



国泰君安
GUOTAI JUNAN

2023^{YEAR}

GUOTAI JUNAN

Environmental, Social and Governance Report



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ESG MANAGEMENT STATEMENT OF THE BOARD >>>>

As one of securities firms in the industry that first proposed the concept of "serving the country with financial services", Guotai Junan is diligently implementing the spirit of the 20th National Congress of the Communist Party of China, which emphasizes "promoting green development" and "adhering to sustainable development", and actively respond to and implement the arrangements outlined in the Central Financial Work Conference regarding the development of the "Five Financial Aspects," such as "green finance". Year 2023 is the opening year of the "second three-year" strategic pathway of "Nine-Year Strategic Plan in 3 Three-Year Steps" of *Guotai Junan*. Based on the new development stage, the Company proposed to comprehensively cultivate five advantages, namely "technological innovation finance, inclusive finance, regional finance, green finance, cross-border finance", and upgraded and formulated the *Action Plan for Comprehensively Improving the Green Financial Services Capability of Guotai Junan (2023-2025)*. It is committed to comprehensively improving the green finance services capability and fully demonstrating the world-class ESG brand image. In 2023, the Company accelerated the systematic advancement of sustainable development efforts, and achieved significant results in material aspects such as enhancement of ESG governance and management system, strategy guidance and action upgrade, enhancement of ESG key issues and ESG risk management capabilities, and ESG indicator monitoring and standards setting.

Strengthening strategy guidance and action upgrade. To continuously strengthen the driving role of the ESG strategy, the *14th Five-Year Development Plan of Guotai Junan Securities* clearly states that "in terms of developing inclusive finance, green finance, and investor education and protection, we will increase resource investment, fulfill social responsibilities, and play an exemplary and guiding role". The *Outline of Strategic Planning of Guotai Junan Securities (2023-2025)* proposes to "accelerate the construction of a world-class green modern investment bank". The Company formulated the *Action Plan for Implementing Peak Carbon Emissions and Carbon Neutrality of Guotai Junan* and the *Action Plan for Comprehensively Improving the Green Financial Services Capability of Guotai Junan (2023-2025)* in 2021 and 2023, respectively, further breaking down the strategic goals and action measures into annual key tasks, thereby effectively promoting the implementation of the ESG strategy.

Continuously improving the ESG governance and management system. The Company further enhanced the ESG organizational structure. Building upon the existing "Board of Directors-Management Level-Executive Level" framework, the ESG and Sustainable Development Committee's ability to perform its duties was further improved, and the departments and functional division at the executive level was further clarified, providing robust organizational support for the solid advancement of ESG work.

Consolidating ESG focus topics and the ability to establish ESG risk management. In 2023, the Company systematically analyzed the latest regulatory requirements and the latest sustainable development and ESG information

disclosure requirements of the Stock Exchange and Shanghai SASAC, and took into consideration the Company's actual operating conditions such as strategies, to create a list of the Company's ESG issues and submit it to the Company's ESG and Sustainable Development Committee for review. In 2023, the number of the Company's issues was adjusted from 21 in 2022 to 51 in 2023. The issues were divided into four aspects: ESG system, the environment, society, and governance. ESG investment, ESG financing, and climate risk management were further identified as key issues. This facilitated the division of topic management responsibilities among departments, promoted the integration of ESG concepts and business systems, and enabled the Company to establish an ESG risk management system covering its own operations and financial business.

Launching the monitoring and standard setting of ESG index. To gradually strengthen the data foundation of the Company's ESG management, based on the overall strategy, the Company identified key indicators to monitor in ESG management and set management goals. In 2023, the Company formulated and released the *Sustainable Finance Statistical Standards of Guotai Junan (Version 1.0)*. Additionally, the Company independently developed a system for ESG information management to promote the practical implementation of ESG management by standardizing statistical standards and establishing a digital platform.

Going forward, Guotai Junan will closely integrate learning the spirit of General Secretary Xi Jinping's important speech delivered when inspecting Shanghai and the implementation of the spirit of the Central Financial Work Conference, comprehensively implement the spirit of the 20th National Congress of the Communist Party of China, fully, accurately, and comprehensively implement the new development concept, and deeply comprehend the political and people-oriented nature of financial work, aiming to assist in building a strong financial nation. We will accelerate the construction of a first-class investment bank, fully demonstrate a world-class ESG brand image, and actively contribute to the comprehensive promotion of the construction of a strong nation and the great rejuvenation of the Chinese nation through the Chinese style modernization.

This report has made comprehensively disclosure of key ESG issues and has been deliberated and approved by the Board of Directors of the Company.



GUOTAI JUNAN >>>>
SECURITIES AT A GLANCE

Guotai Junan Securities Co., Ltd. ("Guotai Junan Securities", "Guotai Junan" or "the Company") was formed and established on August 18, 1999 by way of a new merger and share capital increase of the former Guotai Securities and the former Junan Securities, which were established in 1992. Diligently exploring and forging ahead for over 30 years, Guotai Junan has gone through the entire journey and cycles of the development of China's capital market, and has formed a comprehensive financial service system covering multiple business areas, including securities and futures brokerage, investment banking, proprietary trading, equity and FICC trading, credit, asset management, public fund management, private equity investment, alternative investment, and international business.

Name in Chinese: 國泰君安證券股份有限公司

Name in English: Guotai Junan Securities Co.,Ltd.

Major controlled subsidiaries: Guotai Junan Asset Management, Guotai Junan Futures, Guotai Junan Innovation Investment, Guotai Junan Zhengyu, Guotai Junan Financial Holdings, HuaAn Fund

As of December 31, 2023,

925.402 billion
Total assets

36.141 billion
Operating income

15,086 persons
Total staff

Shanghai Stock Exchange stock code: 601211

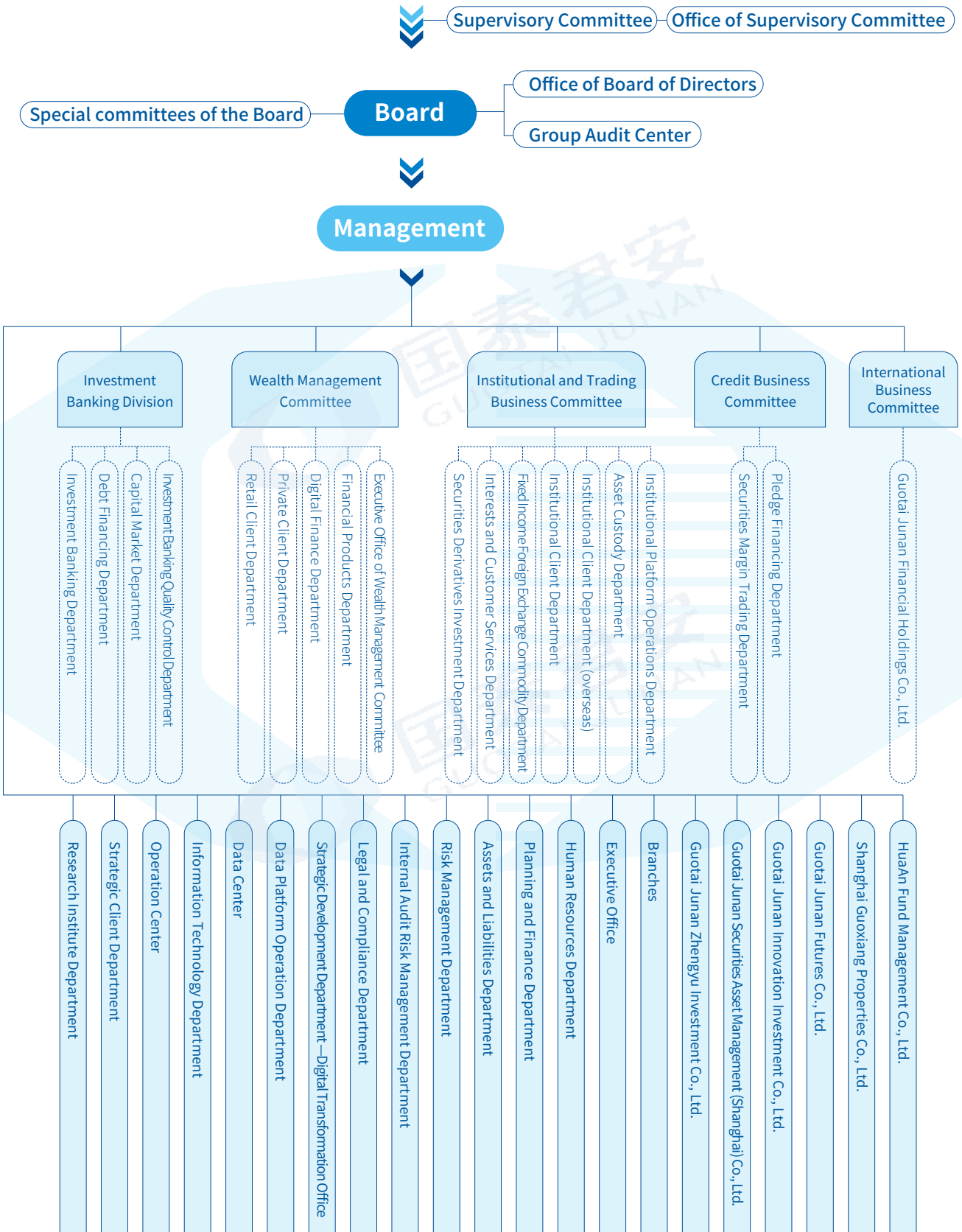
Hong Kong Stock Exchange stock code: 02611

Headquarters address: Guotai Junan Building, 768 Nanjing West Road, Jingan District, Shanghai, China

Guotai Junan Securities directly controls 6 domestic subsidiaries; it has a total of 37 branch offices, 344 securities branches, 17 futures branch offices, and 8 futures branches in China; it directly controls Guotai Junan Financial Holdings, and indirectly controls Guotai Junan International (1788.HK), with overseas institutions in Hong Kong, Macau, the United States, the United Kingdom, Singapore, Vietnam and other regions.



General Meeting of Shareholders



STAKEHOLDER ENGAGEMENT AND MATERIAL ISSUES ANALYSIS >>>>

Stakeholder Engagement

Based on its business development strategy and operational characteristics, the Company actively expands communication channels with stakeholders in all aspects of its daily operations. It has identified key stakeholders such as government and regulatory authorities, investors, customers, employees, suppliers and partners, community representatives and non-profit organizations, and established a normalized communication mechanism with stakeholders to listen to and respond to their expectations and demands.

• Stakeholder Expectations and Response Methods •

Key stakeholders	Material issues of concerns	Communication methods and channels
<p>Government and regulatory authorities national and local governments, industry regulatory authorities, and self-regulatory organizations</p>	<ul style="list-style-type: none"> Party building Serving the real economy Serving emerging industries Serving small, medium and micro-sized enterprises Serving private enterprises Serving rural revitalization Compliance management Audit supervision Risk management Energy and carbon emission management Information disclosure 	<ul style="list-style-type: none"> High-quality Party building leading high-quality development Serving Shanghai's major strategic tasks Implementing government and regulatory policies Receiving researches and visits Establishing a comprehensive risk management system Releasing the Action Plan for Peak Carbon Emissions and Carbon Neutrality Serving the Common Prosperity Target In-depth development of industry culture construction
<p>Investors shareholders and creditors</p>	<ul style="list-style-type: none"> Independence and effectiveness of the Supervisory Committee Independence and effectiveness of the Board of Directors Board leadership and diversity Protection of shareholders and creditors' rights and interests Risk management ESG risk management Anti-money laundering Anti-corruption Reporting and protection of whistleblowers Information disclosure Investor relations management Cultural construction 	<ul style="list-style-type: none"> Convening general meetings Improving corporate governance mechanism Strengthening information disclosure and investor communication Establishing a comprehensive risk management system Strengthening compliance operation and anti-money laundering management Improving the anti-corruption system

Key stakeholders	Material issues of concerns	Communication methods and channels
<p>Customers corporate, individual, and institutional customers</p>	<p>Responsible marketing Optimizing product and service quality Customer complaint management Digital transformation Digitization of assets Serving emerging industries Serving small and medium-sized enterprises Serving private enterprises Data security and privacy protection Carbon finance ESG financing ESG investment ESG asset custody ESG research Investor education Intellectual property protection</p>	<p>Optimizing customer consultancy and complaint handling mechanism Providing quality investment and financing services Promoting the implementation of digital transformation projects Upgrade of Guotai Junan Jun Hong APP Supporting the technological innovation industries, public offering of REITs Improving information security and customer privacy protection Practicing responsible investment strategies Carrying out investor education activities Carrying out appropriateness management Establishing comprehensive cooperation relationship with strategic customers</p>
<p>Employees</p>	<p>Employee recruitment and employment Employee compensation and benefits Employee training Employee communication Democratic management Employee care and assistance Employee health and safety Employee development and promotion</p>	<p>Promoting the talents to strengthen company strategy Improving the remuneration and welfare system Empowering employees' career development Carrying out employee care activities</p>
<p>Suppliers and partners suppliers and media and university partners</p>	<p>Sustainable supply chain Anti-money laundering Anti-corruption Reporting and protection of whistleblowers</p>	<p>Daily communication Promoting industry cooperation and communication Carrying out bidding activities Promoting anti-commercial bribery Carrying out supplier assessment and evaluation</p>
<p>Community representatives and non-profit organizations community where operations are located, charitable foundation partners, environmental representatives, etc.</p>	<p>Climate risk management Energy and carbon emission management Water resources management Waste management Paperless office Green data center Public welfare brand construction Serving rural revitalization Serving social causes Serving ecological conservation</p>	<p>Providing green investment and financing services Implementing energy saving and emission reduction measures Promoting the four major assistance projects for rural revitalization Building a professional public welfare platform Carrying out public welfare volunteer activities</p>

Analysis of Material Issues

Material issues are the focus of the Company's sustainable development management and practice. Based on its own development strategy, and taking into consideration the policy development trends, external regulatory requirements, capital market concerns, and stakeholder surveys, the Company carried out material issue identification, assessment, and analysis. In 2023, the Company identified and summarized 51 material issues. Considering the importance to operations of the Company and the economy, society and environment, the issues were prioritized to form a materiality matrix. The management and performance related to high materiality issues will be the focus of this Annual Report.

Material Issue Analysis Process of Guotai Junan

1

Identify material issues

- Analyze characteristics of the Company and the industry, policy trends, and regulatory requirements
- Analyze and summarize domestic and international disclosure guidelines for sustainable development
- Analyze related policies and standards of the industry, such as MSCI ESG rating issues
- Determine the Company's list of material issues based on the actual operation of the Company, policies and peer benchmarking results



2

Analyze material issues

- Conduct stakeholder surveys using questionnaire surveys, inviting stakeholders to rate the importance of material issues
- Evaluate and prioritize the importance of each issue based on the results of stakeholder questionnaire surveys and expert opinions

3

Review and report

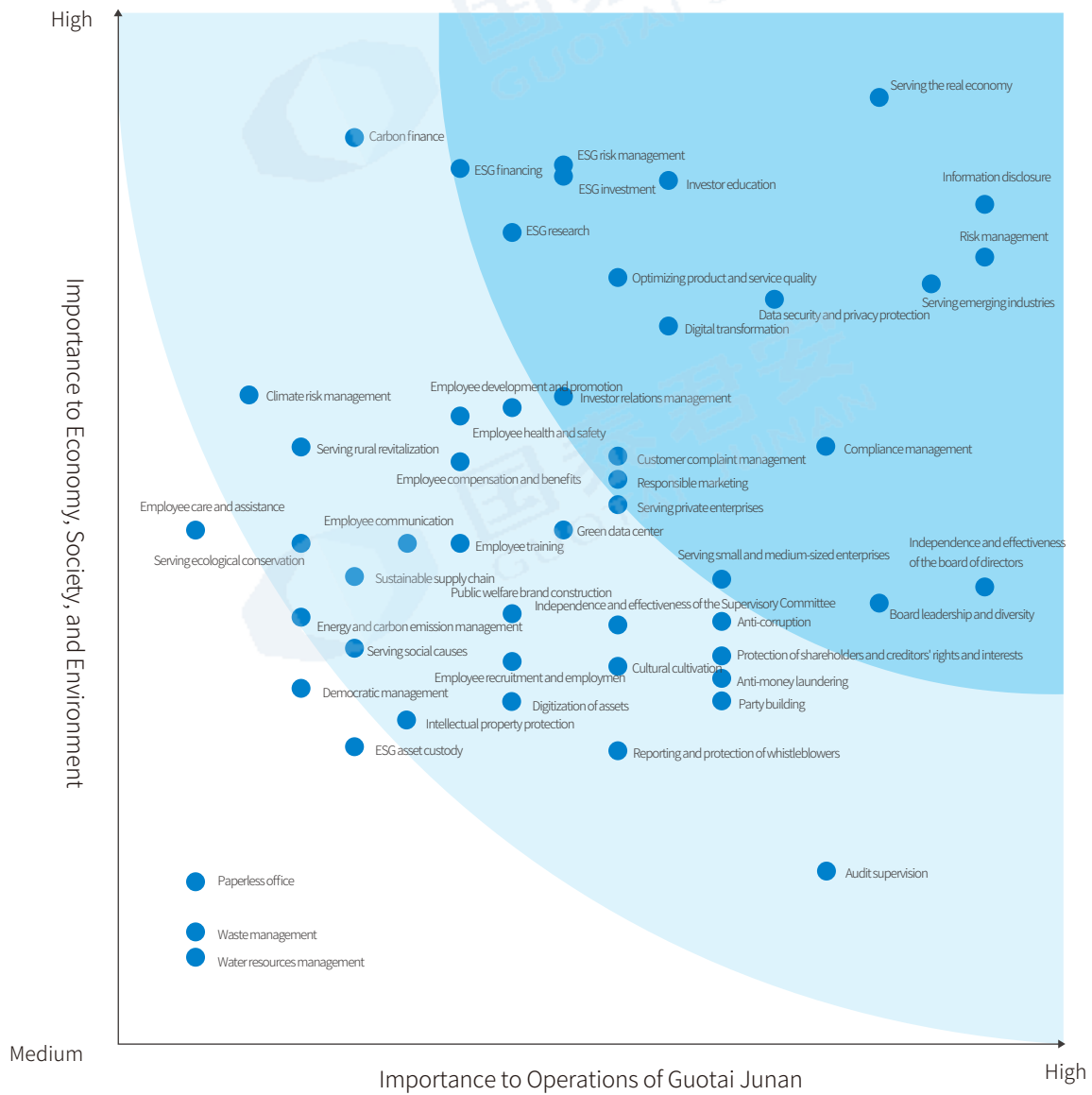
- The list and ranking of material issues shall be submitted to the Company's ESG and Sustainable Development Committee and the Board of Directors for review and confirmation
- Relevant issues are comprehensive disclosed in the Company's sustainable development report, and disclosure of high materiality issues will be emphasized

Changes in Material Issues of Guotai Junan in 2023

In 2023, in addition to meeting regulatory requirements and responding to the ESG indicator system of the Shanghai SASAC, the Company revised its list of ESG material issues by drawing on industry practices in setting ESG issues by securities firms and taking into consideration the Company's actual conditions such as strategic planning, action plans, and ESG-related work arrangement of various departments, so as to comprehensively advance ESG efforts and enhance ESG performance. The list of material issues has been submitted to the Company's ESG and Sustainable Development Committee and has been reviewed and approved.

