



EVERBRIGHT SECURITIES CO., LTD.

2022

ENVIRONMENT,  
SOCIETY AND GOVERNANCE REPORT



## Contents

Scope of Application .....	1
Preparation Basis .....	1
Reporting Language .....	2
Confirmation and Approval .....	2
Reporting Principles .....	2
About the Appellation .....	3
<b>Opening: About Everbright Securities .....</b>	<b>1</b>
Statement of the Board of Directors .....	1
Company Profile .....	2
Reinforcing ESG Management .....	4
Establishing ESG Governance Structure .....	4
Stakeholders Management .....	5
Materiality Analysis .....	8
Contributing to the United Nations Sustainable Development Goals .....	10
Social Recognition .....	12
<b>Chapter I Forging Ahead with Enterprise and Fortitude - Shouldering main business to Serve the National Strategy .....</b>	<b>13</b>
1.1 Giving Full Play to Advantages and Supporting Emerging Industries .....	14
1.1.1 Serving High-end Equipment Manufacturing Industry .....	15
1.1.2 Serving the New Generation of Information-Technology Industry .....	16
1.1.3 Serving Biopharmaceutical Industry .....	17
1.1.4 Serving “Specialized and Special New” Industry .....	18
1.2 Exploring a Low-carbon Path and Promoting Economic Transformation .....	19
1.2.1 Underwriting Green bonds .....	19
1.2.2 Supporting the Financing of New Energy Enterprises .....	21
1.2.3 Cutting-edge Green Research .....	22
1.3 Strengthening Collaboration to Synergize Regional Development .....	23
1.3.1 Supporting the Yangtze River Delta Region .....	25
1.3.2 Supporting the Guangdong-Hong Kong-Macao Greater Bay Area .....	27
1.3.3 Supporting the Integration of Beijing-Tianjin-Hebei .....	28
1.4 Being a Pioneer Central Enterprise to Support Rural Revitalization .....	30
1.4.1 Supporting Industrial Revitalization Through Financial Assistance .....	30
1.4.2 Proving All-round Support for Rural Revitalization .....	31
<b>Chapter II Going Forward with Courage and Perseverance — Protecting Customers’ Interests with High-quality Services .....</b>	<b>34</b>
2.1 Improving Service Quality and Efficiency with Financial Technology .....	35
2.1.1 Empowering Business Transformation and Upgrading .....	35
2.1.2 Empowering Business Innovation and Development .....	37
2.1.3 Empowering Efficient Operation Management .....	38
2.2 High-quality Services Bring Heartwarming Experience .....	39
2.2.1 Protection of Investors' Rights and Interests .....	39

2.2.2 Protection of Information Security and Privacy .....	41
2.2.3 Actively Handling Customer Complaints .....	43
2.2.4 Improving Customer Experience .....	44
2.3 Strengthening Multi-dimensional Investment Education .....	45
2.3.1 Enriching Investment Education Channels .....	46
2.3.2 Enriching Investment Education Content .....	47
2.3.3 Enriching Investment Education Forms .....	50
<b>Chapter III Adhering to the People-oriented Concept and Growing Together with Employees</b>	<b>54</b>
3.1 Protection of Employees' Rights and Interests .....	54
3.1.1 Employee Recruitment .....	55
3.1.2 Employees' Rights and Interests .....	57
3.2 Paying Attention to Employee Training .....	58
3.2.1 Employee Training .....	58
3.2.2 Employee Development .....	61
3.3 Attaching Importance to Health and Safety .....	62
3.3.1 Caring for Employees' Physical and Mental Health .....	63
3.3.2 Caring for Employees' Safety .....	64
3.4 Delivering Care and Concern .....	66
3.4.1 Continuous Communication with Employees .....	66
3.4.2 Employee Engagement Activities .....	68
3.4.3 Providing Employees with Real Difficulties .....	69
<b>Chapter IV: Working Together with All Parties to Create a Better Tomorrow .....</b>	<b>71</b>
4.1 Promoting Low-carbon Operation to Address Climate Change .....	72
4.2 Actively Engaging in Communication to Promote Industry Development .....	74
4.3 Performing Responsible Procurement to Maintain a Healthy Ecosystem .....	76
4.4 Engaging in Public Welfare Actions .....	78
4.4.1 Public Welfare Donations .....	78
4.4.2 Carrying out Educational Public Service Activities .....	79
4.4.3 Carrying out Green Public Service Activities .....	80
<b>Chapter V: Practicing the New Development Philosophy with Diligence and Improved Governance</b>	<b>81</b>
5.1 Basing Development on Party Building .....	82
5.1.1 Comprehending and Practicing the Guiding Principles of the 20 <sup>th</sup> National Congress .....	82
5.1.2 Strengthening Construction of Corporate Culture .....	84
5.2 Improving Corporate Governance .....	85
5.2.1 Improving Corporate Governance System .....	85
5.2.2 More Effective and in-depth Communication with Investors .....	87
5.2.3 Carrying out Qualified Information Disclosure on Time .....	88
5.3 Enhancing Risk Management .....	88
5.3.1 Optimizing Risk Control System and Structure .....	89
5.3.2 Putting in Place and Improving ESG Risk Management .....	92
5.3.3 Improving Risk Management System .....	94

5.3.4 Taking Strict Precautions against Risks In Key Areas .....	95
5.3.5 Strengthening Risk Control Capacity.....	96
5.3.6 Strict Control of Public Opinion Risks .....	97
5.4 Adhering to Compliance.....	98
5.4.1 Highlighting Professional Integrity .....	98
5.4.2 Stepping up Anti-money Laundering Efforts .....	102
5.4.3 Creating a Brand Culture of Compliance .....	104
5.4.4 Protecting Intellectual Property Rights .....	105
<b>Topic: Digital Transformation in Progress .....</b>	<b>106</b>
Establishing a Sound Digital Development Structure and Function .....	107
"Intensification" Enhances Management Efficiency.....	108
Advancing Data Governance .....	110
Building Core Technological Abilities .....	111
<b>Appendix 1 ESG Key Performance Indicators .....</b>	<b>114</b>
<b>Appendix 2 Index of the Guidelines of Self-regulation of Companies Listed on Shanghai Stock Exchange No. 1 – Standard Operation issued by the Shanghai Stock Exchange .....</b>	<b>118</b>
<b>Appendix 3 Index of Environmental, Social and Governance Reporting Guide (2022 version) on Hong Kong Stock Exchange.....</b>	<b>119</b>
<b>Appendix 4 GRI Standards Index (2021) issued by Global Reporting Initiative .....</b>	<b>124</b>
<b>Appendix 5 Feedback Form .....</b>	<b>133</b>

## **Notice About Report Preparation**

This is the thirteenth social responsibility report issued by Everbright Securities Co. Ltd. ("Everbright Securities" or "the Company"). This Report truthfully and objectively introduces how the Everbright Securities, its branches, business departments and subsidiaries fulfill the corporate social responsibility in 2022, and mainly discloses the environmental, social and governance (ESG) information of the Company.

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

### **Scope of Application**

- Reporting period: As an annual report, the Reporting period is from January 1, 2022, to December 31, 2022, but some information is beyond this period.
- Scope of organization: Unless otherwise specified, this Report covers the headquarters, branches, business departments and subsidiaries of Everbright Securities. Some of the information involves China Everbright Group ("Everbright Group").

### **Preparation Basis**

- Shanghai Stock Exchange ("SSE") Guidelines for the Self-Regulatory Supervision of Listed Companies No. 1 - Standardized Operation

- Environmental, Social and Governance Reporting Guide, Appendix XXVII to the Rules Governing the Listing of Securities on Hong Kong Exchanges and Clearing Limited issued by Hong Kong Exchanges and Clearing Limited (HKEX) (effective on January 1, 2022)
- GRI Standards for Sustainability Reporting (2021)

### **Reporting Language**

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

### **Confirmation and Approval**

This Report was confirmed and then approved by the Board of Directors on March 30, 2023.

### **Reporting Principles**

- **Materiality:** The report identifies and responds to important ESG issues affecting the Company's sustainability based on stakeholder surveys, data analysis, etc. See details on P9 of this report.
- **Quantitative:** The Company's quantitative key ESG performance has been disclosed in this report P115-118.
- **Consistency:** The report keeps indicators used in different reporting periods as consistent as possible and explains changed indicators to

present changes in key performance.

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

### About the Appellation

In this report, unless the context otherwise requires, the following terms can be explained as followed:

<b>Everbright Securities, we, the company</b>	Everbright Securities Co., Ltd.
<b>Everbright Group</b>	China Everbright Group
<b>Everbright Limited</b>	China Everbright Limited
<b>Everbright Futures</b>	Everbright Futures Co., Ltd.
<b>CSRC</b>	China Securities Regulatory Commission
<b>SSE</b>	Shanghai Stock Exchange
<b>SZSE</b>	Shenzhen Stock Exchange
<b>HKEX</b>	Hong Kong Exchanges and Clearing Limited
<b>ESG</b>	Environmental, Social and Corporate Governance
<b>Reporting period</b>	the year from January 1, 2022, to December 31, 2022

## **Opening: About Everbright Securities**

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

In 2022, the company's Board of Directors paid great attention to the ESG governance structure and ESG risk Management to build a solid foundation for high-quality and sustainable development. The company will be presenting its ESG performance results to all stakeholders in this report.

In terms of ESG governance structure, the Strategic Development Committee has renamed as the Strategy and Sustainability Committee (SSC) in 2022, which is responsible for setting environmental, social and governance (ESG) objectives, promoting ESG systems and reviewing ESG reports..

In terms of ESG risk management, the company, abiding by the strategic objectives, incorporated ESG risk into comprehensive risk management, integrated ESG concepts and the company's strategy into daily operations, and identified important ESG issues and risks, such as protection on customer rights, privacy and information security, investor education, innovation of green financing tools related to investment banking, investment framework of responsible investment related to asset management, so as to fulfill its social responsibility and promote the long-



term and sustainable development of the company.

To review material issues, the Board of Directors follows the Materiality principle of the Stock Exchange. Based on the demands of stakeholders, the company and external experts will analyze and evaluate the impact of various issues on the sustainable development of the company. The material issues identified in 2022 include corporate governance, risk management, compliance management, service to the real economy, anti-corruption, information security, tackling climate change and customer privacy protection, which will also be the focus of the ESG report 2022.

Standing at the starting point of building a modern capital market with Chinese characteristics, Everbright Securities will work with all partners to promote the green transformation of production and lifestyle and accelerate the construction of a resource-saving and environment-friendly society. We will support and participate in the implementation of the national strategy, expedite the high-quality development of the company, and make greater contributions to the high-quality development of the capital market and the securities industry.

## **Company Profile**

Everbright Securities was established in 1996 and is headquartered in Shanghai. It is one of the first three innovative pilot securities companies approved by the China Securities Regulatory Commission, and the core

financial services platform of China Everbright Group ("Everbright Group"), a Fortune 500 company. Listed on both the SSE (August 18, 2009) and the Main Board of the HKEX (August 18, 2016), the Company is an A+H listed brokerage firm.

<b>Company name</b>	Everbright Securities Co., Ltd.
<b>English name</b>	Everbright Securities Company Limited
<b>Stock code</b>	601788 SH 06178 HK
<b>Headquarters address</b>	No.1508, Xinzha Road, Jingan District, Shanghai
<b>Total assets</b>	RMB 258.35 billion
<b>Operating revenue</b>	RMB 10.78 billion
<b>Total number of employees</b>	8,541

By the end of December 2022, the company owns 8 subsidiaries, 14 branches, and 244 securities business departments. Its business covers 122 cities in 30 provinces, autonomous regions, and municipalities directly under the Central Government. Targeting market entities such as retail, institutional, and corporate customers with capital intermediary as the link, the company has set up six business clusters, namely wealth management, corporate financing, institutional customers, investment transactions, asset management, and equity investment.

The company's overseas business is based in Hong Kong and covers Asia and Europe with wealth management centers in Hong Kong and

Macao respectively and a branch network in the United Kingdom, providing research services to investors in Europe, Asia, and the United States.

In 2022, with "building a first-class investment bank in China" as its strategic goal, the "leading value and distinctive characteristics" as its strategic vision, and "pursuing stable progress" as fundamental, the company has promoted the reform of "marketization, specialization, and intensification", and further achieved high-quality development.

### **Reinforcing ESG Management**

As an inevitable trend of development under new circumstances, ESG management is also a necessity for the high-quality development of the company. We integrate social responsibility into corporate culture, strategic objectives, and daily operations to create sustainable value for shareholders, employees, and society.

In 2022, the company has dedicated to upgrading the governance structure, strengthening the management of stakeholders, determining major issues, and other aspects to improve the company's ESG governance.

### **Establishing ESG Governance Structure**

The company attaches great importance to the development of ESG responsibility. In 2022, the Strategic Development Committee has renamed

as the Strategy and Sustainability Committee. The company has formulated the Rules of Procedure of the Strategy and Sustainability Committee of Everbright Securities Co., Ltd., which clarified the duties of the SSC, further improved the three levels of the "Board of Directors - Management - ESG Working Group", and laid a solid foundation for the development and improvement of ESG work.

The Board of Directors is responsible for the deliberation and decision-making of major ESG-related issues; the SSC is responsible for formulating environmental, social and governance (ESG) objectives, promoting ESG systems and reviewing ESG report; the ESG Working Group, consisting of ESG functional departments and subsidiaries, is the executor of ESG work who implements ESG-related tasks assigned by the management in accordance with the ESG work plan.

**Board of Directors**

- Supervises key issues of ESG work
- Approves ESG policies
- Approves ESG report

**Strategy and Sustainability Committee**

- Formulates ESG objectives
- Promotes the construction of ESG system
- Reviews ESG report

**ESG Working Group**

- Implements ESG-related tasks in accordance with the ESG work plan
- Reports the problems identified in the ESG work to the management





## Stakeholders Management

Improving communication with stakeholders can help reduce

operational risks and shape a responsible corporate image. In 2022, by enhancing stakeholder participation through consultation and communication, and integrating stakeholder expectations into the company's operation, the company continues to promote stakeholder communication.

Taking the Code of Corporate Governance for Listed Companies issued by the CSRC (China Securities Regulatory Commission) and the Guidelines for the Preparation of Environmental, Social and Governance Reports compiled by the SEHK as reference, the company has divided its stakeholders into six categories according to their business and industry attributes and actively responded to their demands. They are the government and regulator, investors, employees, customers, suppliers, partners, and communities.



Stakeholders	Issues of Concern	Communication and Feedback
<b>Government and regulator</b> 	<ul style="list-style-type: none"> <li>Enhancing risk control</li> <li>Deepening anti-corruption</li> <li>Strengthen legal and compliant operation</li> <li>Promoting the "dual carbon" goal</li> <li>Boosting rural revitalization</li> </ul>	<ul style="list-style-type: none"> <li>Risk control system</li> <li>Anti-corruption</li> <li>Compliance management</li> <li>Green financial products</li> <li>Assistance by finance</li> </ul>
<b>Shareholders/investors</b> 	<ul style="list-style-type: none"> <li>Strengthening corporate governance</li> <li>Promote business development</li> <li>Deepening anti-corruption</li> <li>Protect the rights and interests of shareholders and investors</li> </ul>	<ul style="list-style-type: none"> <li>General meeting of shareholders and performance presentations etc.</li> <li>Innovation and upgrading of products and services</li> <li>Anti-corruption</li> <li>Communication channels for shareholders and investors</li> </ul>
<b>Clients</b> 	<ul style="list-style-type: none"> <li>High-quality services</li> <li>Advanced financial technology</li> <li>Protect information and privacy</li> </ul>	<ul style="list-style-type: none"> <li>Customer complaints and satisfaction</li> <li>Golden Sunshine application</li> <li>Investor education activities</li> </ul>
<b>Employees</b> 	<ul style="list-style-type: none"> <li>Observing labour standards</li> </ul>	<ul style="list-style-type: none"> <li>Open and fair recruitment</li> <li>Salary structure and</li> </ul>

	<ul style="list-style-type: none"> <li>• Protecting employee rights, interests, and benefits</li> <li>• Promoting employees' career development</li> <li>• Attaching importance to employees' health and safety</li> <li>• Achieving work and life balance</li> <li>• Caring for employees</li> </ul>	<ul style="list-style-type: none"> <li>• Training for various employees</li> <li>• Promotion mechanism</li> <li>• Physical examination, lectures on psychological counseling, and fire drill</li> <li>• Cultural and sports activities</li> <li>• Visiting employees and organizing employee conferences</li> </ul>
<b>Suppliers</b> 	<ul style="list-style-type: none"> <li>• Legal and compliant operation</li> <li>• Supply chain management</li> <li>• Business ethics</li> </ul>	<ul style="list-style-type: none"> <li>• Cooperation and communication</li> <li>• Supplier assessment</li> <li>• Anti-commercial bribery</li> </ul>
<b>Community</b> 	<ul style="list-style-type: none"> <li>• Consolidating anti-poverty achievements</li> <li>• Focus on social welfare and charity</li> </ul>	<ul style="list-style-type: none"> <li>• Carrying out assistance and support campaign</li> <li>• Hosting volunteer activities</li> <li>• Charitable donations</li> </ul>

## Materiality Analysis

When identifying the annual major issues, the company, abiding by the principle of "Materiality" of HKEX, carries out analysis from two aspects, which are "impact on stakeholders" and "impact on the sustainable development of Everbright Securities". The topics selected

are based on the development strategy of Everbright Group and used the international advanced ESG concepts and standards as a reference, including the UN Sustainable Development Goals, the Guidelines for ESG by HKEX, the Sustainability Accounting Standards Board (SASB), and the Morgan Stanley Capital International (MSCI). Through external analysis, internal evaluation, identification of issues, issue confirmation and verification, the company has identified the key issues for 2022, including corporate governance, risk management, compliance management, serving the real economy, addressing climate change, anti-corruption, and protecting information security and customer privacy.

<b>High</b>  <b>Impact on stakeholders</b> - - - - - - - ↓  <b>Intermediate</b>	Innovation on financial products Asset management	Protection of investors Fintech application Customer satisfaction and complaint handling Investor education activities Communication with stakeholders Protecting minority equity	<b>Corporate governance</b> <b>Risk control</b> <b>Legal and compliant operation</b> <b>Serving the real economy</b> <b>Addressing climate change</b> <b>Anti-corruption</b> <b>Protecting information security and customer privacy</b>
	Promoting cooperation	Responsible investment Protecting intellectual property Protecting rights and interests of clients Promoting industry development Coordination of business Employee training and development	Employee recruitment and employment Employee rights and interests Low-carbon operation Boosting rural revitalization
	Supply chain management	Volunteer service Charitable donations Caring for employees Green public welfare	Supporting community development
<b>Intermediate</b> ← Impact on the sustainable development of Everbright Securities → <b>High</b>			



## Contributing to the United Nations Sustainable Development

### Goals

UN SDGs	Actions	Corresponding section
<b>1</b> 无贫穷 	Supporting rural revitalization Charitable donations	1.4 Being a Pioneer Central Enterprise to Support Rural Revitalization 4.4 Carrying out Public Welfare Activities to Light up and Warm the Society
<b>3</b> 良好健康与福祉 	Paying attention to employee benefits	3.3 Paying Attention to Health and Safety 3.4 Delivering Concern and Love
<b>4</b> 优质教育 	Carrying out public welfare activities Organizing employee training	4.4 Carrying out Public Welfare Activities to Light up and Warm the Society
<b>5</b> 性别平等 	Employee employment and development	3.1 Protection of Employees' Rights and Interests 3.2 Paying Attention to Employee Training
<b>7</b> 经济适用的清洁能源 	Supporting green industries Promoting green operation	1.2 Exploring a Green and Low-carbon Path and Promoting economic transformation 4.1 Exploring a Low-carbon Path and Promoting Economic Transformation
<b>8</b> 体面工作和经济增长 	Employee employment and development	3.1 Protection of Employees' Rights and Interests 3.2 Paying Attention to Employee Training
<b>9</b> 产业、创新和基础设施 	Championing industry development	1.1 Giving Full Play to Advantages and Supporting Emerging Industries
<b>10</b> 减少不平等 	Supporting rural revitalization	1.4 Being a Pioneer Central Enterprise to Support Rural Revitalization
<b>11</b> 可持续城市和社区 	Supporting regional development Participating in rural revitalization Organizing public welfare activities	1.3 Strengthening Collaboration to Synergize Regional Development 1.4 Being a Pioneer Central Enterprise to Support Rural Revitalization 4.4 Carrying out Public Welfare Activities to Light up and Warm the Society
<b>12</b> 负责任消费和生产 	Product responsibility Risk control Supplier management	2.2 High-quality Services Bring Heartwarming Experience 5.3 Strengthening Risk Management 4.3 Conducting Responsible Procurement

		to Safeguard Ecology
	Supporting dual carbon goal	<b>1.2 Exploring a Low-carbon Path and Promoting Economic Transformation</b> <b>4.1 Promoting Low-carbon Operation to Address Climate Change</b>
	Corporate governance Anti-corruption Anti-money laundering measures	<b>5.2 Improving Corporate Governance</b> <b>5.4 Setting a Firm Compliance Red Line</b>
	Industry collaboration Responsible purchasing Customer services	<b>4.2 Participating in Exchanges to Promote Industry Development</b> <b>4.3 Conducting Responsible Procurement to Safeguard Ecology</b> <b>2.2 High-quality Services Bring Heartwarming Experience</b>

## Social Recognition

Awards	Award presenters
<b>ESG Awards</b>	
2022 ESG Corporate Awards (Financial institutions)	China Times
<b>Social Field —— Products and Services</b>	
2022 China Securities Industry Junding Award for Financial Adviser for Public Offering Reits	Securities Times
2022 China Securities Industry Junding Award for Public Offering Reits Project	
2022 China Securities Industry Junding Award for Investment Advisory Team	
2022 China Securities Industry Junding Award for Bond Financing Project	
2022 China Securities Industry Junding Award for All-round Assets Management Companies	
2022 China Securities Industry Junding Award for Fixed Income Asset Management Team	
2022 China Securities Industry Junding Award for Public Offering Fixed Income Product	
2022 Golden Bull Investment Bank	China Securities Journal
2022 Best ABS Underwriter	Wind
2022 Best Underwriter for Regional Services	Shanghai Stock Exchange
2022 New Fortune Best Investment Advisory Team	New Fortune (journal)
2022 New Fortune Best Investment Advisory Team - Excellent Organization Award	
2022 Best Service Institution of STAR Market	Caijing Magazine & SMDC
2022 Classic Case of STAR Market	National Business Daily
2022 Outstanding Institution for Underwriting Non-bank Local Bonds	China Central Depository & Clearing Co., Ltd. (CCDC)
<b>Social Field —— Digital Transformation</b>	
2022 China Securities Industry Junding Award for Outstanding Practice Case in Application Digital Operation	Securities Times
2022 Best Specialized Intelligence-aaS APP	Sina Finance
2022 Technology Application Scenario Innovation Award for China Financial Industry	IDC China Digital Finance Forum
<b>Social Field —— Rural Revitalization</b>	
2022 Best Award for Rural Revitalization	National Business Daily
<b>Social Field —— Investor Education</b>	
2022 GoldenWis Award for Outstanding Investor Education	Financial website - China Finance Online Co. Ltd.

