependent innovation, broaden their horizon and cultivate their patriotism.

The "Youth Chip Making Program" was jointly sponsored by the Community Development Fund of China Social Welfare Foundation and caring people. The program aimed to improve the information technology literacy of young people, step up the promotion of education on IT innovation, boost the quality of education on IT innovation in remote areas and help improve the IT innovation capacity and sci-tech innovation education of young people.



Subsidiaries and branches of the Company have also actively participated in public welfare undertakings and organized or assisted in many charity activities in various places with respect to poverty alleviation and aid to the needy and community service, contributing to the building of a better society.



### Shenwan Hongyuan (H.K.) helped grassroot students and vulnerable groups tide over difficulties



Shenwan Hongyuan (H.K.) worked with local charities in Hong Kong to organize a variety of charity events in the local community to help vulnerable groups and contribute to the building of an inclusive society.

In November 2022, Shenwan Hongyuan (H.K.) spent HKD9,000 in helping people with mild to moderate mental disabilities and disabled people to relieve their depression and stress.



In 2022, Shenwan Hongyuan (H.K.) was awarded the "10 Years Plus Caring Company Logo" by the Hong Kong Council of Social Service (HKCSS) for its continuous efforts in improving society, caring for employees well and protecting the environment.

### Hongyuan Futures participated in charity and volunteer service activities



Hongyuan Futures' branches in Beijing, Jinan, Hangzhou, Shenzhen and other places organized or participated in charity events. In August 2022, Jinan Branch of Hongyuan Futures organized employees to participate in the "Hand in Hand to Share New Life in a New Era" event by purchasing and donating over RMB30,000 worth of heatwave relief supplies to Shandong Express Association. In October, Shenzhen Branch visited Jinglong Community, Longhua District, Shenzhen to donate more than 400 pieces of winter clothes to needy residents. In November, Jinan Branch presented solicitude supplies including rice cookers, air fryers and other solicitude supplies to model sanitation workers.



Hongyuan Futures Shenzhen Branch donated winter clothes



Hongyuan Futures Jinan Branch delivered solicitude supplies to model sanitation workers





# Part Two

## ESG Management and Performance

- Economic and Corporate Governance Issues
- Social Issues
- Environmental Issues
- ESG Quantitative Performance Indicators





## Economic and Corporate Governance Issues

### Upholding and strengthening overall Party leadership

The Company has fully incorporated Party building into its Articles of Association to clarify the statutory status of the Party organizations in the corporate governance structure, which has been further improved to consolidate the institutional basis for integration of the Party leadership into corporate governance. With a focus on the leading role of the Party Committee of the Company in “charting the course, crafting overall plans and promoting their implementation”, the boundaries of power and responsibility between the Party Committee and the Board of Directors and the management are clarified, so as to embed the Party leadership into every link and whole process of corporate governance, give full play to Party leadership and modern corporate governance as two strengths and transform the strengths in Party leadership into efficient and effective corporate governance.

### Corporate governance

In accordance with the relevant laws and regulations such as the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China* and the *Code of Corporate Governance for Listed Companies in China*, listing rules of the places where the Company's shares are listed and relevant provisions of the *Articles of Association*, the Company has established a corporate governance framework composed principally of the General Meeting of Shareholders, the Board of Directors, the Board of Supervisors and the management. With supporting policies and operating mechanisms improved, the Company's governance bodies perform their respective duties and coordinate with each other under effective checks and balances, speeding up the effort to build a system of governance and internal control with its own characteristics while aligned with a modern economic system and high-quality development. The Board of Directors demonstrates structural diversity and a variety of strengths. The rights, obligations and behaviors of shareholders, directors, supervisors and senior management are well defined and regulated. Through ongoing benchmarking to the best practices, the Company has enhanced the soundness of its operations to effectively protect the legitimate rights and interests of all its shareholders and creditors.

The Board of Directors of the Company earnestly performs its duties assigned by the General Meeting of Shareholders and the *Articles of Association* and effectively plays its role in determining strategies, making decisions and preventing risks, in all all-out push for high-quality development of the Company. The Board of Directors consists of four special committees, namely, the Strategy and ESG Committee, the Audit Committee, the Remuneration and Nomination Committee and the Risk Control Committee. These special committees provide professional advice and input on the Board of Directors' decision-making on development strategy, financial audit, nomination, performance assessment and remuneration management, risk management and other relevant aspects. Within the year, the Company further expanded the duties of special committees and enriched their duty performance to promote steady improvements in corporate governance.

In 2022, the Company completed two rounds of special committee membership change and selection of two directors. The qualifications and election procedures of directors conformed to relevant laws and regulations. The composition, professional mix and knowledge structure of the Board of Directors are more coordinated and diversified. At present, the Board of Directors of the Company has a total of 11 directors, including 2 executive directors, 5 non-executive directors and 4 independent non-executive directors. There are 2 female directors, accounting for 18%.

The Company has a well-established system of corporate governance policies and procedures, which are updated from time to time in accordance with the State's regulatory requirements and the Company's development strategy. In 2022, the Company revised the *Rules of Procedure of the Board of Directors*, the *Working Rules of the Strategy Committee* and the *Policy on Management of Raised Fund*, etc.

The year 2022 wrapped up the campaign to strengthen corporate governance of listed companies. The Company summarized and promoted the best governance practices and won the 17th “Gold Prize of Round Table” of Chinese Boards of Listed Company. We actively participated in the “Advocating Best Practices” event series organized by the China Association for Public Companies. We have also won the “Excellent Practice Case of ESG Management of Listed Companies”, “Best M&A and Reorganization Case in Capital Market in the Past Decade”, “Best Practice of the Board of Supervisors of Listed Companies in 2022”, “5A Performance of Board Secretaries of Listed Companies”, and “Best Practice of Board of Directors' Office”, etc.

### Information disclosure and sound operations

The Company strictly complies with the *Administrative Measures for Information Disclosure by Listed Companies* of the China Securities Regulatory Commission (CSRC) and formulated its corporate policies and rules, including the *Administrative Policy for Information Disclosure*, the *Policy on Internal Control*, the *Policy on Insider Registration and Confidentiality*, and the *Management Measures for Confidentiality* so as to bring disciplines to information disclosure of the Company in every respect, disclose all information in a truthful, accurate, complete and timely manner and ensure that all shareholders have equal access to information of the Company.

In 2022, the Company prepared and disclosed four periodic reports and over 400 A-share and H-share interim reports, spreadsheets and presentation documents. The disclosure of significant matters of the Company was truthful, accurate, complete, timely and impartial.

#### Formulating innovative information disclosure mechanisms to consolidate the foundation for sound operations

- Based on the operating characteristics of listed companies and securities companies, the Company innovatively developed a set of policies, procedures and mechanisms for coordinated and standardized operations within the Company, strengthened see-through reporting and management and continuously enhanced the timeliness and coverage of information reporting, laying a solid foundation for information disclosure and sound operations.

#### Streamlining work processes and strictly controlling the quality of information disclosure

- The “three-pronged” system promoted the work on annual report compilation, proposals to the Board of Directors and annual results briefing, facilitating relevant functional departments in preparing reports on the Company's operation, finance, internal control, risk control, ESG and other important matters in the year from a closed-loop perspective of “proposal—disclosure— market communication”. The “three concentric circles” review mechanism for the annual report was enhanced. All staff's awareness of information disclosure and ability to use rules were enhanced while accomplishing the work for the year.

#### Improving the quality and effectiveness of internal control of listed companies with information disclosure

- Taking information disclosure as the starting point and objective of sound operations, all processes and links of front-end internal control ran effectively. In related party (or connected) transactions, shares management, major shareholder's code of conduct, management of raised funds, major transactions and approval of external guarantees, the Company systematically implemented the legal and regulatory requirements for sound operations and managed to maintain sound operations.

In July 2022, in the 2021 Information Disclosure Appraisal of Main Board listed companies published by the Shenzhen Stock Exchange, the Company was **rated Class A for the seventh consecutive year.**





## Protection of shareholders' rights and interests

### Committed to delivering reasonable return to investors

The Company fully protects the economic rights and interests of its shareholders and creditors, implementing a stable profit distribution policy to ensure reasonable return to investors. In addition, the Company has fully redeemed the principal and paid interest on matured bonds and fully paid interest incurred on unmatured bonds, effectively protecting the interests of creditors.

### Investor communication

The Company attaches great importance to investor relations management. In 2022, the *Investor Relations Management System* was revised. Upholding the philosophy of "respecting investors, holding investors in awe and protecting investors", the Company set up various communication channels such as on-site, telephone and internet channels, as well as convenient communication platforms such as corporate website, investor hotline, email and Shenzhen Stock Exchange's interaction platform. We made full use of results briefings, investor surveys and brokers' meetings for active, professional and efficient communication with investors. Besides, ESG was included in external communications, with multi-dimensional communication and publicity stepped up to enhance the investor's sense of acquisition.

During the year, the Company held the 2021 annual results briefing and participated in the online collective reception day for investors of listed companies in Xinjiang. We exchanged ideas with over 20 analysts during day-to-day communications and surveys, communicated with shareholders one-on-one for 6 times, directly talked with 9 investors on the Company's performance and answered 84 investors' questions on Shenzhen Stock Exchange's interaction platform "irm.cninfo.com.cn".

### © Refining external communication practices for multi-channel and multi-dimensional transmission of corporate value



In response to the regulatory call, the Company regards online open briefing on results as an important window to convey confidence to the market. Top leaders of the Company were invited to attend the briefing, introduce the Company's operating results and respond to investors' concerns, thus effectively boosting Company's transparency and market visibility.



The Company participated in analyst surveys and brokers' meetings. Based on fundamentals communication, expectations were reasonably managed with bright spots amid market fluctuations. The Company continued to gain seller coverage from Goldman Sachs, UBS, HSBC, China International Capital and CITIC, seeing growing ratios of Hong Kong Stock Connect and Shenzhen Stock Connect investments.