To ensure effective alignment of ESG issues with the existing departmental structure and responsibility division of the Company, the number of issues of the Company was adjusted from 21 in 2022 to 51 in 2023. ESG issues are divided into four aspects: ESG system, the environment (E), society (S), and governance (G). This enables each unit of the Company to continuously optimize and improve performance on ESG issue management based on clear understanding of their responsibilities in relation to ESG issues.

• Materiality Matrix of Guotai Junan •





ESG system

- 1 **ESG financing**
- 2 **ESG investment**
- 3 Carbon finance
- 4 ESG asset custody
- 5 **ESG research**
- 6 **ESG risk management**



Environment (E)

- 7 Climate risk management
- 8 Energy and carbon emission management
- 9 Water resources management
- 10 Waste management
- 11 Paperless office
- 12 Green data center



Society (S)

- 13 Employee recruitment and employment
- 14 Employee compensation and benefits
- 15 Employee communication
- 16 Democratic management
- 17 Employee care and assistance
- 18 Employee health and safety
- 19 Employee training
- 20 Employee development and promotion
- 21 **Optimizing product and service quality**
- 22 **Customer complaint management**
- 23 **Data security and privacy protection**
- 24 **Responsible marketing**
- 25 **Investor education**
- 26 Sustainable supply chain
- 27 **Serving the real economy**
- 28 **Serving emerging industries**
- 29 **Serving small and medium-sized enterprises**
- 30 Serving private enterprises
- 31 Public welfare brand construction
- 32 Serving rural revitalization
- 33 Serving ecological conservation
- 34 Serving social causes



Governance (G)

- 35 Party building
- 36 Cultural cultivation
- 37 Independence and effectiveness of the Supervisory Committee
- 38 **Independence and effectiveness of the Board of Directors**
- 39 **Board leadership and diversity**
- 40 Protection of shareholders and creditors' rights and interests
- 41 **Information disclosure**
- 42 **Investor relations management**
- 43 **Risk management**
- 44 **Compliance management**
- 45 Audit supervision
- 46 Anti-money laundering
- 47 Anti-corruption
- 48 Reporting and protection of whistleblowers
- 49 Intellectual property protection
- 50 **Digital transformation**
- 51 Digitization of assets

Note: Issues displayed in bold within the table indicate those of higher importance.

ESG



Highlights of 2023 ...

- A total of **4,010** employee participations in ESG training were recorded, amounting to a cumulative training duration of **16,835** hours.
- Four sessions of ESG Lecture Series were held in 2023, attracting over **1,000** attendees.
- MSCI ESG rating improved to **BBB level**.
- Featured in the "**Top 100 Pioneers Among ESG Listed Companies in China**" and "**Top 30 Pioneers in Financial Industry Among ESG Listed Companies in China**" jointly released by the Central Radio and Television General Station and the State-owned Assets Supervision and Administration Commission.

1. ESG MANAGEMENT >>>>

1.1 ESG Strategy and Governance

Continuously Strengthening the Driving Role of ESG Strategy

The Company prioritizes strategic guidance and continuously strengthens the driving role of the ESG strategy. The *14th Five-Year Development Plan of Guotai Junan Securities* clearly states that "in terms of developing inclusive finance, green finance, and investor education and protection, we will increase resource investment, fulfill social responsibilities, and play an exemplary and guiding role". Additionally, the Company is pursuing the strategic pathway of "Nine-Year Strategic Plan in 3 Three-Year Steps". The *Outline of Strategic Planning of Guotai Junan Securities (2023-2025)* proposes specific measures to nurture distinct advantages in green finance, accelerate the construction of a world-class green modern investment bank, so as to built itself as a demonstration benchmark for green finance practices in the securities industry.

Furthermore, the Company formulated the *Action Plan for Implementing Peak Carbon Dioxide Emissions and Carbon Neutrality of Guotai Junan* and the *Action Plan for Comprehensively Improving the Green Financial Services Capability of Guotai Junan (2023-2025)* in 2021 and 2023, respectively, thereby effectively driving the implementation of its ESG strategies.

Highlights of the Action Plan for Implementing Peak Carbon Dioxide Emissions and Carbon Neutrality of Guotai Junan

Five Capabilities



Financing



Investment



Trading

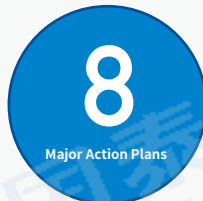


Cross-border



Risk Control

1. Providing the leading and comprehensive carbon finance services.
2. Providing the full-cycle and full-chain green investment and financing services.
3. Creating and selling the financial products in respect of carbon neutrality theme.
4. Strengthening the international deployment and cooperation in green finance.



5. Promoting the overall strategic cooperation in the green and low-carbon field.
6. Propelling the operating philosophy of "intensification, cost reduction, quality improvement and efficiency enhancement".
7. Boosting the comprehensive digital transformation of the Group.
8. Carrying forward the green development cultural concept and demonstrating and implementing.

Year 2023 is the opening year of the "second three-year" strategic pathway of "Nine-Year Strategic Plan in 3 Three-Year Steps" of the Company. Based on the new development stage, the Company proposed to comprehensively cultivate five advantages, namely "technological innovation finance, inclusive finance, regional finance, green finance, cross-border finance". In May 2023, building on the groundwork laid by the *Action Plan for Implementing Peak Carbon Emissions and Carbon Neutrality of Guotai Junan*, the Company upgraded and formulated the *Action Plan for Comprehensively Improving the Green Financial Services Capability of Guotai Junan (2023-2025)* to implement the requirements outlined in the Company's "second three-year" strategic plan. It is committed to comprehensively improving the green finance services capability and fully demonstrating the world-class ESG brand image.

Highlights of the Action Plan for Comprehensively Improving the Green Financial Services Capability of Guotai Junan (2023-2025)

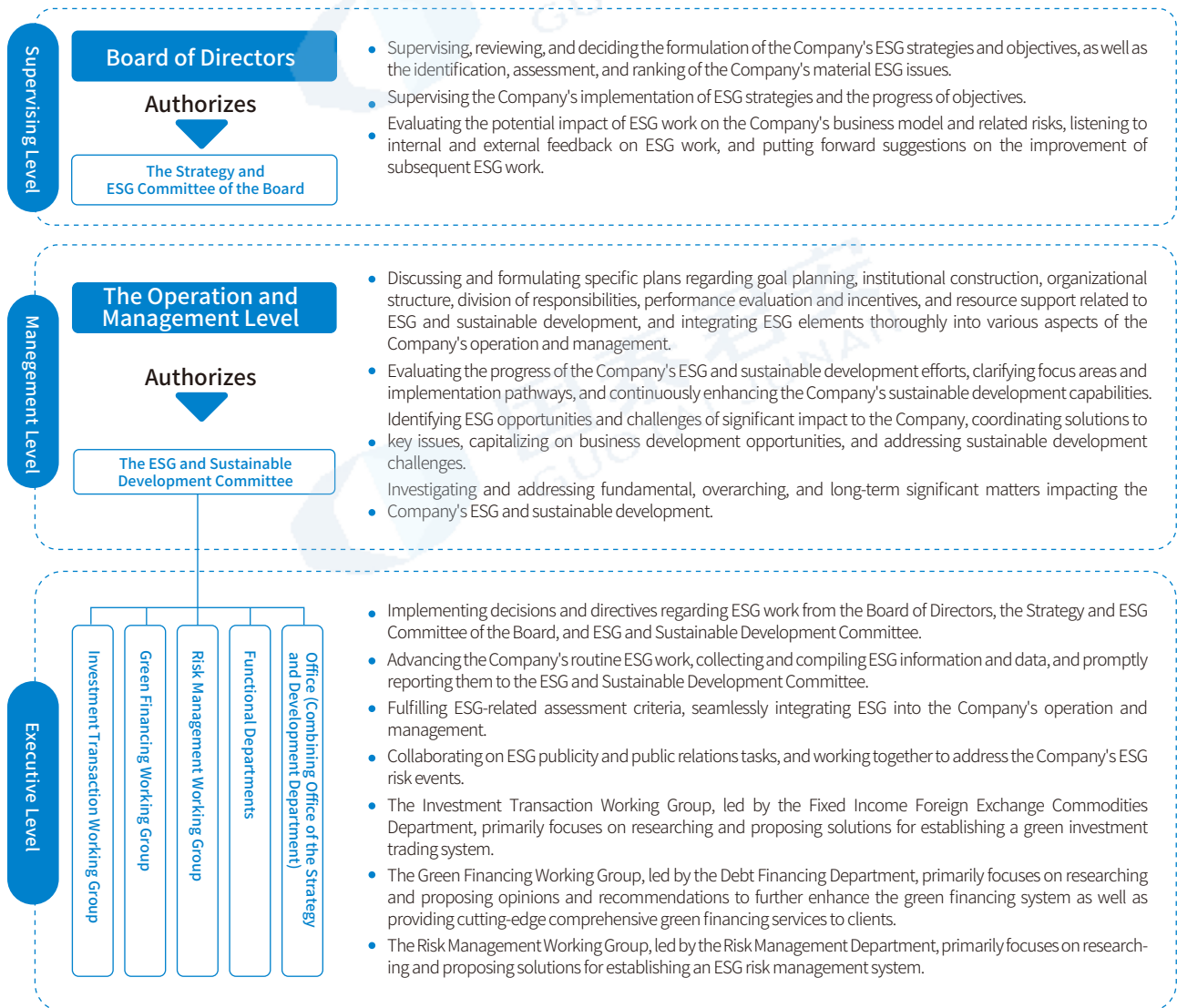
Primary Objectives

- The Company fosters formidable synergy for institutionalized and systematic green finance initiatives, with significant improvement in its business scale, service capabilities and brand image.
- By 2025, the Company will establish a sound service system for green investment and financing business, effectively identify, measure, monitor and control ESG risks, achieve significant emission reduction effects in green operation, lead industry peers in terms of mainstream ESG ratings both at home and abroad, and become a demonstration benchmark for the securities industry to practice green finance.



Building A Sound ESG Organization System

Guotai Junan has established a three-level ESG organization system of the "Board, Management, Execution", following a top-down approach. The board of directors is responsible for leadership decision-making and oversight, the management level for organization, coordination and advancement of implementation efforts, and the executive level for executing actions and attaining set objectives.



The ESG and Sustainable Development Committee serves as the central hub for the systematic advancement of ESG work and the achievement of whole-process closed-loop management within the Company. It significantly boosts the systematic advancement and coordination of ESG work across the Company. In 2023, the ESG and Sustainable Development Committee held two meetings, during which several proposals were considered and approved.



Plan of Issue Setting, Departmental Responsibilities Division and Information Disclosure for ESG Work of Guotai Junan

Sustainable Finance Statistical Standards of Guotai Junan (Version 1.0)

Proposal on the Company's Endorsement of the Principles for Responsible Investment (PRI)

In addition, each department and subsidiary has clearly designated individuals and specific staff members responsible for ESG work. The Company has also established dedicated ESG teams in certain business sectors. For instance, as early as 2014, the Company established a Carbon Finance Business Team, subsequently maintaining its longstanding industry-leading position in carbon trading volume. Additionally, Guotai Junan Futures, the Company's subsidiary, established a Carbon Finance Business Department and achieved deep integration of securities and futures, thus forming a closed-loop carbon finance business. Meanwhile, to enhance its services to the new energy sector, the Investment Banking Division set up the New Energy Division I at its Shanghai headquarters and the New Energy Division II in the Greater Bay Area, effectively extending its reach to key regions.

In-depth Closed-loop ESG management

The Company has based on a well-established organizational structure and systematic action plans, deepened its closed-loop management of ESG work on all fronts, including goal planning, task breakdown, full responsibility implementation, implementation supervision, as well as performance assessment and incentives to promote continuous and substantial progress in ESG practices.

In 2023, the Company elaborated on the objectives and actions outlined in the *Action Plan for Comprehensively Improving the Green Financial Services Capability of Guotai Junan (2023-2025)*, further breaking them down into annual key tasks. It distinctly defined performance assessment objectives for all departments, units, management levels, and associated employees, aligning them with remuneration incentives. Throughout the progress of the work, the Company maintained ongoing oversight over the implementation of the plan and reinforced overall work coordination, thereby extensively boosting its ESG management effectiveness.

Apart from advancing the implementation of key ESG tasks, the Company has also explicitly defined the ESG issue management responsibilities for each department, urging them to conduct ESG practices and advance all kinds of ESG work within the Company in an institutionalized and systematic manner. The Company sets ESG issues based on the requirements set forth by stock exchanges, and standard-setting institutions regarding ESG disclosure. This can effectively align with the Company's existing department settings and division of responsibilities when combined with the Company's strategic planning, action plans, and departmental

responsibilities with clear definitions and easy divisibility.

Furthermore, to further enhance the effective implementation of the Company's ESG work, the Company has improved its closed-loop ESG management effectiveness through initiatives such as establishing a routine system of "disclosure-driven management and management-driven practices", improving ESG business statistical tracking and evaluation mechanisms, independently developing a digital ESG information management system, and further advancing the construction of the Company's ESG investment research system.

· The Company's Major ESG Management Initiatives in 2023 ·

Major Initiatives	Specific Actions
Establishing a routine system of "disclosure-driven management and management-driven practices"	Conducted materiality analysis of ESG issues, compiled a list of company-specific ESG issues, clarified that each department not only serves as the primary executor of ESG management practices but also assumes primary responsibility for ESG disclosure, and formulated the <i>Guidelines for ESG Disclosure of Guotai Junan 2023</i> , which comprehensively outlines the requirements of regulatory agencies, stock exchanges, standard-setting institutions, and rating agencies regarding ESG information disclosure and provides vital references for all departments to clarify ESG disclosure requirements and engage in ESG management practices.
Improving ESG business statistical tracking and evaluation mechanisms	Developed and released the <i>Sustainable Finance Statistical Standards of Guotai Junan (Version 1.0)</i> , which provides clear and standardized definitions for various ESG business practices such as green equity financing, ESG pledge financing, ESG indices, ESG funds, ESG asset management products, green ABS, green public offering REITs, green asset custody outsourcing, ESG market-making, ESG investment, and green equity investment, thereby ensuring comprehensive advancement of all ESG business practices.
Independently developing a ESG information management system	The Company, capitalizing on its advantages in Fintech, independently developed and established an ESG information management system, facilitating the digital management of its own ESG information. The ESG information management system consolidates quantitative metrics for managing ESG issues and business practices, and updates on work progress. It encompasses all operational entities such as departments at its headquarters and subsidiaries, branches, and business units at home and abroad, enabling the online collection of environmental data such as energy and resource consumption, greenhouse gas emissions, and other ESG-related information.
Further advancing the construction of the Company's ESG investment research system	Guotai Junan officially endorsed the Principles for Responsible Investment (PRI) as an "investment manager" on December 27, 2023, marking the start of a new development phase in its ESG investment and risk management system construction. Guotai Junan signed the PRI as a group, and in accordance with PRI regulations, its subsidiary companies obtained PRI signatory status in synchronization with the Group.