## **Chapter I Forging Ahead with Enterprise and Fortitude -**

### **Shouldering main business to Serve the National Strategy**

In 2022, against the backdrop of capital market upheaval and economic downturn, Everbright Securities continues to seek progress while maintaining stability, and implement the national strategy to promote the steady growth of the real economy. The company champions green industries and promotes the optimization of industrial structure. Complying with the "14th Five-Year Plan", the company dedicates to the exploration and innovation of the Yangtze River Delta, the Guangdong-Hong Kong-Macao Greater Bay Area, and the Beijing-Tianjin-Hebei Urban Agglomeration, and supports regional economic development. At the same time, the company incorporates the red genes in the rural revitalization work. By studying and analyzing the industrial structure of the region and its own characteristics, the company managed to improve its services and products, and further provide all-round support for the development of the region.

By the end of December 2022,

- Provided enterprises with equity financing of RMB 20.29 billion, including RMB 17.29 billion for the real economy, accounting for 85.21%
- Underwrote RMB 5.42 billion of green financial bonds with 6 "carbon neutral" related bonds
- Underwrote 99 bonds in the Yangtze River Delta region, 54 bonds in the Greater Bay Area, and 129 bonds in the Beijing-Tianjin-Hebei region with a total underwriting scale of nearly RMB 120 billion
- Provided RMB14.94 billion in equity financing for private and small and micro enterprises
- Underwrote RMB 420 million of "rural revitalization" related bonds and invested RMB 6,205,100 to support rural revitalization development

## **1.1 Giving Full Play to Advantages and Supporting Emerging**

### **Industries**

Developing a real economy and promoting new industrialization is the goal and requirement for building a modern industrial system in the new era, as well as the responsibility and mission of financial institutions. By adjusting the structure and perfecting the mechanism, the company has accelerated the transformation of the investment banking business towards specialization and supported the new development pattern.

In terms of organizational structure, based on the establishment of the flexible working group of the finance department for both the manufacturing industry and the emerging industry in 2021, multi-dimensional optimization and adjustment were carried out according to the external market circumstances in 2022 to better serve the market demand.

In 2022, the company perfected the long-term mechanism for evaluating the comprehensive services of business teams. The team is encouraged to develop more projects and increase the investment in S&T innovation such as the advanced manufacturing industry. In addition, the pre-communication mechanism for major investment banking projects was launched in 2022. A service team was set up to help enterprises fight against the epidemic, advance the projects, and communicate with regulatory agencies, and ensure the project's progress.

In 2022, the company completed 7 strategic equity underwriting projects for emerging industries with a financing scale of RMB 10.06 billion and completed 7 state-level "specialized and special new" equity underwriting projects, of which the financing scale reached RMB 11.87 billion.

### **1.1.1 Serving High-end Equipment Manufacturing Industry**

---

#### **Case: Everbright Securities champions the listing of United Precision on the Beijing Stock Exchange**

---

Guangdong Yangshan United Precision Manufacturing Co., Ltd. ("United Precision") is mainly engaged in the R&D, production, and sales of precision machinery components, including pistons, bearings, air cylinders, crankshafts, etc, which is a high-end equipment manufacturing industry in strategic emerging industries.

Everbright Securities supported United Precision to be listed on the main board of the Shenzhen Stock Exchange on June 30, 2022, with 26,983,300 shares issued and a total of RMB 519,429,200 raised. Through this raised capital investment, United Precision will enhance its R&D strength and play a greater role in the industry.



Photo: United Precision to List on Beijing Stock Exchange

### 1.1.2 Serving the New Generation of Information-Technology

#### Industry

#### **Case: Everbright Securities supports the listing of NOVOSENSE on STAR Market**

Suzhou NOVOSENSE Microelectronics Co., Ltd. ("NOVOSENSE") focuses on the R&D and sales of analog chips with high performance and high reliability. NOVOSENSE has removed major technological bottlenecks, ending the import dependence of key chips in communication, industry, automobile, and other fields.

In 2022, Everbright Securities underwrote the initial public offering



of NOVOSENSE, which was successfully listed on the STAR Market of the Shanghai Stock Exchange. The initial underwriting scale of this project reached RMB 5.81 billion, which has played a demonstration role in highlighting the investment bank's assistance to private semiconductor enterprises debuting in the capital market, and serving the national strategy of "solving the bottleneck problem of the semiconductor industry and achieving self-development".

### 1.1.3 Serving Biopharmaceutical Industry

---

#### **Case: Everbright Securities supports the listing of Chengda Pharmaceuticals on the GEM of SZSE**

---

Chengda Pharmaceutical Co., Ltd. ("Chengda Pharmaceuticals") is a specialized and special new enterprise committed to providing key pharmaceutical intermediates CDMO services for multinational pharmaceutical enterprises and pharmaceutical R&D institutions and engaged in the R&D, production, and sales of L-carnitine products. In January 2022, Everbright Securities helped Chengda Pharmaceutical to list on the GEM of SZSE, raising RMB 1.76 billion.



Photo: Chengda Pharmaceuticals to List on the Stock Exchange



### 1.1.4 Serving “Specialized and Special New” Industry

#### Case: Everbright Securities supports Sinofibers Technology in the issuance of private placement projects

Sinofibers Technology Co., Ltd. ("Sinofibers Technology"), a specialized and special new enterprise, principally engages in the R&D, production, sales, and technical services of high-performance carbon fiber and related products.

In March 2022, Everbright Securities assisted Sinofibers Technology in issuing private placement. RMB 2 billion of funds has been raised, which will be used as a supplement for the development of high-performance carbon fiber and fabric-related projects to improve the company's ability to meet market demand and comprehensive competitiveness.



Photo: Sinofibers Technology to List on the Stock Exchange

## **1.2 Exploring a Low-carbon Path and Promoting Economic Transformation**

Everbright Securities deeply understands that achieving carbon peaking and carbon neutrality is an inherent requirement of China's high-quality development. In strict accordance with the new development concept, the company actively forwards the green transformation of development patterns, supports the construction of the low-carbon economic system, and champions the "dual carbon" goal.

In 2022, the company continues to support the development of the green industry, underwriting RMB 5.42 billion of green financial bonds with 6 "carbon neutral" related bonds reaching a scale of RMB 2.40 billion; we published 296 research reports on "carbon neutrality", and organized 52 conference calls related to low carbon industry and enterprises.

### **1.2.1 Underwriting Green bonds**

## Case: Phase-I Green Medium-term Notes (Bond Connect) of Everbright Greentech (China) Limited in 2022

On April 8, 2022, the "Phase-I Green Medium-term Notes (Bond Connect) of Everbright Greentech (China) Limited in 2022" in which the company acted as the sole underwriter was issued, with a total issuance scale of RMB 1.2 billion, a term of 3+2 years, and a final interest rate of 3.27%.

The funds raised will be used for the green biomass power generation project, the waste incineration power generation project, the hazardous waste disposal project, and the environmental restoration project, which are expected to reduce 1,436,100 tons of CO<sub>2</sub> emissions annually, save 991,800 tons of coal, reduce 579.03 tons of SO<sub>2</sub>, 533.69 tons of nitrogen oxide, 107.01 tons of particulate emission and 1,292,100 tons of solid waste. Through these low-carbon actions, we will be able to save mineral energy, and further protect national energy and resources.

**中国光大绿色环保有限公司**  
2022 年度第一期绿色中期票据（债券通）  
(22 光大绿环 MTN001BC(绿色))

**发行成功**

债券简称	发行规模	债券期限	评级	票面利率	全场倍数
22光大绿环 MTN001BC (绿色)	12.00亿元	3+2年	AAA/AAA	3.27%	2.68

**衷心感谢所有投资人的大力支持!**

主承销商/簿记管理人: **光大证券** (EVERBRIGHT SECURITIES)  
发行人: **光大绿色环保** (Everbright Greentech)  
联席主承销商/资金监管银行: **中国工商银行** (ICBC)

法律顾问: **瑞浩律师事务所** (GRANDALL LAW FIRM)  
资信评估机构: **联合资信** (Lianhe Credit Rating)  
第三方独立认证机构: **联合赤道** (Lianhe Engineering)

## Case: Phase-I Green Medium-term Notes (Carbon Neutral Bond) of Everbright Environmental Protection (China) Limited in 2022

On April 20, 2022, the "Phase-I Green Medium-term Notes (Carbon Neutral Bond) of Everbright Environmental Protection (China) Limited in 2022" in which the company acted as the sole lead underwriter was issued, with a total issuance scale of RMB 1.5 billion, a term of 3+N years, and a final interest rate of 3.47%.

The funds raised will be used to support domestic waste power generation projects with carbon emission reduction benefits, which is expected to save 110,200 tons of standard coal and reduce 280,500 tons of CO2 emissions annually.



### 1.2.2 Supporting the Financing of New Energy Enterprises

---

## **Case: Everbright Securities supports the refinancing of Yongxing Materials**

---

Committed to developing a "new material + new energy" business pattern, Yongxing Special Materials Technology Co., Ltd. ("Yongxing Materials") specialized in the R&D and production of high-quality stainless-steel bars and rods, special alloy materials, and lithium materials, which are mainly used in high-end equipment manufacturing, new energy vehicles, energy storage, and other fields.

Everbright Securities supported Yongxing Materials in its successful non-public financing on August 22, 2022, which provides financial backing for the high-quality development of new lithium energy business and new special steel material business and contributes to the achieving of the "dual carbon" targets.

### **1.2.3 Cutting-edge Green Research**

To better serve the national policies, achieve the dual carbon targets, and promote the green and low-carbon development of economy and society, the company pays close attention to the latest laws and regulations, regulatory policies, and market practices at home and abroad, and carries out research on green industry and green financial products. In 2022, the company published 296 reports related to the green and low-carbon industry, including 9 in-depth studies, and organized 52 teleconferences related to the green and low-carbon industry and enterprises.





In February 2022, the company published the "Blue Ocean" of Blue Bonds - Research on Specific Bonds in China Money magazine. This article clarifies the development of blue bonds based on their definition, domestic and foreign practices, and identification criteria, providing theoretical support for financial assistance in the development of the marine economy.



Photo: Everbright Securities ESG and Green Finance Research

## 1.3 Strengthening Collaboration to Synergize Regional Development

In April 2022, Everbright Securities' parent Everbright Group optimized the organizational structure. The six E-SBU coordination committees of wealth, investment, investment banking, environmental protection, tourism, and health were amalgamated into the customer service working committee, the wealth management working committee,

and the people's livelihood working committee. Everbright Securities took the lead in organizing the work of the customer service working committee and fulfilled the responsibility of the wealth management working committee. In strict accordance with the Group's requirements, the company focuses on its main services while making good use of synergy empowerment.

Relying on the Group's synergy mechanism, the company continues to upgrade the modes of "investment bank + commercial firms", "investment bank + investment" and "investment bank + platform", "investment bank + scenario" to build an investment banking platform with core competitiveness and market influence. In 2022, the company cooperates with Everbright Bank, Sun Life Everbright Insurance, China Youth Travel Service, Everbright Technology, and other Everbright members. By using financial instruments in the fields of commercial firms, investment banking, investment, and insurance, we synergize products and models to support the physical economy and regional strategy.

As of December 2022, the company's bond underwriting in key regions:

Yangtze River Delta Region	<ul style="list-style-type: none"> <li>Underwrote 99 bonds with an underwriting scale of RMB 35.63 billion</li> </ul>
Guangdong-Hong Kong-Macao Greater Bay Area	<ul style="list-style-type: none"> <li>Underwrote 54 bonds with an underwriting scale of RMB 21.38 billion</li> </ul>
Beijing-Tianjin- Hebei Urban Agglomeration	<ul style="list-style-type: none"> <li>Underwrote 129 bonds with an underwriting scale of RMB 61.21 billion</li> </ul>

### 1.3.1 Supporting the Yangtze River Delta Region

#### Case: Banking-securities supports the issue of Bohui Convertible Bonds

Everbright Securities proactively participated in the "Photosynthesis Action" with the banking-securities industry cooperating as the core. In August 2022, the company supported the issuance of the convertible bond project of Ningbo Bohui Chemical Technology Co., Ltd. ("Bohui") on SZSE with an account for raising funds being set up in the Ningbo Branch of Everbright Bank. As a "little giant" firm and the pilot enterprise of "future factory" in Zhejiang, Bohui principally engages in the R&D, production, and sales of special aromatic products, including environmental-friendly aromatic oil products, asphalt, etc.

#### Case: Banking-securities supports Zhejiang Expressway in the issuance of RMB 6.32 billion of private REITs for infrastructure

In November 2022, the company cooperated with Everbright Bank, assisting Zhejiang Expressway Co., Ltd. ("Zhejiang Expressway") in issuing the "Special Plan for Financial Support of CICC-Zhejiang



Expressway-Shanghai-Jiaxing-Huzhou Expressway". The total scale of the project reached RMB 6.32 billion with senior capital of RMB 6.07 billion and was rated AAAsf. As a core enterprise and important listing platform of Zhejiang Communications Investment Group and the only provincial highway in Zhejiang to list overseas, Zhejiang Expressway plays an important role in integrating transport in the Yangtze River Delta Region. The company worked closely with Everbright Bank. By giving full play to the advantages of "One Everbright", the company strives to serve customers with multiple products.

---

#### **Case: Everbright Securities supports the listing of Yuanfei Pet Toy on SZSE**

---

Located in Zhejiang Province, Wenzhou Yuanfei Pet Toy Products Co., Ltd. ("Yuanfei Pet Toy") is mainly engaged in the R&D, production and sales of pet products, including pet snacks, pet traction accessories, pet injection toys and other series of products. It is a large-scale pet product manufacturer in China. Yuanfei Pet Toy landed on the main board of SZSE on August 18, 2022, raising funds of RMB 467.51 million. The funds raised will be used to improve the production capacity of existing products to meet customers' requirements and to enlarge the business scale. Accordingly, Yuanfei's technology and product quality will be greatly promoted.

### 1.3.2 Supporting the Guangdong-Hong Kong-Macao Greater Bay Area

---

#### Case: Everbright Securities supports Haomei New Materials in the issuance of RMB 824 million of convertible bonds

---

Located in Guangdong Province, Guangdong Haomei New Materials Co., Ltd. ("Haomei New Materials") principally engages in the R&D, design, production and sales of aluminum alloy profiles and doors and windows. In March 2022, Everbright Securities assisted Haomei New Materials in the convertible bond project. 8.24 million convertible bonds were issued with a total amount of RMB 824 million. The funds will be used to improve the intelligent and large-scale production capacity of Haomei New Materials, and further advance the business expansion of new alloy materials in the "new infrastructure" fields such as 5G infrastructure, ultra-high voltage, new energy, green buildings, etc.



Photo: Technical Center of Haomei New Materials

---

### **Case: Everbright Securities supports Huafa Group in the issuance of RMB 1 billion of perpetual medium-term notes**

---

Zhuhai Huafa Group Co., Ltd. ("Huafa Group") is the largest comprehensive state-owned enterprise group in Zhuhai and one of the leading enterprises in the country. It is also one of the pioneers of state-owned enterprises in the Greater Bay Area. In August 2022, Everbright Securities, as the lead underwriter and book-runner, supported Huafa Group in issuing the "22 Huafa Group MTN012A" perpetual medium-term notes. The first type is "22 Huafa Group MTN012A", with a term of 2+N years, an issuance scale of RMB 600 million, and a coupon rate of 3.45%; the second type is "22 Huafa Group MTN012B", with a term of 3+N years, an issuance scale of RMB 400 million and a coupon rate of 3.75%. The funds raised will be used to support the high-quality development of the Greater Bay Area.

#### **1.3.3 Supporting the Integration of Beijing-Tianjin-Hebei**

---

### **Case: Everbright Securities supports Capital Group in the issuance of perpetual medium-term notes**

---

Beijing Capital Group Co., Ltd. ("Capital Group") is a large state-owned comprehensive investment group affiliated with the State-owned Assets Supervision and Administration Commission of the People's Government of Beijing Municipality and one of the "pillars" advancing the high-quality development of the capital's economy and society. Since its re-establishment, a "3+1" industrial landscape covering ecological

protection, urban development, financial services, and cultural creativity has been built.

In July 2022, Everbright Securities and Everbright Bank Beijing Branch jointly supported Capital Group in the bookkeeping of the fourth phase of perpetual medium-term notes in 2022, boosting the economic development of the Beijing-Tianjin-Hebei region.

---

**Case: Everbright Securities supported Hebei Shunde Investment Group in the issuance of RMB 1 billion of short-term financing bonds**

---

Hebei Shunde Investment Group plays a leading role in the construction of urban infrastructure, water service, public transport, heat supply, and other public industries of Xingtai, Hebei, which is of great significance to the development of the real economy in Hebei province.

In July 2022, Everbright Securities and Everbright Bank Shijiazhuang Branch completed the registration of RMB 1 billion short-term financing bonds of Hebei Shunde Investment Group. The initial offering value is RMB 700 million with a coupon rate of 2.59%, marking a new low compared with other prefecture-level platforms with the issuance of the same variety and rating in Hebei Province.

## 1.4 Being a Pioneer Central Enterprise to Support Rural

### Revitalization

To fulfill its responsibilities as a central enterprise, better implement the spirit conveyed through the 20<sup>th</sup> CPC National Congress, and comprehensively promote rural revitalization, the company, following the guidance of the office of the leading group for paired assistance of Everbright Group, makes use of the company's resources to broaden the financing channels for local enterprises, and further re-energize the rural industry. In 2022, the company underwrote RMB 420 million of "rural revitalization" related bonds, published 18 research reports on rural revitalization, and invested RMB 6,205,100 to support rural revitalization.

#### 1.4.1 Supporting Industrial Revitalization Through Financial

##### Assistance

---

**Case: Everbright Futures, a subsidiary of Everbright, supports rural revitalization through the innovative approach of "insurance + futures"**

---

In 2022, Everbright Futures served rural revitalization by carrying out "insurance + futures" projects. The project covered a total of nearly 40,000 farming households, of which 15,000 were formerly poor households, with a total insured amount of over RMB 2 billion and a total premium of about RMB 100 million, covering 80 counties and towns including Yunan, Hunan,

Hebei and Hainan.

---

**Case: Everbright Securities helped Everbright Greentech issue the first perpetual medium-term note of panda (rural revitalization) in China**

---

On May 27, 2022, the "Phase-II Green Medium-term Notes (rural revitalization) of Everbright Greentech (China) Limited in 2022" in which the company acted as the leading underwriter was issued, with a total issuance scale of RMB 700 million, a term of 3+N years, a final interest rate of 3.35%, and an over-subscription rate at 1.87 times. The invested projects are all green and low-carbon industrial projects related to agriculture and forest biomass. With environmental benefits in carbon reduction, these projects play an active role in the implementation of the rural revitalization plan of "the implementation of four major plans" and "the construction of eight hundred projects". Accordingly, people's life and industrial development there will be greatly improved.

#### **1.4.2 Proving All-round Support for Rural Revitalization**

The company has signed agreements with five poverty-stricken counties, including Xintian County, Hunan Province, Wan'an County, Xingguo County, Xunwu County in Jiangxi Province, and Xiji County, Ningxia Province, providing paired assistance. In 2020, these five counties were removed from the poverty list. The company has continued to

consolidate the gains in poverty elimination, optimize the long-term mechanism to prevent people from returning to poverty, to provide all-around support for rural revitalization.