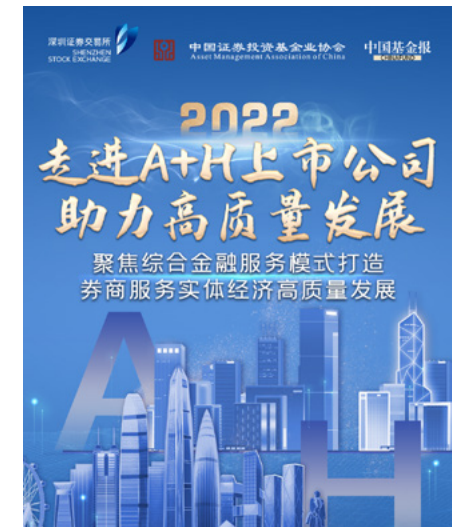


Strengthening and deepening services for small and medium-sized investors, providing smaller investors with unobstructed query and service channels through irm.cninfo.com.cn, telephone and email, supporting and cooperating with investors in exercising their statutory rights, and working hard on the protection and education of investors in listed companies.

### Participating in Shenzhen Stock Exchange's "Listed Companies' Open House Program"



In August 2022, with the strong support from mainstream media and public offering institutions, the Company participated in the "Stepping into A + H Listed Companies Contributing to High-quality Development" program series jointly launched by Shenzhen Stock Exchange, the Asset Management Association of China and China Fund News. The Company's executives appeared on video and guided investors' online visits to the Company to learn about its business development and strategic achievements. Leaders of the Company engaged in "cloud communication" with investors to share the Company's business development and ESG performance, fully manifesting the Company's intrinsic value of development. These events live-streamed on Weibo, Baidu, Snowball and other internet platforms received good market response, with a total of over 800,000 hits. The review articles and well-known sayings were discussed and reposted by investors, which effectively enhanced market confidence, promoted reasonable valuation and made the "Shenwan Hongyuan" brand more distinctive.



## Comprehensive risk management

The Company always takes forestalling and defusing financial risks as an important task. We have created an organizational structure and a system of policies and procedures for risk management that "extend horizontally to edge and vertically to bottom with clearly assigned duties". The Company keeps building the risk management culture and developing the talent pipeline, and persistently makes innovative efforts to create intelligent tools for risk management tools in pursuit of higher efficiency and quality of risk management.

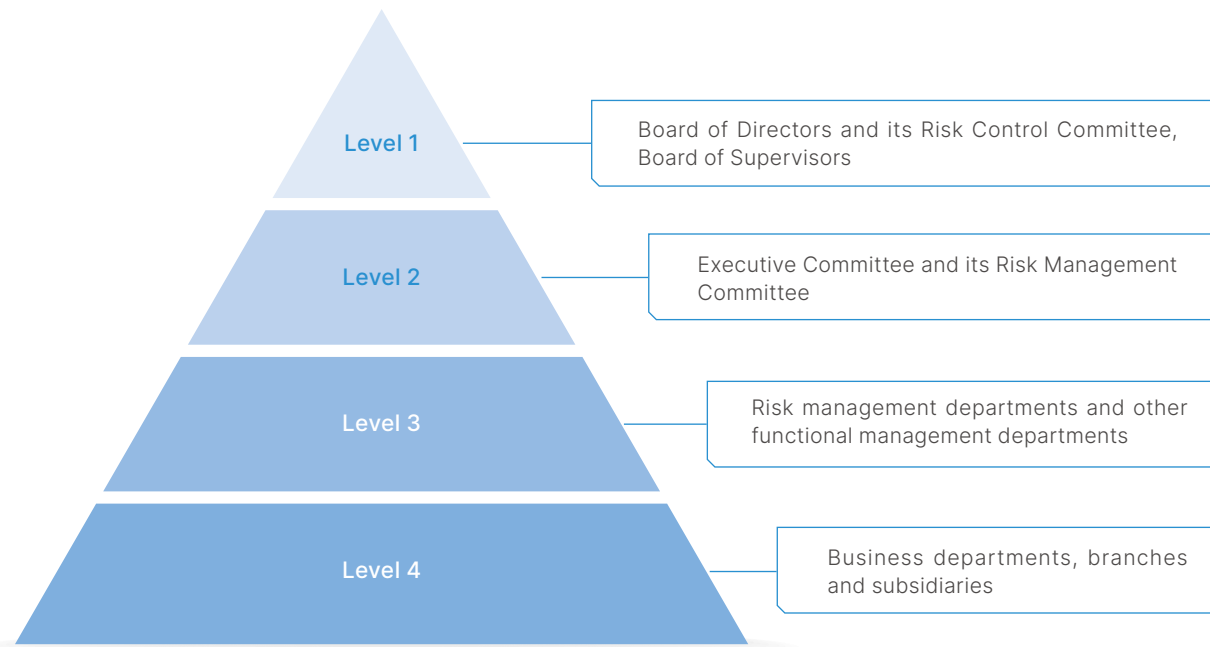
In 2022, the Company kept improving its service support capacity for risk management by dynamically adjusting risk management policies, holding risk management seminars and conducting risk management training. The business scale expanded while keeping the risk exposure reasonably controlled. Risks in the operation and management were well managed overall.

### Risk Management Framework

The Company has established a four-tier organizational structure for risk management consisting of the Board of Directors, the Risk Control Committee, the Board of Supervisors, the Executive Committee and its Risk Management Committee, the Risk Management Department and other management functions, business departments and branches or subsidiaries. There are also three lines for defense against for management, namely, business units, risk management functions and internal audit department. Each level in the hierarchy has well-defined duties to fully implement the responsibilities for risk management.



## © Shenwan Hongyuan's Organizational Hierarchy for Risk Management








## Risk Management System

The Company has established a risk management system with the *Regulation on Risk Management* serving as the underlying policy, supplemented by administrative measures and operating procedures for market, credit, liquidity, operational and reputational risks, bringing discipline to the management of various risks. The Company has a clear-cut risk management policy of “risk appetite - risk tolerance - risk limit”, in which the risk tolerance and risk limit effectively cover various businesses and risks and are broken down into various business lines, contributing to the overall control and specific implementation of risk management.

In 2022, the Company formulated the *Administrative Measures for Risk Limit Indicators* and the *Operating Procedures for Early Warning of Risk Information*, and revised the *Working Rules for the Risk Management Committee*, the *Administrative Measures for Risk Control Indicators* and the *Guidelines for Reporting Risk Events* and made ongoing improvements in a full range of risk identification, assessment, monitoring and response measures covering various businesses of the Company in light of the major risks the Company might face.

The Company has strictly implemented various risk management tasks, identified and analyzed major risk types and actively carried out corresponding risk management measures. The Company further strengthened the monitoring of risk management of its subsidiaries, and ensured the consistency and effectiveness of Group-wide risk management by formulating the basic risk management policies for subsidiaries, incorporating all subsidiaries in the Company's risk management policies, centrally monitoring the risk exposure of each subsidiary and implementing hierarchical review and decision-making for new businesses and new products.

## © Main Risk Types and Management Measures

 <p>Market risk</p>	<ul style="list-style-type: none"> <li>Establishing a quantitative risk indicators assessment system to dynamically monitor and give graded warnings for risk control indicators;</li> <li>Strengthening macro-economic analysis and judgment, strengthening stress testing and identifying the potential impact of changes in market risk factors on profit and loss, etc.</li> </ul>
 <p>Credit risk</p>	<ul style="list-style-type: none"> <li>Creating a unified mechanism for internal credit rating management, promoting customer concentration management based on de-facto controller identification, creating a negative information monitoring system to maintain 7*24 monitoring of negative public opinions in the market and managing credit risk under various dimensions, including onboarding management, customer concentration management and negative list.</li> </ul>
 <p>Liquidity risk</p>	<ul style="list-style-type: none"> <li>Maintaining dynamic monitoring and early warning of liquidity risk status;</li> <li>Conducting liquidity risk stress testing and liquidity risk emergency drills to enhance the Company's capability of liquidity crisis response.</li> </ul>
 <p>Operational risk</p>	<ul style="list-style-type: none"> <li>Ongoing operational risk assessment;</li> <li>Strengthening causes analysis of operational risk incident;</li> <li>Strengthening operational control over major operations and business activities, establishing a handling and review mechanism for key links and reducing operational risk incidents.</li> </ul>
 <p>Reputational risk</p>	<ul style="list-style-type: none"> <li>Strengthening the reputational risk management regulation system and improving the reputational risk system and the reporting mechanism for unusual events;</li> <li>Establishing a 7*24 public opinion monitoring mechanism, engaging professional third-party institutions to monitor, analyze and advise on response to public opinions, and continuously improving the early warning and management of adverse public opinions.</li> </ul>



The Company continued to promote the risk management culture, by organizing risk management training and risk case analyses. Job duties were strictly implemented to boost the awareness of risk prevention and discipline, keeping to the bottom line and not crossing the red line. In 2022, the Company formulated the risk management handbook for major business lines and revised the risk case manual to further convey the risk management philosophy, thereby making employees more proactive and responsible in forestalling and defusing risks.

The Company further built its risk management team. The *Sub-strategy for Talent Development Sub-strategy for Risk Management Unit (2021-2025)* was formulated. Leveraging on the international group and Shenwan Hongyuan (H.K.) as the training platform for international talent on risk management, the Company has recruited and fostered versatile experts with both business experience and modern risk management skills by expanding external recruitment channels as well as internal job transfer and job rotation. The Company strengthened the risk management personnel's forward-looking research on macro-economic situation, industry trends and regulatory developments through risk management training, boosting the professionalism of risk management across the Company.

The Company empowered risk management with information technologies, built an integrated risk management information system focused on in-house development, supported by external systems such as Risk Metrics and internal rating system. Pursuant to regulatory requirements, a consolidated risk control indicator monitoring subsystem was added to effectively support risk control.

#### Developing the media monitoring and warning system in-house

To further improve the Company's comprehensive risk management system, enhance its risk management capability and promote the steady development of overseas business, the Company incorporated country-specific risk management into the comprehensive risk management system and developed a media monitoring and warning system based on big data technology and artificial intelligence algorithms, which, to a certain extent, has replaced the traditional human judgment.