At the same time, all subsidiaries are consistently intensifying their ESG governance and strategic planning construction, continuously improving their ESG governance systems, establishing sound ESG management systems and complementary mechanisms, earnestly promoting regulated and standardized ESG management, and actively facilitating the execution of ESG-related businesses.

In the future, Guotai Junan will continue to practice the ESG concept, deepen its ESG governance and strategy, proactively foster its advantages in green finance and fully implement the six principles for responsible investment (PRI) to support the realization of "dual carbon" goal and promote high-quality development of the economy and society.

1.2 ESG Training



Guotai Junan Holds ESG and Sustainable Development Advanced Talents Seminar in the Greater Bay Area (Session IV)

In order to implement the Company's "Second Three-Year" strategic plan, showcase its a world-class ESG brand, and promote the elevation of its employees' ESG awareness and global perspective, the Company has launched a series of ESG and sustainable development training activities of Guotai Junan and organized programs such as online learning certifications, offline advanced talent seminars, ESG lecture, and carbon trader training. These activities are designed to enhance employees' understanding of the ESG concept and their capabilities in businesses so as to facilitate the construction of an ESG ecosystem within the industry. In 2023, a total of 4,010 employees of the Company participated in ESG training activities, with a combined training duration of 16,835 hours.

• Key Practices in ESG Training of Guotai Junan in 2023 •

ESG Training Programs	Description
Introduction of CISI Sustainable and Responsible Investment Certification Course	<ul style="list-style-type: none"> Established a strategic partnership with the International Institute of the Central University of Finance and Economics, and introduced the Certified Sustainable and Responsible Investment Course offered by the Chartered Institute for Securities and Investment (CISI). Conducted online certification training for the Professional Certificate of Sustainable and Responsible Investment issued by CISI, with 300 participants enrolled in the second phase. Of these, 277 successfully passed the examination and obtained the CISI Certification in Sustainable and Responsible Investment, achieving a pass rate of over 92%, higher than the global average of approximately 70%.
ESG Lecture of Guotai Junan	<ul style="list-style-type: none"> Launched Guotai Junan ESG Lecture Series activities featuring regular online and offline exchanges based on internal and external lecturer resources and focusing on the discussions on the forefront of ESG policies and business development, so as to elevate the ESG and sustainable development awareness among both internal staff and practitioners within the Shanghai securities industry. Four ESG lecture sessions have been launched in 2023, with over 1,000 attendees.
ESG and Sustainable Development Advanced Talent Seminars	<ul style="list-style-type: none"> Developed a 3-day offline practical training program in collaboration with a third-party institution, featuring topics including ESG strategy and rating, ESG reporting and disclosure, ESG investment, carbon accounting, ESG strategies and products, green bonds, and carbon finance; Four training sessions were organized in 2023, with approximately 260 from the Company's headquarters, branch offices, and subsidiaries. Furthermore, the Company invited its strategic client representatives to participate in the demo lesson of the course to facilitate collaborative dialogues with them on ESG development prospects.
Carbon Emission Trader Training	<ul style="list-style-type: none"> Teamed up with the Shanghai Environment and Energy Exchange to nominate qualified staff for participation in the "Carbon Dioxide Emission Rights Trader (Level I) and (Level II)" training program, thereby equipping itself with proficient personnel in carbon trading and management; Currently, 63 employees have obtained the Carbon Dioxide Emission Rights Trader Certificate, with 55 at Level I and 8 at Level II.
Offline Industry-Specific Forum Exchange Training	<ul style="list-style-type: none"> Held a seminar on the "Diversified Strategies and the Application of Green Assets in Portfolio Allocation under Volatile Market Conditions" with an external third-party institution, attracting attendees from over 50 domestic and international asset management institutions, thereby jointly contributing to the establishment of an ESG ecosystem within the industry.

1.3 ESG Brand Building

In order to build itself into a "respectable, comprehensive leading, internationally competitive modern investment bank", the Company actively enhances internal and external publicity, extensive showcases its progress in implementing the green finance and the establishment of ESG system through its own platforms as well as mainstream media, actively participates in the evaluation of various ESG honors and awards organized by government departments, industry associations, media, etc., so as to continuously promote its ESG influence and competitiveness.

In 2023, to further enrich the channels for disclosing ESG information, the Company introduced a "Sustainable Development" column on its official website to ensure normalized disclosure of its ESG management and practices, providing an online display platform for domestic and international institutions to familiarize themselves with and track Guotai Junan's ESG management practices and achievements. A series of ESG-related news and 9 statements on ESG systems and policies were published on the platform. Additionally, the Company incorporated ESG concept dissemination and key practice projects into its routine advertising and social media campaigns to address the stakeholders' concerns, thereby enhancing its sense of social responsibility and ESG brand influence.

Throughout 2023, the Company was honored with a variety of prestigious awards, including the 12th "China Charity Award". Additionally, it was listed in the "Top 100 Index Pioneers of State-owned Enterprises of Social Responsibility (2023)" and the "Top 100 Index ESG Pioneers of ESG of Listed State-owned Enterprises (2023)" outlined in the *Blue Book of Social Responsibility for State-owned Enterprises (2023)* released by the State-owned Assets Supervision and Administration Commission of the State Council. Moreover, it was featured in the "Top 100 Pioneers Among ESG Listed Companies in China" and "Top 30 Pioneers in Financial Industry Among ESG Listed Companies in China" jointly released by the Central Radio and Television General Station and the State-owned Assets Supervision and Administration Commission. For details, please refer to the section headed "Awards and Recognition for Guotai Junan in 2023" of this report.

"Green Finance: Illuminating the Path to a Sustainable Future" Featured at the 2023 Shining Shanghai Festival



During the 2023 Shining Shanghai Festival from September 26 to October 6, 2023, Guotai Junan made its appearance with the theme of "Green Finance: Illuminating the Path to a Sustainable Future". It utilized engaging graphical, textual, and video content for education and promotion, drawing a considerable number of visitors to watch and learn about Guotai Junan's achievements in green finance. Statistics reveals that the instantaneous viewership at Shenyuli in Wanxiang Tian Di reached 54,000 during the festival, with an overall online click-through rate surpassing 2 billion times and a total of over 60,000 individuals specifically viewing Guotai Junan's content.

The Company's MSCI ESG Rating Upgraded to Level BBB

According to the ESG rating results released by Morgan Stanley Capital International (MSCI), an international index compilation company, Guotai Junan Securities saw a leap in its MSCI ESG rating to Level BBB for the year 2023. The Company stands at the forefront of the industry in "responsible investment" and "privacy and data security", without falling below the industry average in all other issues. This reflects the international rating agency's recognition of the Company's level of sustainable development and its systematic ESG management.



Highlights of 2023 ...

- Provided sponsorship and underwriting services for **31** enterprises listed on the Sci-Tech Innovation Board and Growth Enterprise Market, with a cumulative underwriting amount of **RMB33.655 billion**.
- Underwrote **103** technological innovation bonds, with an underwriting scale of **RMB46.4 billion**.
- The carbon transaction size was more than **10,000,000 tons**, continuing to rank **first in the industry**
- Completed **32** domestic and overseas green equity financing projects with an underwriting size of **RMB25.511 billion**.
- Underwrote **102** green bonds with an underwriting size of **RMB53.805 billion**.
- Incorporated ESG factors into the investment decision-making process, with the investment scale amounting to **RMB214.135 billion**, accounting for **16.57%** of the total investment scale.

Material issues in this chapter ...

Serving the real economy, Serving emerging industries, Serving small and medium-sized enterprises, Serving private enterprises, Serving rural revitalization, Carbon finance, ESG financing, ESG investment, ESG asset custody, ESG research, ESG risk management

2.SUSTAINABLE FINANCE >>>>

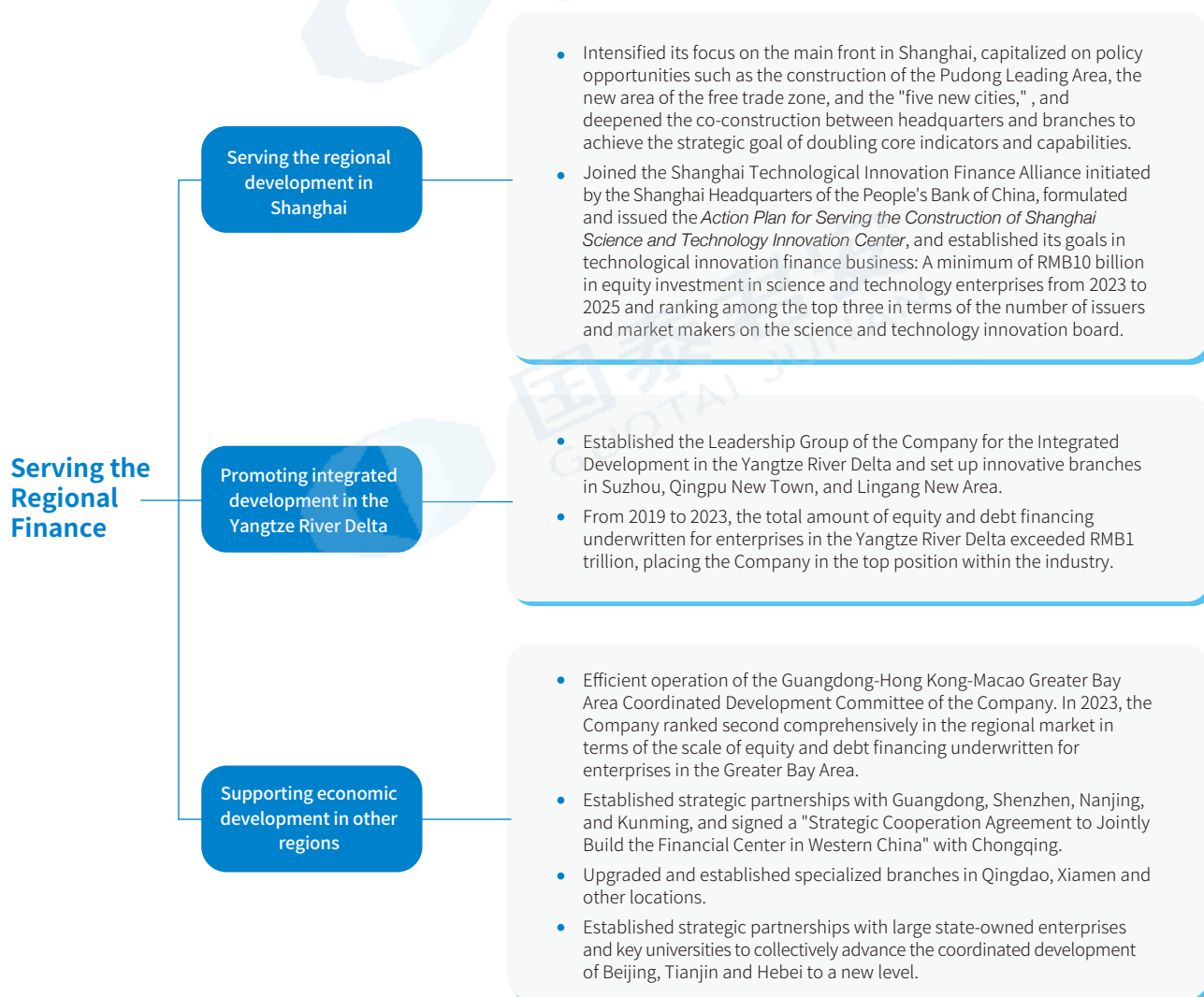
2.1 Serving the Real Economy

Guotai Junan proactively enhanced its commitment to the mission of state-owned financial enterprises. It actively engaged in national and Shanghai's major strategic tasks, thereby contributing to the construction of a new development pattern and propelling modernization with Chinese characteristics.

Serving the Regional Finance

Following the strategic deployment of the 20th National Congress of the Communist Party of China on "promoting urban-rural integration and regional coordinated development," the Company strove to be the vanguard in "regional finance". Grounding itself in regional resource endowments and market characteristics, it pursued deeper institutional and mechanism innovations, actively engaged in major strategic tasks in Shanghai and established Guotai Junan's regional financial service brand in the Yangtze River Delta, the Guangdong-Hong Kong-Macao Greater Bay Area, and the Beijing-Tianjin-Hebei region, extensively enhancing its comprehensive financial service capabilities in these regions.

• Key Initiatives and Highlights of Guotai Junan in Serving Regional Financial in 2023 •



Guotai Junan established the Science and Technology Innovation Series Fund for Leading Districts to fully support the construction of a modern industrial system in Pudong



Guotai Junan led the Series A investment of Shanghai Zhaoxin and assisted the enterprise in financing over RMB1.6 billion

In 2023, under the guidance of the People's Government of Pudong New Area, Guotai Junan, along with the Shanghai Pudong Leading Area Investment Center, initiated the establishment of the Shanghai Pudong Leading Area Guotai Junan Science and Technology Innovation Series Fund with a target total scale of RMB10 billion, supporting the high-quality development of Pudong Leading Area. The first phase, the "Pudong Leading Area Science and Technology Innovation Fund No. 1" with a scale of RMB4.1 billion, was officially registered and established on June 28. Guotai Junan Innovation Investment Co., Ltd., wholly-owned subsidiary of Guotai Junan, served as the fund manager.

Building upon the billion-level Pudong Leading Area Science and Technology Innovation Series Fund, Guotai Junan has taken concrete steps to boost innovation prowess in Pudong, establish "pivot points" for scientific and technological innovation, and expand high-capability industrial clusters. This initiative aimed to deliver quality financial services to support high-quality development of technology and industry in Pudong.

Supporting Yangtze River Delta Investment with the issuance of China's first Yangtze River Delta Integrated Development Demonstration Zone Bond

On October 30, 2023, Yangtze River Delta Investment (Shanghai) Co., Ltd. (hereinafter referred to as "Yangtze River Delta Investment") successfully completed a private placement of corporate bonds (the first phase of the Yangtze River Delta Integrated Development Demonstration Zone Bond) for professional investors on the Shanghai Stock Exchange. The raised proceeds were mainly used for investment, construction, and operation of development projects within the ecological and green integrated development demonstration zone in the Yangtze River Delta.

This program is China's first Yangtze River Delta Integrated Development Demonstration Zone Bond specifically issued to support the national strategy of integrated development in the Yangtze River Delta. Guotai Junan acted as the lead underwriter. The successful issuance of this program exemplifies one of Guotai Junan's typical practices in serving the integrated development in the Yangtze River Delta.

Issuing Guotai Junan's Chengtou Kuangting Affordable Rental Housing REIT to set a benchmark case for revitalizing regional existing assets in the Yangtze River Delta



Guotai Junan Chengtou Kuangting Affordable Rental Housing REIT held the listing ceremony on the Shanghai Stock Exchange.

On December 27, 2023, Guotai Junan's Chengtou Kuangting Affordable Rental Housing Closed-end Infrastructure Securities Investment Fund, with Guotai Junan Asset Management as the fund manager and asset-backed securities manager, and Guotai Junan Securities as the financial advisor, was successfully issued and established on the Shanghai Stock Exchange. The program was initiated by Shanghai Urban Investment (Group) Co., Ltd., with an issuance scale of RMB3.05 billion, marking the first issuance of affordable rental housing REITs by enterprises in the Yangtze River Delta and the largest scale in the market for such products.

The successful issuance of this product stimulated more social investment into the construction of affordable rental housing, setting a high-quality model for revitalizing and expanding investment in the affordable rental housing assets of enterprises in the Yangtze River Delta region.

Guotai Junan, along with the Government of Shenzhen, initiated the establishment of the "Green and Low-Carbon Climate Investment Fund"

On September 25, 2023, Guotai Junan and the Government of Shenzhen officially initiated the establishment of the "Shenzhen Green and Low-Carbon Climate Investment Fund" with an initial scale of RMB2 billion. This fund, with Guotai Junan Innovation Investment Co., Ltd. as the fund manager, will target investments in key areas such as green, low-carbon, climate, and safe energy conservation. The "Shenzhen Green and Low-Carbon Climate Investment Fund" is the first fund established by the Company in Shenzhen since the implementation of the Greater Bay Area strategy and the strategic cooperation with the Government of Shenzhen. It is also the first climate investment fund in China to involve local government cooperation and has been listed among annual key programs by the Shenzhen Municipal Committee. This initiative holds significant importance in guiding and encouraging more funds to be directed towards climate change mitigation efforts, thereby contributing to the realization of peak carbon dioxide emissions and carbon neutrality. With this fund as a cornerstone, the Company plans to develop a distinctive advantage in "green finance", improve and implement a green investment and financing system in line with the ESG development concept, increase investment deployment in related fields, provide robust support for driving economy and society towards green transformation on all fronts, and speed up to establish itself as a demonstration benchmark for green finance in the securities industry.