### Assistance by Party Building



- In 2022, the company conducted two researches in Xintian county, Hunan province. Experts were assigned to carry out research on the county's economic development and held symposiums. The theoretical result is "Focusing on county development and promoting rural revitalization strategy - Report for Economic Development of Xintian county, Yongzhou city in Hunan province".
- In November 2022, with the aim to unite efforts through party building and promote rural revitalization, the company carried out a campaign with the Village Party Branch of Liangjiangkou, Menlouxia Township of Yao Ethnic in Xintian County, Hunan Province, which focused on the overall revitalization of the countryside and improvement of its residential environment.

### Assistance by Consumption



- The company purchased and boosted sales of agricultural products from targeted areas, solving the "last-mile" of industrial development. An assistance model of "channels boost sales, sales drive industry, and industry promotes revitalization" has come into being.
- In 2022, the company purchased agricultural products from poverty-stricken areas with a total of RMB 950,900, including RMB 266,100 for those from Xintian County, Hunan Province, a targeted area for assistance of the Group.



### Assistance by Talents Dispatch



- Outstanding cadres were assigned by the Group to Xintian County to support rural revitalization.
- The company organized the selection of advanced collectives and advanced individuals in poverty alleviation to promote the spirit of poverty alleviation.

### Assistance by Public Welfare



- Donated RMB 5 million to Xintian County of Hunan Province to support the development of rural revitalization and donated another RMB 50,000 to the county for the purchase of winter cotton clothes and other living materials for the local people affected by forest fires.
- Donated 50,200 RMB to Xiji County of Ningxia Hui Autonomous Region for the purchase of local materials.
- Donated 50,000 RMB to Chengtang Village, Troubled River Township, Xingguo County, Jiangxi Province, and Liaoxia Village, Shefu Township, for drainage cleaning and improvement projects and drinking water upgrading projects, benefiting about 408 people.
- Donated RMB 50,000 to Wanan County, Jiangxi Province, for the purchase of emergency fire prevention materials and the construction of the square "lighting" project, benefiting about 1,000 people.
- Donated RMB 50,000 to Qing Sheng Township, Yongshan County, Zhaotong City, Yunnan Province for loquat cultivation, benefiting about 616 people.
- Donated more than 10,000 masks to Danxi Township Central Primary School in Xunwu County, Jiangxi Province, amounting to RMB 4,000.



## Chapter II Going Forward with Courage and Perseverance —

### Protecting Customers' Interests with High-quality Services

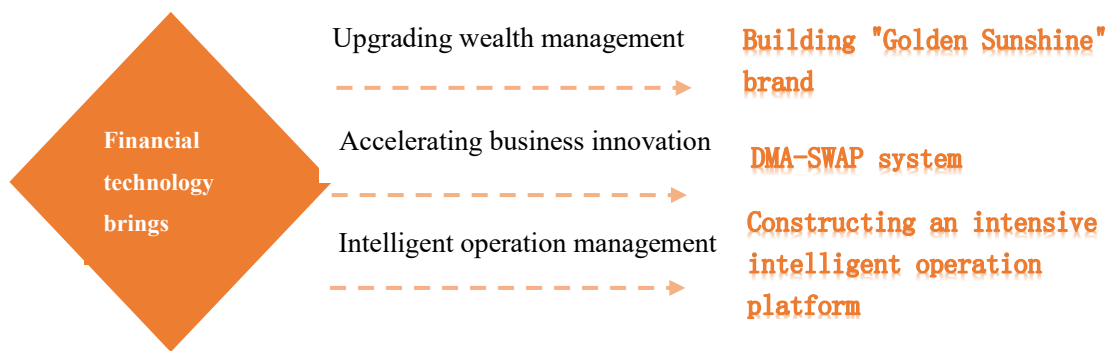
Everbright Securities keeps in mind its responsibilities and performs its duties. Everbright Securities has always adhered to the "customer-centric" concept. We listen to our customers, and constantly improve customer experience and satisfaction in the pursuit of a more complete and high-quality product and service system. In 2022, the company was dedicated to promoting digital transformation with financial technology, implementing the eligibility management of investors, refining mechanisms for protecting investor rights and handling claims, and helping investors cultivate a sense of rational investment to promote the healthy and stable development of the market.

By the end of December 2022,

- 187 financial technology products were launched
- 329 emergency drills on information security were conducted without major information technology risks.
- A total of 551 complaints were accepted, with the settlement rate reached 100%, and the service satisfaction reached 99.19%.
- 3,270 investment education contents were released on the Internet investment education base, with about 200,000 visits and 890,000 views.

## 2.1 Improving Service Quality and Efficiency with Financial Technology

Following the development trends of financial technology, the company optimized its "Intelligent Support System" to better meet the needs of different customers, and refined its workflow and services, which supported the shaping of products and service systems with Everbright characteristics.



### 2.1.1 Empowering Business Transformation and Upgrading

#### Improving Golden Sunshine APP

In 2022, the company continues to optimize the "Golden Sunshine APP", and develops "intelligent investment advisor, intelligent customer service, intelligent information, intelligent financial management, and intelligent financial community". Through the processing of online business, we managed to improve service quality and efficiency. At the same time, we develop a mode suitable for the elderly to improve their user experience. The "Golden Sunshine APP" went under 11 iterations

throughout the year, including 135 new and optimized functions.

Improving customer experience

To meet customers' requirements

- A number of new functions have been added, such as the opening of Xianjinbap(a savings account) in 7\*24 , account diagnosis 2.0, investment education zone, the special menu for bond put option of usual transactions, the debt-equity swap function for securities-margin trading, the display of the actual financing rate and securities lending rate, and the risk indications for the purchase of Reits funds and convertible bonds.
- The company upgrades the Shanghai-Shenzhen bonds system, the convertible bonds of the Beijing Stock Exchange and the New Third Board, completing the addition of ETF to the Hong Kong Stock Connect, the formulation of new rules for the Shanghai-Shenzhen convertible bonds, and the iteration of the securities-margin accounts to support A shares of BSE.



Pic.: Golden Sunshine 7.0

## Putting in place Golden Sunshine Manager

In May 2022, the company's securities fund investment advisory business was officially launched and was named "Golden Sunshine Manager", whose relevant functions met the regulatory requirements. The company has continued to increase R&D investment and optimize the existing system framework to improve its investment advisory service.

During the reporting period,

6 iterations for the fund investment advisory system  
19 iterations for the securities investment advisory system

Adding 23 application scenarios for public fund investment advisory MOT with 50,000 service messages sent in total

Adding 21 application scenarios for securities investment advisory MOT with 26.37 million service messages sent in total

### Building A New Generation of Core Business Systems

Based on the distributed, low-latency and highly concurrent technical architecture, the company redesigned the wealth core business system in 2022. During the reporting period, the construction of public fund investment advisory business and over-the-counter (OTC) has been completed. The comprehensive account system with micro-service architecture has been launched. It is expected to advance the overall restructuring of the core wealth business system in 2023. By building a new generation of core business systems, the company managed to tamp the core production basis of wealth business, accelerate the transformation of wealth management, and promote high-quality development.

#### 2.1.2 Empowering Business Innovation and Development

## Launching DMA-SWAP system

In March 2022, the company launched the high frequency quantization DMA-SWAP system, an advanced mode in terms of system architecture, transaction function and performance, so as to better serve customers. In terms of system architecture, this system allows customers to open transaction accounts in Shanghai and Shenzhen at the same time with one capital account, replacing the single transaction node; based on OTC trading swaps and insider trading and hedging in the field, we have realized the automatic real-time transfer of funds for accounts with multi-transaction nodes in Shanghai and Shenzhen; the speed of the chaining transaction maintains a leading level among the industry's DMA-SWAP-type transaction systems. It's also a leading DMA-SWAP system in the industry. By the end of 2022, the total assets of the company's DMA-SWAP business exceeded RMB 20 billion. We will continue to increase investment in financial technology to boost high-quality development.

### 2.1.3 Empowering Efficient Operation Management

By building an intensive intelligent operation platform, we managed to promote automated, precise and full-covered digital operation and services, advance our mobile business, reduce costs and improve efficiency in operation. Big data, artificial intelligence, RPA and other technologies have been applied to improve the operation quality and efficiency. Relying

on the national centralized operation mode, the business processing efficiency has been greatly improved:



Mobile business platform shortened the business processing time by 50%



The overall work efficiency of RPA robot in mass scenario applications has increased by more than 7 times

## 2.2 High-quality Services Bring Heartwarming Experience

The company is committed to providing customers with premium and warm experience by continuously protecting investors' rights and interests, ensuring customer information security, perfecting customer complaint mechanism, and improving service quality and efficiency. At the same time, the company provides convenient financial services for the disabled, the elderly and other special groups.

### 2.2.1 Protection of Investors' Rights and Interests

In accordance with the Code of Practice for the Protection of Investors' Rights and Interests of Securities Companies, and the Securities Law of the People's Republic of China, the company set up the Investors' Rights and Interests Protection Committee, and formulated the Administrative Measures for the Protection of Investors' Rights and Interests of Everbright Securities Limited, and the Rules of Procedure of the Investors' Rights and Interests Protection Committee of Everbright Securities Limited in 2022 to clarify the organizational structure, the segregation of duties, and the evaluation related to investor protection. In addition, the company carried

out special training on investor protection system to strengthen the understanding of relevant functional departments in the investor protection.

### **Carrying out special training on "Overview of Investor Protection System"**

In May 2022, the company organized training on "Overview of Investor Protection System", clarifying the structure, duties and business scope of the Investors' Rights and Interests Protection Committee and focusing on the eligibility management of investors through rule and case analysis. Attracted 561 employees, this training has improved the company's investor protection management level.



Picture: Special Training Interface

### **Implementing rights and interests protection and completing product risk indications**

The company prioritizes the interests of customers. We protect customer's right to know and respect their choices in information disclosure, trading rules and charging rules and do whatever we can to reduce the cost of customer participation. Through training, we have



strengthened the risk awareness of sales personnel and improved the understanding of branches in product risk rating. The company formulated special risk indications on high-risk and complex financial products. We also provide special protection mechanism for the elderly and help them to better understand the product risk. In 2022, the company optimized the freezing, notification and call for new stock ballot funds, protecting 4,887 customers from the loss of RMB 24,882,900 from the mandatory redemption of convertible bonds.

#### **Formulating policy statements**

- Formulated the Notice of the Wealth Management Business Department on Strengthening the Requirements for the Feedback of Private Equity Products Consignment to further improve the feedback management of private equity products
- Formulated the official document and publicity materials of the Notice of the Wealth Management Business Department on the Implementation of Systematic Control over the Risk Assessment before General Investors Purchase Private Equity Products, and stuck to the appropriateness principle.

#### **Improving management mechanism**

- Improving the business management mechanism of "front control on frequent risk prediction before product sales"

#### **Optimizing system functions**

- Developing "front control on the off-site purchase of private equity products" and "front control on double recording process"

### **2.2.2 Protection of Information Security and Privacy**

The company promotes information security in accordance with the Data Security Law of the People's Republic of China, the Personal

Information Protection Law of the People's Republic of China and other laws and regulations. The company is committed to providing assuring financial services. To better protect customer information and privacy, we carried out institutional construction and emergency drills to improve defensive capability in 2022.

In terms of the construction of an information and privacy security system, we set up the leading group office of network and information security of Everbright Securities, formulated the Rules of Procedure of the Leading Group of Network and Information Security of Everbright Securities Limited, and the Customer Privacy Agreement of Everbright Securities Limited, in which the collection, use, store, protection, share, and transfer of customer information were introduced.

Based on data-driven technology, the company has established a comprehensive security and defense system consisting of in-depth defense, collaborative defense, vulnerability operation and threat operation systems.

In terms of improving the capacity of information security construction, the company conducted capacity expansion on the threat analysis platform for all network traffic, which covers all Internet boundaries and key cross-region traffic. We also carried out the capacity expansion construction of Tianqing Anti-virus (an anti-virus software), achieving the unified strategic control and monitoring of terminal anti-virus.

We organized 329 emergency drills in the form of practice drills and

desktop deduction; At the same time, in strict accordance with the regulatory security requirements, we conducted multiple self-inspections on network security and on-site inspections. In 2022, 225 security vulnerabilities were detected, and 6.49 million Internet attacks were blocked without network security incidents.

The company raised the security awareness of all employees mainly from four aspects: release of the security awareness videos, monthly security magazines in the WeChat official account, quarterly centralized security training, and on-site awareness activities in security weeks. In 2022, the company published 20 security awareness videos and 12 monthly security magazines in sunshine college. At the same time, 5 centralized training sessions, 1 network security week activity and 4 anti-fishing email attacks were carried out.

### **2.2.3 Actively Handling Customer Complaints**

The company is committed to protecting the legitimate rights and interests of customers and building a diversified and multi-level product and service system. We are also dedicated to customer communication and complaint management. In 2022, the company introduced the Implementation Rules for the Handling of Investor Complaints of Everbright Securities Limited (Trial), which standardized the workflow of complaint acceptance, complaint handling, complaint feedback, and return

visit, clarified the duties of each department, and improved the overall efficiency.



- **Enriching complaint channels:** our service team actively handles investors' complaints and inquiries through the Golden Sunshine APP, telephone, mail, fax, letter, and other channels. In 2022, the company prolonged the service hours for consultation and complaint and listened to investors.
- **Establishing a standardized closed-loop complaint handling process:** relevant business departments or sales departments are required to submit customer feedback in a limited time, and to analyze the causes independently. In the face of any major problem, the customer center shall immediately report to the company's compliance and risk control department. The service team shall provide the customer with feasible solutions for the inconvenience caused by their own; on the other hand, the service team shall explain to the customer if the inconvenience is caused by misunderstanding or personal reasons.
- **Raising satisfaction rate of complainants handling:** The company continues to optimize the satisfaction survey system and timely collect customer service feedback to improve customer satisfaction. A total of 551 complaints were received, with the settlement rate reaching 100%, and service satisfaction reaching 99.19%.

#### 2.2.4 Improving Customer Experience

Upholding the goal of improving customer service and customer satisfaction, the company continues to improve efficiency through intelligent and platform-based means.

The company offers special services for elderly and disabled customers. For example, the company provides bigger fonts in the Internet investment education base for easy reading. In 2022, the company provided door-to-door services for 37 elderly customers. Customers over the age of 60 accounts for 10.88%, increasing by 0.43% year on year.

During extraordinary times, the company's employees are stationed at the company 7\*24, and closed-loop management is improved by establishing isolation and buffer zones in offices and rotating AB posts for protection. The company has implemented an emergency protection plan for key systems and key positions. It strengthens the monitoring and inspection of the basic production environment and the operating status of information systems to ensure that customers receive continuous and stable financial services.



Photo: Employees of Everbright Securities Stick to Their Posts

## 2.3 Strengthening Multi-dimensional Investment Education

The company understands that the protection of investors' rights and

interests is the foundation of the long-term healthy and stable development of the capital market. Keeping in mind the mission of protecting the legitimate rights and interests of small and medium-sized investors, the company synergies investor education into its business. In 2022, the company was dedicated to offering services and content in various forms related to investment education via different channels. We helped investors establish rational investment concepts and shouldered the responsibility of protecting investors' rights and interests.

### **2.3.1 Enriching Investment Education Channels**

The company continues to innovate the investment education mode and enrich investment education channels. In 2022, the Internet Investment Education Base of Everbright Securities went online. The company provides protection and risk warning for both rookies and advanced investors and supports for the capital market to serve the real economy. As of December 31, 2022, the Internet Investment Education Base had published 3,270 investment education propaganda articles, produced 980 original electronic investment education products and forwarded 1,095 external products, with nearly 200,000 visitors and about 890,000 views.



Photo: Everbright Securities Online Investor Education Base

### 2.3.2 Enriching Investment Education Content

In 2022, the company enriched investment education contents around hot topics such as the popularization of the new securities law, the deep reform of the Growth Enterprise Market, the reform of the New Third Board, the improvement in the quality of listed companies, the prevention of bond default risks, the prevention of private equity fund risks, and the prevention of over-the-counter financing. In 2022, the company published more than 389 high-quality posters of electronic products, long pictures, short videos, and three-foldout pages related to investment education, which clarified the development background, information disclosure, appropriateness management, trading mechanism, risk disclosure, delisting process and other topics of the reform of registration system, the interpretation of listed companies' reports, public REITs, convertible bonds,



bonds, Beijing Stock Exchange, STAR Market, GEM, Hong Kong Stock Connect, ETF, options, delisting and other businesses.

## "BSE Approaches Investors" Investment Education

From July to September 2022, the company carried out a special activity on "BSE Approaches Investors", providing investment guidance for investors. Aiming at promoting rational investment concepts, this activity was carried out via multiple channels online and offline, including the WeChat official account, Internet investment education platform, trading software, business department, community, etc. In addition, the company organized multiple trainings, such as setting up the "BSE Series" special column on the "Sunshine College" and providing training videos and learning materials to improve employees' ability in handling business. BSE trainings were learned 982 times.

Pic.: "Sunshine College" BSE Special Training



Pic.: "Investment Education on New Third Board" on the Investment Education Platform



Photo: "BSE Approaches Investors" Activity Enters Community

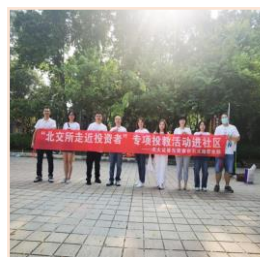


Photo: Publicity for Investment Education





Photo: Original Posters About Trading Rules of the BSE

## Publishing Original Posters about Trading Rules

To help investors better understand the investment rules, the company designed 8 original posters about the trading rules of the BSE, which were vivid and easy to understand.

## Setting up Online Columns to Promote Investment Education

The company set up a special column on "BSE Approaches Investors" and published 18 publicity materials on the online investment education platform and WeChat official accounts, which covered the development of BSE, investor appropriateness, stock issuance, listing, trading, the Beijing Stock Exchange 50 index, switching board, delisting and other information.

【新三板投教】一图读懂 | 《全国中小企业股份转让系统诚信监督管理指引》解读



本文内容来源于新三板投教，版权归原著所有，如有侵权请联系删除。本文仅为...  
2个月前 阅读10

【新三板投教】读年报，懂企业 | 行业分析和财务报表阅读浅析 合集



为帮助投资者读懂全国股转系统挂牌公司、北交所上市公司年报，提升投资决...  
2个月前 阅读20

【新三板投教】科普REITs 合集



在中国证监会投资者保护局的指导下，为引导投资者正确认识基础设施reits，理...  
2个月前 阅读59

【新三板投教】退市制度小课堂 合集



为帮助投资者了解退市制度改革的主要内容，“新三板投教”将持续为您带来退市...  
2个月前 阅读39

【新三板投教】退市中的投资者教育保护 合集



本文内容来源于新三板投教，版权归原著所有，如有侵权请联系删除。本文仅为...  
2个月前 阅读22

Photo: Investment Education Column On the Official Account of BSE

## Strengthening Product Risk Education and Developing Rational Investment Concept

Investors should pay attention to announcements on risk warnings, abnormal fluctuation, and delisting periods and develop a rational and long-term investment concept. The company has issued a series of announcements on the official account of investment education, clarifying the risk warnings, abnormal fluctuations, and delisting periods since March 2019. As the end of December 2022, the company published 1,100 issues to help investors establish rational investment management and to ensure the safety of investors' funds.

### Risk Tips

---

The first category: announcements on the delisting transactional period, including listed companies entering the delisting transactional period, delist, and suspension of delisting.

---

The second category: announcements on convertible bonds, covering redemption, price adjustment of convertible stock, convertible bonds, etc.

---

The third category: announcements on funds, including risk tips for funds, contract termination, delisting, etc. Related keywords include “risk, termination, rectify and reform, trading suspension, resume trading, split, and amalgamation.

---

The fourth category: risk tips for transactions, mainly for securities with dramatic price fluctuation. The company has issued announcements on abnormal fluctuations and risk tips in stock trading irregularly.

### 2.3.3 Enriching Investment Education Forms

Following the cultural trends, the company strives to develop more forms of investment education catering to young investors in a complex investment environment. During the reporting period, 45 live streaming on investment education with professional content were organized, with an

average of nearly 1,000 participants per event.

**"Embracing the registration system and bringing the benefit of high-quality development to all" - 2022 investment education campaign for members co-organized by Everbright Securities and Shanghai Stock Exchange**

In October 2022, under the guidance of the investor protection bureau of the China Securities Regulatory Commission ("CSRC"), the Shanghai Stock Exchange co-organized with Everbright Securities, carrying out an investment education campaign for members with the theme of "Embracing the Registration System and Bringing the Benefit of High-Quality Development to All". This campaign was held online and offline with more than 100 participants. Three topics were introduced, which are "The Third Anniversary of The Star Market - The Future of Investment in China's Economy", "The Normalization of Delisting Under the New Delisting Rules" and "The High-Quality Development of Shanghai Stock Market". This campaign has provided guidance to investors in rational investment, value investment, and long-term investment.



"Embracing the registration system and bringing the benefit of high-quality development to all"  
investment education campaign



### Investor education for 100 schools - Everbright Securities enters xintian vocational school

With the aim to promote the integration of investor education into the national education system and improve the students' understanding of finance and risk prevention, the company held a lecture on "Everbright Securities enters Xintian" in the school's great hall in November 2022. this lecture focused on the high-quality development of China's economy and society, the development of China's capital market, the development of the Shanghai Stock Exchange, and anti-illegal securities, which attracted more than 140 teachers and students.