Compared with the traditional low-frequency data, the day-to-day media coverage and various social media-based information provide an increasingly meaningful reference today. Such information enables analysis and judgment of news coverage in monitored countries or regions, effectively identify country risks, accurately assess the harm degree of relevant risks, and timely send risk alerts to relevant departments to minimize the risk of loss of the Company's overseas business in that country or region.



#### Compliance and internal control management

#### ESG risk management

The Company has incorporated ESG risks into its comprehensive risk management system, valuing the early warning and emergency response mechanism for ESG risks, especially environmental risks.

The Company continued to strengthen forward-looking research on the macroeconomy and industry developments and formulated and refined the risk response plan under extreme circumstances, making risk management increasingly proactive and forward-looking. In 2022, the Company conducted industry risk analysis in the context of carbon neutrality again.

#### Issued a special report entitled "Industry Risk Analysis under Carbon Neutrality".

The Company actively serves the national "Carbon Peaking, Carbon Neutrality" strategy by persistently strengthening the risk analysis, judgment and early warning under the strategy and urging relevant organizations to forestall business risks effectively. In 2022, the Company conducted a comprehensive review and re-analysis of its "Carbon Peaking, Carbon Neutrality" policy and the latest implementation progress, examined the policy impact on the macro-economy and industries, and issued special report *Industry Risk Analysis under Carbon Neutrality* for two consecutive year. It particularly highlighted the industry and enterprise risks requiring special attention in an effort to effectively forestall business risks that may arise from policy implementation and make risk management more forward-looking.

In addition, the Company set up an early warning mechanism and response plan for green finance. The Company established a sound green finance risk limit indicators system, formulated risk limits based on in line with the risk-return characteristics of various businesses and monitored and warned various risk indicators on a daily basis. The Company's *Administrative Measures for Emergency Response* stipulate that when a major green finance risk event, the Company will set up an emergency response team, develop an emergency response plan, and specify the major or key measures to be taken. Each business line will develop its emergency response plan according to the actual business conditions to ensure business continuity.

The Company set up an organizational framework for compliance management consisting of "leadership (Board of Directors, Board of Supervisors and the management), chief compliance officer, compliance department, other departments and branches and subsidiaries". Compliance management covers all business operations of the Company, as well as departments, branches, subsidiaries at all levels and all their staff, running through decision-making, implementation, supervision and other links of the process. The compliance management bodies and staff at all levels perform their respective duties and functions effectively.

The Company has established a sound framework of compliance management policies and procedures that includes a basic policy on compliance management and subordinate rules for compliance management, which are revised from time to time to reflect the latest developments in laws, regulations and the Company's actual conditions. In 2022, Shenwan Hongyuan Securities issued the *Administrative Measures for Compliance Management (Revised in 2022)* and the *Administrative Measures for Compliance and Risk Management Personnel of Business Departments (Revised in 2022)*.



## © Key Measures for Compliance Management of Shenwan Hongyuan Securities in 2022

Furthering clarifying the qualification requirements for compliance personnel and the review and filing process, strengthening the management of the selection, appointment and removal of compliance personnel, and urging business departments to strengthen the day-to-day compliance management and compliance staffing of regional business teams.



Formulating and issuing the implementation plan for performance assessment of compliance personnel to clarify the assessment criteria and requirements.

Adding quarterly compliance assessment to annual compliance assessment, strengthening the management and supervision of compliance personnel in their performance of duties and effectively unleashing the “baton” role of compliance assessment.

In 2022, to enhance the business capability of compliance personnel, Shenwan Hongyuan Securities conducted 15 internal training sessions for compliance departments covering business norms, interpretation of laws and regulations, risk briefing and anti-money laundering.

### Shenwan Hongyuan Securities conducted induction training and examination of compliance officers



To help examinees consolidate their professional and systematic thinking in strengthening compliance management and improve their ability to perform their compliance duties, Shenwan Hongyuan Securities arranged a wealth of internal and external training course with a total of 50 class hours for each business line.

The examinations were divided between basic compliance papers and professional compliance papers. The basic compliance paper included basic knowledge of compliance, anti-money laundering and anti-corruption. The professional compliance paper further tested the main elements of supervision and compliance management in each of the business lines, including investment banking, asset management, proprietary trading, wealth and research. For those who have passed the examination, Shenwan Hongyuan Securities issued a certificate of competency with a specified validity period.

In 2022, Shenwan Hongyuan Securities conducted a total of **9** compliance training sessions in the forms of offline training, online video courses, law and compliance updates. The compliance training covered **100%** of employees.



During the reporting period, the Company's compliance system was further improved and the compliance work was carried out in an orderly manner. No major compliance risk incidents occurred, and the Company's overall compliance status remained good.

## | Business ethics

### Anti-corruption

The Company strictly abides by national laws and regulations, including the *Supervision Law of the People's Republic of China*, the *Regulations on Implementation of Supervision Law of the People's Republic of China*, the *Provisions on the Professional Integrity of Securities and Futures Business Institutions and Their Employees* and the *Opinions on Strengthening Prevention and Control of Professional Integrity Risks in of Securities Companies Engaging Third Parties in Investment Banking*, and continuously promoted anti-corruption and professional integrity management.

The Company formulated the *Accountability Measures for Shenwan Hongyuan Group Co., Ltd. and Shenwan Hongyuan Securities Co., Ltd. (Trial)*, the *Opinions on Strengthening the Building of a Clean Financial Culture*, the *Implementation Opinions on Strengthening the Prevention and Control of Integrity Risk* and the *Opinions on Strengthening and Improving Integrity Supervision*. In 2022, the Company issued the *Statement on Anti-corruption Management of Suppliers of Shenwan Hongyuan Group Co., Ltd.* on its website, further improved the anti-corruption management system, optimized the pre-event culture development, ongoing supervision and supervision and post-event accountability in anti-corruption work, and promoted normalization, institutionalization and standardization of integrity risk prevention and control.

### Implementing employee integrity management



In 2022, the Company formulated and issued the *Implementation Plan for Performance Assessment of Compliance and Risk Management in Staff Performance Assessment in 2022*, which included compliance, integrity and honesty in the staff performance assessment, and organized all employees to re-sign the *Employee Commitment to Compliance, Integrity and Integrity*, reaffirming the requirements for integrity in work.

In July 2022, according to the relevant requirements of the CSRC Shanghai Office, Shenwan Hongyuan Securities carried out self-examination and self-correction in accordance with the relevant regulatory provisions on professional integrity, and organized a special campaign on professional integrity in December 2022.

Shenwan Hongyuan Securities has refined its accountability mechanism through accountability policy revision and special self-examination and standardized the stringent accountability process for violation of integrity rules and other non-compliances.

The Company actively carried out anti-corruption training and education activities in the forms of “Financial Case Study” seminars, exemplary education meetings, supervisory talks with officers and leaders, talks with newly appointed, promoted or recruited officers and anti-corruption talks, so as to ensure the anti-corruption concept is deeply rooted in their minds and effectively strengthen the anti-corruption awareness of the Company's directors, supervisors and senior management.



### Holding a warning and education meeting



On June 13, 2022, the Company held a warning and education meeting with the view of implementing the requirements of exercising strict Party self-governance in every respect, giving full play to the warning and deterrent role of case notification and the function of case handling in eradicating root cause of problems, further deepening the work on improving Party conduct, upholding integrity and stepping up anti-corruption.

At the meeting, nine typical cases in three categories (i.e. violation of the Party's political discipline, violation of the central Party leadership's eight-point decision on improving Party and government conduct and violation of job-related regulations) were notified since the warning and education meeting held in June 2021, analyzed the root causes of the problems and put forward requirements for further deepening the principle of "learning from cases, promoting rectification through case study and pursuing strict Party self-governance in every respect".

In 2022, there were no corruption lawsuits against the Company or its employees.

### Anti-money laundering

Anti-money laundering (AML) is necessary for maintaining a sound financial system and a fair and equitable market environment. In 2022, Shenwan Hongyuan Securities actively implemented the new AML regulations under the "risk-based" philosophy of AML work. It issued the *Administrative Measures for Money Laundering and Terrorist Financing Risks (Revised in 2022)* and the *Operational Rules for the Assessment of Money Laundering and Terrorist Financing Risks of Customers and Businesses (Revised in 2022)*, urged business departments to continuously improve their AML internal control process and further refine and clarify the AML management requirements of each business line.

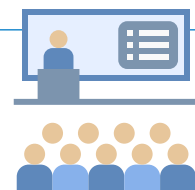
In 2022, the headquarters of Shenwan Hongyuan Securities appointed eight money laundering risk managers responsible for specific AML work on a full-time basis. In addition, each business department appointed at least one money laundering risk manager responsible for AML work.

Shenwan Hongyuan Securities has established an anti-money laundering (AML) work system composed of "the Board of Directors - the management - the Legal and Compliance Department - business divisions, business headquarters and branches (collectively the 'business departments') and relevant functional management departments", continuously improved the AML management framework, strengthened the AML information system development and effectively fulfilled the AML obligations.

Shenwan Hongyuan Securities attaches great importance to AML training and publicity. It stepped up AML publicity in forms favored by the public in support of the three-year AML crackdown action and implementation of the new AML regulations. Also, it carried out AML internal training pursuant to PBC requirements and participated in training and exchanges organized by PBC, as part of its efforts to enhance the AML skills of the senior management, business line staff and AML full-timer and part-timers.

Shenwan Hongyuan Securities launched an AML Publicity Month campaign with the theme of "Protecting Yourself from Money Laundering" and produced the special cartoon of AML, enhancing the public awareness of AML in various forms. Branches also carried out training and publicity events in line with their actual conditions and local regulatory requirements.

In 2022, Shenwan Hongyuan Securities participated in the training organized by PBC, organized third-party AML training and also conducted in-house AML training, with a total of **11** training sessions and **3,826** participants.