Excelling in Technological Innovation Finance

Focusing on the deployment outlined in the 20th National Congress of the Communist Party of China to "construct a modern industrial system, improve the technological innovation system, and accelerate the implementation of the innovation-driven development strategy", as well as the emphasis on "excelling in technological finance" at the Central Financial Work Conference, the Company strives to be the pioneer in "technological innovation finance", and by establishing a service system catering to the entire lifecycle of technological innovation enterprises, to facilitate a high-level circulation among capital, technology, and industry.

Excelling in Technological Innovation Finance

33.655 billion

Underwriting scale of technological innovation bonds

46.4 billion

A cumulative underwriting amount of Sci-Tech Innovation Board and Growth Enterprise Market

173.1 billion

A total fundraising for enterprises listed on the Sci-Tech Innovation Board from 2019-2023

4.169 billion

A combined fundraising of technological innovation funds

- In 2023, the Company provided sponsorship and underwriting services for 31 enterprises listed on the Sci-Tech Innovation Board and Growth Enterprise Market, with a cumulative underwriting amount of RMB33.655 billion. Among these, there were 11 IPO companies, including 6 on the Sci-Tech Innovation Board and 5 on the Growth Enterprise Market, with underwriting amounts of RMB17.4 billion and RMB3.997 billion, respectively. Additionally, there were 20 refinancing companies, including 9 on the Sci-Tech Innovation Board and 11 on the Growth Enterprise Market, with underwriting amounts of RMB4.645 billion and RMB7.613 billion respectively. Notably, the IPO project of Huahong Semiconductor on the Sci-Tech Innovation Board marks the first return of a red-chip company registered in Hong Kong to the A-share Sci-Tech Innovation Board; Jingyi Equipment, an IPO company on the Sci-Tech Innovation Board, is a leading semiconductor-specific equipment manufacturer in China; and Skyverse is a leading domestic semiconductor testing equipment provider.
- From 2019 to 2023, the Company sponsored and underwrote IPOs of 48 enterprises listed on the Sci-Tech Innovation Board, facilitating a total fundraising of RMB173.1 billion.
- In 2023, the Company underwrote 103 technological innovation bonds, with an underwriting scale of RMB46.4 billion, ranking third in the industry, moving up one place from 2022. It secured a market share of 12.19%, representing a 3% increase year-on-year.
- Since 2020, HuaAn Funds has issued a total of six technological innovation funds, with a combined fundraising of RMB4.169 billion. Among these, the Sci-Tech Innovation Board thematic funds were among the first in the industry, and its allocation of Sci-Tech Innovation Board index funds also ranks at the forefront of the industry.

Assisting Huahong Semiconductor in its successful debut on the Sci-Tech Innovation Board, with a fundraising scale exceeding RMB20 billion



Guotai Junan helped Huahong Semiconductor successfully listed on the Sci-Tech Innovation Board

On August 7, 2023, Huahong Semiconductor Limited ("Huahong Semiconductor") made its initial public offering and officially debuted on the Sci-Tech Innovation Board of the Shanghai Stock Exchange. Huahong Semiconductor is a global leading specialty process wafer foundry enterprise and ranks the second largest in Mainland China and the sixth largest in the world. Huahong Semiconductor made its debut on the Hong Kong Stock Exchange in 2014 and was the first red-chip company registered in Hong Kong to return to the A-share Sci-Tech Innovation Board.

As the lead sponsor and main underwriter for Huahong Semiconductor's listing on the Sci-Tech Innovation Board, Guotai Junan Securities provided unwavering support to ensure its smooth listing. The total proceeds of Huahong Semiconductor's return to A shares this time amounted to RMB21.203 billion, making it the largest A-share IPO project since 2023 and the third largest fundraising project in the history of the Sci-Tech Innovation Board.

Assisting in the issuance of China's first corporate bond labeled with "Technological Innovation + Yangtze River Delta Integration"

In August 2023, Anhui Ancheng Capital Co., Ltd. successfully issued its private offering technology innovation corporate bond for 2023 (Phase I) (Yangtze River Delta Integration) on the Shanghai Stock Exchange. Guotai Junan served as the exclusive lead underwriter and bookkeeping manager for the project, providing comprehensive bond business guidance to the issuer and successfully assisting Anhui Ancheng Capital Co., Ltd. in completing this issuance.

This bond is China's first corporate bond labeled with "Technological Innovation + Yangtze River Delta Integration", serving as another exemplary case of Guotai Junan's role in leveraging financial services to empower the real economy and facilitate high-level technological self-reliance.

Promoting Inclusive Finance

The Company stays committed to the "development philosophy of putting people at the center" proposed in the Report to the 20th National Congress of the Communist Party of China and earnestly implements the Implementation Opinions of the State Council on *Promoting the High-Quality Development of Inclusive Finance* ("Implementation Opinions"), striving to be a pioneer who continues to delve into "inclusive finance" and actively promotes the development of inclusive finance, with a focus on supporting small and micro businesses through finance, supporting rural revitalization through finance, conducting financial consumer education, offering digital inclusive financial products, and enhancing financial support in the elderly care sector (For more information about supporting rural revitalization through finance, conducting financial consumer education and offering digital inclusive financial products, please refer to the sections "Public Welfare Charity" and "Product and Customer Service" in this report).

Small and micro business entities are the focal points of the nation's inclusive finance initiatives. The *Implementation Opinions* encourage financial institutions to develop products and services tailored to the production and operation characteristics as well as the development needs of small and micro businesses as well as individual businesses. In 2023, the Company actively advanced businesses related to the New Third Board and the Beijing Stock Exchange, innovated service approaches and comprehensively utilized tools such as financial consulting, equity and debt financing, and asset-backed securitization to offer diversified financial services and funding support to small and micro businesses.

Establishing credit risk mitigation warrants (CRMW) to support financing for small and micro businesses

In 2023, under the lead underwriting of Guotai Junan, the "Runhe 2023 Phase I Loan Asset-backed Securities for Small and Micro Businesses" were successfully issued on the interbank bond market. The total issuance scale for this project reached RMB3.5 billion, divided into senior A, senior B, senior C, and subordinated tranches, with all underlying assets in the pool being the operating commercial loans extended by Zhejiang Tailong Commercial Bank Co., Ltd. ("Tailong Bank") to small and micro business owners.

This project, initiated by Tailong Bank, is the market's first small and micro credit ABS equipped with CRMW. Guotai Junan, as the lead underwriter, established a CRMW for the senior C tranche of this small and micro ABS, thereby expanding the investor base. This initiative offers a market-driven approach to address the financing challenges faced by small and micro businesses, guiding social capital to collectively support the growth of small and micro businesses. It stands as another successful exploration of financial innovation serving the real economy.

Assisting ORIX in the successful issuance of small and micro-targeted asset-backed notes

In 2023, under the lead underwriting of Guotai Junan, the "ORIX China Corporation 2023 Phase I Small and Micro-Targeted Asset-backed Notes for Industrial Upgrading" was successfully issued in the interbank bond market, with an issuance scale of RMB1.201 billion. The underlying assets were the lease receivables generated by ORIX's small and micro financing lease businesses.

This project is the market's first small and micro lease asset securitization product released by a foreign-funded financing lease company in the domestic capital market. Guotai Junan helped ORIX support the development of small and micro businesses through innovative financial solutions, ensuring steadfast support for industrial upgrading.

Developing Pension Finance

In respect of offering financial assistance in the elderly care sector, the Company focused on the financial welfare of the elderly community, actively promoted the establishment of a multi-tiered, multi-pillar pension system, and facilitated the healthy development of the pension insurance system of the third pillar to effectively meet the residents' demands for retirement services.

Guotai Junan was included in the list of the first batch of sales agencies for individual pension funds, and relying on the Junhong APP, provided investors with full-cycle and one-stop pension wealth management services, enabling users to easily access services such as initiating individual pension accounts, devising pension plans, purchasing pension wealth products, and managing pension portfolios. Throughout 2023, the Company formulated and executed the plan and core strategy for promoting individual pension products. By the end of 2023, approximately 60,000 pension accounts had been initiated, with access established to individual pension accounts in 17 banks.

In respect of pension finance, HuaAn Funds has launched 10 pension targeted funds (FOF), raising a total of RMB4.932 billion. Among them, 7 have been included into the list of individual pension fund products.

Deepening Cross-border Finance

Focusing on the requirements put forward by the 20th National Congress of the Communist Party of China to "accelerate efforts to foster a new pattern of development that is focused on the domestic economy and features positive interplay between domestic and international economic flows", Guotai Junan strove to build itself as a new benchmark in "cross-border finance" and promote high-level institutional opening-up by deepening the implementation of integrated management of cross-border business, accelerating the integration of middle and back-office cross-border connectivity, and continuously improving its international development layout.

In 2023, the Company became one of the industry's first securities traders that passed the outbound data security assessment by the Cyberspace Administration of China and industry's first to successfully launch the Renminbi Cross-border Payment System (CIPS) with centralized visibility feature for interbank accounts. It also established itself as one of the first market makers for Hong Kong Dollar-Renminbi dual counter and one of the first overseas investors to obtain trading access to the "Northbound Connect" program. The Company further expanded its cross-border financial business layout by officially operating its subsidiary in Macau and Guotai Junan Futures (Singapore) subsidiary, and registering a subsidiary in the UK. Guotai Junan International maintained its comprehensive competitiveness at the forefront of Chinese securities firms in Hong Kong region, rising to fourth place among Chinese securities firms in the industry rankings for the number of IPOs in Hong Kong.

HuaAn Funds, a subsidiary of the Company, leads the industry in the layout of cross-border financial products and stands as the first domestic public fund manager to issue QDII funds. Currently, HuaAn Funds has established a presence in multiple markets including France, Germany, Japan, Nasdaq, and Hong Kong stock market, boasting a diverse product portfolio. Since 2020, HuaAn Funds has launched the industry's first QDII fund in the French market, while continuously expanding its presence in Nasdaq and Hong Kong stock market. A total of 5 products have been issued, with a fundraising scale of RMB1.682 billion.

Assisting Shenzhen in issuing the first offshore local government social responsibility bond in mainland China

On August 29, 2023, Guotai Junan International, in its capacity as the joint lead manager and bookrunner, successfully assisted the Government of Shenzhen, Guangdong Province, in pricing and issuing offshore Renminbi local government bonds valued RMB5 billion in Hong Kong. The bond issuance comprised 2/3/5-year tranches, with the 3-year tranche (green bond) amounting to RMB2.1 billion and the 5-year tranche (social responsibility bond) amounting to RMB2 billion. The proceeds raised were allocated to projects including education, clean transportation, water treatment, healthcare, and revitalization of aging communities. This project underscored Guotai Junan's collaborative efforts in leveraging synergies between domestic and overseas operations to deepen financial cooperation advantage between Shenzhen and Hong Kong.

Assisting Tongling Nonferrous in completing a large-scale overseas asset restructuring



Assisting Tongling Nonferrous in completing large-scale overseas asset restructuring

In 2023, Guotai Junan, in its capacity as the independent financial advisor and lead underwriter, assisted Tongling Nonferrous Metals Group Co., Ltd. (hereinafter referred to as "Tongling Nonferrous"), a leading player in the copper industry chain in China, in successfully issuing shares, convertible bonds, executing asset acquisitions through cash payments, raising supplementary funds and executing asset acquisitions in related transactions. With the inclusion of the Milado copper mine assets in this restructuring, Tongling Nonferrous was poised to significantly bolster its self-reliance in upstream copper mine resources and reinforce the security of its copper resource supply chain. This transaction exemplified Guotai Junan's adept utilization of its cross-border finance expertise to assist domestic enterprises in collaborative endeavors for overseas expansion by introducing substantial copper mine resources into listed companies.

2.2 Carbon Finance

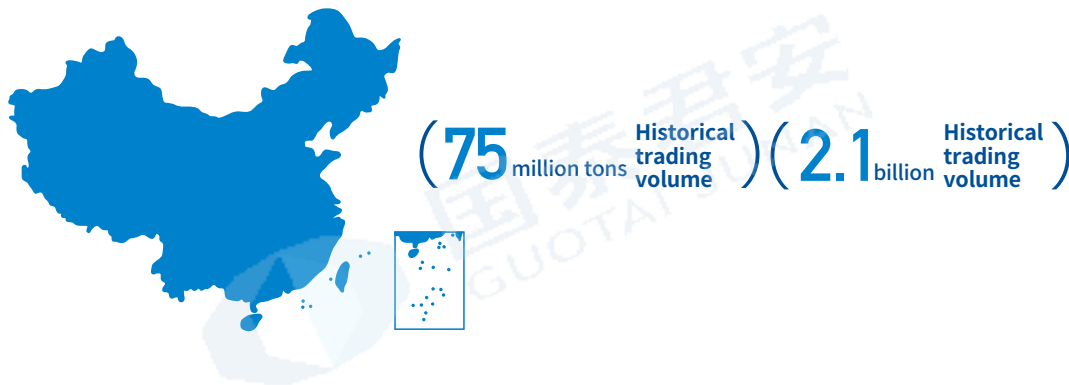
As early as 2014, Guotai Junan established a carbon finance business team and was one of the first batch of companies to obtain the carbon trading qualifications from the CSRC in 2015. In 2016, it became the first domestic securities company to join the International Emissions Trading Association (IETA). The Company is an important participant in the domestic carbon trading market and an influential pricing and trading institution, and has provided leading carbon finance services to many leading corporate groups, contributing significantly to the liquidity of the domestic carbon market.

In terms of strengthening system construction, in order to regulate the Company's participation in the carbon emission right self-operating business and effectively prevent and control operational risks, the Company further amended the *Carbon Emission Right Self-Operating Business Management Measures in 2022*, making detailed provisions on decision-making authorization and organization system. Specific business operation rules and management processes have also been prepared at the departmental level to further standardize the business development process and manage potential risks in the process.

Over the years, the Company has continued to maintain its leading edge in carbon finance business, with the carbon finance team of the Company's Fixed Income Foreign Exchange Commodity Department (FICC) taking the lead in promoting the Company's carbon finance business, and launching the business of carbon asset spot trading, emission reduction purchase transactions (ERPA), carbon repurchase transactions, carbon offset neutralization and quota to emission reduction swap transactions, etc. In 2023, Guotai Junan Futures set up the carbon finance department, realizing the in-depth integration of securities and futures at the group level.

In terms of emission reduction business, since conducting the first CCER emission reduction purchase transaction in the securities industry in 2015, the Company has been actively tracking the dynamics of voluntary emission reduction markets at home and abroad and exploring green emission reduction projects that meet the methodological requirements. According to statistical estimation, the signed projects are expected to generate approximately 8 million tons of emission reduction annually.

In terms of business innovation, the Company has completed the first CCER transaction, the first carbon inclusive transaction, the first income certificate linked to carbon emission quotas, and the first OTC option transaction linked to domestic carbon emission rights, etc. in the securities industry. The Company has provided high-quality carbon finance services to the market, covering risk management, finance facilities and other areas, which have helped companies effectively revitalize their carbon assets and discover the carbon price.



As of the end of 2023, Guotai Junan recorded a cumulative trading volume of 75 million tons and a trading amount of approximately RMB2.1 billion in the carbon trading market, of which the trading volume in 2023 was more than 10 million tons. The service targets of the carbon finance trading business were emission-control enterprises, voluntary carbon neutral enterprises, carbon service platforms and institutional investors from dozens of regions including Beijing, Shanghai, Shandong, Henan, Hebei, Anhui, Jiangsu, and Qinghai, involving industries of power generation, heat supply, paper making, chemical industry, iron and steel, transportation, finance and public utilities, etc.

Piloting the Fujian carbon market by carrying out buy-out repurchase business

Since June 2023, the Company's carbon finance business team has been piloting the carbon market in Fujian, and has secured Fujian Emission Allowances (FJEA) agreed repurchase businesses of nearly 3 million tons, accounting for approximately 50% of businesses in this category in the Fujian market this year. The agreed repurchase with a private enterprise was the largest single transaction since the release of the implementation rules for the agreed repurchase transaction in the Fujian carbon market.

Entering into a carbon finance framework cooperation agreement with Zhangjiakou Selin Group to support the "dual-carbon" goal



Entering into a carbon finance framework cooperation agreement between Guotai Junan and Zhangjiakou Selin Group

In April 2023, Guotai Junan and Zhangjiakou Selin Forestry Group Co., Ltd ("Selin Group") held a signing ceremony for a carbon finance framework cooperation agreement to establish carbon finance business cooperation.

Under this cooperation, Guotai Junan will fully utilize its advantages of complete licenses and comprehensive capabilities to provide Selin Group with a full range of customized green financial services, such as carbon market trading, carbon asset management, carbon finance innovation, and "dual-carbon" industry research, etc., and will work with Selin Group to develop green emission reduction projects in Zhangjiakou and even Hebei Province, to fully enhance the capacity of forestry industry to increase carbon sinks and reduce emissions, and to provide services to Zhangjiakou to further promote the conversion of ecological advantages into economic values and build a nationally renowned green eco-city.

Guotai Junan Financial Holdings, a subsidiary of the Company, also actively participated in the construction of the carbon finance ecosystem. Its investment subsidiary in Hong Kong continued to explore voluntary emission reduction development and trading with subsidiaries of A-share listed companies, subsidiaries of centralized enterprises, and leading private enterprises, innovated the carbon trading model, and provided leading cross-border carbon finance services to domestic and foreign customers. As of the end of 2023, the scale of cross-border carbon trading was approximately 700,000 tons.