Photo: investor education lecturers of Everbright securities in the Xiantian Vocational Secondary School

## **"I am the shareholder" – Everbright Securities leads investors into listed companies**

To improve the investor relation management of listed companies and encourage investors to exercise their rights as shareholders, Everbright Securities organized a special activity on "I am the shareholder" - Everbright securities leads investors into listed companies" in its investment education base in December 2022. small and medium-sized investors were invited to Shanghai Shibei Hi-Tech Co., Ltd. ("Shibei Hi-tech") for studies. Investors visited the Shibei High-tech planning exhibition hall, communicated with the senior management of Shibei High-tech face-to-face, and inspected the listed companies on the spot. They asked questions and put forward advice on improving the management of listed companies. This activity is served as the bridge connecting small and medium-sized investors and listed companies.



Photo: special activity on investor education of listed companies (Shibei Hi-tech Park)

## Chapter III Adhering to the People-oriented Concept and Growing

### Together with Employees

Everbright Securities regards employees as creators and sharers of corporate culture, corporate values, and corporate interests. We protect the rights and interests of employees, promote employee development, and care for employees. We are committed to providing employees with a fair working environment and development platform to build a harmonious homeland.

As of the end of December 2022,

- Everbright Securities had a total of 8,541 existing employees with 4,017 female employees, accounting for 47.03%.
- The rate of signed contracts is 100%, with social insurance covering all employees.
- A total of 2,618 training sessions were organized totaling 585,676 hours, with a 100% employee coverage rate
- Visited 102 employees who have difficulties and provided RMB 1.21 million

### 3.1 Protection of Employees' Rights and Interests

In strict accordance with the requirements of the Labor Contract Law of the People's Republic of China, the Labor Law of the People's Republic of China, the Law of the People's Republic of China on the Protection of Women's Rights and Interests and other laws and regulations, we continue



to protect the legitimate rights and interests of employees, perfect the compensation system to motivate employees.

### 3.1.1 Employee Recruitment

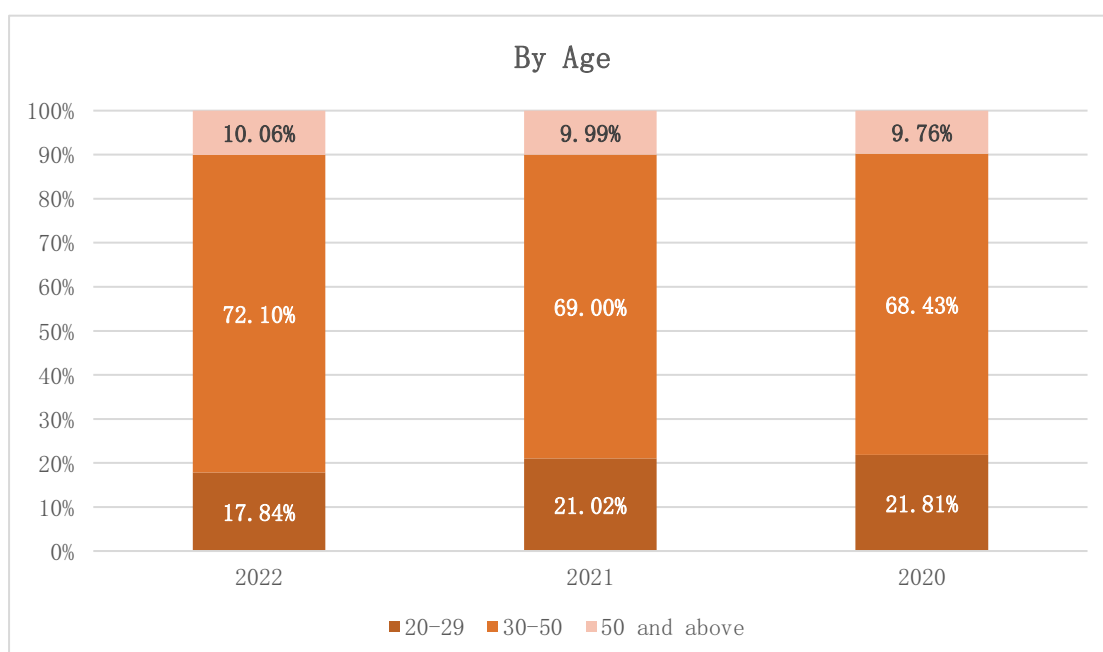
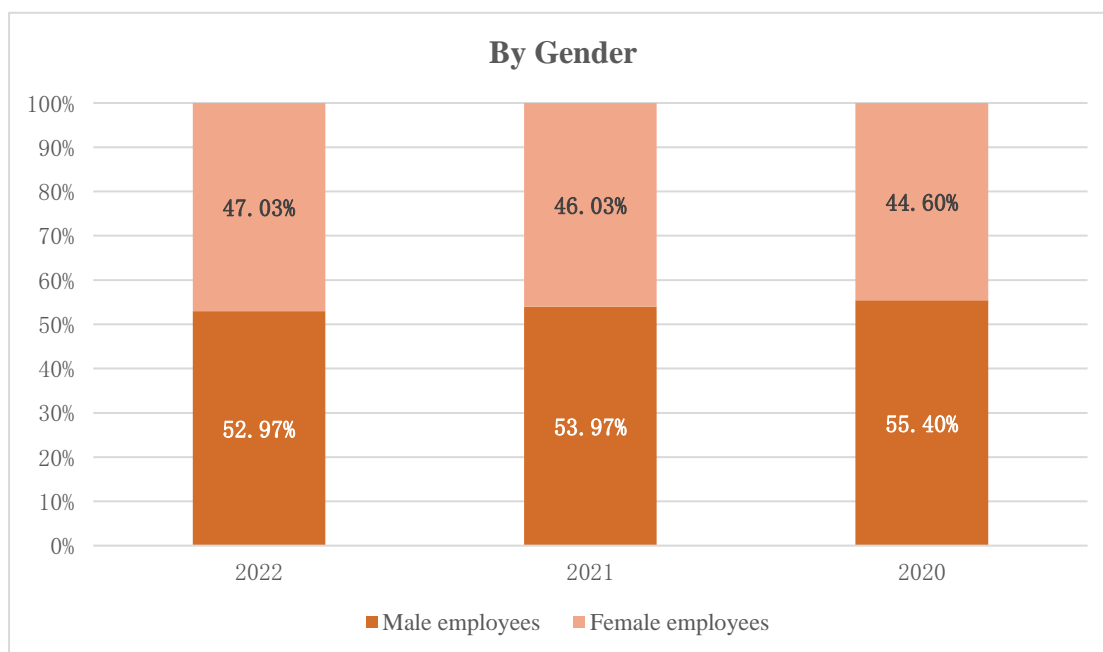
We oppose any form of employment discrimination and provide inclusive opportunities for employees with different genders, nationalities, ages, races, religious beliefs, disabilities, sexual orientations, or family backgrounds. Child labor and forced labor are strictly prohibited. In 2022, the company did not have any violations or lawsuits related to employment and labor standards.

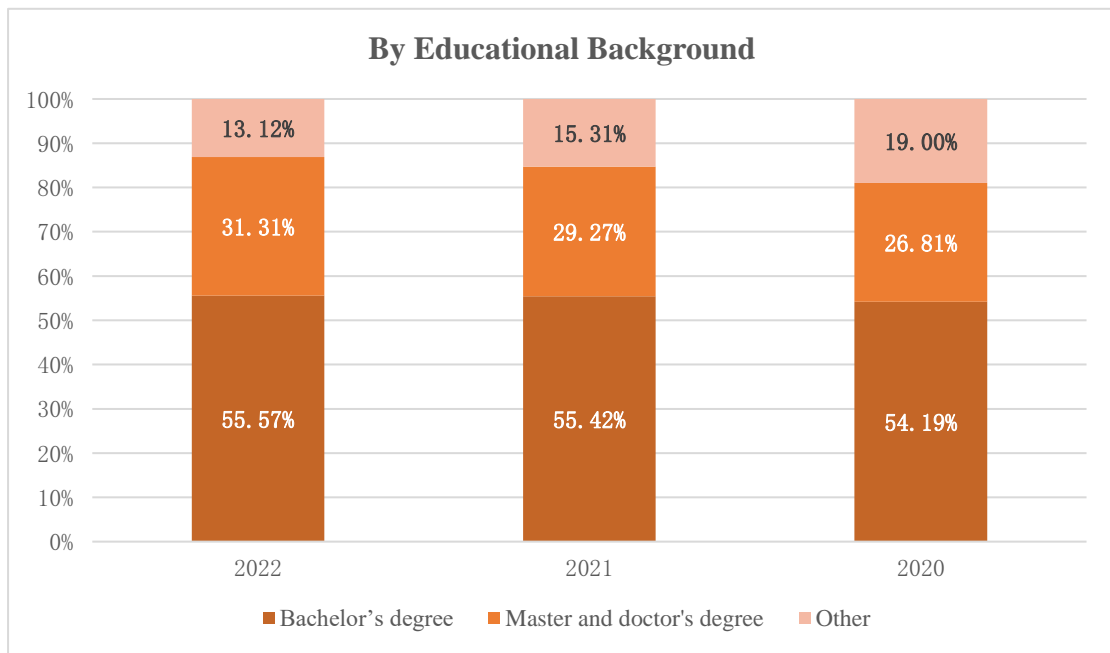
#### **Institutional guarantee**

With the aim to standardize open recruitment, the company issued the "Management Rules for Open Recruitment of Everbright Securities Limited" in June 2022, clarifying the principles of recruitment, the recruitment procedures, and the requirements for discipline and supervision. The company is required to recruit more employees based on the principle of fairness and openness, hire the best candidates, and enable each person to develop his talents.

As of December 31, 2022, Everbright Securities has a total of 8,541 existing employees, including 4,524 male employees and 4,017 female employees. The rate of signed contracts is 100% and the employee turnover rate is 12.87%, decreased by 1.08% year on year.

### 2020-2022 Everbright Securities Employee Structure





### 3.1.2 Employees' Rights and Interests

The company protects the rights and interests of employees in labor protection, remuneration, working conditions, working hour management, rest and vacation, social insurance, occupational hazards protection, etc., to promote harmonious labor relations.

Following the industrial regulatory requirements, the company revised the labor contract in 2022:

- Refining rules on remuneration. We make clear that the company's operation, department performance, personal performance, continuous service, anti-corruption, compliance accountability, disciplinary punishment, and other factors will affect employees' floating wages and bonuses.
- Publishing new rules to manage staff. In accordance with the

Administrative Rules, the Code of Integrity of the Securities Industry, and other regulations, we issued a series of rules to manage staff, for example, employees shall abide by social ethics, public order, and fine customs, the code of practice of industry, and the code of integrity.

#### **Build a stable compensation system**

- Implement the concept of supervision and operation, build a stable compensation system, implement the requirements of comprehensive risk management, and formulate incentive and constraint mechanisms that match the risk level, characteristics and duration.

#### **Improve the employee welfare system**

- Pay social insurance and housing accumulation funds for employees. In addition, it also provides critical illness insurance, casualty insurance, epidemic prevention and control insurance, women's health insurance and Medicare
- In addition to statutory paid holidays, there are also welfare-paid holidays.

### **3.2 Paying Attention to Employee Training**

We strive to optimize the training system, provide intellectual support for the company's strategic implementation and business development, and offer employees more opportunities.

#### **3.2.1 Employee Training**

The company attaches great importance to the reserve and level-to-

level management of talents and continues to build a tiered and diversified training system. In 2022, the company's self-developed courses were selected for the online courses of the China Securities Association. Three micro-lectures were awarded the "Top Ten Securities Works", "Top Ten Futures Works" and "Outstanding Securities Works" in the Micro-lecture Competition of Shanghai Securities and Futures.



A total of 2,618 training sessions were organized, with a 100% employee coverage rate



Employees' participation in training reached 442,392 person-times



The total number of training hours amounted to 585,676 hours



The average training hours of employees reached 68.73 hours

### Special training for new employees

For new employees, we organized "Flying Eagle Program" training, "Getting Close to Everbright Securities" lectures, OpenDay campaign, etc., and set up columns such as "Behind the Everbright Securities", "Learn from Everbright Securities" to enhance employee's sense of recognition and belonging.



【证三人行】来和前辈们一起乘风破浪吧  
有情怀，有彩蛋，速来围观

Photo: "Behind the Everbright Securities" Program



Photo: "Flying Eagle Program" New Talents Talk

## Special training for newly appointed leaders

The company carried out "Sailing Program" training and "Promoting Local Governance with Party Building" training for young cadres.



Photo: Leaders of Youth Team Attending Youth the "Sailing Program" Training Course



Photo.: "Sailing Program" for Newly Appointed Leaders

## Special activities for talents

The company continues to build new sources of talent for primary businesses and functional sectors by carrying out targeted training. We carried out "I am the speaker", "Sunshine Lectures" campaigns, the "Big Investment Bank Growth Plan" and "Research Sharing of Research

Institute" to improve our online training service. In 2022, we invited professionals in wealth management, research, investment banking, science and technology, financial innovation, and other fields as keynote speakers. A total of 24 lectures were carried out to promote employees' abilities.



Pic.: Big Investment Bank Growth plan

Pic.: Sunshine Lectures

### 3.2.2 Employee Development

The company continues to enrich channels for employee development, encourage employees to develop their talent, build a fair platform for personal development, and constantly strengthen the construction of professionals.

The company has established the MD ranking system to offer employees who have made great contributions to the company individually tailored training and development programs.



Relying on the Group's internal talent market and the Everbright Securities Talent Recruitment Center, the company continues to perfect the mechanism for the internal exchange and training of talents. We are dedicated to promoting young employees and strengthening the training of compound talents. In addition, the company is committed to building new sources of talent majoring in scientific and technological innovation, risk law, and financial management. Moreover, we cultivated talents in investment banking and investment research and promoted the development of employees.

**Included the social responsibility as a performance indicator into the comprehensive assessment**

In 2022, the company optimized the assessment plan, actively promoted the implementation of financial work, and incorporated social responsibility as a performance indicator into the comprehensive assessment, among which serving the real economy, the national strategies, and the people's livelihood are primary aspects. The company also set up the "Advanced Collective Award" and "Advanced individual Award" to encourage employees to play a leading role in serving the real economy and national strategies.

### 3.3 Attaching Importance to Health and Safety

In strict accordance with the "Labor Law of the People's Republic of China", the "Law of the People's Republic of China on Work Safety", the

"Regulation on Work-Related Injury Insurances", among other relevant laws and regulations, the company has protected physical and mental health and safety of its employees by way of comprehensive physical examinations, regular health lectures, improved working mechanism for emergencies and routine fire drills.

### **3.3.1 Caring for Employees' Physical and Mental Health**

In 2022, to relieve the medical burden for employees, the company upgraded its free physical examination program. Specifically, it enhanced targeted disease screening and cooperated with more physical examination centers, giving full play to the role of physical examinations in early disease identification for better treatment. In addition, the company organized several lectures on insurance and physical examinations, including special lectures featuring health care program Q&A, medical report interpretation and medical expert consultation.

The company has constantly ensured production safety and employees' health. For example, introduced online medical consultation services and facilitated employees' access to necessary medical supplies. In 2022, it provided good logistical support and humanistic care with the distribution of 2,386 necessity packages comprising of vegetables, meat, eggs and other daily supplies to its employees.

The company also held psychological counseling lectures and provided

online leisure activities.

### Safeguard mental health of employees

In 2022, the company opened a live lectures on psychological care for employees and launched a "Heart Class" on corporate WeChat to ensure the physical and mental health of employees.



Photo: Class of "Keeping Mental Health"

### 3.3.2 Caring for Employees' Safety

Adhering to the safety-first and life-first principles, the company takes employees' life and property safety and safe and stable company operation as its primary tasks. It has implemented an emergency management system characterized by responsibility hierarchies and localized management, and fully leveraged the emergency management function of its business units under unified leadership.

The company has formulated the "General Emergency Response Plan of Everbright Securities" as the foundation of its working mechanism during emergencies, to minimize any possible casualties and property losses caused by emergencies and to ensure safe and stable operation of the

company. Besides, it has set up a work team under the work safety task force to be fully responsible for emergency management and sent emergency-specific disposal teams or relevant personnel for on-site guidance, supervision, and inspections. No work-related injuries or deaths of employees occurred in 2022.

---

### **Case: Fire emergency evacuation drill for the Fire Publicity Day**

---

In 2022, the company held a fire emergency evacuation drill in conjunction with the property management enterprise of Everbright Building. The drill consisted of three parts: evacuation and emergency escape, use of fire-fighting equipment, and fire safety knowledge training. All the employees involved in the drill were evacuated from the designated fire point to the safe areas in a timely and orderly manner after receiving the fire alarm. After the drill, the instructors introduced the correct use of fire extinguishers and fire extinguishing tips and instructed the staff in proper use of fire extinguishers on site. They also analyzed and interpreted common fire safety hazards in the office. This fire drill has improved the employees' awareness of fire safety by providing them with a better understanding of fire prevention measures, initial fire extinguishing techniques, and useful tips for escaping from the fire.

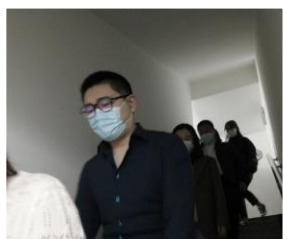


Photo: Orderly escape during the drill



Photo: An instructor explaining fire safety hazards in the office



Photo: Employees learning how to use fire extinguishers correctly

### 3.4 Delivering Care and Concern

The company sets great store by the opinions of its employees. It provides employees with open and transparent communication channels highlighting mutual trust, actively upholds humanized and efficient management, and solves the urgent needs of employees in a timely and practical manner. Care and concern are reflected in everything Everbright Securities has done.

#### 3.4.1 Continuous Communication with Employees

The company respects and fully protects employees' rights to information, participation, vote and supervision regarding company management. It improves employees' satisfaction and helps them develop and progress with the company. In 2022, the company held the 20<sup>th</sup> and 21<sup>st</sup> sessions of its 5<sup>th</sup> Employees' Representatives Convention, on which 20 issues concerning employees' immediate interests were deliberated. Also,

after receiving opinions and suggestions from the junior staff, the company made a company-wide dining and welfare investigation. Its timely response to employees' needs helped with active solution of problems.

### **Eliminating workplace injustice and improving the mechanism for appeal**

In order to better manage internal communication, the company revised and issued the "Employee Handbook of Everbright Securities" to clarify the handling of labor disputes. Once a labor dispute occurs, the employee can negotiate with the company and communicate with his/her direct supervisor(s) verbally or in writing to facilitate dispute resolution through negotiation. In the case of no solution after supervisor intervention, the employee's disagreement with the supervisor's opinions, or the supervisor's direct interest involvement in the dispute, the employee can file the dispute to the Personnel Department, which will coordinate the parties before giving a reply. The employee may also ask the labor union or a third party to negotiate with the company to reach a settlement. If an agreement is reached through mediation in a labor dispute, both parties shall fulfill the agreement accordingly. If the parties are unwilling to negotiate, fail to negotiate or fail to fulfill the settlement agreement reached, the dispute may be resolved through arbitration or litigation in accordance with the law.

### 3.4.2 Employee Engagement Activities

The company strives to create a vibrant workplace with a balance between work and life by providing rich spare time activities for its employees, as represented by its special event for the International Women's Day and regular basketball matches. Besides, it has taken employee care as a routine task through optimizing the service and management of the staff cafeteria and building a convenient haircutting room and has made every effort to ensure the needs of employees.

---

#### **Case: Traditional handicraft encounters Bing Dwen Dwen**

---

On February 14, 2022, the company, in collaboration with the Shanghai Museum of Arts and Crafts, launched a dough modeling experience event to celebrate the 2022 Olympic Winter Games. During the event, Mr. Tang Jian, the third-generation exponent of Hai-school dough modeling, exposed the employees directly to the charm of traditional Chinese art. Through personal modeling of unique figurines of Bing Dwen Dwen, the mascot of the 2022 Olympic Winter Games, employees felt the fun of handicraft while understanding more about the traditional culture.



Photo: Employees making Bing Dwen Dwen dough figurines



### 3.4.3 Providing Employees with Real Difficulties

The company refines the needs of employees and puts forward targeted support initiatives at various levels.

Caring for female employees	<ul style="list-style-type: none"> <li>• The company established and improved the functions of 8 designated rooms to cover the needs of female employees through top-down or primary-level decision making.</li> <li>• It invited external experts for seminars on psychological care for female employees to release their stress.</li> <li>• It took out exclusive female health insurance for female workers to build a barrier against major illnesses.</li> </ul>
Caring for young employees	<ul style="list-style-type: none"> <li>• The company provided a prioritized channel for employees recruited at on-campus job fairs to move into youth apartments; improved supporting security and commuter bus services to enhance their living and commuting experience.</li> <li>• In 2022, the company helped 62 employees to move into its youth apartments, alleviating their financial burden during their early stage of working in Shanghai.</li> </ul>
Caring for retired employees	<ul style="list-style-type: none"> <li>• The company cared for retired employees in Shanghai in 2022.</li> <li>• Specifically, it visited 12 impoverished retired employees and offered them holiday gifts.</li> </ul>
Caring for employees in difficulties	<ul style="list-style-type: none"> <li>• The company adopted a "double assistance" model of "bail-out fund + relief subsidy" in helping 102 employees in 2022, providing a total of 1.21 million yuan of relief subsidy the same year.</li> </ul>

### Promoting a youth apartment alliance and building a demonstrative youth self-governing community

Under the guidance of CPC Youth League Shanghai Municipal Committee and CPC Jing'an District Committee, the company, together with CPC Youth League Jing'an District Committee and CPC Pengpu Town Committee, launched a talent apartment service program to help develop a youth community management and service model featuring youth self-governance, benefit for all and mutual promotion.