### Whistleblowing management and whistleblower protection

The Company has in place a standard whistleblowing process and management mechanism to ensure effectiveness of the mechanism. The Company formulated the *Implementation Rules for Accountability for Operation and Management*, the *Administrative Measures of for Petitions and Whistleblowing to Discipline Inspectors of Shenwan Hongyuan Group Co., Ltd. and Shenwan Hongyuan Securities Co., Ltd. (Trial)*, the *Implementation Rules for Supervision and Enforcement of Discipline Inspection by Shenwan Hongyuan Discipline Committee (Trial)*, the *Administrative Measures for Petition and Whistleblowing Work of Organization and Personnel Departments of Shenwan Hongyuan Group Co., Ltd. and Shenwan Hongyuan Securities Co., Ltd.* and the *Implementation Rules for Reminding, Questioning and Admonishing of Officials by Organization and Personnel Departments of Shenwan Hongyuan Group Co., Ltd. and Shenwan Hongyuan Securities Co., Ltd. (Trial)*, detailing the accountability and whistleblowing procedures.

The Company has incorporated the management of whistleblowing confidentiality and whistleblower protection into the existing corporate policies. *The Administrative Measures of for Petitions and Whistleblowing to Discipline Inspectors of Shenwan Hongyuan Group Co., Ltd. and Shenwan Hongyuan Securities Co., Ltd. (Trial)* provides that "petitioners' legitimate rights and interests are protected by law. No institutions, departments or individuals shall suppress, discriminate against or create obstacles against petitioners for any reason. It is strictly prohibited to retaliate against petitioners", and that "the staff of the discipline inspection bodies at all levels of the Company shall strictly abide by the whistleblowing confidentiality policy and strictly implement the confidentiality requirements". *The Administrative Measures for Petition and Whistleblowing Work of Organization and Personnel Departments of Shenwan Hongyuan Group Co., Ltd. and Shenwan Hongyuan Securities Co., Ltd.* clearly stipulates that "the whistleblower's name, employer, address and other relevant information, as well as the content of whistleblowing and its intake and handling must be strictly kept confidential" and that "...shall not use the petition materials to seek personal gains or to facilitate any retaliation against the petitioner".





## Social Issues

### Employment and protection of employees' rights and interests

The Company strictly complied with the *Employment Law of the People's Republic of China*, the *Employment Contract Law of the People's Republic of China* and other relevant laws and regulations. A series of corporate policies were revised and issued, including the *Administrative Measures for Recruitment and Reallocation of Shenwan Hongyuan Group Co., Ltd. (Revised in 2022)*, the *Administrative Rules for Recruitment of Shenwan Hongyuan Group Co., Ltd. (Revised in 2022)*, and the *Administrative Rules for Staff Entry and Departure of Shenwan Hongyuan Group Co., Ltd. (Revised in 2022)*, so as to standardize the procedures for signing of employment contracts, staff entry and staff departure, avoided child labor and forced labor and continuously improve the Company's human resources management.

In 2022, the Company had no confirmed violations of laws and regulations in respect of employment and labor practices.

The Company upholds the basic recruitment principle of "fairness, equality, ability-duty matching, inside before outside, and efficiency orientation", firmly opposes employment discrimination and treats every job seeker and employee equally, ensures the staff recruitment is free from discrimination based on race, faith, gender, nationality, ethnic groups, age or marital status. The Company is committed to building a diverse team with an international vision and a wide range of professional backgrounds, including information technology, mathematics, law and finance.

With regard to the protection of employees' rights and interests, the Company has further implemented its internal policies including *Administrative Measures for Attendance and Leaves of Shenwan Hongyuan Group Co., Ltd. (Revised in 2021)*, the *Remuneration Management Policy of Shenwan Hongyuan Group Co., Ltd. (Trial) (Revised)*, and the *Enterprise Annuity Scheme of Shenwan Hongyuan Group Co., Ltd.* to effectively protect employees' basic rights and interests in remuneration, leaves and social security benefits.

#### © Shenwan Hongyuan's measures to protect employee rights and benefits

- A standard working hours system of eight hours per day and 40 hours per week
- An aggregate working hours policy or a flexible working hours policy for special jobs with the approval of the employment administration authority
- Entitlements to public holidays, annual leave, sick leave, marriage leave, maternity leave, etc.

#### Working hours and leaves

#### Remuneration and benefits

- Full and timely contribution to social security programs (pension insurance, medical insurance, unemployment insurance, work-related injury insurance and maternity insurance) and housing provident funds
- Base salary, annual performance pay, benefits, special allowances and long-term incentives
- Non-salary benefits such as regular health checkups, staff canteen, workplace safety and non-statutory benefits such as enterprise annuity, supplementary medical treatment, transportation and communication subsidies, covering all employees under full-time employment contracts.

### Staff training and development

In accordance with the *Administrative Measures for Training of Shenwan Hongyuan Group Co., Ltd. (Trial)*, the *Supplementary Provisions to Administrative Measures for Job Positions of Shenwan Hongyuan Securities Co., Ltd. (Trial)* and the *Rules of Procedure for Specialist Pipeline of Shenwan Hongyuan Securities Co., Ltd.* and other administrative measures and implementation rules, the Company has standardized and continuously improved the staff training mechanism, staff training targeting and planning and employee promotion mechanism, in a bid to keep enhancing the professional skills and versatility of employees and empower the career development of employees.

The Company encourages its employees to study in their spare time to improve their skills and expertise on an ongoing basis. For all employees who have signed an employment contract with, the Company provides appropriate subsidies or reimburse examination costs for job-related qualification examinations regarding professional qualifications, occupational skill level and continuing higher education certification, such as the Certified Public Accountants (CPA), National Judicial Examination, Chartered Financial Analyst (CFA), Financial Risk Management (FRM) and the Association of Chartered Certified Accountants (ACCA). In 2022, Shenwan Hongyuan Securities provided relevant support to more than 250 employees, with a total subsidy amount of RMB317,708.

The Company values a fair, equal, competitive, merit-based and practicable employment environment. It has kept improving the human resources development system with a market-oriented mechanism at the core. With a managing director (MD) position system focused on competencies and dual-channel (with management and specialist pipelines in parallel) career development system in place, the Company provides a lasting and solid assurance for the long-term development and self-worth realization of employees.

The Company has further strengthened the induction and mentoring of new employees, attaching importance to their career development. In 2022, the Company formulated the *Implementation Rules for Mentor Management*, the *Guide to the Induction and Mentoring* and other relevant policies. New hires were assigned to qualified mentors, and a two-year targeted and personalized induction plan was developed in line with the characteristics of new employees, effectively helping new entrants set reasonable career expectations.

#### The Operation Center launched a mentoring program to help new employees in getting started

In August 2022, the Operation Center of Shenwan Hongyuan Securities launched an induction and mentoring program and organized a kick-off ceremony for the program. Four highly-skilled specialists from tier-two departments were selected to provide one-to-one mentoring for new employees.

During the induction and mentoring program, mentors guided new employees through their work and life at the company, including arranging tasks or project participation opportunities for new employees based on their job duties and skills and recommending or giving books or reading materials on business practices and working experience to new employees, so as to help new hires get started quickly.

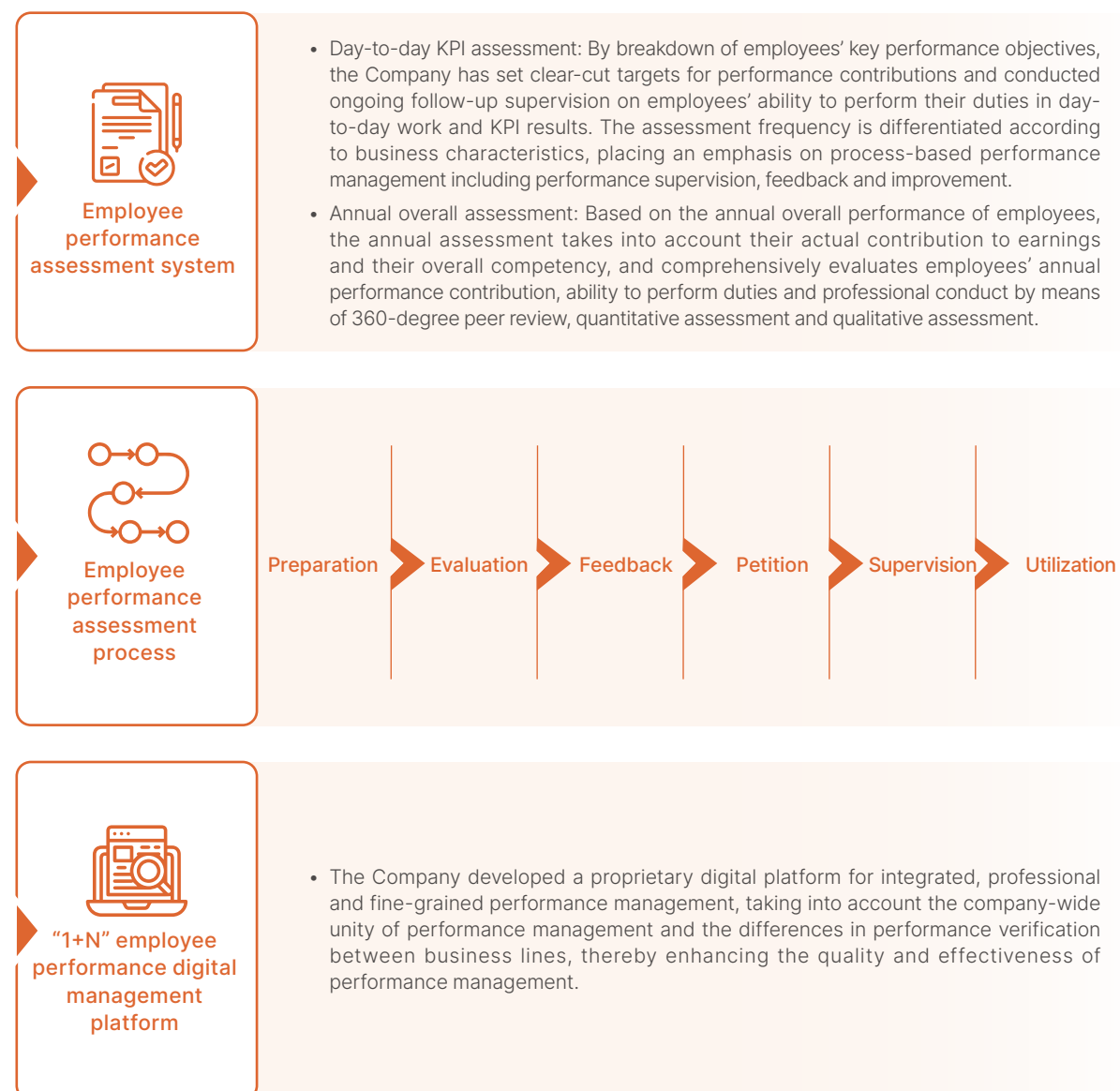




To ensure staff development, the Company has established a remuneration and performance management system taking into account both internal fairness and external competitiveness. Performance pay is directly linked to staff performance while annual performance-based pay is determined based on the overall earnings of the Company and employees' performance assessment results.