Released the "Guotai Junan Overseas Carbon Futures Continuous Index and Low Volatility Index"

In October 2023, the Hong Kong investment subsidiary of Guotai Junan Financial Holdings released the "Guotai Junan Overseas Carbon Futures Continuous Index and Low Volatility Index" on the Singapore Exchange.

The two indexes released this time are mainly designed based on the European Union Allowance (EUA) futures product of the Intercontinental Exchange (ICE). The Guotai Junan Overseas Carbon Futures Continuous Index continuously extends durations of different contracts through the rule-based main contract identification and extension algorithm to form a tradable continuous benchmark index, which can meet the risk mitigation and investment needs of investors in the ESG field, and at the same time, the underlying products are no longer limited by specific contract duration. The Low Volatility Index combines the volatility prediction algorithm based on the aforementioned index and is anchored at an annualized volatility level of 5%, which facilitates investment and related structured product design for clients with lower risk appetite. This release realized Guotai Junan's investment coverage of overseas carbon futures assets and further enriched its carbon finance service tools.

At present, the Company is well-equipped with the trading conditions of the domestic and international carbon markets, and can provide diversified carbon finance services to enterprises and traders along the domestic and international industrial chains. The Company has won a number of honors and recognitions in the field of carbon finance, and has been recognized as an outstanding member and an outstanding investment institution by a number of carbon emission rights exchanges, including Beijing, Shanghai, Hubei and Guangdong, for many consecutive years.

In the future, the Company will continue to extensively developed carbon finance, further deepen its study on the trend of the pilot carbon market, push forward the development and reserve of high-quality CCER projects that meet the requirements of the methodology or have a good social effect of carbon reduction, and continue to innovate carbon finance products for early and pilot implementation to meet the diversified needs of our clients.

2.3 ESG Financing

With the gradual deepening of the ESG concept, the integration of ESG into the investment and financing policies, products and risk management of financial institutions has become an important measure for financial institutions to implement the ESG concept. Under the background of China's "dual-carbon" goal, green financing has become the main focus of China's ESG financing. Guotai Junan has been implementing the requirements of the 20th CPC National Congress on "advancing green development and promoting harmonious coexistence between human and nature", integrating ESG factors into equity financing, debt financing, pledge financing and other businesses, deeply engaging with green and low-carbon industries to provide full-cycle and full-chain green financing services, and actively serving the financing and merger and acquisition needs of the exit and transformation of backward

high-carbon industries.

In order to better promote the Company's ESG financing practice, the Company has set up a Green Financing Group under the ESG and Sustainable Development Committee, and held three plenary meetings in 2023 to discuss the statistical basis of ESG financing business, the optimization of the internal audit mechanism of ESG projects, and the streamlining of ESG financing work, etc., and to formulate the ESG financing business standard, the draft proposal on supporting financing by ESG investment, and a *Memorandum on Optimizing the Internal Audit Mechanism for ESG Projects such as Green Bonds*.

• **Key ESG Financing Practices of Guotai Junan in 2023** •

Business types	Key Practices
Equity financing business	<ul style="list-style-type: none"> • In terms of domestic business, specialized business departments for the new energy industry were established, including the New Energy Industry Division I, II, and the Financial Advisory Department; the target of green financial projects for 2023-2025 was set, aiming to complete at least 8 new energy IPO projects and 15 new energy equity financing projects in order to support the growth of green industries and the transformation and upgrading of traditional industries. • In terms of offshore business, ESG factors were integrated into financial advisory, fixed income and capital market businesses, and as the selection criteria for corporate financing service clients and projects. In IPO projects, the Company conducted due diligence on the ESG situation of clients and disclose their ESG policies and situation in the prospectus, so as to guide investors to invest in companies with low sustainability risks and high investment value. In the capital market business, for non-listed enterprises, the Company used the reference information of the Sustainability Accounting Standards Board (SASB) Materiality Map and the MSCI ESG Industry Materiality Map to conduct ESG assessment for clients, and prioritized the selection of enterprises with excellent ESG performance as project participants. For listed companies, the Company assessed the ESG performance of listed companies through publicly available data provided by renowned data providers and ESG rating organizations, and review the annual ESG reports and ESG ratings (if any) of listed companies.
Debt financing business	<ul style="list-style-type: none"> • In terms of domestic business, the Debt Financing Department held a special discussion meeting on ESG products, clarified the mechanism for special assessment and support for green/ESG products, and further sorted out and summarized the underwriting of various ESG bond products; in 2023, the Company underwrote a total of 82 domestic green bonds, with an underwriting size of RMB46.996 billion (ranking the third in the industry) and an issuance size of RMB267.181 billion. • In terms of offshore business, Guotai Junan International underwrote a total of 20 green bond in 2023, with an underwriting size of RMB6.809 billion and an issuance size of RMB38.279 billion.
Pledge financing business	<ul style="list-style-type: none"> • Set up an ESG specialization team that operates as a matrix in the front end of the business, providing professional ESG consultation and services to projects and members of the team. • Incorporated ESG standards throughout the process of pledge project evaluation and management as the core element of project judgment. In 2023, the ESG assessment of underlying securities was added to the due diligence of pledge business, with ESG evaluation results becoming an important consideration in the review of pledge projects, and the standard due diligence guidelines and reporting templates for pledge business were revised at the same time. • Improved the ESG comprehensive evaluation system for pledge projects, evaluate the overall ESG situation of the projects from the dimensions of the financing entity, the underlying securities and the use of green financing funds, and incorporate the data of Wind ESG ratings as a parameter into the evaluation system. • Include the evaluation of ESG underlying securities as an important parameter in the scope of the underlying securities and the conversion rate of the new agreed repurchase business. • The use of funds of the green finance pledge projects are required to be filled out and demonstrated in detail, and green finance projects will be given a priority green channel for project processing, and preferential interest rate support will also be provided in the future.

ESG financing highlights of Guotai Junan in 2023

25.511 billion

An underwriting size of green equity financing

53.805 billion

An underwriting size of green bonds

305.46 billion

An issuance size of green bonds

17.07 billion

An issuance size of green ABS

3.58 billion

A financing scale of ESG pledge financing projects

- The Company completed 32 domestic and overseas green equity financing projects with an underwriting size of RMB25.511 billion.
- The Company underwrote 102 domestic and overseas green bonds with an underwriting size of RMB53.805 billion and an issuance size of RMB305.46 billion; as the project manager, it issued 13 green ABS products with a total scale of RMB 17.07 billion.
- The Company underwrote 37 ESG pledge financing projects with a financing scale of RMB3.58 billion.

Assisting a listed company in the construction of industrial wastewater treatment project

In 2023, the Company provided financing support of RMB150 million through pledge financing business to the controlling shareholder of Water Business Doctor, a listed company, which was used to participate in the private placement of the listed company and to support the construction of its industrial wastewater treatment project.

The industrial wastewater treatment project enables the effective treatment of acrylonitrile wastewater with high concentration, realize the environmental protection target of emission, alleviate the pressure of industrial wastewater treatment faced by the listed company Jilin Chemical Company and Jilin Chemical Industry Park at present and in the future development, and increase the economic benefits for the enterprises.

Contributing to the successful issuance of the first "Carbon Neutral + Technological Innovation + Rural Revitalization" triple-labeling bond in China



Contributing to the successful issuance of the first "Carbon Neutral + Technological Innovation + Rural Revitalization" triple-labeling bond in China

In December 2023, Guotai Junan acted as the lead underwriter and bookrunner for the successful bookkeeping of the "2023 Public Issuance of Science and Technology Innovation and Green Rural Revitalization Bonds (Dedicated to Carbon Neutrality) (Phase I) by Jilin Electric Power Co., Ltd. for Professional Institutional Investors". With a size of RMB500 million, a term of 3 years and a coupon rate of 2.99%, the bond issue is the first "Carbon Neutral + Technological Innovation + Rural Revitalization" triple-labeling bond in China, setting the lowest interest rate for bonds of the same maturity in the Northeast region for the past year.

The bond is designed to promote green emission reduction and rural revitalization through scientific and technological innovation. The projects are mainly located in a number of poor counties that have been successfully lifted out of poverty in recent years, as well as in economically underdeveloped townships outside the core economic circle of China. Through the construction of household distributed photovoltaic power stations, the projects promoted the further integration of new energy industry and rural revitalization, fully utilized the resource endowment of rural areas, and was of great significance in promoting comprehensive rural revitalization and green energy transformation.

Contributed to the successful issuance of the first sustainability-linked corporate bond in domestic securities industry

In August 2023, Huafu Securities Corporation Limited's public offering of corporate bonds for professional investors (phase II) (sustainability-linked) in 2023, which was underwritten by Guotai Junan, was successfully issued. This issuance marks the first-ever corporate bond in the domestic securities industry linked to sustainability. The bonds were issued with a maturity of 3 years and a total issuance scale of RMB1 billion. For this issuance, the key performance indicator selected is Huafu Securities' own investment scale in the green industry. The sustainability performance target is set at a minimum of RMB300 million in Huafu Securities' own investment scale in the green industry for 2025, aiming to guide capital flows towards sustainable green sectors.

Guotai Junan helped BYD Auto Finance successfully issue the largest green auto loan ABS in China

In August 2023, Guotai Junan, as the lead underwriter and bookrunner, assisted BYD Auto Finance in the successful issuance of "BYD Dynasty 2023 Phase III Retail Auto Mortgage Loan Green Asset-backed Securities" ("BYD Dynasty 2023-3") in the interbank bond market. The project is the largest green auto loan ABS issued in the market to date, and also the auto loan ABS with the lowest interest rate issued since 2023. The project is the first phase of asset-backed securities issued under BYD Auto Finance's RMB18 billion registered quota, with a total issuance size of RMB10 billion, and its underlying assets all correspond to new energy vehicles. According to the green assessment, the underlying assets of this green auto loan ABS are expected to realize carbon dioxide emission reduction of approximately 148,500 tons per year and save approximately 80,600 tons of standard coal.

2.4 ESG Investment







With China's economic restructuring and high-quality development, the concept of ESG investment has become a consensus among all parties. Based on the new stage of development, Guotai Junan has actively implemented the ESG concept and promoted the integration of ESG into the whole process of operation and management and investment decision-making, in order to obtain more sustainable investment returns and guide the fund flow to enterprises with better ESG performance.

In 2023, the Company formulated and published the *Statement on Responsible Investment of Guotai Junan Securities Co., Ltd.*, which covers the organizational structure and management of the Company's responsible investment, the strategy and application of responsible investment, etc., in order to promote the organic integration of the concept of responsible investment with the investment business. The Company's investment business lines and subsidiaries also continued to strengthen the construction of ESG investment-related business systems, and formulated and developed the *Investment Research Framework for Listed Companies of the Securities Derivatives Investment Department (ESG)*, the *Administrative Measures for ESG Assessment of the Fixed Income Foreign Exchange Commodity Department*, the *Guidelines on the Operation of Investment of Own Funds of Guotai Junan Futures Co., Ltd. (Revised in 2023)*, the *Statement of Policy on Responsible Investment of HuaAn Funds Management Co., Ltd.*, the *Statement on Exercise of External Voting Rights by HuaAn Funds Management Co., Ltd.* and other management systems and regulations to promote the standardization and normalization of ESG investment management.

In terms of ESG investment management structure, the Company has established an investment transaction group under the ESG and Sustainable Development Committee, responsible for comprehensively promoting the integration of ESG and investment transaction business. Some business departments already have dedicated ESG investment professionals. For example, a responsible investment management team and ESG analysis specialists were established by Guotai Junan International, a subsidiary of the Company, to collect ESG information of potential investment targets, assess the ESG risks of investment targets and monitor changes in the ESG ratings of investment portfolios and public sentiment, etc.

Both Guotai Junan Securities and its subsidiary HuaAn Funds have signed the Principles of Responsible Investment (PRI) in the capacity of "investment managers", fully implementing the six PRIs and actively practicing responsible investment strategies. In order to further promote the integration of ESG factors into the Company's investment business, all investment business lines and subsidiaries have actively applied responsible investment strategies, which include negative screening, best-in-class selection, ESG integration, thematic investing, impact investing, active ownership, etc.. In 2023, the Company incorporated ESG factors into the investment decision-making process, with the investment scale amounting to RMB214.135 billion, accounting for 16.57% of the total investment scale.

• Application of Responsible Investment Strategy in Guotai Junan •

	Equity in listed companies	Fixed income	Private equity	Market making hedging
 Negative Screening	✓	✓	✓	
 Best-in-Class Selection	✓	✓	✓	
 ESG integration	✓	✓	✓	
 Thematic investing	✓	✓	✓	✓
 Impact investing		✓	✓	
 Active ownership	✓		✓	

In 2023, the Company further implemented the concepts of long-term investment, value investment and responsible investment, continued to improve the construction of ESG investment and research system, and increased the layout of green investment in investment practices, continuously increased the proportion of ESG investment scale and enriched the supply of ESG investment products.

• Key ESG Investment Practices of Guotai Junan in 2023 •

Key aspects	Key practices
 <p>Improving ESG investment research system</p>	<ul style="list-style-type: none"> • The Company established an ESG evaluation system for bonds, integrating ESG concepts into bond investment system construction, target selection, investment decision-making, risk management and other aspects. • HuaAn Funds built an ESG data and information platform based on an external third-party database, established an ESG negative screening mechanism, an ESG risk alert and response mechanism, and explored the establishment of an internal ESG evaluation system. • Guotai Junan Innovation Investment enhanced its ESG investment evaluation process and system, taking into account ESG factors in the project preliminary screening, due diligence and post-investment management, and formulated an industry screening mechanism, established an ESG negative list and an ESG investment evaluation system. • Guotai Junan Futures incorporated ESG factors into the whole process of pre-investment, investment and post-investment, included ESG questionnaires in the due diligence questionnaires of investment targets, reported ESG performance of investment targets to the investment decision committee for consideration as one of the evaluation factors in the investment decision-making, and continuously paid attention to the ESG performance of invested products.
 <p>Enriching ESG product supply</p>	<ul style="list-style-type: none"> • The Company continuously increased the development of ESG indexes and ESG product construction. As of the end of 2023, the Company has issued 10 ESG-related fund products with a total size of over RMB3.85 billion, and participated in the listed companies with the nominal principal amount of non-public issuance of RMB14.666 billion and ESG ratings of BB or above through OTC derivatives. • In the fund investment advisory business, ESG attributes have been included in one of the comprehensive evaluation indexes for fund product entry. In 2023, the Company introduced 590 ESG public funds for distribution, accounting for approximately 70% of the total number of ESG public funds in the market, and the retained scale of ESG public funds reached RMB2.328 billion. • Launched a list of funds with themes such as "Green Building", "Green Packaging", "Green Power", "Carbon Neutral", etc. on the Junhong App and other platforms to help investors understand green finance-related themes and related funds in a timely manner.
 <p>Expanding ESG investment scale</p>	<ul style="list-style-type: none"> • As of the end of 2023, the Company has invested in a total of 6 green equity projects with an investment scale of RMB334 million; the green bond (including carbon neutral bonds) investment scale was RMB15.763 billion, and the ESG-related bond investment scale was RMB22.958 billion.

Guotai Junan independently developed the ESG evaluation system for bonds

In 2023, the Company, relying on the innovative capability of financial technology, independently developed and launched an ESG evaluation system covering 14,000 market players in China, realizing the visual presentation of ESG characteristics identification, evaluation, monitoring and warning. In addition, the Company established a bond ESG investment and research system, which integrates ESG concepts into the system construction, target selection, investment decision-making, risk management, and other aspects of bond investment.

The ESG evaluation system provides ESG investment references for investment managers and traders by screening and integrating various ESG data, while the risk control and middle and back-office teams can monitor the ESG scores of the investment targets in real time, thus realizing efficient coordination between the front, middle and back offices.

In addition, Guotai Junan has built a comprehensive framework for bond ESG investment management, i.e., identifying the responsible parties for ESG data acquisition, model construction, model maintenance and investment research, and specifying the specific processes for pre-investment, investment and post-investment, in order to comprehensively promote the integration of bond ESG investment and research framework. At the initial stage of integration, a prudent negative elimination strategy is adopted to exclude investment targets with significant negative social and environmental impacts, major pollution incidents or major safety accidents, and corporate governance deficiencies, so as to prevent the transmission of ESG risks to credit risks.

Guotai Junan International built assessment system for private equity target companies

Based on the risk characteristics of primary market projects, Guotai Junan International's private equity management department has independently established an ESG factor assessment system, which centers around the three major areas of environment, society and governance, as well as 13 issues such as the impact of climate change, natural capital, and carbon emissions on income and repayment ability, and has conducted all-around due diligence on the target companies through quantitative analysis, factor assessments, and interviews, so as to better manage risks and identify investment opportunities with long-term sustainable growth potential.

In 2023, based on the above system, the private equity management department launched due diligence investigations on 10 projects already invested in by the department, and at the same time applied the above assessment criteria to potential investment targets, so as to fully implement the ESG responsibilities of the Company and the department in terms of investment decision-making, project management and risk management.