In November 2022, the Youth Apartment Self-governance Council of Daning 858 Apartment, to which Everbright Securities' youth apartments belong, was officially approved for operation, and called on outstanding youth to participate in community self-governance. Daning 858 Apartment is a key community of young talent apartments in Jing'an District, currently housing more than 250 young employees of state-owned enterprises. Community self-management and self-governance to achieve benefits for all can meet the multi-faceted needs of young people regarding learning, social welfare, and hobbies, thus realizing self-improvement and comprehensive development of young talents to create a win-win situation for talents, enterprises and the community.



Photo: Young employees of Everbright Securities moving into Daning 858 Apartment

## **Chapter IV: Working Together with All Parties to Create a Better Tomorrow**

Everbright Securities pays significant attention to the impact of its operations on the environment. It has actively promoted inner energy conservation and emission reduction while advocating green development and practicing green and low-carbon operations; worked together with industry partners to develop a healthy ecology for industry development; facilitated rural revitalization in a multi-pronged manner; and encouraged employees to participate in various volunteer activities, thereby contributing Everbright Securities' efforts to community development.

As of the end of December 2022,

- Imposed a ban on 7 of its 230 suppliers for violations
- Made an annual donation of RMB 7,387,100 for public welfare (including investment of RMB 6,205,100 to support rural revitalization); and
- Donated RMB 80,000 via an employee fund raising program for the "Everbright Forest" initiative

#### 4.1 Promoting Low-carbon Operation to Address Climate Change

To achieve the carbon peaking and carbon neutrality goals, all industries are making positive efforts towards low-carbon transformation. Everbright Securities firmly fulfills its environmental and social responsibilities, integrating the green concept into the whole process of its development. It follows strictly the requirements of energy conservation, emission, and consumption reduction by putting a cap on total emission, improving energy efficiency, and encouraging comprehensive conservation, so that solid progress in low-carbon operation has been achieved.

The company has implemented the relevant regulations and requirements specified in "Opinions on Sticking to Thriftiness" and Everbright Group's "Opinions on Thoroughly Implementing Principles of the Eight-point Decision on Improving Party and Government Conduct" and "Eight Initiatives on Building 'Green Everbright' Through Practices of

Green Office and Green Life". It has focused on the reduction of office expenses, transportation expenses and utilities, and has adhered to the green office initiative through daily monitoring, advocating green concepts, strengthening control and other measures, so that office expenses and transportation expenses have been decreased by 34% and 66% respectively during the reporting period.

### A two-pronged approach to save energy

#### Improve energy efficiency



Ordinary lamps were replaced with LED lamps to ensure the same brightness while saving 40% of electricity and extending the service life. In total, over 2,000 lamps have undergone energy-saving upgrade in 2022.



Fan coil fins of the central air conditioning system were cleaned, thus achieving energy saving and emission reduction via improved efficiency of heat and cold exchange. For each degree Celsius adjustment of the water outlet temperature, power consumption of the central air-conditioning unit is reduced by 2%-4% .



Outlet valve of the circulating pump was controlled to extend the retention time of chilled water in the fan coil and the heat and cold exchange was accelerated, thus achieving energy saving. 3.5 kW of electricity per hour can be saved after the adjustment.

Avoid unnecessary electricity consumption



- Reduce the daily number of units and hours of operation of circulating pumps, saving 264 kWh of electricity per day;
- Reduce the time of central air conditioning service to avoid unnecessary electricity consumption, saving 394 kWh of energy per day.

### Advocate paperless office to reduce paper use



- Use of paper and other office consumables was controlled, and online processing has been made possible in the company for all official documents with the exception of those involving confidential or sensitive matters;
- Digital stamps have been applied at the headquarters, subsidiary, branch and department levels, with a usage rate of 70% in 2022;
- A filing process and database for documents requiring stamping has been established simultaneously, so that scanned copies, instead of printed and stamped copies, should be retained to reduce paper consumption.

### Leverage online meetings to reduce emissions from travel



- Traffic emissions of the company has been significantly reduced through integrated use of such communication platforms as WeCom and DingTalk and office automation software and hardware, as the company continued to promote cross-regional teleconferencing, video conferencing and online communication, and to reduce the frequency and distance of business travel.

### Carrying out "Clean Your Plate" Campaign to Reduce Food Waste



- Promoting the "Clean Your Plate" campaign and calling for food saving. The company provides small portions and installs cameras in the staff restaurant to keep an eye on food waste.

## 4.2 Actively Engaging in Communication to Promote Industry

### Development

In 2022, the company has actively engaged in industry communication to pursue joint improvement. It cooperated with relevant institutions and industry peers to improve business capability through in-depth communication and strengthened industry research to boost company and industry development in tandem. The company communicated deeply with investors and analysts from well-known financial institutions to facilitate industry development.

---

#### **Case: Joint seminars with China Everbright Bank and Everbright Futures**

---

In 2022, the company has joined hands with China Everbright Bank and Everbright Futures to hold three seminars. The joint seminars are a comprehensive online forum with cross-sector and cross-industry features, during which the three parties have given full play to their research advantages and present many cross-industry research results to investors through communications and discussions. This initiative is the best reflection of the advantages and capability of Everbright's comprehensive financial platforms in achieving a win-win situation for capital and industry.



Pic: Poster of Everbright's joint seminar



### 4.3 Performing Responsible Procurement to Maintain a Healthy

#### Ecosystem

In strict accordance with relevant laws and regulations such as the "Bidding Law of the People's Republic of China", "Government Procurement Law of the People's Republic of China" and "Anti-Unfair Competition Law of the People's Republic of China", the company has strengthened the whole process management of supplier selection, access approval and monitoring, and formulated punitive measures for suppliers who violate their social responsibility. Sticking to its philosophy which highlights a "safe, environment-friendly and green" ecosystem, the company has been piloting a green and sustainable procurement mode, and clearly stipulated in its centralized procurement management system that "the company prioritizes the use of environmentally friendly and energy-saving products".

As of the end of December 2022, the company acquired office supplies, facilities and equipment, and diverse services from 230 suppliers, including 89 suppliers in Shanghai, and 141 suppliers outside of Shanghai.

In 2022, 4 systems were revised.

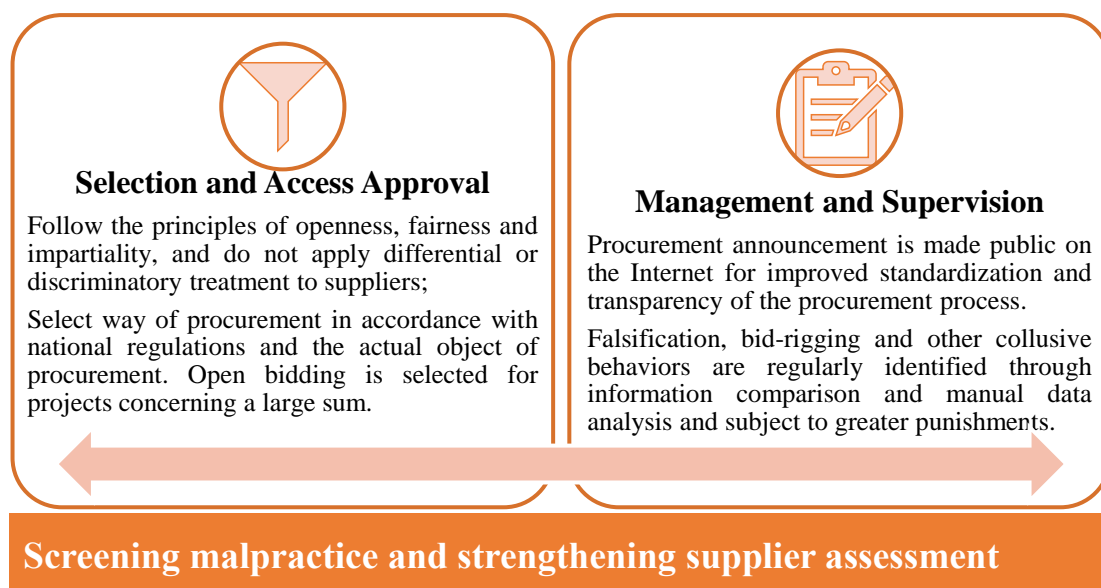
Measures of Everbright Securities Company Limited on Management of Centralized Procurement

Rules of Everbright Securities for the Implementation of the Centralized Procurement Management Measures

Regulations of Everbright Securities on the Management of Evaluation Experts in Centralized Procurement

Regulations of Everbright Securities on the Management of Centralized Procurement Suppliers

The company has regulated the whole process of supplier selection, access approval and management in conformity with corresponding rules and regulations based on fairness and compliance.



In 2022 supplier assessment, the company efficiently screened suppliers' misconducts through technical applications and interviewed suppliers with misconducts. It classified the 230 suppliers into four levels from A-D, among which 10 A-class enterprises were praised in an announcement and given priority under the same conditions for non-

bidding procurement projects, and 7 suppliers rated in D-class due to misconducts or contradiction to the company's social responsibility were deprived of access for 1-3 years. The above measures have effectively regulated suppliers' behaviors. The environmental and social risk factors of different supplier types will be examined in detail and included in supplier management.

#### **4.4 Engaging in Public Welfare Actions**

Carrying forward the concept of innovative coordinated, green, open and shared development, the company has strengthened financial support and optimized financial services for agriculture, farmer and rural area related enterprises, in a bid to assist in the steady industry revitalization. It has also launched the "Little Stockbroker" financial education series for children to develop their financial awareness.

##### **4.4.1 Public Welfare Donations**

In 2022, the company donated a total of RMB 7,387,100 for targeted assistance, scholarships, post-disaster reconstruction, and rural revitalization.

Details of Everbright Securities' public welfare donations in 2022		
Supporting rural development	RMB 5 million	Donations through Everbright Group's targeted assistance program
	RMB 50,200	Donations to Xiji County, Ningxia Hui Autonomous Region for the purchase post-disaster living materials.
	RMB 50,000	Donations to Menlouxia Yao Township, Xintian County, Hunan Province, to buy cotton coats, rice cookers and other living supplies for local residents affected by forest fires
	RMB 50,000	Donations to Lianjiang Township and Liaoxia Village, Shefu Township, Xingguo County, Jiangxi Province, for dredging and drinking water projects, respectively
Special donation	RMB1.68million	Dedicated Donations for Hong Kong Subsidiary
Supporting educational development	RMB 48,400	Scholarship donations to the University of Macau and Macau University of Science and Technology
Helping special groups	RMB 500,000	Donations to Everbright's Sunshine Charity Fund
	RMB 12,900	Donations made by Everbright Securities' Hong Kong subsidiary to support children, youth, and their families to receive treatment, education and support services through Fu Hong Society's Flag Day

#### 4.4.2 Carrying out Educational Public Service Activities

##### Case: Everbright Securities' "Little Stockbroker" financial education series

"Little Stockbroker", along with "Little Financial Speaker", belongs to a public service series launched by the company in 2021, which aims to popularize financial knowledge among children through interactive lessons. By the end of December 2022, more than 100 sessions have been held, serving over 1,000 people in total.

In August 2022, the "Little Stockbroker - Factory Visit to Totole" special event was successfully held. More than 30 families were invited to

the workshop of Totole. They got close to the modern production lines, witnessed the modern production process of formulation, granulation, sterilization, heavy metal detection and automatic packaging, and learned the development of Totole and China's entire seasoning industry amidst China's reform and opening up, which was well received by parents and their kids.



Photo: Visit to Totole

#### 4.4.3 Carrying out Green Public Service Activities

##### **Case: Everbright Forest- a practice of green development**

The company is an active responder to the national strategy that values lucid waters and lush mountains and has organized tree planting activities in April every year since 2017. Two years ago, trees were barely seen in Yunjiakou in the North of Xining, Qinghai Province. This year, a green scenery has already been present on the mountains and fields there because of the 40-mu of "Everbright Forest", though the trees were still young. The apricots planted last year are also showing their buds to decorate a beautiful new Qinghai. To consolidate this hard-won green

achievement, the company launched a fund-raising campaign in 2022, with 73 employees donating more RMB 80,000. This forest, as a collective contribution of all Everbright Securities employees, will better play its role in protecting the Sanjiangyuan area.



Photos: Everbright Forest

## **Chapter V: Practicing the New Development Philosophy with Diligence and Improved Governance**

Everbright Securities has continuously improved its corporate governance and has promoted industry culture construction with its philosophy of "compliance, integrity, professionalism and stability". It has adhered to compliance during development, strengthened comprehensive risk management, and enhanced management efficiency through digital transformation to lay a solid foundation for long-term sound operation.

As of the end of December, 2022,

- held 9 conferences of its Board of Directors
- performed risk management related training for 23 times with 945 participants
- conducted 80 anti-money laundering training sessions, covering more than 4,000 people
- issued a total of 235 compliance awareness articles

## 5.1 Basing Development on Party Building

Everbright Securities has always highlighted party building in its development and consistently recognized the role of its Party Committee in "setting the direction, managing the overall situation and promoting real practice". With a thorough understanding of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, the company has integrated party building into its culture construction. While ensuring full and strict governance of its Party Committee, the company has also been vigorously developing its industry culture and corporate culture. Besides, it has carried forward the Party's mass line and practiced economy to create a clean and upright political ecology.

### 5.1.1 Comprehending and Practicing the Guiding Principles of the 20<sup>th</sup> National Congress

In 2022, the Party Committee of the company thoroughly absorbed



the guiding principles of the 20th National Congress and comprehensively examined and practiced Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era. The company has constantly fulfilled the general requirements for Party building for the new era by strengthening its consciousness of the need to maintain political integrity, think in big-picture terms, follow the leadership core, and keep in alignment with the central Party leadership; staying confident in the path, theory, system, and culture of socialism with Chinese characteristics; and upholding General Secretary Xi Jinping's core position on the Party Central Committee and in the Party as a whole, and upholding the Party Central Committee's authority and its centralized, unified leadership. It has conducted rectification in accordance with the requirements of the central disciplinary inspections and exercised further strict governance of its Party Committee. Moreover, the company has adhered to a politics and people-oriented approach in its financial work and has focused on its main businesses to pursue steady, comprehensive, collaborative, and sound development, making its contributions to the financial sector in better serving the real economy, containing financial risks and deepening financial reforms.

Through a series of publicity initiatives, the company has effectively transformed the strategic deployment specified on the 20th National Congress into concrete actions to promote high-quality development of the company.



In October 2022, the Party Committee of the company concentrated on watching the live broadcast of the opening ceremony of the 20 National Congress of the Party in the conference room of the headquarters, and the grassroots Party organizations and the majority of Party members and cadres watched the live broadcast.



The Company organised a centralised training course on "Learning and Implementing the Spirit of the 20th Party Congress", the first session of which was successfully held at the China Pudong Cadre Institute in December 2022.

### 5.1.2 Strengthening Construction of Corporate Culture

The company takes the Ten Elements of Culture Construction in the Securities Industry as the guidance to pool together greater strength for better development. In particular, the company's Party Committee has established a leading group for cultural construction headed by Secretary of the Party Committee and Chairman of the Board of Directors with other executives as members. It has formulated the "Outline of Everbright Securities' Industry Culture Construction" and "Everbright Securities' Cultural Construction Practice and Responsibility Division", which clarified the responsibilities and tasks of each subject in the the company's cultural construction, contributing to a healthy working mechanism with

collaboration and joint participation to boost the synergy in cultural construction.

## **5.2 Improving Corporate Governance**

As an A+H listed and centrally administered State-owned brokerage firm, the company has been improving its corporate governance system in accordance with laws and regulations such as the "Securities Law of the People's Republic of China", "Code of Corporate Governance of Listed Companies", "Guidelines on the Bylaws of Listed Companies", "Provisions on the Administration of Equities of Securities Companies", and SEHK's "Environmental, Social and Governance (ESG) Reporting Guide". In addition, it has drawn on successful practices in corporate governance at home and abroad to drive solid, steady, and high-quality development.

### **5.2.1 Improving Corporate Governance System**

The company has continuously optimized its Articles of Association to maintain a corporate governance structure where the general meeting of shareholders, the Board of Directors, the Board of Supervisors, and the management perform their respective functions and operate effectively with mutual checks and balances. In order to further improve the efficiency of decision making and to establish a governance mechanism with clear

function division and proportionate power and responsibility distribution that meets the requirements of market development, the company, after consultation with various departments and subsidiaries, revised the "Board of Directors' Authorization to the Management of Everbright Securities" in 2022.

The company continues to pay attention to diversity and inclusion according to the Policy of Everbright Securities Company Limited on Diversification of Directors. In determining the members to the Board of Directors, the company increases diversity from multiple aspects, including but not limited to gender, age, cultural and educational background, race, professional experience, skills, knowledge and length of service.

### **Governance of the Board of Directors and the Board of Supervisors**

As of the end of 2022, the company had 13 Directors (2 Executive Directors and 11 Non-executive Directors), 9 Supervisors, and female members serving on the Board of Supervisors and the Senior Management

It has held 4 general meetings of shareholders, 9 meetings of Directors and 9 meetings of Supervisors..

## 5.2.2 More Effective and in-depth Communication with Investors

The company has continuously built up an efficient and fair communication mechanism in the capital market. In 2022, it has improved the efficiency and depth of communication with investors from refining routine workflow, responding to investors in a timely and enthusiastic manner, integrating platform resources, and standardizing investor management, so as to ensure professional investor communication. In 2022, the company has organized several special talks and interviews on Moody's annual rating and other topics, and held performance briefings for 2021, the first half of 2022 and the first three quarters of 2022, in a bid to cover questions of all investors in an open, fair, and timely manner, which were viewed by over 4,000 people via live streaming platforms.



Photo: Everbright Securities' 2022 Mid-term Performance Briefing

Refine routine working mechanism of investor relations	<ul style="list-style-type: none"> <li>• 26 on-site, online and telephone receptions for analysts and investors making surveys</li> </ul>
Optimize the working mechanism of investor response	<ul style="list-style-type: none"> <li>• Timely handling and responding to over 300 investor questions via SSE online communication platform, phone calls and emails</li> </ul>
Promote resources integration of various platforms and channels	<ul style="list-style-type: none"> <li>• Participation in 11 mid-term and annual investment strategy meetings of major brokerage firms</li> </ul>
Respond to the "Work Guidelines for the Investor Relations Management of Listed Companies"	<ul style="list-style-type: none"> <li>• Preparing an article titled "Ensure compliant and effective investor protection in listed companies through win-win cooperation in an efficient and fair manner"</li> </ul>

### 5.2.3 Carrying out Qualified Information Disclosure on Time

The Company strengthens the management of information disclosure in strict accordance with the requirements of listed companies. With the regulatory rules of Shanghai and Hong Kong considered, the company ensures that the information disclosed is true, accurate, complete, and fair, and promotes "compliance, legality, transparency, and openness". In 2022, a total of 162 documents were disclosed.

## 5.3 Enhancing Risk Management

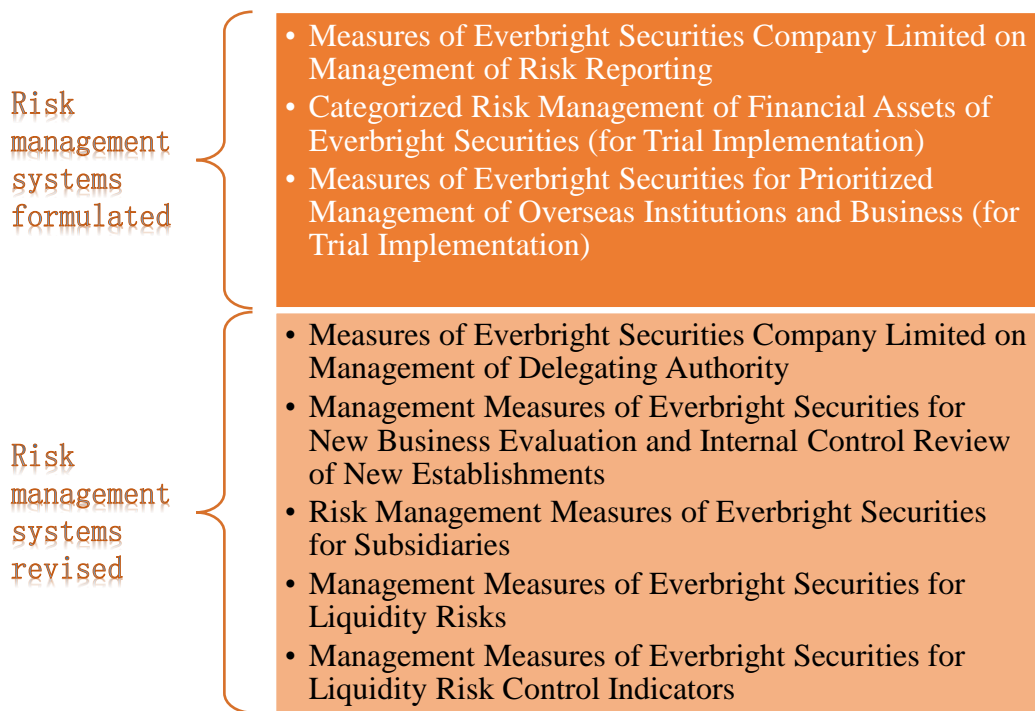
In strict compliance with the requirements of the "Regulation on the Comprehensive Risk Management of Securities Companies" and

"Measures for the Administration of Risk Control Indicators of Securities Companies", the company has established a comprehensive risk management system in line with its business operation, which incorporates ESG risks into business risk management, and efficiently manages key risks in terms of liquidity, market, credit, operation, legal compliance, reputation and information technology. This comprehensive system has improved the company's internal control management in an all-round and multi-dimensional manner, ensuring long-term, healthy, stable, and regulated development of the company. The company's internal control mechanism operated smoothly in 2022 and no major deficiencies were identified.