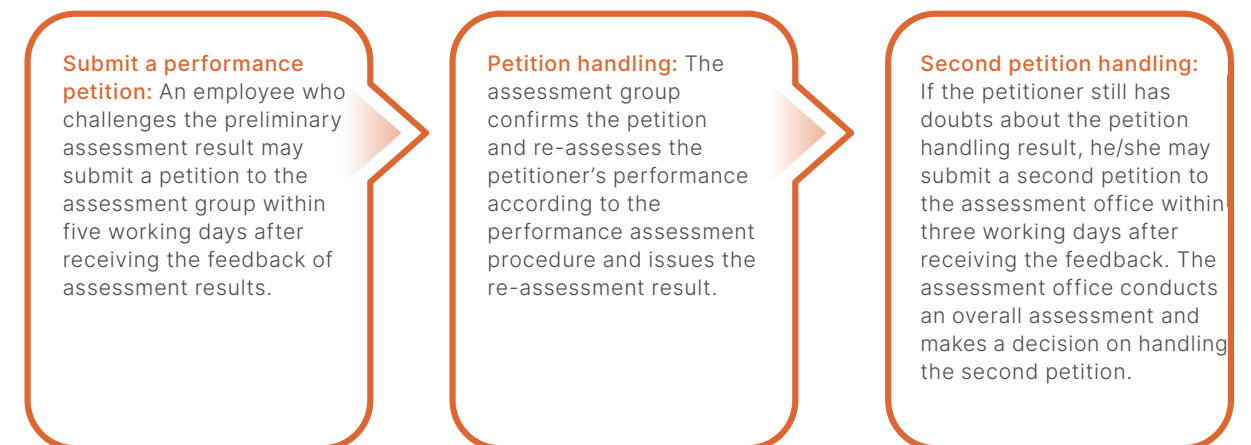
The Company has continued to improve the assessment elements and established a comprehensive assessment system that combines day-to-day assessment with annual assessment, connects the front office with the middle and back offices and combines the required KPIs with supplementary KPIs. The Company formulates an annual plan for performance assessment each year, reasonably selects KPIs and conducts annual assessment of staff performance and competency, so as to further improve the accuracy and timeliness of performance assessment.

#### © Employee Performance Assessment Management System



In order to ensure the fairness and impartiality of employee performance assessment, the Company established a feedback and petition mechanism. A clear petition procedure is in place for employees to challenge the performance assessment results. Relevant departments are required to deal with staff petitions in strict accordance with the operating criteria and strictly protect the confidentiality of employees' performance petition process.

#### © Employee Performance Petition Process



#### Employee health and safety

The Company effectively ensures the health and safety of employees through regular health checkups and procurement of commercial insurance (e.g. medical insurance and traffic accident insurance) in addition to the basic medical insurance for employees. The Company also provides employees with psychological health counseling to help relieve their psychological stress and maintain mental health.

In 2022, the Company continued with the "Health Cabin" program to provide employees with daily health consulting, management of chronic diseases and medication for common diseases such as colds, coughs, various pains and minor injuries. The Company launched an employee first aid initiative to make the automatic external defibrillator (AED) available in the office building, and provided first aid knowledge and AED training. It was another move to safeguard employees' physical and mental health effectively.

In 2022, the Company recorded no violations regarding occupational health and safety of employees.

#### Supplier Management

The Company strictly abides by the *Bidding Law of People's Republic of China* and the *Interim Provisions on Centralized Procurement Management of State-owned Financial Enterprises* and formulated the *Administrative Measures for Procurement of Shenwan Hongyuan Group Co., Ltd.* to form standard procedures for procurement management, clear and transparent procurement process and an organizational framework for procurement with clear duties and responsibilities.

The Company upholds the principles of "openness, fairness, impartiality, competition, profitability and efficiency" in procurement. Procurement anti-corruption management is carried out by bringing discipline to the behaviors of procurement personnel, ensuring the openness and transparency of procurement information, requiring suppliers to comply with contract terms on anti-corruption and formulate anti-corruption policies and keep the whistleblowing channel unobstructed, so as to prevent any corruption. In 2022, the Company published the *Statement on Anti-corruption Management of Suppliers of Shenwan Hongyuan Group Co., Ltd.* on its website to further improve supplier management.



### © Shenwan Hongyuan's measures for anti-corruption management of suppliers

#### Establishing and improving a supplier anti-corruption management system



- Ensuring compliance in corporate procurement: Carrying out corporate procurement through public bidding, invitation to bid, competitive negotiation, inquiry, single-source procurement and other means approved by the administration authority;
- Standard procurement procedures: Following the principles of openness, fairness, impartiality, competition, profitability and efficiency for procurement, and standardizing the procurement procedures and process;
- An organizational framework for procurement with clear duties and responsibilities: A cross-departmental collaborative procurement mechanism is in place. The Audit Department is responsible for supervising and inspecting procurement matters via audits and carrying out the anti-corruption and integrity supervision over the Company's procurement activities.

#### Taking actions for anti-corruption management of suppliers



- Bringing discipline to the conduct of procurement-related personnel: Requiring procurement-related staff not to accept gifts or hospitality from bidders, and to avoid conflict of interests or any family relation with bidders;
- Open and transparent procurement information: Centralized procurement is subject to full disclosure and public bidding, and the basic elements of bidding result should be made public;
- Requiring suppliers to comply with anti-corruption provisions: Including anti-commercial bribery and other important clauses in the supplier contracts, requiring suppliers to strictly comply with relevant laws and regulations and formulate internal anti-corruption policies, and auditing suppliers' implementation of supplier anti-corruption clauses and the compliance of procurement activities.

#### Adequate supervision and whistleblowing of supply chain anti-corruption



- Establishing a monitoring, whistleblowing and handling mechanism to prevent corruption in the supply chain;
- In the centralized procurement activities such as bidding implemented by the Company, the bidder and relevant parties that suspect any illegality or irregularity may start a whistleblowing to the discipline inspection department of the Company according to relevant regulations.;
- For corruption, embezzlements, bribes and other violations of rules and regulations in procurement activities, the Company shall carry out punishments in accordance with relevant regulations. If the case constitutes a crime, criminal responsibility shall be investigated according to law.

The Company continued to promote responsible procurement, giving priority to energy-saving and environmental-friendly products, incorporating requirements related to ESG responsibilities of suppliers into the supplier management process and monitoring suppliers' ESG performance including environmental protection, labor health and safety and public welfare activities.

### Information security and privacy protection

In accordance with the *Cybersecurity Law of the People's Republic of China*, the *Data Security Law of People's Republic of China*, the *Personal Information Protection Law of People's Republic of China* and the *Basic Requirements for Cybersecurity Tiers of Protection*, and other applicable laws, regulations and industry rules, The Company formulated the *Administrative Measures for Data Security of Shenwan Hongyuan Securities Co., Ltd.* and other relevant policies, laying a good institutional foundation for creating and continuously improving information security management and ensuring customer privacy protection.

In 2022, the Company committed no violations regarding customer privacy or loss of customer information, nor did it receive any relevant confirmed complaints.

### © Shenwan Hongyuan's measures for information security and privacy protection



Safeguarding information security

- Establishing an information security management system, with the ISO 27001 certified;
- Conducting internal audit regularly and inviting qualified third parties to conduct external certification audit of the Company's information security management system each year;
- Actively carrying out information security publicity and training, organizing cybersecurity knowledge competitions and phishing email attack drills and enhancing all employees' sense of information security.



Customer privacy protection

- Collecting necessary customer data based on business needs to minimize customer data collection and retention;
- For personal data and sensitive data of customers, the Company encrypts sensitive data during information system development to prevent unauthorized access or disclosure; desensitizing online data during data analysis to enhance customer privacy protection;
- Except for the purpose of completing customer transactions and providing services, the Company never leases, sells or provides customer personal data to third-party organizations;
- Giving customers full authority for data management that allows customers to maintain personal information on APP and offline counters;
- Implementing strictly data protection among suppliers and partners, and incorporating data security clauses into all supplier contracts.





## Investor suitability management

The Company strictly abides by the *Administrative Measures for Suitability of Securities and Futures Investors*, the *Guidelines for the Implementation of Investor Suitability Management of Securities Operators (Trial)*, the *Measures for the Supervision over and Administration of Publicly Offered Securities Fund Distribution Agencies* and other relevant laws and regulations. In 2022, the Company formulated a number of internal policies and implementation rules, including the *Implementation Rules for Investor Suitability Management and Investor Education for Real Estate Investment Trust (REITs)* and the *Implementation Rules for Investor Suitability Management and Investor Education for Convertible Corporate Bonds*. Practices of Investor suitability management were carried out to ensure compliance with the principles of risk matching, prudence and compliance and to ensure sale of financial products and services commensurate with investors' ability to identify and take risks, thus guiding customers toward rational investing and effectively protecting investors' rights and interests.

In 2022, the Company focused on implementation of the new regulations on investor suitability management in the bond market, convertible bonds and delisting segments and continued to streamline the Company's processes for overall assessment of investor suitability and business handling. The Company proposed the "Research on Standards for Assessing Investor's Risk Tolerance in the Securities Industry" project to the Securities Standards Committee jointly with the Shanghai Stock Exchange, participating in and promoting the standardization of investor suitability management in the securities industry and earnestly fulfilling the "Know Your Customers (KYC)" obligation for suitability management.