Guotai Junan practiced the concept of responsible investment and actively exercised shareholder rights

In 2023, the Company practiced the concept of responsible investment, actively fulfilled its fiduciary duties, and further standardized the exercise of voting rights by formulating and publishing the *Statement on Exercise of External Voting Rights by Guotai Junan Securities Co., Ltd.*, which specifies the principles for the exercise of external voting rights by the Company and its subsidiaries, and incorporates ESG factors into the consideration of voting matters, focusing on 9 ESG issues including climate change, energy conservation and environmental protection, pollution emissions, human capital, supply chain management, social responsibility, corporate governance, investor interests, and business ethics.

The Company's subsidiaries, HuaAn Funds and Guotai Junan Asset Management, have also formulated the *Statement on Exercise of External Voting Rights by HuaAn Funds Management Co., Ltd.* and the *Regulations on the Administration of the Exercise of External Voting Rights on Behalf of Its Public Funds (Revision 1 of 2021)* respectively, undertaking to take ESG factors into account in fulfilling the obligations of the fund managers and the public product managers.

HuaAn Funds conducted communication on ESG-related concepts and practices with the investee companies during due diligence process. In the proxy voting process, attention was paid to whether the use of funds and investment projects of listed companies comply with ESG principles, and ESG factors were considered in the process of voting for or against according to the actual situation, so as to promote the investee companies to improve their governance level and ESG performance.

Guotai Junan Asset Management has made it clear that for the voting content involving ESG, green development and other related issues, fund managers are required to actively participate in the voting process and implement ESG investment concepts in the voting process, so as to support and promote the investee companies to improve ESG governance level, enhance ESG performance and strengthen the quality of ESG information disclosure.

Guotai Junan Zhengyu incorporated ESG factors into investment decisions

Guotai Junan Zhengyu focuses on and is committed to continuously improving the ESG performance of investment targets. Among the 6 active investments decided and executed by Guotai Junan Zhengyu in 2023, 3 projects, or 50%, have included ESG factors in the investment decision-making process.

For example, in the due diligence of a semiconductor company, Guotai Junan Zhengyu focuses on whether the company's products or businesses violate international laws and standards or are included in the international banned lists, whether the products are beneficial to the environment protection, and whether the products are conducive to promoting the safety and stability of the industrial chain, etc.



The picture below shows the launching ceremony of the China Climate Engagement Initiative (CCEI)

In addition, the Company actively participates in the construction of the responsible investment ecosystem by joining the responsible investment industry alliance and participating in conferences and forums related to responsible investment, etc. In 2023, the Company participated in a number of conferences such as the ESG Global Leaders Conference and the Shanghai Stock Exchange Global Investors Conference, etc., and HuaAn Funds joined the "China Climate Engagement Initiative (CCEI)" as a founding member institute to actively promote the green and low-carbon transformation of listed companies.

2.5 ESG Asset Custody

The Company continued to enhance its custody outsourcing services to provide efficient and professional asset custody and operation outsourcing services for private equity funds, public funds, futures asset management and other clients to conduct green financial business. In order to effectively promote the efficiency of ESG asset services, the Company has set the business target of "the average annual growth rate of not less than 10% annual growth in the green asset custody outsourcing scale (bilateral) from 2023 to 2025". In 2023, the Company's green asset custody outsourcing scale (bilateral) was RMB3.641 billion.

Guotai Junan undertook the custody service of Tianhong Guozheng Green Power Index Initiated Securities Investment Fund

In July 2023, Tianhong Guozheng Green Power Index Initiated Securities Investment Fund selected Guotai Junan as the custodian, which further expanded the scope of the Company's green asset services, strengthened the Company's brand power and influence of custody and fund service, and laid a solid foundation for the Company to undertake more types and quantities of green assets in the future.

Guotai Junan undertook the operation service of the largest actively-managed ESG-themed bond fund in China



In September 2023, Neuberger Berman Overseas Investment Fund Management (Shanghai) Limited ("Neuberger Berman") established China Green Bond Securities Investment Fund, which raised RMB2.194 billion. While providing fund operation services to Neuberger Berman, Guotai Junan also promoted the fundraising and helped the product launch successfully, which further consolidated the foundation of Guotai Junan's public fund operation outsourcing service model.

2.6 ESG Research

The Company attaches great importance to ESG research, closely tracks the development trend of ESG-related policies and markets at home and abroad, focuses on the development of green and low-carbon industries, ESG investment and financing, green finance, carbon finance and other topics, and conducts tracking and thematic research around related policies, markets, industries and products. The Company also actively builds a research network and actively establishes research cooperation with the government, associations, universities, enterprises and other organizations, so as to consolidate the theoretical foundation of the Company's ESG investment and financing business, and to continuously expand the Company's ESG influence.

The Company has equipped ESG researchers in the Research Institute Department, the Policy Research Institute, Green Development Research Center of Guotai Junan Innovation Investment, the Strategic Client Department and other departments, and has required all business lines and subsidiaries to strengthen their ESG research strength according to their business needs. In 2023, in order to further standardize ESG research management, the Research Institute Department has formed a youth commando team for "ESG and green finance research" on the basis of the existing research team, gradually improving the construction of ESG research organization.

ESG Research Achievements of Guotai Junan in 2023

Main aspects	Key achievements
<p>Conducting in-depth follow-up research</p>	<p>In 2023, the Policy Research Institute, Research Institute Department, Guotai Junan Innovation Investment and Strategic Client Department published a total of 92 ESG in-depth reports and 1,102 ESG reports.</p> <ul style="list-style-type: none"> The Research Institute Department actively explored green financial investment opportunities in the secondary market around sectors such as the new energy, green new materials and green new equipment. It continued to track policy changes and practice updates in the domestic “dual-carbon” sector, changes in the volume and price of quota trading in major domestic and overseas carbon markets, and equity investment in the carbon neutral sector, and published 29 <i>Weekly Newsletters on Domestic Dual-Carbon</i>, 48 <i>Dual-Carbon Weekly Reports</i>, 66 ESG in-depth reports, and 977 ESG reports. The Policy Research Institute closely tracked the latest domestic and international policies, standards and market dynamics in the fields of green finance and ESG, and completed 7 monthly reports on green finance policies. The research institute of Guotai Junan Innovation Investment set up a green development research center, formulated the guiding principles for ESG investment evaluation of Guotai Junan Innovation Investment. In 2023, it published 4 in-depth ESG research reports on energy storage, new energy automobile, advanced membrane materials, and resource recycling, as well as tracked the latest policies, investment and financing, and market dynamics in the ESG field, and formulated 47 weekly reports on ESG topics. The Strategic Client Department has systematically analyzed the development and practices of ESG at home and abroad, and published 22 special research reports covering the connotation and boundaries of ESG, evaluation standards, practice ways and regulatory methods, etc. The department also closely tracked the changes in the primary and secondary carbon finance markets and the dynamics of ESG policies, industries and enterprises, and published 52 carbon neutral industry weekly reports and 26 ESG biweekly reports.
<p>Forward-looking research</p>	<ul style="list-style-type: none"> Focusing on green finance, the Policy Research Institute published research results on international comparisons of sustainable finance classification standards and reports such as <i>Enhancing the Capability of Green Finance Services and Demonstrating the International First-class ESG Brand</i>, while the Research Institute Department published 3 reports titled <i>Knowing and Doing: Embarking on the Green Journey</i>, <i>Investment Banks Lead the Way - Top Overseas Investment Banks Practice Green Finance</i>, <i>Achieving Sustainable Development Goals, Asset Management Institutions Have a Lot to Offer - Summary and Revelation of Global Asset Management Giant BlackRock's ESG Practice</i>, <i>Stones from Other Mountains: Comparative Study and Revelation of International Mainstream ESG Rating Systems</i>, and Guotai Junan Futures published a total of 23 research reports on green finance and new energy industry. Around ESG investment, the Research Institute Department published two reports on global ESG investment, namely <i>Turn Right on the Fork, Germany May Choose a More Pragmatic Green Road</i> and <i>Panorama of the US Anti-ESG Movement: Current Situation, Causes and Prospects</i>.
<p>Active participation in external research</p>	<ul style="list-style-type: none"> The Research Institute Department participated in the "Research on Low-Carbon Process Technology Innovation in the Industrial Sector", a guiding soft research project of the Ministry of Industry and Information Technology led by Harbin Engineering University. The Policy Research Institute participated in the research project of the Xiong'an Management Committee titled "Research on Green Finance Innovation and Development". Guotai Junan Futures completed the new energy research project of China Futures Association titled "The Innovative Functions of Futures Market in Serving the Dual-Carbon Strategy and Green Finance", and collaborated with Tsinghua University on the project titled "Study on Trade and Development Trend of International Green Hydrogen".

2.7 ESG Risk Management

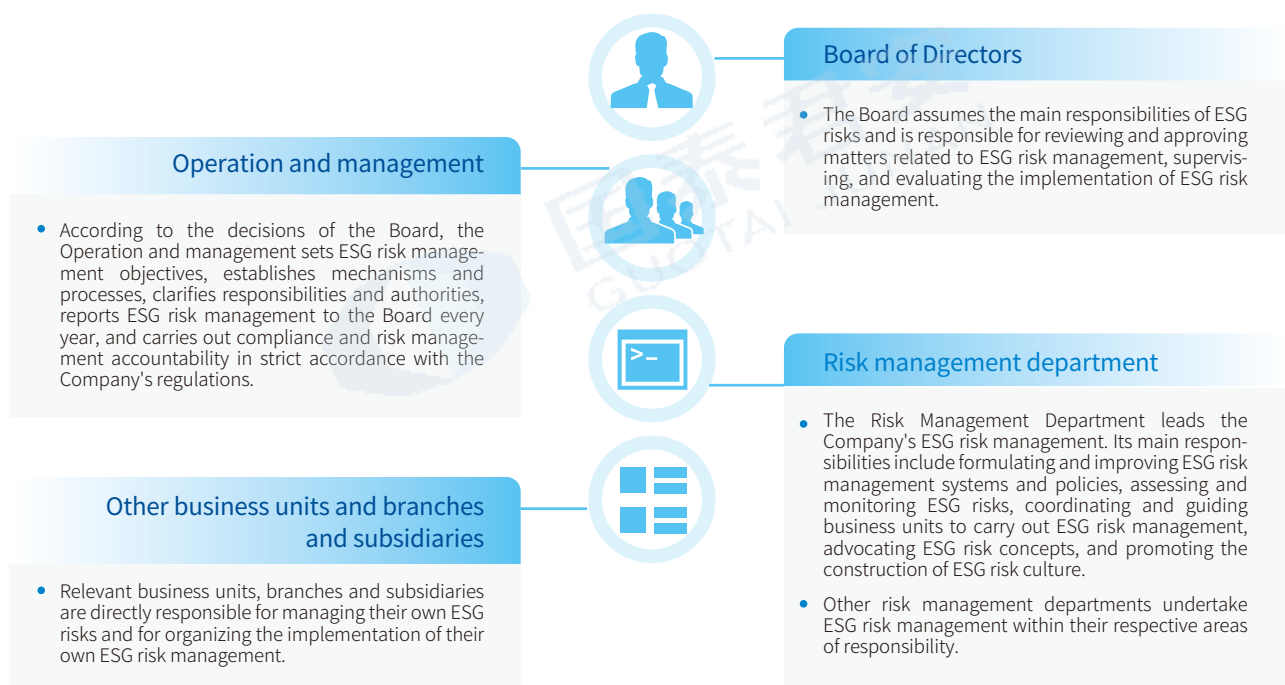
The Company attaches great importance to ESG risk management, steadily incorporates ESG risk factors into the comprehensive risk management system, specifies due diligence requirements for ESG risks, strengthens ESG risk review, monitoring and exposure control of clients, counterparties, targets, and financial products, so as to continuously guide, and promote the development of sustainable financial business to ensure high-quality and sustainable development.

In 2023, the Company intensified efforts to promote the construction of its ESG risk management system and mechanism. At the institutional level, the Company formulated the *ESG Risk Management Measures of Guotai Junan Securities Co., Ltd.* All subsidiaries strictly followed the requirements of the parent company. Guotai Junan Asset Management formulated and enforced the *ESG Risk Management Measures for Shanghai Guotai Junan Securities Asset Management Co., Ltd.* HuaAn Fund drafted a series of system documents such as the *ESG Risk Management Measures of HuaAn Funds Management Co., Ltd.* Guotai Junan Zhengyu drafted the *ESG Risk Management Measures for Guotai Junan Zhengyu Investment Co., Ltd.* Guotai Junan International has formulated and issued policy guidelines, including the *ESG Policy*, *ESG Risk Management Policy* and *Private Equity Management Guidelines on ESG Investment*.

In terms of mechanism construction, the Company's ESG and Sustainable Development Committee has set up a risk management working group with the Risk Management Department as the leading unit to establish an inter-departmental and cross-business ESG risk management coordination mechanism, continuously promoting the construction of the ESG risk management system, and enhancing the ESG risk management capabilities of various departments, subsidiaries, and branches.

To enhance ESG risk management, the Company has established a four-level ESG risk management organization system consisting of "Board, Operation and Management, Risk Management Department, Other Business Units and Branches and Subsidiaries", clarifying the responsible departments and specific responsibilities.

• Guotai Junan ESG Risk Management Organization System •

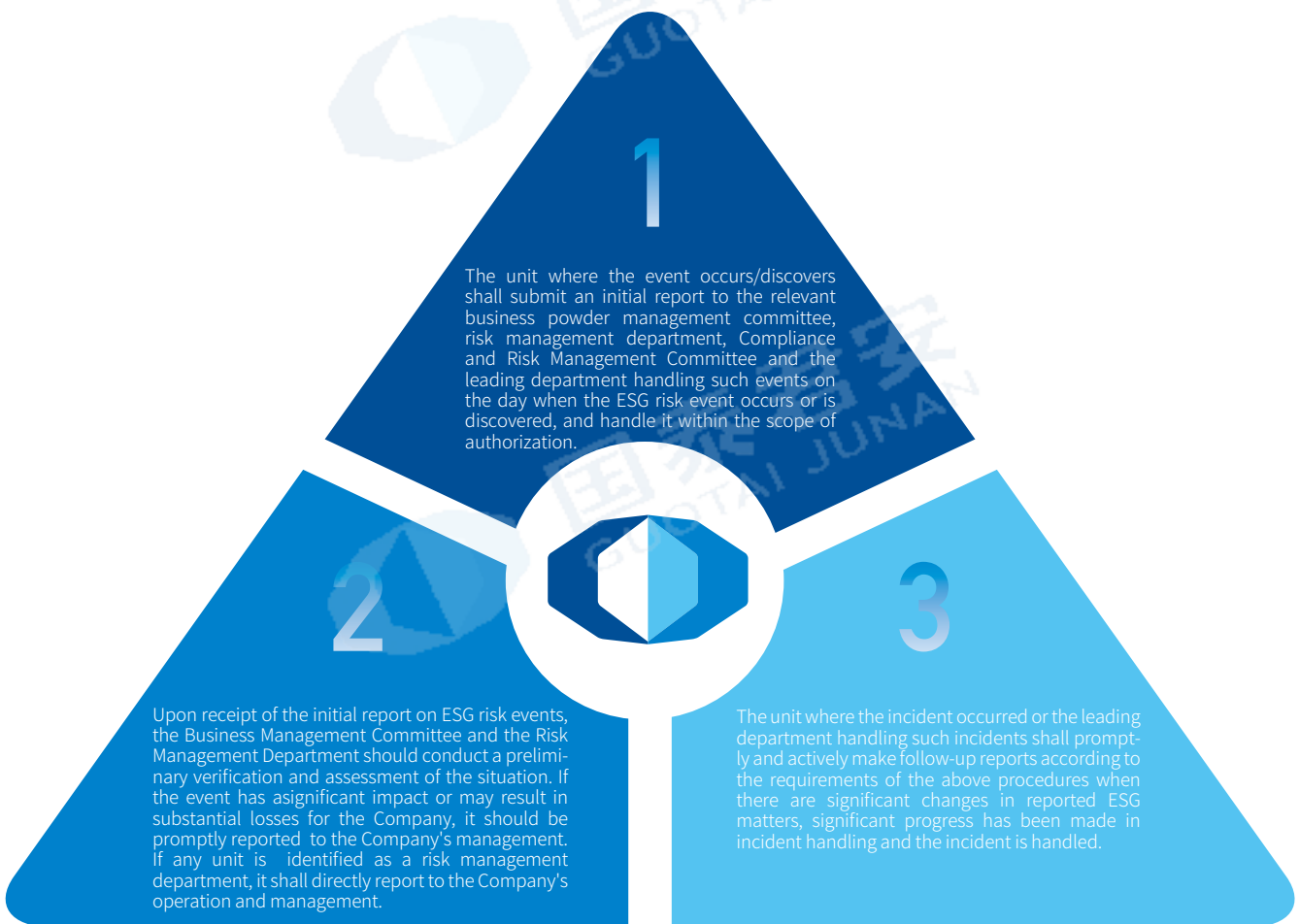


The Company fully integrated ESG risk factors into the risk management process, standardized the ESG risk control system and mechanism, focused on investment banking, trading investment, asset management and credit businesses, and effectively prevented the transformation of ESG risks of clients, counterparties, subjects, and financial products into business risks.