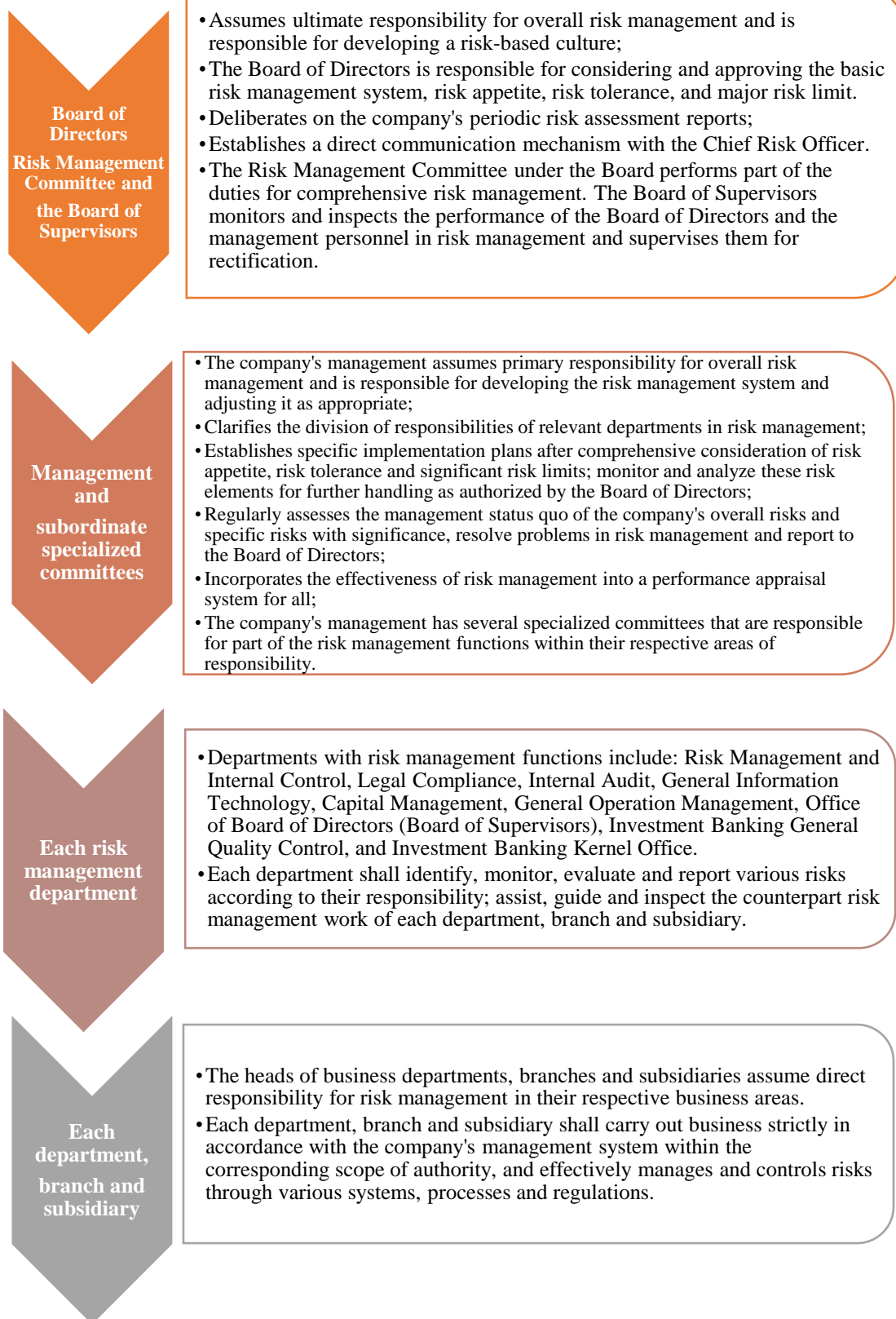
### **5.3.1 Optimizing Risk Control System and Structure**

Rigorously following the requirements of the "Regulation on the Comprehensive Risk Management of Securities Companies", the company has revised its internal management system in a timely manner in accordance with updates and changes in external regulations to guide its risk management. In 2022, the company formulated 3 new risk management systems and revised 5 of the same kind.





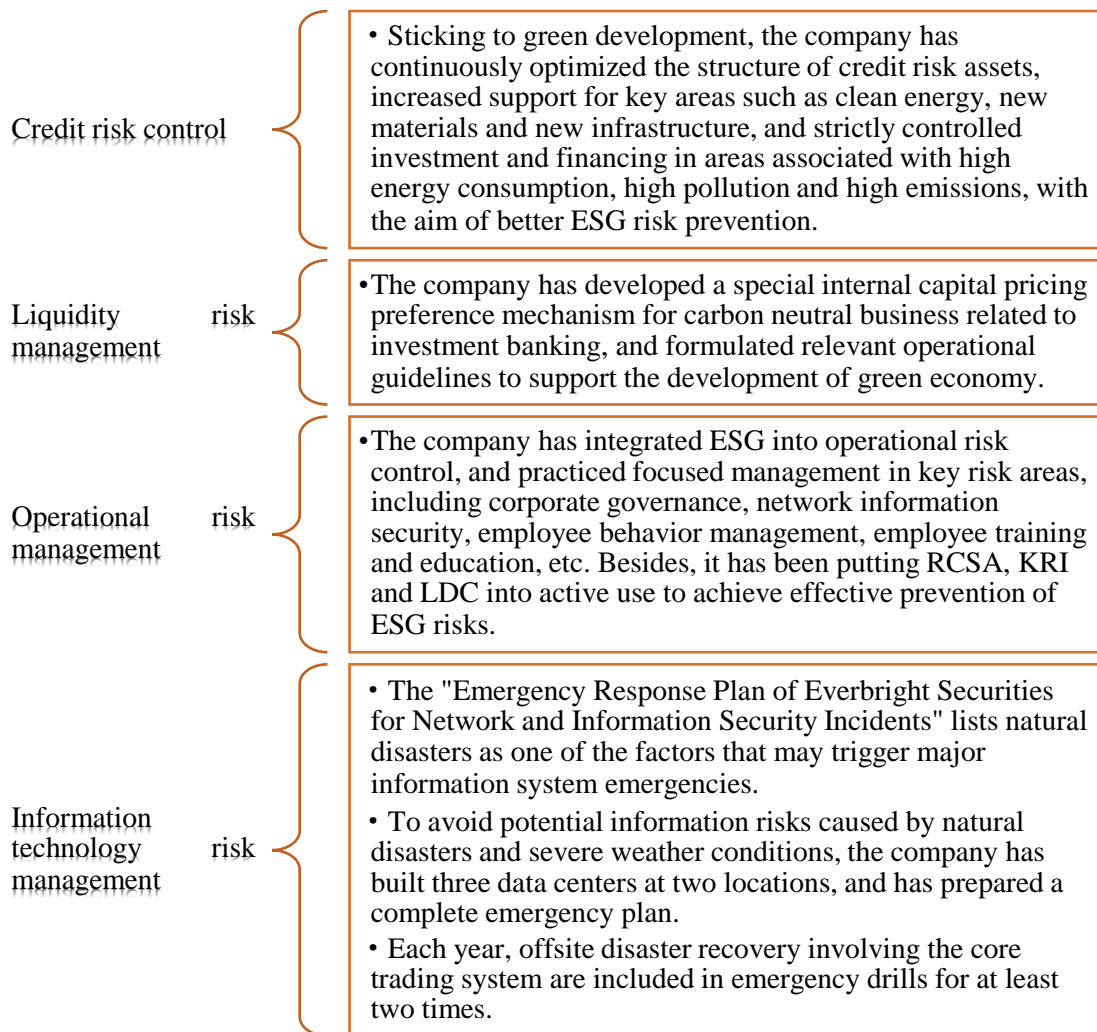
The company attaches great importance to comprehensive risk management. It has built a clear and reasonable organizational structure for risk management to ensure an effective risk management system, which features four-tiered support from the Board of Directors, the Risk Management Committee, and the Board of Supervisors, the management and subordinate specialized committees, risk management functions, and various departments, branches and subsidiaries.



### **5.3.2 Putting in Place and Improving ESG Risk Management**

Effective prevention of ESG risks is the basis to secure high-quality development. In 2022, the company has incorporated ESG risks into comprehensive risk management, established an ESG risk management system and added qualitative description of ESG risk appetite. By strengthening the analysis, identification, assessment and reporting of various risk types against the backdrop of climate change and regulatory policy changes, the company has improved the management of ESG-related risks in business operations, in order to effectively prevent damage to the company's interests or reputation caused by improper ESG management, and to promote the company's long-term sustainable development.

**Establishment of an environmental and social risk management system**



## Integrating ESG into investment decision making

In 2022, the company has integrated ESG into its investment decisions. To be specific, it has comprehensively assessed the risks of investment objects from environmental, social and corporate governance aspects to avoid investment in listed companies in high pollution and high energy consumption industries, as well as those with negative reports, illegal practices, serious environmental pollution or significant problems in corporate governance.

### 5.3.3 Improving Risk Management System

The company has been leveraging financial technology to facilitate its construction of a risk monitoring platform, and has established special risk monitoring systems for net capital, liquidity risk, market risk, credit risk, and operational risk. With the full incorporation of the company's businesses, an integrated early warning and monitoring system covering the headquarters, subsidiaries, branches, and business departments has taken form.

To further fulfill the requirements of the State Council and the CPC Central Committee on financial risk prevention, in June 2022, the company successfully launched the initial version of its comprehensive risk management platform (including the "identical business" module) covering credit business and trading and investment business. The platform made it possible for dynamic monitoring, centralized analysis and summarized display of risk information of relevant business types, and has improved the coverage, effectiveness and refined processing capability of the company's risk management.

As of the end of December 2022, the system had:

15 risk and business cockpits	over 50 upstream tables
270 key indicators	about 650 charts developed

The company will make continuous optimization to the system in 2023 and launch a more complete version as scheduled to further promote the company's intelligent risk prevention and control.

### 5.3.4 Taking Strict Precautions against Risks In Key Areas

The company has taken solid steps towards better monitoring, early warning, identification, assessment and disposal of various risks, striving to eliminate the risks in key areas at the source. At the same time, risks in seven key areas of liquidity, market, credit, operation, legal compliance, reputation, and information technology were prevented efficiently from spreading or escalating.

#### Liquidity risk control and prevention

- Focus on intensified liquidity risk management of subsidiaries. Establish a standardized management mechanism for liquidity loans of subsidiaries, specifying the applicable scenarios, scope of applicable subsidiaries, amount, process approval, etc.
- Revise the liquidity risk contingency plan and align the subsidiaries with the parent company in regard to the relief system.

#### Market risk control and prevention

- Actively perform stress tests to assess the profit and loss of equity and fixed income investment under different scenarios and conduct performance attribution analysis for volatile equity investment; continuously improve early warning for abnormal situations in related businesses.
- Control business risks through timely intervention beforehand, strict monitoring during the process, and summary evaluation afterwards, with a focus on preference limit setting, object screening, concentration management, and model management.

#### Credit risk control and prevention

- Strengthen and standardize credit risk management, especially in such key business and areas as margin trading and short selling, bond investment and trading, and OTC derivatives trading, and continuously improve credit risk identification, assessment, monitoring, response and whole-process management mechanisms, in order to prevent new credit risk events.

#### Operational risk control and prevention

- Focus closely on new business and new areas through meticulous treatment of risk assessment, internal control, and acceptance before starting business, and business authorization.
- Strengthen inspection and supervision via frequent internal risk control inspections, in-depth and comprehensive internal control assessment, rectification following internal risk control, etc.
- Upgrade the company's authorization mechanism to prevent risks of over-authorization and practice beyond authorization through the revision of authorization measures, re-examination of the company's authorization system and other improvements.
- Re-examine and revise the qualitative and quantitative indicators of operational risk appetite, promote the construction of an operational risk management system, utilize RCSA, KRI and LDC, and upgrade the operational risk management system in accordance with requirements for

consolidation.

#### Legal compliance risk control and prevention

- Employ technological innovation to build a contract template system covering key business areas which allows for automatic workflow, online template filling, online comparison, and audit, among other advantageous functions. Prepare model contracts and design common control clauses for the risk area of illegal credit enhancement, in a bid to better prevent contract-related risks.

#### Reputation risk control and prevention

- Build a reputation risk cockpit platform to collect public opinion data and graphically present hot issues and trend of public opinion, so as to better predict public opinions and adjust response measures accordingly.

### 5.3.5 Strengthening Risk Control Capacity

In order to better cope with and resolve risks, the company has established a comprehensive system of selection, training and career development for risk management practitioners. On the other hand, the company has made significant efforts in personnel training and communication activities, as represented by its special risk training sessions on risk management and internal control, legal compliance risk, reputation risk and information technology risk.



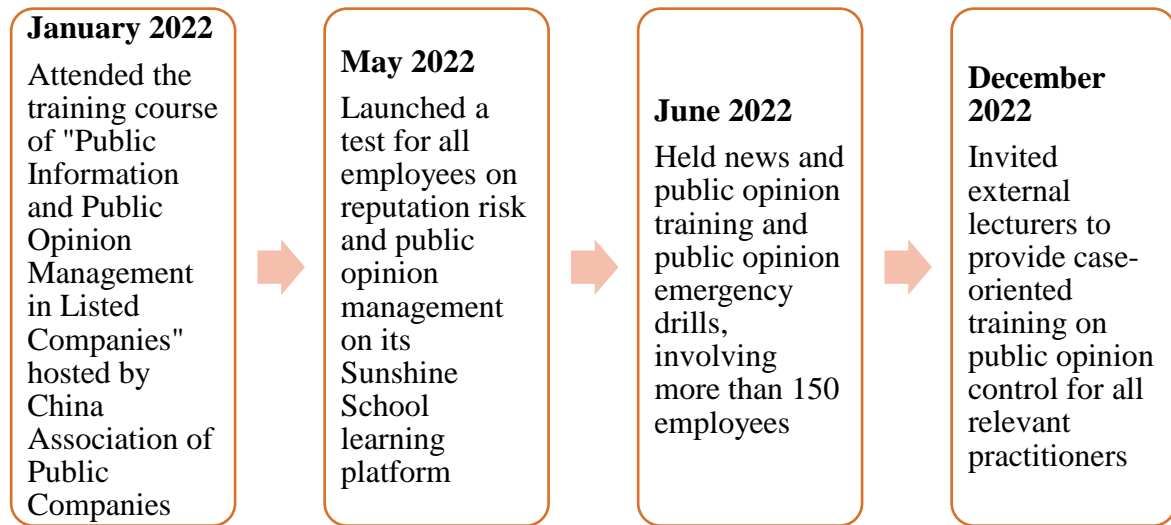
<b>Training on risk management and internal control</b>	The company held 23 online and offline training sessions on risk management with 945 participants. The training involves intelligent risk control, communication sessions for risk control managers, transformation and development of wealth management, interpretation of abnormal customer transaction monitoring, case study, self-assessment of operational risk control, etc.
<b>Training on legal compliance risk</b>	The company arranged training and tests for all employees on professional integrity in brokerage firms, and engaged in Everbright Group's integrity risk prevention and control training to enhance compliance awareness and strengthen risk prevention and control capacity.
<b>Training on Information technology risk</b>	The company has honed its capacity for information technology risk prevention and solution through real-scenario cybersecurity attack and defense drills and improvement of emergency response plans, highlighting "active detection, automatic warning, and accurate prevention".

### 5.3.6 Strict Control of Public Opinion Risks

#### Training on reputation risk management

In 2022, the company issued the revised "Measures of Everbright Securities for Reputation Risk and Public Opinion Response" to promote effective management of public opinion affairs. In addition, the company has held training and communication activities to explain the company's publicity system, emphasize key points of public opinion management, and analyze real cases, so as to elevate the capability for public opinion management of relevant practitioners and the company as a whole. In 2022, the company held 4 training sessions on reputation risk and public opinion management, along with relevant emergency drills and tests, with a total

of 270 participants.



## 5.4 Adhering to Compliance

### 5.4.1 Highlighting Professional Integrity

The company has formulated the "Integrity Management Measures for Everbright Securities and Its Staff" as the system basis for integrity management. It has established the Integrity Management Leading Group headed by the Chairman of the company and clarified the respective responsibilities in integrity management of institutions and employees at varying levels, as well as the specific requirements, prohibited actions, internal control, supervision and inspection and reporting mechanisms for integrity management. The Leading Group has set up an office subordinate to the Legal Compliance Department, which is responsible for specific actions.

#### Key integrity initiatives and results for 2022:

## Improving work plan

- According to Everbright Group's "Notice on Further Prevention and Control of Integrity Risks in Key Areas and Critical Positions", the company prepared the "Work Plan on Integrity Risk Prevention", held a special working meeting on integrity risk prevention, and coordinated discussions among Party members and officials on integrity risk prevention through mechanism construction.

## Strengthening risk control and prevention

- The company urged all departments, subsidiaries and branches to perform investigation and summarization of integrity risks for a "List of Integrity Risks in Key Areas and Critical Positions", and prepared the "Manual of Integrity Risk Prevention and Control in Key Areas and Critical Positions" according to the "Work Plan on Integrity Risk Prevention". Meanwhile, in accordance with the requirements of Everbright Group with regard to a bribe-paying blacklist, the company, based on its practical conditions, formulated the "Regulations of Everbright Securities on Management of the List of Enterprises and Persons with Restricted Business Access".

## Strengthening internal investigation

- The company engaged its subordinate units in investigations into integrity risks and summarized the results in the "Self-examination Report of Everbright Securities on Integrity Risks in Key Areas and Critical Positions".

## Conducting anti-corruption publicity campaigns

- The company initiated continuous anti-corruption publicity campaigns focusing on professional integrity, good practice, confidentiality, etc.; organized all staff to sign regular compliance and integrity pledges by business type; and provided timely and interactive integrity publicity events through popularization articles, regulation interpretation and case study by virtue of the Everbright Law Tips official account on WeChat.



Photo: The company's integrity culture promotion event

## Issuing the "Manual of Everbright Securities for Integrity Risk Prevention and Control in Key Areas and Critical Positions"

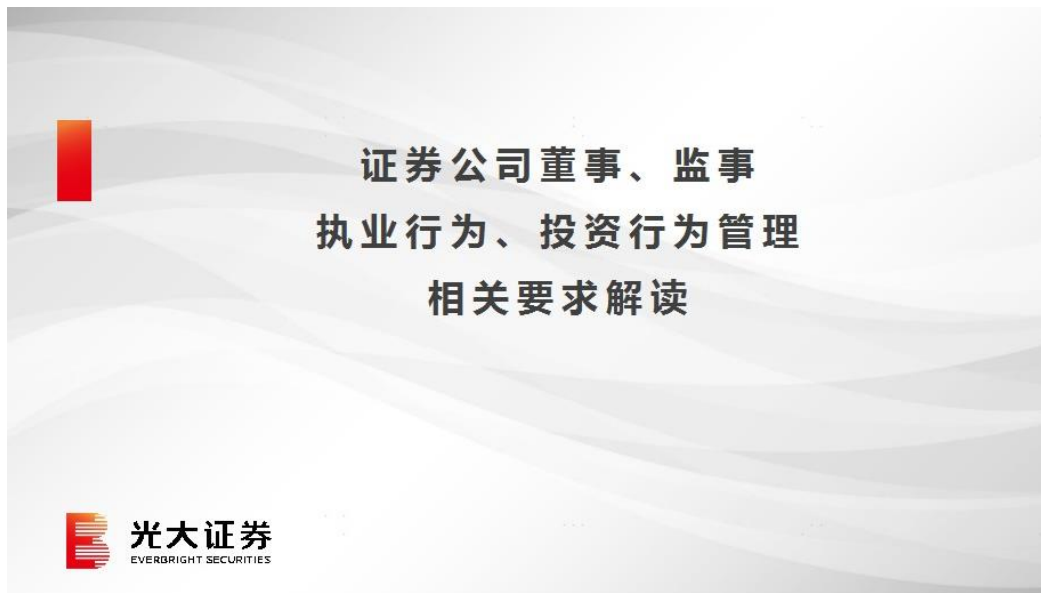
This rich and practical manual consists of four parts: management mechanism, integrity risks and relevant prevention and control mechanism by business line, punishment cases and system basis. It is close to real-life working scenarios and starts from the main business and areas prone to integrity risks. According to the actual business lines involved and specific business operations, integrity risks in the following eight aspects and corresponding prevention and control mechanisms were summarized: securities brokerage, investment banking, credit, research, proprietary business, middle and back office, branches, subsidiaries, etc. Besides, cases of integrity violations in various lines of the securities industry were highlighted to serve as a deterrent. With the release of the manual, the company's integrity risk prevention and control has been elevated to a higher level.