## Responsible marketing

The Company strictly abides by the *Securities Investment Fund Law of the People's Republic of China*, the *Measures for the Supervision over and Administration of Publicly Offered Securities Fund Distribution Agencies*, the *Interim Provisions on the Administration of Promotional Materials for Publicly Offered Securities Investment Funds*, the *Administrative Measures for Fundraising of Private Equity Funds* and other applicable laws and regulations. Relevant policies of the Company were formulated or revised, including the *Administrative Measures for the Distribution of Publicly Offered Funds of Shenwan Hongyuan Securities Co., Ltd. (Revised in 2022)*, the *Administrative Measures for Financial Marketing and Promotion of Shenwan Hongyuan Securities Co., Ltd. (Revised in 2022)* and the *Rules of Procedure for the Review Panel for Agency Distribution of Publicly Offered Funds of Shenwan Hongyuan Securities Co., Ltd. (Revised in 2022)*.

The Company clearly requires that the marketing and promotion of financial products should adhere to the philosophy of long-term investment and the principles of objectivity, formality and accuracy. It has formulated the review rules for marketing materials for financial products and established a multi-dimensional review system including managers, financial products and investment managers. In addition, the sales of financial products are centrally managed, with the compliance of marketing included into day-to-day assessment of employees in an ongoing effort to regulate the sales and service of financial products distributed by the Company. In 2022, the Company committed no violations regarding product or service information or marks, nor did it commit any marketing non-compliances.

## Intellectual property protection

The Company strictly abides by the *Trademark Law of the People's Republic of China*, the *Patent Law of the People's Republic of China*, the *Copyright Law of the People's Republic of China* and the *Administrative Measures for Internet Information Services*, and formulated and issued the *Regulations of Shenwan Hongyuan Securities Co., Ltd. on Information Dissemination through Internet Channels* to protect the intellectual property rights of the Company, its customers and third-party partners.

In 2022, the Company formulated and issued the *Model Provisions on the Ownership of Intellectual Property Rights*, which were incorporated into business contracts to clarify the ownership and protection of intellectual property rights. The Company fully promoted the use of genuine office software and achieved 100% use of genuine office software across the Shenwan Hongyuan Group.

## Environmental Issues

### Energy and carbon emission management

The main energy used in the ordinary course of company operation includes natural gas, vehicle gasoline consumption and purchased electricity. The Company advocates green and low-carbon office work and complies with the *Energy Conservation Law of the People's Republic of China*, the *Environment Protection Law of the People's Republic of China* and other relevant laws and regulations. In implementing the regulations governing energy use, an energy efficiency improvement plan was developed based on an overall review, analysis and tracking of energy consumption and carbon emissions. Several measures have been taken to promote energy conservation and emission reduction, control energy consumption and carbon emission level and contribute to the national goals of "Carbon Peak, Carbon Neutrality".

In 2022, the Company was not punished for any environmental non-compliance and has not received any environmental complaints.

### © Energy conservation and emission reduction measures in 2022

#### Strengthening management of electricity consumption



- The Company's entire building lighting is controlled by the Building Automation System (BAS). The lighting is normally open during working hours on weekdays. Only basic and emergency lighting is maintained during off hours, weekends and holidays.
- The zone power-off practice is applied to ensure that all appliances rather than those necessary for transaction and data purposes are shut down during weekends and holidays.

#### Promoting green meetings



- Unswervingly promoting paperless meetings, and using electronic screens and conference apps to display meeting materials to minimize paper use;
- Making full use of videoconferencing and teleconferencing to promote online conference applications;
- The conference rooms are all equipped with water dispensers to reduce the use of bottled water.

#### Advocating low-carbon travel



- The Company advocates green and low-carbon travel, and encourages employees to use public transport;
- Based on *Interim Measures for Vehicle Management*, the Company developed the company vehicle use management mechanisms such as vehicle request and approval procedures, cost accounting rules and retirement standards for old vehicles, so as to reduce unnecessary vehicle use.

#### Green building certification and renovation



- In accordance with the international and domestic green building standards, the Company has renovated the office building and started the application for green building certification, fully promoting energy conservation and emission reduction in workplaces.



## Water resources management

The Company's water consumption mainly goes to domestic water consumed in office work. Its main source of water is municipal water. The Company strictly regulates water management in workplace, encourages its employees to save water and use water-efficient appliances to prevent water leak and waste of water.

In order to further strengthen the management of water resources, the Company will strengthen the conservation and management of water resources, continue to improve the regular monitoring, statistics and analysis mechanism for water consumption, disclose water consumption and density data in the annual report, and strive to control water consumption and density at a low level.

## Waste management

Main solid wastes generated by the Company in office work are divided between harmless wastes (e.g. kitchen wastes and office papers) and hazardous wastes (e.g. obsolete computers and toner cartridges). The Company advocates paper saving. The default setting for printing from personal computers is black and white double-side. Employees are encouraged to reuse printed paper sheets and use electronic materials to reduce the use and waste of office paper.

In terms of waste disposal, the Company's property department collects office and household garbage together for cleaning and transportation and the Company regularly entrusts a qualified third-party company to dispose of waste computers, toner cartridges and other hazardous wastes.

To further strengthen waste management, the Company undertakes to improve the management system for identification, counting and reduction of harmless and hazardous wastes, so as to control the production of harmless and hazardous wastes at a low level.



# ESG Quantitative Performance Indicators

## Economic Performance Indicators

Indicator	Unit	2022
Total revenue	RMB10,000	2,060,964.46
Profit for the year attributable to shareholders of the Company	RMB10,000	278,906.79
Total tax payment	RMB10,000	316,332.41
Total assets	RMB10,000	61,311,702.45
Basic earnings per share	RMB	0.11

## Anti-corruption Performance Indicators

Indicator	Unit	2022
Number of anti-corruption training sessions	Times	10
Number of directors participating in anti-corruption-related training	Persons	9
Number of anti-corruption training hours for directors per capita	Hours/person	6
Number of employees participating in anti-corruption-related training	Persons	11,204
Number of anti-corruption training hours for employees per capita	Hours/person	2

## Employment Performance Indicators

Indicator	Unit	2022
Total number of employees <sup>1</sup>	Persons	11,204
By gender	Male	6,001
	Female	5,203
By employment type	Full-timer employee under employment contract	11,198
	Full-timer employee under dispatch contract	6
	Others <sup>2</sup>	639
By age group	< 30 years old	2,666
	30 to 50 years old	7,366
	> 50 years old	1,172



Indicator	Unit	2022
By geographic region	Mainland China	Persons 10,843
	Hong Kong, Macao, Taiwan and overseas	Persons 361
The total number of employees (excluding subsidiaries of Shenwan Hongyuan Securities)	Persons	7,927
Employment contract coverage	%	100
Number of labor discrimination incidents	Pieces	0
Employee turnover rate <sup>2</sup>	%	9.27
By gender	Male	% 9.97
	Female	% 8.48
By age group	< 30 years old	% 10.77
	30 to 50 years old	% 8.38
	> 50 years old	% 11.52
By geographic region	Mainland China	% 8.41
	Hong Kong, Macao, Taiwan and overseas	% 35.18
Total number of new employees	Persons	1,767
By gender	Male	Persons 939
	Female	Persons 828
By age group	< 30 years old	Persons 940
	30 to 50 years old	Persons 821
	> 50 years old	Persons 6
By geographic region	Mainland China	Persons 1,674
	Hong Kong, Macao, Taiwan and overseas	Persons 93
Number of employees from ethnic minority groups	Persons	486
Number of disabled employees	Persons	29

Notes 1 and 2: The statistical scope for indicators in this table are consistent with that in the annual report, except for the indicator as the total number of employees (excluding subsidiaries of Shenwan Hongyuan Securities). The total number of employees refers to the quantity of full-time employees under employment contracts and dispatch contracts, excluding the number of employees employed in other forms. Employees employed in other forms refer to brokers, etc.

Note 2: [Calculation method] Employee turnover rate by category = Number of employees in this category lost during the year/number of employees in this category at the end of the year.

## Employee Health and Safety Performance Indicators

Indicator	Unit	2022
Number of employees who died from work-related injuries	Persons	0
Number of work-related injuries	Times	0
Days lost due to work-related injuries	Days	0

## Employee Training Performance Indicators<sup>1</sup>

Indicator	Unit	2022
Number of employees trained	Person-times	56,217
Employee training expenditure	RMB10,000	889.84
Coverage of employee training <sup>2</sup>	%	100
By gender	Male	% 53.56
	Female	% 46.44
By employee category	Senior management	% 0.24
	Medium management	% 3.24
	Ordinary employees	% 96.52
Average hours of employee training <sup>3</sup>	Hours	67.47
By gender	Male	Hours 65.11
	Female	Hours 70.20
By employee category	Senior management	Hours 225.83
	Medium management	Hours 138.79
	Ordinary employees	Hours 63.28

Note 1: [Calculation method] In accordance with HKEX's *How to prepare an ESG Report - Appendix 3: Reporting Guidance on Social KPIs*, the calculation method for 2022 is: Employee training coverage by category = number of employees trained under this category/total number of employees trained.

Note 2: [Calculation method] Training hours per capita per year by category = total hours of training received by employees in this category/number of employees in this category.

## Data Security and Privacy Protection Performance Indicators

Indicator	Unit	2020	2021	2022
Total number of complaints of identified leaks, and losses of customer data	Times	0	0	0
Total number of breaches of customer privacy	Pieces	0	0	0

Note: [Statistical scope] The scope of consolidated statements of Shenwan Hongyuan Securities Co., Ltd.

## Customer Service Performance Indicators<sup>1</sup>

Indicator	Unit	2022
Number of customer complaints	Times	129
Complaint handling rate	%	100
Customer satisfaction( PC )	%	89.1
Customer satisfaction( APP)	%	82.8

Note: [Statistical scope] The scope of consolidated statements of Shenwan Hongyuan Securities Co., Ltd.