• ESG Risk Control Measures of Guotai Junan •

Risk identification and assessment	Risk monitoring and early warning	Risk reporting and response
<p>Improving the due diligence system, establishing business access standards based on different business risk characteristics, focusing on industries with high potential ESG risks such as agriculture, biodiversity, energy use, mining industry, oil, and gas, prudently carrying out related businesses, and controlling industry concentration.</p>	<p>Sorting out the ESG risk monitoring indicators and rule system and applying them to the monitoring and early warning of various risks such as credit, market, and liquidity.</p>	<p>Incorporating ESG risk management into the reporting and appraisal system, carrying out special ESG risk assessment reports in accordance with the prescribed reporting procedures and paths, and conducting compliance and risk management accountability for major risks and losses caused by adverse ESG risk management.</p>

• Guotai Junan ESG Risk Event Reporting Process •



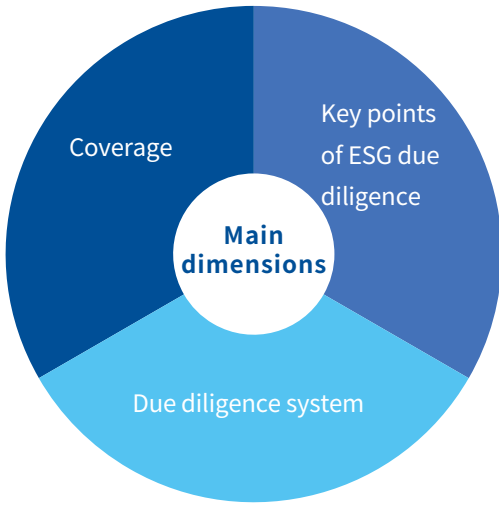
For key businesses such as investment banking, credit, trading investment and asset management, the Company integrated ESG risk factors into customer access management, rating and credit extension management, concentration management, contract management and duration management. For customers, counterparties, targets, and financial products with prominent ESG risks, it took various measures, including restricting business applications, reducing various risk limits and concentrations, and filing legal proceedings.

• Guotai Junan ESG Risk Management Measures of Each Business Line •

Business type	Management measures
 <p data-bbox="177 610 395 664">Investment banking</p>	<ol style="list-style-type: none"> Project undertaken: Clarify the key points of ESG risk due diligence based on the characteristics of clients and their projects in industries and regions and incorporate ESG risk factors into project approval and core review. Follow-up management: Continuously monitor the ESG risks of projects, dynamically collect information that may affect the ESG risk status of projects in their duration, promptly prompt and investigate potential ESG risks of projects, and adjust project risk classification.
 <p data-bbox="177 929 395 983">Credit business</p>	<p>Establish ESG definition standards and evaluation systems throughout the whole process of pledge financing business from three dimensions: institutional financing subjects, underlying bonds, and financing purposes, establish ESG pledge due diligence guidelines and report templates, and prioritize ESG assessment as a key component of due diligence, take ESG performance as a key basis for determining financing amount, cost, and term, and strengthen ESG management during project duration.</p>
 <p data-bbox="177 1263 395 1317">Transaction investment business</p>	<ol style="list-style-type: none"> Equity investment: Formulate the <i>Investment Research Framework for Listed Companies (ESG) of Securities Derivatives Investment Department</i>, explore the establishment of an ESG evaluation system for individual stocks and industries, and take ESG risk factors as a crucial decision-making basis and post-investment management focus of NEEQ market making business. Fixed income investment: The <i>Measures for the Administration of ESG Assessment of the Fixed Income Foreign Exchange Commodity Department</i> was formulated to clarify the rules for ESG assessment of unsecured bond issuers and to build a differentiated ESG evaluation system for various industries.
 <p data-bbox="177 1580 395 1634">Asset management business</p>	<p>HuaAn Fund prioritizes ESG risk exposure in investment research, realizes daily push of ESG public opinion risks and quarterly push of tail risks based on external procurement data, and establishes ESG negative screening mechanism, ESG risk early warning and response mechanism based on ESG external evaluation data.</p>

The Company considers ESG due diligence as an important measure to prevent ESG risks in its investment and financing business, identifies and summarizes the key points of ESG risk due diligence, and continuously improves the due diligence system. On the one hand, the Company clarified the division of responsibilities, principles and requirements for due diligence at the level of business management and risk management system; on the other hand, it established special due diligence management methods, implementation rules and draft catalogues for different departments such as investment banking business, asset management business, trading investment, credit business and subsidiaries.

• ESG Due Diligence System of Guotai Junan •



- Investment banking, asset management, trading investment, credit business, and subsidiaries
- ESG due diligence is conducted on 9 topics in the three major fields of environment, society, and governance, including pollution and waste, negative environmental events, natural resources and ecological protection, human capital, product and service quality, R&D and innovation, supplier management, corporate governance structure and governance behavior
- *Investment Research Framework for Listed Companies (ESG) of Securities Derivatives Investment Department*
- *Administrative Measures for ESG Assessment of Fixed Income Foreign Exchange Commodity Department*
- *Operational Guidelines for Self-owned Capital Investment of Guotai Junan Futures Co., Ltd. (Revised in 2023)*

Guotai Junan International conducts ESG due diligence on an enterprise

In 2023, Guotai Junan International conducted ESG due diligence on an enterprise primarily engaged in fuel cell R&D business from three dimensions: environmental impact management and climate-related matters, social responsibility, and corporate governance. The specific due diligence information is as follows:

- In terms of environmental and climate impact management, by reviewing the enterprise's patent certificate, environmental impact assessment and other documents, and conducting supplier interviews, it is assessed whether the hydrogen fuel cell business of the enterprise is environment-friendly and climate-friendly, whether the product research and development process is low carbon and environmentally friendly, whether energy utilization efficiency is improved, and whether there are no heavy pollution materials in the procurement of raw materials such as fuel cell stacks and metal bipolar plates.
- In terms of society, whether the Company manages employees' safety and health, diversity and inclusion is investigated by assessing whether the enterprise has purchased appropriate insurance for employees, whether there are incidents endangering employees' health and occupational safety, whether it has formulated policies on safety accident management and occupational hazard monitoring, etc., reviewing the roster of the enterprise, analyzing the gender, age and geographical composition of employees, etc.
- In terms of corporate governance, review the charter and policies of the Strategy Committee, Safety and Occupational Health, Environmental Management Committee and Audit Committee, review the internal control report of the enterprise, analyze whether the Board and senior management personnel of the enterprise have realized gender diversity, and evaluate whether the enterprise meets relevant regulatory requirements for its sustainable development.

In addition, the Company pays attention to the improvement of employees' ESG risk management ability, actively coordinates external institutions, internal business, and risk management experts, organizes, and conducts ESG risk management-related training to effectively improve employees' understanding and practice level of ESG risk management.

Holding special training on ESG risk

In 2023, the Risk Management Department selected key employees as lecturers to participate in the training of "Seminar for Advanced Talents on ESG and Sustainable Development (4th Session)" held by the Company, explaining in detail the current practical exploration of ESG risk management in important domestic and foreign financial institutions to more than 70 employees from the headquarters, branches and subsidiaries of the Company, and introducing the main measures and work progress of Guotai Junan's ESG risk management.

The trainees covered all business lines and management departments, which effectively improved the Company's understanding of ESG risk management concepts, helped promote the implementation of ESG concepts, ensured good ESG risk prevention, and enhanced ESG risk management capabilities.

ESG



Highlights of 2023 ...

- Per capita water consumption has **declined year-on-year** from 2021 to 2023
- Achieved an overall mobile approval rate of **90%**, **210** new online office processes added
- Data center achieved cumulative energy savings of **4.104 million kWh**

Material issues in this chapter ...

Climate risk management, Energy and carbon emission management, Water resources management, Waste management, Paperless office, Green data center

3. ENVIRONMENTAL ISSUES >>>>

3.1 Climate Risk Management

Climate risk management system

The Company fully recognizes the potential impact of climate change on its daily operations and financial business. We have established a climate risk management system covering four aspects, including governance, strategies, risk management, metrics and targets, in accordance with the recommended framework set out in the *International Financial Reporting Sustainability Disclosure Standard 2: Climate-related Disclosures* (“IFRS S2”) issued by the International Sustainability Standards Board (“ISSB”).

• Guotai Junan Climate Risk Management System •



Analysis of climate change risks and opportunities

The Company continued to identify, assess and respond to climate change risks, analyzed the climate risks faced by the Company from two dimensions, namely physical risks and transition risks, assessed the potential impact through climate risk stress tests by referring to the climate change scenarios proposed by Task Force on Climate-related Financial Disclosures (TCFD) and the climate risk transmission mechanism recommended by the Central Banks and Supervisors Network for Greening the Financial System (NGFS), and took corresponding control measures.

• Analysis of Climate Risks and Opportunities of Guotai Junan •

Risks and opportunities	Description of risk and opportunities	Impact duration	Potential impacts
Policy and legal risks	As China continuously promotes the strategy of "carbon peak and carbon neutrality", laws, regulations and related policies in the climate field have been successively introduced, and the supervision of climate-related issues is increasingly strengthened. The Company and its customers may be subject to legal liabilities according to law, regulatory measures, disciplinary penalties, property losses or business reputation losses due to non-compliance with climate-related policies or laws.	Short-term, medium-term, and long-term	Decrease in operating income Decrease in portfolio value
Market risks	Due to the introduction of policies designed to promote low-carbon transformation and green finance, the market supply and demand structure has changed. The Company's customers and investment targets may face operational risks such as lower product prices, higher raw material prices, and products failing to meet market demands, which will lead to a decline in customer solvency.	Short-term, medium-term, and long-term	Decrease in operating income Decrease in portfolio value
Acute physical risks	The business activities of the Company, its customers and its investment targets may be affected, or property losses may occur due to extreme weather such as typhoons, floods, and droughts.	Short-term	Decrease in operating income Decrease in portfolio value Depreciation of fixed assets Increase in credit risk
Chronic physical Risks	Long-term climate change such as persistently high temperature and sea level increase may lead to the risk of rising operating costs, disrupted normal operations, or property losses for the Company, its customers, and its investment targets.	Medium-term and long-term	Increase in operating costs Decrease in portfolio value
Market opportunities	During the process of implementing the country's "carbon peak and carbon neutrality" strategy, market demand for green investment and financing services, green financial products, comprehensive carbon financial services and other services will continue to increase, providing new development space for the Company to expand related businesses, and the market valuation of the Company's investment targets may also increase accordingly.	Short-term, medium-term, and long-term	Increase in operating income Increase in portfolio value
Products and services	By providing investment and financing services for green industries, the Company has ramped up green investment, continuously increased the supply of ESG and carbon neutrality-themed financial products, and established and improved the creation, introduction, and sales system of "carbon peak and carbon neutrality"-oriented financial products to bring income growth sources to the Company.	Short-term, medium-term, and long-term	Increase in operating income Increase in portfolio value

Measures for responding to climate change

In response to climate-related risks and opportunities, the Company actively carried out countermeasures, formulated climate-related strategies and actions, continued to conduct research and exploration on climate risk management, clarified climate risk management mechanisms, improved the effectiveness of climate risk management and seized climate-related opportunities to effectively manage its own climate risks.

• Guotai Junan's Main Response Measures to Respond to Climate Change Risks and Opportunities •

Response measures	Details
<p>Establishing and improving the climate risk management system</p>	<ul style="list-style-type: none"> Establishing a climate risk management system covering four aspects, namely governance, strategy, risk management, metrics and targets, carrying out climate risk management, identifying and evaluating climate risks faced by the Company and their impacts, formulating and implementing climate risk response measures to achieve the organic integration of climate risk management and the Company's business development strategy. Incorporating climate risks into the Company's ESG risk management system, establishing and improving the ESG risk management system, formulating ESG risk management policies, systems and processes, developing ESG risk management methods, technologies and tools, improving risk identification and reporting mechanisms, and strengthening risk classification management and dynamic assessment.
<p>Improving the green financial business system</p>	<ul style="list-style-type: none"> Improving the three-level ESG governance structure of "Board , Management, Execution" and set up a dedicated green finance department, teams and posts based on actual needs to explore the establishment of an agile organization with a green finance whole business chain featuring excellent employee mobility among front desk, middle office and back office. Improving the long-term governance mechanism of green finance, clarifying the responsibilities of the relevant personnel, making clear the performance objectives and task division of each unit and each level, strengthening supervision and implementation, exploring and optimizing the assessment and incentive mechanisms to achieve closed-loop management of the whole chain. Establishing a collaborative mechanism for green finance, summarizing the progress made by each unit in green finance work on a regular basis, studying and solving the problems and challenges encountered in a timely manner, strengthening cross-unit collaboration, and systematically pushing forward with green finance work. Improving green financial risk management capabilities, effectively controlling compliance risks in the ESG field including green finance, and preventing the "greenwashing" risk associated with the Company's businesses and products. <p>(For details of the green finance business practices of the Company, please refer to the "Sustainable Finance" section of this report.)</p>
<p>Raising awareness of climate risks among employees</p>	<ul style="list-style-type: none"> Holding seminars on ESG and sustainable development for high-level talents with contents related to climate change to enhance employees' awareness of climate risks. HuaAn Funds has actively participated in the meetings of China Sustainable Investment Forum (China SIF) and seminars organized by the Asia Investor Group on Climate Change (AIGCC), exchanging ideas with industry peers and academic experts.

Guotai Junan Futures has initially established a climate risk management process and framework

Guotai Junan Futures integrates climate risk management with internal risk management and has set up a multi-level, mutually connected and effectively balanced operation mechanism.

Guotai Junan Futures tracks policies, laws and regulations concerning climate and environment, and collects information about external regulatory requirements related to climate change and other relevant influencing factors. Through both qualitative and quantitative analysis, it identifies and analyzes the climate risks it faces, ranks the risks by their impact degrees, identifies the risks that require priority control, and strengthens control through measures such as quota control, risk hedging and risk diversification.

In addition, the Company's subsidiaries have all continued to promote climate-related risk management, and identified, analyzed, and managed climate risks in investment and financing businesses. Guotai Junan International has formulated and implemented corresponding management measures and monitoring measures for the fund business according to the climate risk management requirements of SFC, formulated climate-related risk management policies, objectives and strategies, and reviews and updates climate-related risk management policies on a regular basis. By adopting measures such as using climate-related risk data and scores from international rating agencies on investee companies and monitoring individual investments facing significant deterioration in climate-related risks on a regular basis, the asset management team strives to minimize the adverse effects of climate change on its investment business. HuaAn Funds carefully considers the invested enterprise's ability to manage climate issues when making investment decisions, and actively picks out climate-friendly industrial enterprises to effectively control climate risks. Guotai Junan Innovation Investment has formulated a clear vision for climate sustainability investment and formed a dedicated climate group within the existing ESG-related research team. The climate group reviews and updates the firm's climate risk management system on a regular basis, and is responsible for implementing climate risk management plan. In addition, GJII incorporates procedures focusing on climate risks into due diligence of investment business to ensure that companies in the investment targets are fully assessed for their vulnerability to climate change and their response measures.

Climate-related metrics and targets

To enhance the quality and efficiency of climate change management, the Company has set a number of quantitative metrics for energy use, carbon emission, green finance and other aspects. Leveraging its ESG information management system, regular statistics and monitoring metrics are provided. In addition, it has released the *Action Plan for Comprehensively Improving the Green Financial Services Capability of Guotai Junan (2023-2025)* and formulated the targets for green finance and green operation from 2023 to 2025.

· Metrics of Green Finance and Green Operation of Guotai Junan ·

Main aspects	Metrics	
Green finance	<ul style="list-style-type: none"> • Number of green equity financing projects/underwriting scale • Number of green bonds underwritten/underwriting issuance scale • Number of carbon neutrality bonds underwritten/underwriting issuance scale • Carbon trading scale/cross-border carbon trading scale 	<ul style="list-style-type: none"> • Number/size of green ABS products issued • Investment scale of green bonds • Revenue from green finance business • ...
Green operation	<ul style="list-style-type: none"> • GHG emissions: Scope 1/Scope 2/Scope 3 • Portfolio GHG emissions • Portfolio GHG emission intensity • Power utilization efficiency (PUE) value of data center 	<ul style="list-style-type: none"> • Total energy consumption/energy intensity • Water consumption • Waste generation • ...

Regarding green finance and green operation, Guotai Junan has made it clear that "by 2025, the Company will establish a sound service system for green investment and financing business, effectively identify, measure, monitor and control ESG risks, achieve significant emission reduction effects in green operation, lead industry peers in terms of mainstream ESG ratings both at home and abroad, and become a demonstration benchmark for the securities industry to practice green finance", further refined its targets.