Photo: Cover of the "Manual of Everbright Securities for Integrity Risk Prevention and Control in Key Areas and Critical Positions" and the company's notice

### Training for Directors and Supervisors on certified practice

In November 2022, the company's Directors and Supervisors were trained on requirements of relevant authorities on the senior management's certified practice and investment. During the training, the latest requirements specified in the "Supervision and Management Measures for Directors, Supervisors and Senior Managers and Practitioners of Securities and Fund Management Organizations" and "Rules for the Management of Directors, Supervisors, Senior Managers and Practitioners of Securities Companies" issued by China Securities Regulatory Commission and Securities Association of China were explained to the Directors and Supervisors so that they can keep to compliance and integrity principles in certified practice and investment.



Pic.: The company held training on the requirements of certified practice for Directors and Supervisors

### 5.4.2 Stepping up Anti-money Laundering Efforts

The company has fulfilled its anti-money laundering obligations in strict accordance with the "Anti-Money Laundering Law of the People's Republic of China", the "Measures for the Administration of Client Identity Identification and Materials and Transaction Recording of Financial Institutions", and the "Measures for the Administration of Financial Institutions' Reporting of High-Value Transactions and Suspicious Transactions". In 2022, thanks to its efforts in system revision, indicator adjustment, system function improvement, self-assessment, branch management, publicity activities and training sessions, the company has optimized customer identification and analysis and reporting of suspicious transactions to improve its anti-money laundering capacity.

Regarding system development in 2022, the company has:

Formulated the "Operating Rules of Everbright Securities for Enhanced Due Diligence Investigation on Clients with Anti-Money Laundering Risks"	Summarizing quality indicators that identify clients and clarifying the requirements for due diligence on high-risk customers.
Revised the "Measures of Everbright Securities for the Administration of Reporting of High-Value Transactions and Suspicious Transactions" and the "Measures of Everbright Securities for the Administration of Anti-Money Laundering"	Further enhancing the timeliness and effectiveness of money laundering risk management and suspicious transaction process handling.
Revised the "Rules of Everbright Securities for Anti-Money Laundering in Investment Banking" and "Rules of Everbright Securities for Anti-Money Laundering in Non-Equity Underwriting" for its investment banking business.	Strengthening anti-money laundering management in investment banking.

Regarding risk rating, the company has continuously optimized indicators of customer risk rating in its anti-money laundering system according to the actual business conditions. As of the end of December 2022, there were 191 high-risk clients, 218 medium high-risk clients, 1,820 medium-risk clients, and the rest belonged to the medium low-risk or low-risk groups. High-risk clients were subject to focused monitoring and management to prevent any money laundering.

As for system function construction, the company launched an AML system in November 2021 and has put forward continuous optimization requirements for customer risk rating, suspicious transaction indicators selection, and customer due diligence based on daily AML operations. In 2022, the AML system was optimized based on the revised client risk rating indicators and suspicious transaction model indicators, and an AML system for investment banking was launched.

In terms of self-assessment, in 2022, the company completed a special self-assessment of money laundering and terrorist financing risks in accordance with the relevant regulations on self-assessment of money laundering risks and submitted a self-assessment report to the regulatory authorities.

This year, the company has also strengthened management of branches through on-site and off-site inspections and notice of criticism, etc., and urged timely and compliant rectification. It carried out special



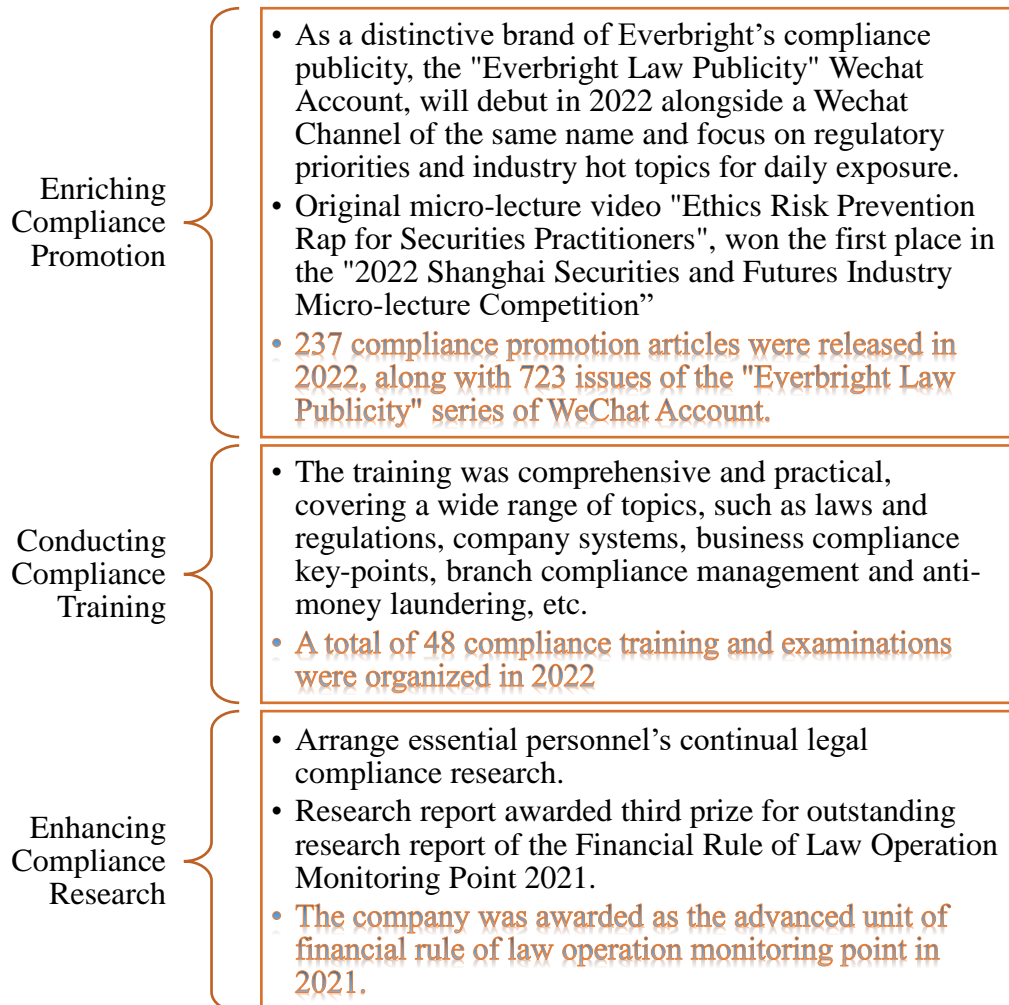
anti-money laundering inspection of the investment banking business and issued the "Notice on Learning from PBC's Notice of Criticism and Carrying out Self-inspection and Rectification" to its overseas subsidiaries to urge corresponding self-inspection and rectification.

Lastly, regarding training and publicity, the company has coordinated Directors, Supervisors, Senior Managers, and relevant persons in charge to attend the 2022 anti-money laundering training hosted by the Shanghai Branch of the People's Bank of China. The company has organized 3 special training sessions on anti-money laundering, covering all departments, branches and subsidiaries of the company. Efforts have also been made to enhance employees' awareness of anti-money laundering, especially by various anti-money laundering publicity events enabled with the "Everbright Law Tip" official account on WeChat. In 2022, we conducted 80 anti-money laundering trainings for more than 4,000 trainees.

#### **5.4.3 Creating a Brand Culture of Compliance**

The construction of a compliant culture is highly valued by the company, and therefore the company has taken the initiative to incorporate the compliant culture into the development of the corporate culture, with an emphasis on multiple measures to address practical issues. By the end of December 2022, a total of eight issues of "Legal Compliance Research Reference" had been published, and the Wechat Official Account of

Everbright Law Publicity featured the publication of more than 700 articles. More than two thousand people watched the first film of its channel with same name, which led to the formation of a compliance culture brand that possessed qualities of Everbright.



#### 5.4.4 Protecting Intellectual Property Rights

The company complies with the requirements of relevant laws and regulations on intellectual property rights and takes proactive measures to safeguard its own intellectual property. The company creates the

"Trademark Name Management Measures", controls the use of trademark names in accordance with the Group's trademark name management provisions, and works closely with the Group and its subsidiaries to ensure trademark names are used and managed consistently. Since 2022, the company and its subsidiaries have not discovered any abnormalities in the use of Everbright's trademarks and names or issues with the management of their usage.

To enhance awareness of intellectual property risks, the company has continued to develop its intellectual property risk prevention mechanism and issued the "Notification on Further Improving Intellectual Property Protection to Prevent Infringement Risks". Simultaneously, the company supports the relevant departments as they aggressively look into and address potential software and image infringements. To prevent and reduce the risk to the company's reputation, the company investigated over 10 cases of potential intellectual property infringement throughout the year.

### **Topic: Digital Transformation in Progress**

At the corporate level, Everbright Securities has included digital transformation into its development strategy, leveraging technological industrialization to promote the production and development of its products. Developing the structure and approach of a massive middle office

and operation, integrating the middle and back offices across departments and business lines, and achieving intensification, platform-based operations across its business areas. With the strategic objective of "Building a First-class Investment bank", the company has established the concept of "platform-based, component-based and intelligence-based" technology development, and actively strengthened the technological foundation for the company's digital transformation.

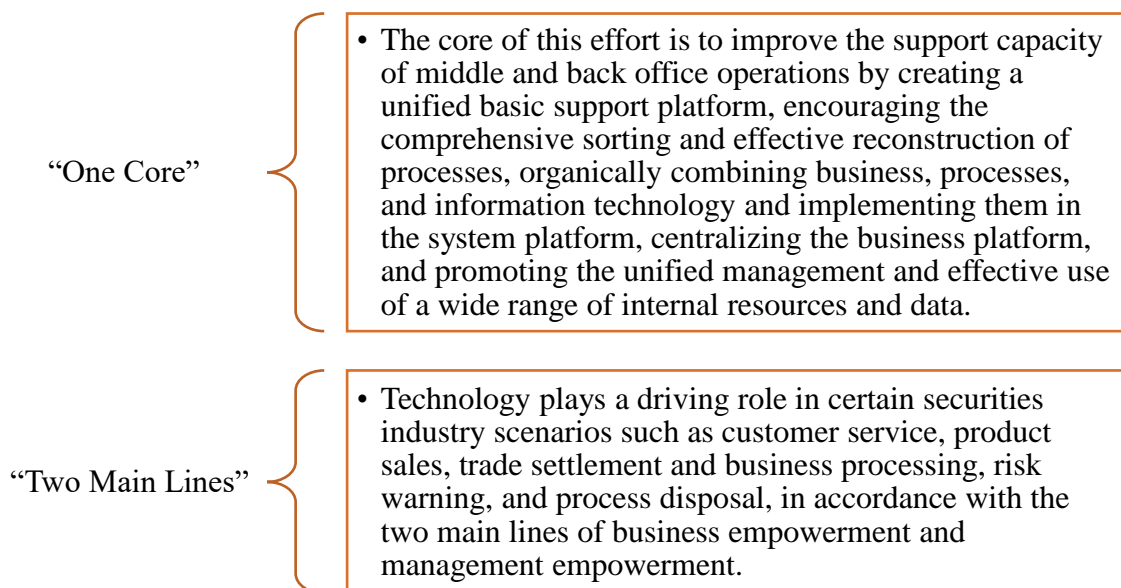
### **Establishing a Sound Digital Development Structure and Function**

The company places a high value on the progress and outcomes of its digital transformation efforts and has established a solid three-tier information technology management and authorization system for the Board of Directors, the Management and the Information Technology Committee in the construction of the information technology governance system. In order to create a "Dynamic-Steady-State-In-Agile-Transformation" construction model, the Financial Technology Development Department is in charge of planning the information system construction requirements and data governance for the entire company, whereas the Information Technology Headquarters is in charge of building the company's core trading system and infrastructure.

## "Intensification" Enhances Management Efficiency

One of the company's three strategic mechanisms, "Intensification," emphasizes the use of centralized operations and technological empowerment strategies to increase the effectiveness of middle and back-office operations and to achieve resource intensification and organizational agility.

The company has formed a dedicated working group to create a dedicated centralized management service system and has proposed the idea of digital transformation focusing on "one core and two main lines" with the goal of "building a data-based intelligent and intensive middle and back-office operation management system," which will significantly increase the company's operational efficiency, cut costs, and strengthen control while also improving quality.



By constructing a centralized process center, the issue of inefficient approval can be completely resolved online.

### Optimizing the business approval management system

The current office system will be upgraded and turned into an intensive process center, with the goals of resolving inefficient approval matters. Moreover, hierarchical authorization and simplified nodes will be adopted to optimize and re-create the process, as well as implementing timeout reminders and supervisory functions for official documents. Engage in proactive integration with the electronic printing module to achieve whole-line and process-oriented processing of printing document approval and electronic printing. This will promote the departmentalized management of subsidiaries, and meet the daily document and processing requirements. The average time required to complete official approvals will decrease by 114.86 hours in 2022, compared to 2019 levels.

The average time taken for official document approval in 2019 was 168.96 hours



The average time taken for official document approval in 2022 was 54.1 hours

### **Creating a highly efficient financial management system**

Financial sharing completes intensive management of business travel and physical asset management, with an emphasis on financial accounting and tax management business. It also establishes a core financial primary data model, builds an effective, intensive, and intelligent financial management system. Through the implementation of interfaces for general ledger, reporting, consolidated reporting, assets, self-dealing, and online reimbursement, Everbright Securities and its 8 subsidiaries were able to complete the rectification of System of the financial system at the start of January 2022, thus realizing the integration of financial management.

### **Advancing Data Governance**

Data governance provides the foundational support in the digital transformation process. The company has built a four-tier data governance management structure, comprising "Information Technology Committee -



Data Governance Working Group - Data Governance Office - Data Management Specialists", and developed a coherent data governance concept and vision, as well as a methodical and well-defined strategy for putting that vision into practice.

The company has developed comprehensive data governance system documents that outline the company's policies and procedures. 17 data systems have been put in place as of November 2022, including the basic data governance system and data management specifications, data governance, data management, data standards, metadata management, data quality, data security, data application, and other essential areas of data governance, which cover the headquarters, branches, subsidiaries, as well as operation department.

The company has taken special efforts on data quality governance in 2022, with a focus on account data, risk data, asset data and regulatory data. The company has also identified, evaluated, and remedied numerous data quality issues, and is making steady progress on data governance in an effort to safeguard the digital transformation.

### **Building Core Technological Abilities**

The company actively practices the R&D's concept of integration of research and operation, unifying the requirements, development, testing, deployment, and operation. This is based on collaboration across the

optimization of organization and application structure, it is done to achieve seamless integration of agile development, continuous delivery, and application operation, as well as to improve R&D efficiency and delivery quality.



Build fast, flexible and stable digital underpinning technology capabilities. Avoid duplication of system construction patterns by coordinating the planning and construction of IT systems for each business line, standardizing the technological selection, and clarifying the application structure during the project design phase. Furthermore, the company encourages the construction of key systems, optimizes and upgrades the overall application structure on a continuous basis, and precipitates common technologies into reusable platforms, such as technical middle office, data middle office, business middle office etc. Additionally, the company constructs a basic shared technical support

system and basic business service system.

### **Building a financial cloud platform**

In 2022, the company conducted 4 research projects, 13 system credit innovation transformation, and 1 more new project development in cooperation with SSE. Using the 3+4+N model and the cloud computing technology of the company's data center, the company has built five hybrid cloud structures, formed an entire chain cloud service life cycle management mechanism from planning, deployment, operation, monitoring, and recovery, formed the company's cloud service platform support capability, consolidated the technical infrastructure, improved the resource usage rate, and increased the productivity of the staff.

## Appendix 1 ESG Key Performance Indicators

### • Economic performance

Economic performance form

Indicator	Unit	2022	2021	2020
Total assets	RMB (100 million)	2,583.54	2,391.08	2,287.36
Operating revenue	RMB (100 million)	107.80	167.07	158.66
Basic earnings per share	yuan/share	0.61	0.72	0.5
Social contribution value per share	RMB	2.74	3.03	2.51

Note: Social contribution value per share = basic earnings per share + (annual tax revenue generated by the state + wages paid to employees + interest paid on loans to banks and other creditors + value created for other stakeholders such as external donations - other social costs due to environmental pollution etc.) / weighted average number of ordinary shares in issue

### • Environmental

## Resource Consumption and Greenhouse Gas Emissions of Everbright Securities in 2022

	2020		2021		2022	
	Total	Intensity	Total	Intensity	Total	Intensity
<b>Use of Resources</b>						
Office electricity consumption	26,201,022 KWh	2,835.61 KWh/person	30,937,342 KWh	3,531.67 KWh/person	18,955,909 KWh	2,199.32 KWh/person
Office water use	74,540 ton	8.07 ton/person	111,235 ton	12.70 ton/person	61,747 ton	7.16 ton/person
Natural Gas	-	-	34,669 m <sup>3</sup>	3.96 m <sup>3</sup> /person	24,457m <sup>3</sup>	2.84 m <sup>3</sup> /person
Gasoline consumption	458,187 liter	49.59 liter/person	253,322 liter	28.92 liter/person	27,891 liter	3.24 liter/person
Diesel consumption	0	0	8,215 liter	0.94 liter/person	220 liter	0.03 liter/person
Paper	136 ton	0.01 ton/person	160.30 ton	0.02 ton/person	133 ton	0.02 ton/person
Non-hazardous electronic waste	2,057 No.	0.22 /person	1,254 No.	0.14 /person	1909 No.	0.22/ person
Hazardous waste	-	-	-	-	986ton	0.11 ton/person
Office supplies waste	-	-	-	-	30 ton	0.003 ton/person
<b>GHG emissions</b>						

Total direct energy consumption	3,977,411 KWh	430.46 KWh/person	2,574,001 KWh	293.84 KWh/person	508,984 KWh	59.05 KWh/person
Total indirect energy consumption	26,201,022 KWh	2,835.61 KWh/person	30,937,342 KWh	3,531.66 KWh/person	18,955,909 KWh	2,199.32 KWh/person
Total GHG emissions	23,085 ton	2.50 ton/person	18,789 ton	2.14 ton/person	10,969 ton	1.27 ton/person
——Direct GHG emissions	995 ton	0.11 ton/person	648 ton	0.07 ton/person	115 Ton	0.01 ton/person
——Indirect GHG emissions	22,090 ton	2.39 ton/person	18,142 ton	2.07 ton/person	10,854 ton	1.25 ton/person

Notes:

1. There are two types of sources that emit air pollutants: stationary sources and mobile sources. Emissions from stationary sources are calculated according to the "Manual on Urban Domestic Source Production and Emission Factors for the First National Pollutant Census". Emissions from mobile sources are calculated according to the "Technical Guide for the Preparation of Road Motor Vehicle Air Pollutant Emission Tables (Trial Implementation)". Also, the majority of the relevant business vehicles adhere to China IV vehicle emission standards, therefore the calculation of the relevant mobile sources uses the China IV vehicle emission standard factors.
2. Greenhouse gas emissions data are presented in terms of carbon dioxide equivalents and are based on the "Methodology and Reporting Guidelines for Corporate Greenhouse Gas Emissions for Power Generation Facilities (Revised Version 2021)" issued by the Ministry of Ecology and Environment, PRC and the "2006 IPCC Guidelines for National Greenhouse Gas Inventories" published by the Intergovernmental Panel on Climate Change (IPCC).
3. Direct emissions of greenhouse gas mainly come from natural gas, facility diesel, gas and fuel consumption by public vehicles.
4. Indirect emissions of greenhouse gas mainly come from the consumption of purchased electricity.
5. The non-hazardous waste during operations consists primarily of microcomputer mainframes, displayer, laptops, printers and servers, as well as other waste electronic information products.
6. The hazardous waste during operations consists primarily of lead-acid batteries and waste fluorescent tubes, which are all disposed of by qualified businesses. The disclosed data is from the head quarter, branch, subsidiary and sales office level in 2022.
7. Since the pandemic outbreak, the company has conducted the home office and flexible working mode. Additionally, there was a major drop in some numbers for 2022 as a result of the implementation of green operations, which is being driven by a reduction in office expenses.

## • Social

### Customer Services

Customer Services

Indicator	Unit	2022	2021	2020
95525 (manual service) Number	Number	551	503	699

of customer inquiries				
Completion rate	%	100	100	100
Complaint solving ratio	%	99.2	99	99.05
Customer satisfaction	%	76	76.7	75

Note 1: The statistical criteria for accepting complaints are valid complaints.

Note 2: Service satisfaction refers to the statistics of satisfaction with the 95525 customer service hotline.