## Energy Consumption and Greenhouse Gas Emission Performance Indicators<sup>1</sup>

Indicator	Unit	2022
Natural gas consumption	m <sup>3</sup>	119,840.99
Natural gas consumption per capita	m <sup>3</sup> /person	10.70
Gasoline consumption	Liters	63,413.00
Total electricity consumption	MWh	18,067.20
Electricity consumption of the Company's headquarters in the office building in Beijing	MWh	644.25
Electricity consumption per capita	MWh/person	1.61
Total GHG emissions <sup>2</sup>	Tons of CO <sub>2</sub> equivalents	13,043.29
Scope 1 GHG emissions	Tons of CO <sub>2</sub> equivalents	429.90
Scope 2 GHG emissions	Tons of CO <sub>2</sub> equivalents	10,400.31
Scope 3 GHG emissions <sup>3</sup>	Tons of CO <sub>2</sub> equivalents	2,213.07
GHG emissions per capita (Scope 1 and Scope 2)	Tons of CO <sub>2</sub> equivalents/ person	0.97

Note 1: [Statistical scope] Statistical scopes for indicators such as electricity consumption, natural gas consumption, and gasoline consumption cover the Group and its subsidiaries within the scope of the consolidated financial statements (including the Headquarters and branches thereunder and not including the Futures Business Department).

Note 2: Based on the business nature of the Company, the greenhouse gas emissions in Scope 1 include direct greenhouse gas emissions from natural gas consumption and gasoline consumption of own vehicles, which are calculated with reference to HKEX's How to prepare an ESG Report - Appendix 2: Reporting Guidance on Environmental KPIs (May 2021) and the GHG Accounting Tool for Chinese Cities (Version 2.0) issued by the World Resources Institute (WRI). Scope 2 GHG gas emissions include indirect greenhouse gas emissions from purchased electricity. The calculation factors for 2022 are based on the Notice on Proper Management of the Reporting of Greenhouse Gas Emissions by Power Generation Enterprises in 2023-2025 issued by the Ministry of Ecology and Environment (MEE).

Note 3: Scope 3 GHG emissions are estimated based on the Scope 3 Evaluator under the Greenhouse Gas Protocol. The statistical scope includes the Group and its subsidiaries, including Hongyuan Huifu, Hongyuan Huizhi, and Hongyuan Futures.

Note 4: The electricity fees of some subsidiaries and branches cannot be counted because they are included in the property fees. Therefore, the data on the energy consumption and greenhouse gas emissions of some subsidiaries and branches are estimated.

## Water Consumption Performance Indicators

Indicator	Unit	2022
Total water consumption	Tons	133,495.84
Water consumption of the office building in Beijing	Tons	16,571.00
Water consumption per capita	Tons/person	11.92

Note 1: [Statistical scope] The statistical scopes for indicators such as water consumption cover the Group and its subsidiaries within the scope of the consolidated financial statements (including the Headquarters and branches thereunder and not including the Futures Business Department). The water fees of some subsidiaries cannot be counted because they are included in the property fees. Therefore, the data on the water consumption of some subsidiaries and branches are estimated.

## Water Consumption Performance Indicators

Indicator	Unit	2022
Non-hazardous wastes by source: Waste paper	Tons	1.26
Non-hazardous wastes by source: Kitchen wastes	Tons	152.00
Hazardous wastes by source: Drum cartridges	Units	306
Hazardous wastes by source: Toner cartridges	Units	751

Note 1: [Statistical scope] The statistical scopes for indicators such as waste cover the headquarters of the Group and its subsidiaries, including Hongyuan Huifu, Hongyuan Huizhi, and Hongyuan Futures.

## Public Welfare Performance Indicators

Indicators	Unit	2020	2021	2022
Total assistance funds <sup>1</sup>	RMB10,000	4,885.53	5,023.04	5,015.20

Note 1: The scope of statistics of the total assistance funds covers the scope of the consolidated financial statements and includes the assistance funds for rural revitalization and other charitable donations.



Appendix

Honors and Awards

Honors and Awards in 2022

Social responsibility honors and awards		
Awarded to	Awards and honors	Awarded by
Shenwan Hongyuan Group	"Best Practice of Listed Companies in Rural Revitalization"	China Association for Public Companies
Shenwan Hongyuan Group	"Good ESG Practice of Listed Companies"	China Association for Public Companies
Shenwan Hongyuan Group	Shenzhen Stock Exchange's CNI ESG Rating AA	Shenzhen Stock Exchange
Shenwan Hongyuan Group	China's Most Valuable 100 Listed Companies - ESG	Securities Times
Shenwan Hongyuan Group	"Institution of the Year" at the 3rd IFF Global Green Finance Awards	International Finance Forum (IFF)
Shenwan Hongyuan Securities	"Annual Outstanding Contribution Award for Poverty Alleviation"	China Foundation for Rural Development
Shenwan Hongyuan Securities	"Evergreen Awards - Inclusive Award for Sustainable Development"	Caijing
Shenwan Futures	Best Rural Revitalization and Social Responsibility Award	Futures Daily, Securities Times
Shenwan Futures	2021 Excellent Case of Futures Institutions Serving SMEs	China Futures Association
Shenwan Futures	Outstanding Achievement Awards (Excellence) for Financial Assistance for Needy Enterprises in Shanghai	Organizing Committee of the 16th Shanghai Financial Services Fair
Hongyuan Futures	"Model Organization in Futures Support for Rural Revitalization"	China Rural Credit Cooperation News
Hongyuan Futures	"Excellence Award for Rural Revitalization"	Dalian Commodity Exchange
Shenwan Hongyuan Financing Service	"Best ESG Practice of Investment Banking"	New Fortune
SWS Research	"Research Institute with Best ESG Practice"	New Fortune
General honors and awards		
Awarded to	Awards and honors	Awarded by
Shenwan Hongyuan Group	"Best Investor Relations Award for Listed Companies in China" at the 13th Tianma Awards for Investor Relations of Listed Companies in China	Securities Times
Shenwan Hongyuan Group	"Panorama Gold Awards for Investor Relations" 2021 national awards for "Excellent IR Team", "Institution Friendly Communication", "Innovation in Results Briefing" and "Diligence in Results Briefing"	p5w.net, China Academy of Corporate Governance of Nankai University
Shenwan Hongyuan Group	Class A Information Disclosure of Listed Companies on the Main Board of Shenzhen Stock Exchange in 2021	Shenzhen Stock Exchange
Shenwan Hongyuan Group	"2022 Top 10 Listed Companies by Brand Value in the Chinese Securities Industry"	National Business Daily
Shenwan Hongyuan Group	"Thecapital Chinese Securities Broker Fund of Funds of the Year 2021"	The capital
Shenwan Hongyuan Group	"2022 Fastest Growing Listed Companies in China", "China Top 100 Enterprises Award", "China Ethical Enterprise Award" and "China Top 100 Board Secretary Award"	China Business Top 100 Listed Companies Summit Forum, Warton Economic Institute
Shenwan Hongyuan Group	"Co-Chair Member the Third Board of Supervisors of China Association of Listed Companies", "Best Practices of the Board of Supervisors of Listed Companies" and "Best Practices of the Board of Directors Office of Listed Companies in 2022"	China Association for Public Companies
Shenwan Hongyuan Group	"2022-2023 Best Capital Market Communication Award" of the 6th China Excellence IR	Roadshow China, Excellence IR

General honors and awards		
Awarded to	Awards and honors	Awarded by
Shenwan Hongyuan Securities	"Golden Bull Securities Company", "Golden Bull Investment Banking Team" and "Securities Company Culture Building"	China Securities
Shenwan Hongyuan Securities	"Market Influence Award", "Market Innovation Award", "Investment Innovation Award" and "iDeal Award"	China Foreign Exchange Trading System & National Interbank Funding Center (CFETS)
Shenwan Hongyuan Securities	"Most Potential Investment Advisory Team Award" and "Excellent Organization Award"	Securities Times
Shenwan Hongyuan Securities	"Junding Award for Full-service Wealth Broker", "Junding Award for Fund Investment Advisor", etc.	New Fortune's Best Investment Advisor
Shenwan Hongyuan Securities	"Shanghai Stock Exchange Award for 2021 Outstanding Public REITs Market Maker"	Shanghai Stock Exchange
Shenwan Hongyuan Securities	"Shenzhen Stock Exchange Award for 2021 Outstanding REITs Liquidity Service Provider"	Shenzhen Stock Exchange
Shenwan Hongyuan Securities	"2021 Outstanding CGB Futures Trading Team Award (Proprietary)"	China Financial Futures Exchange
Shenwan Hongyuan Securities	Best Futures IB Operator in China	Futures Daily, Securities Times
Shenwan Futures	2021 Gold Award for Outstanding Member	Dalian Commodity Exchange
Shenwan Futures	"Member of the Year 2021"	Shanghai Futures Exchange
Shenwan Futures	"Member of the Year 2021"	Zhengzhou Commodity Exchange
Shenwan Futures	Award for Outstanding Contributions to Economy of Pudong New Area 2021	Shanghai Pudong New Area People's Government
Shenwan Futures	Best Futures Company in China	Futures Daily, Securities Times
Hongyuan Futures	"Zhengzhou Commodity Exchange Award for Excellent Futures Market Maker"	Zhengzhou Commodity Exchange
Hongyuan Futures	"Outstanding Service for Energy and Chemical Industries Award", "Advanced Contribution Award for Futures Market Makers" etc.	Dalian Commodity Exchange
Hongyuan Futures	"Member of the Year 2021"	Shanghai Futures Exchange
Shenwan Hongyuan Financing Service	"STAR Market Service Provider of the Year 2022"	Caijing, STAR Market Data Center (SMDC)
Shenwan Hongyuan Financing Service	"Junding Award for Full-service Investment banking in Chinese Securities Industry"	Securities Times
Shenwan Hongyuan Financing Service	"TOP10 Investment Banks of the Year"	China Business Network (CBN)
Shenwan Hongyuan Financing Service	"STAR Market 3rd Anniversary Awards - STAR Market Service Provider of the Year 2022"	Caijing
SWS MU	"19th Golden Fund Awards - Growth Fund Management Company Award"	Shanghai Securities News
SWS MU	"Shenzhen Stock Exchange's Emerging ETF Fund Manager in 2021"	Shenzhen Stock Exchange
SWS MU	"2022 Yinghua Innovators"	China Fund News
SWS Research	Golden Bull Best Industry Analyst Team	China Securities
SWS Research	"Collective Award for Outstanding Contribution to the Securities Research Industry", "Most Influential Research Institution" and "Best Local Research Team"	New Fortune
SWS Research	"Golden Kirin - Best Industry Research Institution" and "Most Glorious Research Institution"	SINA Finance



## Definitions

In this report, unless the context otherwise requires, the following terms shall have the meaning set out below:

Definitions		
"Company", "Shenwan Hongyuan Group"	Refers to	Shenwan Hongyuan Group Co., Ltd. and its subsidiaries
"Shenwan Hongyuan Securities", "Securities Company"	Refers to	Shenwan Hongyuan Securities Co., Ltd.
"Hongyuan Huifu"	Refers to	Hongyuan Huifu Venture Capital Co., Ltd.
"Hongyuan Huizhi"	Refers to	Hongyuan Huizhi Investment Co., Ltd.
"Hongyuan Futures"	Refers to	Hongyuan Futures Co., Ltd.
"Shenwan Hongyuan Financing Services"	Refers to	Shenwan Hongyuan Financing Services Co., Ltd.
"Shenwan Futures"	Refers to	Shenwan Futures Co., Ltd.
"SWS Research"	Refers to	SWS Research Co., Ltd.
"SWS MU"	Refers to	SWS MU Fund Management Co., Ltd.
"Shenwan Hongyuan (H.K.)"	Refers to	Shenwan Hongyuan (H. K.) Co., Ltd.
"CSRC"	Refers to	China Securities Regulatory Commission
"Shenzhen Stock Exchange"	Refers to	Shenzhen Stock Exchange
"Shanghai Stock Exchange"	Refers to	Shanghai Stock Exchange
"Beijing Stock Exchange"	Refers to	Beijing Stock exchange
"Hong Kong Stock Exchange"	Refers to	Hong Kong Exchanges and Clearing Limited
"REIT"	Refers to	Real Estate Investment Trust
"ABS"	Refers to	Asset-backed security
"ABN"	Refers to	Asset-backed note
"ETF"	Refers to	Exchange traded fund
"IPO"	Refers to	Initial public offering
"A-share"	Refers to	The Company's domestic share with par value of RMB1.00 each, listed and traded on the Shenzhen Stock Exchange
"H-share"	Refers to	The Company's ordinary share with par value of RMB1.00 each, listed on HKEX and traded in Hong Kong dollars
"General Meeting of Shareholders"	Refers to	General Meeting of Shareholders of the Company
"Board of Directors"	Refers to	Board of Directors
"Board of Supervisors"	Refers to	Board of Supervisors of the Company
"NEEQS"	Refers to	National Equities Exchange and Quotations
"STAR Market"	Refers to	A Nasdaq-like Sci-Tech Innovation Board launched by the Shanghai Stock Exchange
"Main Board"	Refers to	Main Board of the Shenzhen Stock Exchange, Main Board of Shanghai Stock Exchange
"ChiNext"	Refers to	A Nasdaq-like subsidiary of Shenzhen Stock Exchange
"RMB"	Refers to	Renminbi, the legal tender of China
"Reporting Period"	Refers to	January 1, 2022 to December 31, 2022

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KPI A2.4	ESG Management and Performance-Environmental Issues		KPI B6.1	The Company's products are financial products which are not applicable for this indicator	
KPI A2.5	The Company's products are financial products which are not applicable for this indicator		KPI B6.2	The Company's products are financial products which are not applicable for this indicator	
Aspect A3: The Environment and Natural Resources			KPI B6.3	Improving customer services	
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## Basis for Key Data Collection

### The total number of employees (excluding subsidiaries of Shenwan Hongyuan Securities)

The total number of employees (excluding subsidiaries of Shenwan Hongyuan Securities) refers to that of employees under employment contracts within the scope of the Group, not including Shenwan Hongyuan Securities.

### Total assistance funds

Total assistance funds refer to the total sum of assistance funds donated by Shenwan Hongyuan Group Co., Ltd. and its subsidiaries.

### Electricity consumption of the Company’s headquarters in the office building in Beijing

The electricity consumption of the Company’s headquarters in the office building in Beijing refers to the amount of electricity consumed by Shenwan Hongyuan Group Co., Ltd. in the office building in Beijing.

### Water consumption of the office building in Beijing

The water consumption of the office building in Beijing refers to the amount of water consumed by Shenwan Hongyuan Group Co., Ltd. and its subsidiaries in the office building in Beijing.



About the Report

This is the 8th *Corporate Social Responsibility Report/Environmental, Social and Governance Report* consecutively published by Shenwan Hongyuan Group Co., Ltd. for the purpose of disclosing to stakeholders the Company's key practices and performance in economic, social and environmental aspects.

Scope of Reporting

Reporting organization: Shenwan Hongyuan Group Co., Ltd., including its headquarters, Securities Company and other major subsidiaries.  
Reporting period: January 1, 2022 to December 31, 2022.  
Frequency of release: The Report is issued annually.

Basis of Reporting

This Report has been prepared in accordance with the Shenzhen Stock Exchange's *Guidelines on Self-regulation of Companies Listed on the Shenzhen Stock Exchange No.1 – Standardized Operation of Companies Listed on the Main Board (2022)* and the HKEX's *Environmental, Social and Governance Reporting Guide* (effective on January 1, 2022), with reference to CSRC's *Standards for the Contents and Formats of Information Disclosure by Companies Offering Securities to the Public No. 2 – Content and Format of Annual Report (Revised in 2021)* and the Global Reporting Initiative (GRI)'s *Sustainability Reporting Standards (2021)*.

Data Description

This Report contains no significant changes in the methodology for obtaining and calculating data compared with previous annual reports. All the data in this Report is from the official documents and statistical reports of Shenwan Hongyuan Group Co., Ltd. The financial data in this Report are in RMB. In case of any inconsistency a financial report, the financial report shall prevail.

Principles of Reporting

This Report follows the reporting principles specified in the *Environmental, Social and Governance Reporting Guide* of the Hong Kong Stock Exchange. Particulars are as follows:

- Materiality principle: In this Report, the major issues requiring our response are determined through the identification, communication and analysis process of substantive analysis (see "ESG Management" for details)
- Quantitative principle: This Report discloses quantitative key quantitative performance indicators (KPIs) (see "ESG Management and Performance" for details), interprets these indicators and explains the basis and formula of calculation.
- Balance principle: This Report presents objective facts by disclosing both positive and negative indicators.
- Consistency principle: This Report clarifies the statistical methodology and scope of quantitative KPIs disclosed, while trying to ensure that the indicators and calculation methods remain consistent across reporting periods to reflect the performance trends.

Access to the e-report

Official website of Shenzhen Stock Exchange (www.szse.cn)  
Official website of HKEXnews (www.hkexnews.hk)  
Website of Shenwan Hongyuan Group Co., Ltd. (www.swhygh.com)

Independent Assurance Report

English Translation for Reference Only

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Independent practitioner's assurance report  
To the Board of Directors of Shenwan Hongyuan Group Co., Ltd.

We have been engaged to perform a limited assurance engagement on the selected 2022 key data as defined below in the 2022 Corporate Social Responsibility Report/Environmental, Social and Governance Report ("CSR report") of Shenwan Hongyuan Group Co., Ltd. (the "Company").

- Selected key data**  
The selected key data in the Company's 2022 CSR Report that is covered by this report is as follows:
- The total number of employees (excluding subsidiaries of Shenwan Hongyuan Securities)
  - Total assistance funds
  - Electricity consumption of the Company's headquarters in the office building in Beijing
  - Water consumption of the office building in Beijing

Our assurance was with respect to the year ended 31 December 2022 information only and we have not performed any procedures with respect to earlier periods or any other elements included in the 2021 CSR Report.

**Criteria**  
The criteria used by the Company to prepare the selected key data in the 2022 CSR report is set out in the definitions of the key data on the Appendix of Basis for Key Data Collection in the 2022 CSR report (the "basis of reporting").

**Management's Responsibilities**  
Management of the Company is responsible for the preparation of the selected key data in the 2022 CSR report in accordance with the basis of reporting. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation of the selected key data in the 2022 CSR report that is free from material misstatement, whether due to fraud or error.

**Our Independence and Quality Management**  
We have complied with the independence and other ethical requirement of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

**Practitioner's Responsibilities**  
It is our responsibility to express a conclusion on the selected key data in the 2022 CSR report based on our work.



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(Page 2 of 2)

We conducted our work in accordance with the International Standard on Assurance Engagements 3000 (Revised) “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information”. This standard requires that we plan and perform our work to form the conclusion.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently the level of assurance in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Accordingly, we do not express a reasonable assurance opinion about whether the Company’s 2022 selected key data in the 2022 CSR report has been prepared, in all material respects, in accordance with the basis of reporting. Our work involves assessing the risks of material misstatement of the selected key data in the 2022 CSR report whether due to fraud or error, and responding to the assessed risks. The extent of procedures selected depends on our judgment and assessment of the engagement risk. Within the scope of our work, we have performed the following procedures in the Headquarter of the Company. We have not conducted work on other locations.

- 1) Interviews with relevant departments of the Company involved in providing information for the selected key data within the CSR Report; and
- 2) Analytical procedure;
- 3) Examination, on a test basis, of documentary evidence relating to the selected key data on which we report;
- 4) Recalculation; and
- 5) Other procedures deemed necessary

**Inherent Limitation**

The absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable, measures and measurement techniques and can affect comparability between entities.

**Conclusion**

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the 2022 selected key data in the 2022 CSR report is not prepared, in all material respects, in accordance with the basis of reporting.

**Restriction on Use**

Our report has been prepared for and only for the board of directors of the Company and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the content of this report.

**PricewaterhouseCoopers Zhong Tian LLP**

Shanghai, China  
30 March 2023





## Shenwan Hongyuan Group Co., Ltd.,

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