Note 3: The statistical caliber of complaint service satisfaction is the complaint settlement rate.

## Suppliers

### Suppliers

Indicator	Unit	2022	2021	2020
Number of suppliers in Shanghai	Number	89	114	-
Number of suppliers out of Shanghai	Number	141	136	-
Number of non-compliant suppliers	Number	7	12	-

## Employees

### Employee Composition

Indicator		Unit	2022	2021	2020
Total number of employees(regular)		Number	8,541	8,760	9,240
By gender	Male	Number	4,524	4,728	5,119
	Female	Number	4,017	4,032	4,121
By age group	>50	Number	859	875	902
	30-50	Number	6,158	6,044	6,323
	<30	Number	1,524	1,841	2,015
By region	Mainland China	Number	7,936	8,097	8,565
	Hong Kong, Macao, Taiwan and overseas	Number	605	663	675

Note 1: The number of regular employees who have signed full-time labor contracts with Everbright Securities, Everbright Futures, Everbright Capital Investment, Everbright Pramerica Fund Management, Everbright Securities Asset Management, Everbright Securities Financial Holdings, Everbright Securities (INternational), Everbright Development Investment, Everbright Financial Leasing and Everbright Fortune Investment constitutes the total statistic number.

### Employees rights and interests

Indicator	Unit	2022	2021	2020
Labor contract signing rate	%	100	100	100
Social insurance coverage rate	%	100	100	100
Number of employment discrimination cases	Number	0	0	0
Child labor and forced labor	Number	0	0	0
Number of work-related fatalities	Number	0	0	0
Lost days due to work injury	Day	0	0	0
Employee turnover rate	%	12.87	13.95	12.53

Note: The above statistics are based on the Everbright Securities, and its subsidiaries and branches.

### Employee training

Indicator		Unit	2022	2021	2020
Number of employees participating in the trainings		No.	442,392	302,776	458,871
Employee training coverage		%	100	100	100
By gender	Male	%	53	54	61.7
	Female	%	47	46	38.3
By employee category	Ordinary staff	%	96.53	94.06	91
	Middle management	%	3.35	5.16	8.4
	Senior management	%	0.12	0.78	0.6
Training hours per employee		hours	68.73	105.96	57.32

Note 1: The statistics are based on the parent company of Everbright Securities Co.

Note 2: According to the "How to Prepare Environmental, Social and Governance Reports Appendix III: Social Key Performance Indicator Reporting Guidelines" issued by The Stock Exchange of Hong Kong Ltd., the training coverage rate for each category of employees = the number of employees in that category who received training / the total number of employees who received training.

Note 3: Number of training hours per employee per year for each category = total number of training hours for that category of employees / number of employees in that category.

### Social

Indicator	Unit	2022	2021	2020
External Donation	RMB 10 thousand	738.71	703.62	1,416.52
Annual fund-raising on social benefits	RMB 10 thousand	8.41	-	-

### Volunteer programs by employees

Indicator	Unit	2022	2021	2020
Number of people served in the volunteer programs	No.	1,574	208	258
Total volunteer hours by employees	hours	2,178	524	250



## Appendix 2 Index of the Guidelines of Self-regulation of Companies Listed on Shanghai Stock Exchange No. 1 – Standard Operation issued by the Shanghai Stock Exchange

Guidelines of Self-regulation of Companies Listed on Shanghai Stock Exchange No. 1 – Standard Operation	
Disclosure Advice	Section Index
8.1	4.4 Engaging in Public Welfare Actions
8.2	2.2.1 Protection of Investors' Rights and Interests 5.4.1 Highlighting professional integrity 5.4.4 Protecting intellectual property rights
8.3	5.4.1 Highlighting professional integrity 3.2 Paying Attention to Employee Training 4.4 Engaging in Public Welfare Actions
8.4	4.4.1 Public welfare donations
8.5	Notice About Report Preparation
8.6	2.2.1 Protection of Investors' Rights and Interests 3.1 Protection of Employees' Rights and Interests
8.7	3.1 Protection of Employees' Rights and Interests 3.4.1 Continuous communication with employees 5.2.1 Improving corporate governance system
8.8	4.1 Promoting Low-carbon Operation to Address Climate Change
8.9	Appendix 1 ESG Key Performance Indicators
8.10	N/A
8.11	N/A
8.12	N/A
8.13	N/A
8.14	3.1 Protection of Employees' Rights and Interests
8.15	Chapter I Forging Ahead with Enterprise and Fortitude - Shouldering main business to Serve the National Strategy

## Appendix 3 Index of Environmental, Social and Governance Reporting Guide (2022 version) on Hong Kong Stock Exchange

Aspects, General Disclosures and KPIs	Description	Sections
<b>Aspect A1: Emissions</b>		
KPI A1.1	The types of emissions and respective emissions data.	Appendix 1 ESG Key Performance Indicators
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Appendix 1 ESG Key Performance Indicators
KPI A1.3	Total hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production, per facility).	Appendix 1 ESG Key Performance Indicators
KPI A1.4	Total non-hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production, per facility).	Appendix 1 ESG Key Performance Indicators
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	4.1 Promoting Low-carbon Operation to Address Climate Change
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	4.1 Promoting Low-carbon Operation to Address Climate Change
<b>Aspect A2: Use of Resources</b>		
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production, per facility).	Appendix 1 ESG Key Performance Indicators
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production, per facility).	Appendix 1 ESG Key Performance Indicators

Aspects, General Disclosures and KPIs	Description	Sections
		Indicators
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	4.1 Promoting Low-carbon Operation to Address Climate Change
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	N/A
KPI A2.5	Total packaging material used for finished products (in tons) and, if applicable, with reference to per unit produced.	N/A
Aspect A3: The Environment and Natural Resources		
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	5.3.2 Putting in place and improving ESG risk management
Aspect A4: Climate Change		
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	5.3.2 Putting in place and improving ESG risk management
Employment and Labor Practices		
Aspect B1: Employment		
KPI B1.1	Total workforce by gender, employment type (for example, full-or part-time), age group and geographical region.	3.1 Protection of Employees' Rights and Interests
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	3.1 Protection of Employees' Rights and Interests
Aspect B2: Health and Safety		
KPI B2.1	The number and rate of work-related	Appendix 1 ESG Key

Aspects, General Disclosures and KPIs	Description	Sections
	fatalities over each of the past three years (including the reporting year).	Performance Indicators
KPI B2.2	Lost working days due to work injury.	Appendix 1 ESG Key Performance Indicators
KPI B2.3	Description of occupational health and safety measures adopted and how they are implemented and monitored.	3.3 Attaching Importance to Health and Safety
Aspect B3: Development and Training		
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	3.2 Paying Attention to Employee Training
KPI B3.2	The average training hours completed per employee by gender and employee category.	3.2 Paying Attention to Employee Training
Aspect B4: Labor Standards		
KPI B4.1	Description of measures to review employment practices to avoid child and forced Labor.	3.1 Protection of Employees' Rights and Interests
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	3.1 Protection of Employees' Rights and Interests
Operating Practices		
Aspect B5: Supply Chain Management		
KPI B5.1	Number of suppliers by geographical region.	4.3 Performing Responsible Procurement to Maintain a Healthy Ecosystem
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	4.3 Performing Responsible Procurement to Maintain a Healthy

Aspects, General Disclosures and KPIs	Description	Sections
		Ecosystem
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	4.3 Performing Responsible Procurement to Maintain a Healthy Ecosystem
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	4.3 Performing Responsible Procurement to Maintain a Healthy Ecosystem
<b>Aspect B6: Product Responsibility</b>		
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	N/A
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	2.2.3 Actively handling customer complaints
KPI B6.3	Description of practices relating to maintenance and protecting intellectual property rights.	5.4.4 Protecting intellectual property rights
KPI B6.4	Description of quality assurance process and recall procedures.	N/A
KPI B6.5	Description of consumer data protection and privacy policies and how they are implemented and monitored.	2.2.2 Protection of information security and privacy
<b>Aspect B7: Anti-corruption</b>		
KPI B7.1	Number of corruption lawsuits filed and concluded against issuers or their employees during the reporting period and litigation outcome.	5.4.1 Highlighting professional integrity
KPI B7.2	Describe preventive measures and reporting	5.4.1 Highlighting

Aspects, General Disclosures and KPIs	Description	Sections
	procedures, as well as related implementation and monitoring methods.	professional integrity
KPI B7.3	Description of anti-corruption training provided to directors and staff.	5.4.1 Highlighting professional integrity
Community		
Aspect B8: Community Investment		
KPI B8.1	Focus on areas of contribution (e.g. education, environmental issues, Labor needs, health, culture, sports).	4.4 Engaging in Public Welfare Actions
KPI B8.2	Use of resources (e.g. money or time) in the area of focus.	4.4 Engaging in Public Welfare Actions

## Appendix 4 GRI Standards Index (2021) issued by Global Reporting Initiative

<b>Statement of Use</b>	Huatai Securities Co., Ltd. has reported the information cited in this GRI content index from January 1, 2022 to December 31, 2022 with reference to the GRI Standards.
<b>GRI 1 Used</b>	GRI 1: Foundation2021

<b>GRI Standard</b>	<b>Disclosure</b>	<b>Location</b>
GRI 2 General Disclosure 2021		
The Organizations and Its Reporting Practices		
2-1	Organization details	Company Profile
2-2	Entities included in the organization's sustainability reporting	Notice About Report Preparation
2-3	Reporting period, frequency and contact point	Notice About Report Preparation
2-4	Restatements of information	N/A
2-5	External assurance	N/A
Activities and workers		
2-6	Activities, value chain and other business relationships	Company Profile
2-7	Employees	Chapter III Adhering to the People-oriented Concept and Growing Together with Employees
2-8	Workers who are not employees	N/A
Governance		
2-9	Governance structure and composition	5.2.1 Improving corporate governance system/ Establishing ESG Governance Structure
2-10	Nomination and selection of the highest governance body	5.2.1 Improving corporate governance system



GRI Standard	Disclosure	Location
2-11	Chair of the highest governance body	5.2.1 Improving corporate governance system/ Establishing ESG Governance Structure
2-12	Role of the highest governance body in overseeing the management of impacts	5.2.1 Improving corporate governance system/ Establishing ESG Governance Structure
2-13	of responsibility for managing impacts	N/A
2-14	Role of the highest governance body in sustainability reporting	Establishing ESG Governance Structure
2-15	Conflicts of interest	N/A
2-16	Communication of critical concerns	Stakeholders Management
2-17	Collective knowledge of the highest governance body	Reinforcing ESG Management
2-18	Evaluation of the performance of the highest governance body	N/A
2-19	Remuneration policy	3.1.2 Employees' rights and interests
2-20	Process to determine remuneration	3.1.2 Employees' rights and interests
2-21	Annual total compensation ratio	Refer to 2022 annual report
Strategy, Policy and Practices		
2-22	Statement on sustainable development strategy	Establishing ESG Governance Structure
2-23	Policy commitments	3.1.1 Employee recruitment
2-24	Embedding policy commitments	3.1.1 Employee recruitment
2-25	Processes to remediate negative impacts	2.2.3 Actively handling customer complaints
2-26	Mechanism for seeking advice and raising concerns	2.2.3 Actively handling customer complaints
2-27	Compliance with laws and regulations	5.4 Adhering to Compliance
2-28	Membership associations	N/A
Stakeholder Involvement		

GRI Standard	Disclosure	Location
2-29	Approach to stakeholder engagement	Stakeholders Management
2-30	Collective bargaining agreements	N/A
GRI3 Material Topics 2021		
3-1	Process to determine material topics	Materiality Analysis
3-2	List of material topics	Materiality Analysis
3-3	Management of material topics	Materiality Analysis
GRI 201 Economic Performance 2016		
201-1	Direct economic value generated and distributed	Appendix 1 ESG Key Performance Indicators
201-2	Financial implications and other risks and opportunities due to climate change	5.3.2 Putting in place and improving ESG risk management
201-3	Defined benefit plan obligations and other retirement plans	3.3 Attaching Importance to Health and Safety/3.4 Delivering Care and Concern
201-4	Financial assistance received from government	Refer to 2022 annual report
GRI 202 Market Presence 2016		
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	N/A
202-2	Proportion of senior management hired from the local community	N/A
GRI203 : Indirect Economic Impact 2016		
203-1	Infrastructure investments and services supported	1.3 Strengthening collaboration to synergize regional development
203-2	Significant indirect economic impacts	1.3 Strengthening collaboration to synergize regional development
GRI204 Procurement Practices 2016		
204-1	Proportion of spending on local suppliers	N/A
GRI205 Anti-Corruption 2016		
205-1	Operations assessed for risks related to corruption	5.4.1 Highlighting professional integrity
205-2	Communication and training about anti-corruption policies and procedures	5.4.1 Highlighting professional integrity

GRI Standard	Disclosure	Location
205-3	Confirmed incidents of corruption and actions taken	N/A
GRI206 Anti-competitive Behavior2016		
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	4.3 Performing Responsible Procurement to Maintain a Healthy Ecosystem
GRI207 Tax2019		
207-1	Approach to tax	Refer to 2022 annual report
207-2	Tax governance, control and risk management	Refer to 2022 annual report
207-3	Stakeholder engagement and management of concerns related to tax	N/A
207-4	Country-by-country reporting	Refer to 2022 annual report
GRI301 Materials 2016		
301-1	Materials used by weight or volume	Appendix 1 ESG Key Performance Indicators
301-2	Recycled input materials used	N/A
301-3	Reclaimed products and their packaging materials	N/A
GRI 302 Energy 2016		
302-1	Energy consumption within the organization	Appendix 1 ESG Key Performance Indicators
302-2	Energy consumption outside the organization	Appendix 1 ESG Key Performance Indicators
302-3	Energy intensity	N/A
302-4	Reduction of energy consumption	4.1 Promoting Low-carbon Operation to Address Climate Change
302-5	Reductions in energy requirements of products and services	4.1 Promoting Low-carbon Operation to Address Climate Change
GRI 303 Water and Effluents 2018		
303-1	Interactions with water as a shared	N/A

GRI Standard	Disclosure	Location
	resource	
303-2	Management of water discharge- related impacts	N/A
303-3	Water withdrawal	N/A
303-4	Water discharge	N/A
303-5	Water consumption	Appendix 1 ESG Key Performance Indicators
GRI 304 Biodiversity 2016		
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	N/A
304-2	Significant impacts of activities, products and services on biodiversity	N/A
304-3	Habitats protected or restored	N/A
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	N/A
GRI 305 Emission 2016		
305-1	Direct (Scope 1) GHG emissions	Appendix 1 ESG Key Performance Indicators
305-2	Energy indirect (Scope 2) GHG emissions	Appendix 1 ESG Key Performance Indicators
305-3	Other indirect (Scope 3) GHG emissions	N/A
305-4	GHG emissions intensity	N/A
305-5	Reduction of GHG emissions	Appendix 1 ESG Key Performance Indicators
305-6	Emissions of ozone-depleting substances (ODS)	N/A
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	N/A
GRI 306 Waste 2020		
306-1	Waste generation and significant waste-	N/A

GRI Standard	Disclosure	Location
	related impacts	
306-2	Management of significant waste-related impacts	N/A
306-3	Waste generated	Appendix 1 ESG Key Performance Indicators
306-4	Waste diverted from disposal	N/A
306-5	Waste directed to disposal	N/A
GRI 308: Supplier Environmental Assessment 2016		
308-1	New suppliers that were screened using environmental criteria	4.3 Performing Responsible Procurement to Maintain a Healthy Ecosystem
308-2	Negative environmental impacts in the supply chain and actions taken	4.3 Performing Responsible Procurement to Maintain a Healthy Ecosystem
GRI 401: Employment 2016		
401-1	New employee hires and employee turnover	3.3.1 Caring for employees' physical and mental health
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees.	N/A
401-3	Parental leave	N/A
GRI 402: Labor/Management Relations 2016		
402-1	Minimum notice periods regarding operational changes	3.4.1 Continuous communication with employees
GRI 403: Occupational Health and Safety 2018		
403-1	Occupational health and safety management system	3.3 Attaching Importance to Health and Safety
403-2	Hazard identification, risk assessment and incident investigation	3.3 Attaching Importance to Health and Safety
403-3	Occupational health services	3.3 Attaching Importance to Health and Safety
403-4	Worker participation, consultation, and communication on occupational health	3.3 Attaching Importance to Health and Safety

GRI Standard	Disclosure	Location
	and safety	
403-5	Worker training on occupational health and safety	3.3 Attaching Importance to Health and Safety
403-6	Promotion of worker health	3.3 Attaching Importance to Health and Safety
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	3.3 Attaching Importance to Health and Safety
403-8	Workers covered by an occupational health and safety management system	3.3 Attaching Importance to Health and Safety
403-9	Work-related injuries	3.3 Attaching Importance to Health and Safety
403-10	Work-related ill health	N/A
GRI 404: Training and Education 2016		
404-1	Average hours of training per year per employee	3.2.1 Employee training
404-2	Programs for upgrading employee skills and transition assistance programs	3.2.1 Employee training
404-3	Percentage of employees receiving regular performance and career development reviews	N/A
GRI 405: Diversity and Equal Opportunity 2016		
405-1	Diversity of governance bodies and employees	5.2.1 Improving corporate governance system
405-2	Ratio of basic salary and remuneration of women to men	N/A
GRI 406: Non-Discrimination 2016		
406-1	Incidents of discrimination and corrective actions taken	Appendix 1 ESG Key Performance Indicators
GRI 407: Freedom of Association and Collective Bargaining 2016		
407-1	Operations and suppliers in which the	N/A

GRI Standard	Disclosure	Location
	right to freedom of association and collective bargaining may be at risk	
GRI 408: Child Labor 2016		
408-1	Operations and suppliers at significant risk for incidents of child labor	N/A
GRI 409: Forced or Compulsory Labor 2016		
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	N/A
GRI 410: Security Practices 2016		
410-1	Security personnel trained in human rights policies or procedures	N/A
GRI 411: Rights of Indigenous Peoples 2016		
411-1	Incidents of violations involving rights of indigenous peoples	N/A
GRI 413: Local Communities 2016		
413-1	Operations with local community engagement, impact assessment, and development plans	N/A
413-2	Operations with significant actual and potential negative impacts on local communities	N/A
GRI 414: Supplier Social Assessment 2016		
414-1	New suppliers that were screened using social criteria	4.3 Performing Responsible Procurement to Maintain a Healthy Ecosystem
414-2	Negative social impacts in the supply chain and actions taken	4.3 Performing Responsible Procurement to Maintain a Healthy Ecosystem
GRI 415: Public Policy 2016		
415-1	Political contributions	4.4.1 Public welfare donations
GRI 416: Customer Health and Safety 2016		



GRI Standard	Disclosure	Location
416-1	Assessment of health and safety impacts of product and service categories	N/A
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	N/A
GRI 417: Marketing and Labeling 2016		
417-1	Requirements for product and service information and Labeling	4.3 Performing Responsible Procurement to Maintain a Healthy Ecosystem
417-2	Incidents of non-compliance concerning product and service information and labeling	4.3 Performing Responsible Procurement to Maintain a Healthy Ecosystem
417-3	Incidents of non-compliance concerning marketing communications	N/A
GRI 418: Customer Privacy 2016		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	2.2.2 Protection of information security and privacy

## Appendix 5 Feedback Form

Thank you for reading the 2022 Environment, Society and Governance Report of Everbright Securities Limited. To improve the company's ESG management, we expect you to put forward valuable comments and suggestions by filling out the feedback form. Please choose any of the following methods to give us feedback

Email: ebs@ebscn.com

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

Tel: (8621) 2216-99144

1. Which of the following types of stakeholders do you belong to?
<input type="checkbox"/> Government <input type="checkbox"/> Regulator <input type="checkbox"/> Shareholder <input type="checkbox"/> Customer <input type="checkbox"/> Employee <input type="checkbox"/> Partner <input type="checkbox"/> Other
2. What do you think of the quality of this report?
<input type="checkbox"/> Poor <input type="checkbox"/> Mediocre <input type="checkbox"/> Good <input type="checkbox"/> Excellent
3. What do you think of Everbright Securities' fulfillment of its social responsibilities in terms of economy?
<input type="checkbox"/> Poor <input type="checkbox"/> Mediocre <input type="checkbox"/> Good <input type="checkbox"/> Excellent
4. What do you think of Everbright Securities' fulfillment of its social responsibilities in terms of environment?
<input type="checkbox"/> Poor <input type="checkbox"/> Mediocre <input type="checkbox"/> Good <input type="checkbox"/> Excellent
5. What do you think of Everbright Securities' fulfillment of its social responsibilities in terms of society?
<input type="checkbox"/> Poor <input type="checkbox"/> Mediocre <input type="checkbox"/> Good <input type="checkbox"/> Excellent
6. Do you think the report provides complete information?
<input type="checkbox"/> No <input type="checkbox"/> Mediocre <input type="checkbox"/> Yes
7. Do you think the content and layout of this report is clearly understandable?
<input type="checkbox"/> No <input type="checkbox"/> Mediocre <input type="checkbox"/> Yes
8. Please write down your additional comments and suggestions on improving Everbright Securities' fulfillment of its social responsibilities and this report:



1508 XinzhaRoad, Jing' an District, Shanghai, China Zip Code:200040

[www.ebscn.com](http://www.ebscn.com)