Selected Target Achievements of Green Finance and Green Operation of Guotai Junan

Main aspects	Targets	Target progress/results
 <p>Green Finance</p>	<p>From 2023 to 2025, the average annual growth of green bond investment scale will be no less than 20%¹</p>	<p>In 2023, the Company invested RMB15.763 billion in green bonds</p>
	<p>The carbon transaction scale will remain the largest in the industry²</p>	<p>In 2023, the carbon transaction size was more than 10,000,000 tons, continuing to rank first in the industry</p>
	<p>From 2023 to 2025, the investment banking business will complete at least 8 IPO projects in the new energy sector and 15 equity financing projects in the new energy sector. The underwriting scale of green bonds (including green ABS) will strive to rank among the top 4 in the industry, maintain a position in the top 4 to compete for the top 3, and secure a position within the top 3, respectively, in the industry for the three years³</p>	<p>In 2023, the Company completed 10 IPO projects and 24 equity financing projects in the new energy industry. The underwriting scale of domestic green bonds was RMB46.996 billion, ranking third in the industry</p>
 <p>Green Operation</p>	<p>Carbon emissions per unit area⁴ (Scope 1 and Scope 2) will be reduced by 3% by 2025 compared with 2023</p>	<p>Carbon emissions per unit area (Scope 1 and Scope 2) was 0.10 tons CO₂-eq/sq.m. in 2023</p>
	<p>In 2023, total energy consumption⁵ was not higher than 14,180.00 tons of standard coal</p>	<p>In 2023, total actual energy consumption was 13,739.08 tons of standard coal</p>
	<p>In 2023, energy consumption intensity⁶ was not higher than 0.0905 tons of standard coal/ sq.m.</p>	<p>In 2023, actual energy consumption intensity was 0.0839 tons of standard coal/ sq.m.</p>
	<p>From 2021 to 2023, per capita water consumption showed a downward trend year by year⁷</p>	<p>Per capita water consumption was 19.47 tons/person in 2021, 16.39 tons/person in 2022 and 15.54 tons/person in 2023</p>

Note 1 and 2: The target's statistical scope is Guotai Junan Group.

Notes 3: The target's statistical scope is Guotai Junan Securities.

Note 4: The statistical scope of carbon emissions per unit area is Guotai Junan Group.

Notes 5 and 6: The statistical scope of total energy consumption and energy consumption intensity is the Company's headquarters in Shanghai

Note 7: The statistical scope of per capita water consumption is Guotai Junan Group.

3.2 Energy and Carbon Emission Management

The Company strictly complies with the *Environmental Protection Law of the People's Republic of China*, the *Energy Conservation Law of the People's Republic of China* and other laws and regulations, actively responds to the national key policies on energy saving, consumption reduction and carbon emission reduction, helps achieve the strategic goal of "carbon peak and carbon neutrality", promotes the implementation of energy conservation and consumption reduction measures, and effectively improves its energy management capability. In 2023, the Company was not punished for environmental protection violations or did not receive any environmental complaints.

As a financial service provider, the Company's energy consumption mainly includes electricity used for daily operation, natural gas, gasoline consumed by company vehicles and diesel consumed by diesel generators. Energy use mainly produces greenhouse gases such as carbon dioxide.

In 2023, the Company was included in the list of key energy consumption organizations subject to "double control" management of energy consumption in Shanghai's Jing'an district in 2023. In order to effectively standardize its energy use and carbon emission management, the Company has set quantitative targets focusing on annual total energy consumption and energy consumption intensity at its headquarters in Shanghai. Specifically, the total energy consumption target is 14,180.00 tons of standard coal, and the energy consumption intensity target is 0.0905 tons of standard coal/sq.m.

The Company continued to optimize its energy management system, focused on improving the building energy management system, revised management policies and rules such as the *Annual Management Plan and Strategy*, the *Record Form for Implementation of Management Plan*, the *Boiler Equipment Maintenance Management Policy*, the *Safe Operation Procedures for Central Air Conditioning Units*, and the *Updating Plan for Obsolete Equipment*, and set up an energy conservation leading group to further clarify energy management responsibilities.

In addition, the Company continued to ramp up investment in environmental protection, with an annual investment of RMB527,400, which was mainly used in areas such as garbage disposal, wastewater testing, and renovation of office buildings for energy conservation and consumption-reducing purposes. By promoting low-carbon office work, advocating green transportation, exploring the establishment of carbon point mechanism, building business outlets featuring green operation and other means, the Company has reduced energy consumption and greenhouse gas emissions during its operation, and has encouraged all stakeholders to live a green and low-carbon life by designing and producing ESG-themed cultural and creative products.

• Key Measures for Saving Energy and Reducing Consumption of Guotai Junan in 2023 •

Main methods	Main contents
Implement low-carbon office	<ul style="list-style-type: none"> Reasonably adjust office temperature and turn off unused electrical equipment in time. Give priority to office equipment with high energy efficiency and low carbon emissions, such as energy efficient light bulbs.
Advocate green transportation	<ul style="list-style-type: none"> Timely eliminate old company vehicles that do not comply with environmental protection standards. Advocate low-carbon travel and encourage employees to choose low-carbon transportation means such as walking, cycling and taking public transport.
Explore the establishment of carbon point mechanism	<ul style="list-style-type: none"> Explore the establishment of a carbon point mechanism by carrying out activities covering green travel, business trips, "Clean Your Plate", unused items exchange and other aspects among employees.
Build business outlets featuring green operation	<ul style="list-style-type: none"> In terms of the site selection and decoration of branches' business outlets, the Company guide and encourage branches to give priority to leasing sites that meet the national green building evaluation standards and using green, energy-saving and environmentally friendly building materials and electrical appliances. Incorporate green environmental protection indicators into the project evaluation process of business outlets and enhance the enthusiasm of branches and business outlets to pay attention to green environmental protection.

Guotai Junan carried out publicity and training on green, low-carbon office



Comics on "Green Office, Low-carbon Lifestyle" Initiative

In 2023, the Company strengthened the green and low-carbon awareness of its employees and improved their green and low-carbon literacy by launching green and low-carbon initiatives and organizing training on green and low-carbon practices and knowledge.

In June 2023, the Company issued *Guotai Junan Securities' proposal calling for "Green Office and Low-carbon Lifestyle"*, and designed and published comics for "Green Office and Low-carbon Lifestyle" initiative, which were displayed at main office areas to advocate green concepts and create a healthy atmosphere.

In addition, in June 2023, the Company organized a Diamond Youth Noon Salon calling for "comprehensively implementing green operation and striving to become a leader in green finance". "Pickup China" project consultant was invited to give a keynote speech on "How ESG Concepts Are Applied to Daily Life" for company employees to enhance their environmental protection knowledge and make the concepts of "green, low-carbon and environmental protection" deeply rooted in their minds.

3.3 Water Management

The Company attaches great importance to water management and actively responds to the national call for water conservation and strictly complies with relevant laws, regulations, and management standards such as the *Administrative Measures of Shanghai on Water Conservation* to ensure effective water management during office operation. The Company's water consumption and wastewater produced mainly come from daily office operation, and it uses municipal water as the main source. For wastewater generated during office operation, the headquarters building of the Company strictly controls the concentration of discharged sewage in accordance with the *Wastewater Quality Standards for Discharge to Municipal Sewers (GB/T31962-2015)*.

In order to further improve the quality and efficiency of water management, in 2023, the Company set a water conservation target to "reduce per capita water consumption year by year in the next three years", and actively took corresponding water conservation measures to improve the utilization rate of water resources and save water resources by strengthening the management of water equipment and doing a good job in promoting water conservation publicity and education.

• Guotai Junan's Water Resources Management Measures in 2023 •

Main methods	Main contents
Strengthen the management of water equipments	<ul style="list-style-type: none"> Eliminate non-water-saving sanitary ware and install water conservation facilities to reduce water consumption at source. Carry out maintenance of water equipment on a regular basis to reduce leakage.
Do a good job in promoting water conservation publicity and education	<ul style="list-style-type: none"> Put up water conservation alerts, raise water conservation awareness among employees, and encourage employees to save water. Carry out advocacy, education, and training activities on water resources protection to encourage employees to actively participate in water conservation activities.

3.4 Waste Management

The Company strictly complies with the *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste* as well as other laws and regulations and relevant provisions, takes proactive measures to optimize and manage waste discharge, and strives to minimize the environmental impact of various waste discharges.

As a financial service provider, non-hazardous waste generated by the Company is mainly waste paper and general domestic garbage, and hazardous waste generated by the Company is mainly electronic waste, waste batteries, and waste lamp tubes. The Company continues to improve waste management system, standardize waste treatment and recycling, and carry out education sessions for employees, with a view to improving its waste management.

• Guotai Junan's Waste Management Measures in 2023 •

- Established and improved the kitchen waste management policy, and formulated corresponding management policies for the treatment of kitchen waste and waste oil.
 - Did a good job in collecting quantitative data on kitchen waste.



- Vigorously advocated the "Clean Your Plate" initiative and set up food conservation slogans in employees' dining areas.
- Carry out training, publicity and education on themes related to garbage classification and waste recycling, improve employees' waste management skills, and promote their awareness of environmental protection and habit formation.
- Implemented the garbage sorting and recycling system to collect general garbage, harmful garbage and recyclable waste.
- Established corresponding treatment methods for different types of waste to ensure proper treatment of waste. General garbage was uniformly cleared and collected by the property management unit and uniformly transported by the municipal department, while hazardous waste was handed over to qualified third parties for recycling and disposal.

3.6 Paperless Office

In 2023, the Company advocated the business philosophy of "intensification, cost reduction, quality improvement and efficiency enhancement", and promoted the implementation of paperless office by actively advancing the construction of a fully connected digital workplace, promoting the use of digital tools and platforms, launching the Group's news and Party Office publicity system, and planning and carrying out online activities.

• Guotai Junan's Key Practices of Paperless Office in 2023 •

Main aspects	Key achievements
Build a fully connected digital workplace	<ul style="list-style-type: none"> Promoted the construction of online questionnaires and strengthen the construction of process mobility to achieve an overall mobile approval rate of 90%. Promoted the application and construction of online scenarios for offline office processes, with 210 new online office processes added. Optimized the office tools such as online meeting, intelligent calendar, questionnaire functions and intelligent document comparison. Actively promoted the construction of digital operation platforms and carried out online operation activities to expand the coverage of digital intelligent office scenarios.
Promote the use of digital tools and platforms	<ul style="list-style-type: none"> Operated and promoted digital tools and platforms such as investment banking+, Matrix and smart investment research platform to enhance the activeness of 42 digital functions such as online meeting, department cooperation form, and process map, with an average increase of 91%, thereby reducing traditional paper document circulation, signing and approval links and promoting paperless internal processes across the board within the Company.
Launch the Company's news and Party Office publicity system	<ul style="list-style-type: none"> Promoted the launch of the Company's news and Party Office system dubbed "View", which supports 33 first-level departments and 63 branches to access the Company's important news online, presented in four sections and 69 columns, at multiple terminals and in a nearly real time manner, thus realizing information sharing and collaborative office.
Plan and carry out online activities	<ul style="list-style-type: none"> Planned and carried out online activities such as "annual making-a-break-through activity" and "low-carbon digital workplace activity", attracting a large number of employees to participate online, replacing traditional paper or offline meetings, and achieving a paperless process of information transmission.
Reduce paper use and waste	<ul style="list-style-type: none"> Adopted thinner office paper (75gsm). Encouraged employees to use electronic documents. If printing is required, black and white printing shall be used by default.

In 2024, the Company will continue to expand paperless office and intelligent application scenarios and further promote paperless office through the trial application and promotion of electronic seat cards to achieve the goal of resource conservation.

3.7 Green Data Center

As the core infrastructure supporting the Company's business, the data center plays a vital role and is a key part of the Company's energy consumption. The Company has continuously optimized the construction and management of its data center, which not only maintains a leading position in security and processing capacity but also actively applies green and efficient technologies to improve energy utilization efficiency and achieve high availability and green sustainable development.

The Company's data center was completed and in operation in 2014, adopting high-density cold aisle closure, dual-channel centralized water-cooling, plate-type natural cooling, and waste heat recovery and other technologies to carry out functional design and optimization so as to achieve high efficiency and energy conservation. As a result, it was recognized as 2014 China Excellent Data Center and received the internationally recognized Green Building gold-level certification. In recent years, the Company further enhance the construction of green data center, and the relevant functional departments of the Company have continuously studied the actual operation of various infrastructure facilities, and optimized and transformed equipment with low energy efficiency, with a view to improving efficiency and reducing energy consumption. The Company has also set management goals of power utilization efficiency for the data center: to reduce PUE (power utilization efficiency) value to 1.82, 1.79 and 1.75 for the Company's own data center in the years 2023-2025. In 2023, the PUE value of the Company's own data center was 1.82, achieving the expected target.



Key Practices in Building Green Data Center of Guotai Junan in 2023

- Promoted the replacement and updating of old high-power consumption equipment in the data center to improve power efficiency. In 2023, the Company effectively reduced energy consumption required for humidity control in the data center's computer room by replacing wet-film humidifier equipment with new ones.
- Continued to strengthen the construction of cloud platforms, increased the proportion of virtual servers, and reduced power consumption. Leveraging the advantages of cloud computing and virtualization technology, the Company continued to push forward with the efficient and swift migration of system applications to the cloud and the phasing out of old servers, thereby reducing the energy consumption of equipment operation. It also reduced power and cooling energy consumption by an amount equivalent to that of about 100 cabinets.
- Promoted optimized cooling of the computer room to improve power efficiency. Improved the cooling efficiency of the computer room, and promoted the energy-efficient operation of the data center by adopting measures such as adjusting the air supply mechanism, optimizing air distribution in the computer room, and dispersing hot-spot equipment distribution.
- In 2023, a total of 108 outdated devices were decommissioned and migrated to cloud, and 16 outdated devices were updated and replaced, resulting in a cumulative energy savings of 4.104 million kWh.



Highlights of 2023

- Hired a total of **1,895** new employees, comprising **818** female employees and **615** new graduates.
- Conducted **590,615** person-times training of employees, and achieved a **100%** employee training coverage rate.
- Hosted a total of **2,969** investor education events with **9,232,900** attendees.
- Total social investment achieved RMB **41,295,600**.
- Awarded the 12th "China Charity Awards".

Material issues in this chapter

Employee recruitment and employment, Employee compensation and benefits, Employee communication, Democratic management, Employee care and assistance, Employee health and safety, Employee training, Employee development and promotion, Optimizing product and service quality, Customer complaint management, Data security and privacy protection, Responsible marketing, Investor education, Sustainable supply chain, Public welfare brand construction, Serving ecological conservation, Serving social causes

4. SOCIAL ISSUES

4.1 Rights and Interests of Employees

The Company respects and protects the rights and interests of employees, cares for their health and safety, listens to their demands, opinions and voices, and strives to achieve common development with them.

Recruitment and employment of employees

The Company determines its staffing strategy and plan based on its strategic deployment and business development needs. Adhering to the talent introduction standards of cultural identity, integrity and professional competence, diligence and dedication, and excellent performance, we are committed to creating a diverse, inclusive, and equal work environment and recruiting outstanding talents through flexible and diversified recruitment methods so as to ensure the construction of a high-quality talent echelon.

The Company strictly complies with the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China*, the *Employment Promotion Law of the People's Republic of China*, the *Law on the Protection of Minors* and the *Provisions on Prohibition of Child Labor*. In 2023, the Company issued the *Employee Policy of Guotai Junan Securities Co., Ltd.* and revised the *Recruitment Management Measures of Guotai Junan Securities Co., Ltd.* and the *Code of Conduct for Employees of Guotai Junan Securities Co., Ltd.* to further improve relevant policies and rules and clearly stipulated that the recruitment of personnel shall not be lower than the legal employment age, the use of child labor and forced labor shall be eliminated through identity verification and background investigation in recruitment practice. And if any violation is found, it will be dealt with in accordance with the *Employee Policy of Guotai Junan Securities Co., Ltd.* and *Code of Conduct for Employees of Guotai Junan Securities Co., Ltd.*, depending on the specific violation.

Based on different employers and different professional fields, the Company summarizes and evaluates the recruitment needs of various departments according to its annual talent recruitment scheme and talent recruitment mechanism. It carries out campus recruitment and social recruitment through various channels such as its own talent resources database, official recruitment platform (hr.gtja.com), external recruitment websites, headhunters and employee referrals. It has continually strengthened the promotion of its employer brand through its official website, official WeChat account, live recruitment events and other channels, and works to improve the accuracy of talent recruitment using various methods such as assessment, interview, internship and argumentation.

The Company strictly complies with relevant national laws and regulations, provides equal employment opportunities to job seekers, resolutely opposes employment discrimination, takes openness, fairness, and impartiality as the primary principles of talent recruitment, and ensures that employees' recruitment and career development are not affected by race, belief, gender, religion, nationality, ethnicity, age, marital status, social status, and other factors. In 2023, the Company had no violations of laws such as using child labor or forced labor and was not punished for violating laws or regulations on employment and labor or anti-discrimination-related laws and regulations.

• Employee Diversity of Guotai Junan in 2023 •

Percentage of female employees	44.78%
Number of ethnic minority employees (person)	594
Number of new employees (person)	1,895
Number of female employees among new employees (person)	818
Number of new graduates among new employees (person)	615
Number of ethnic minority employees among new employees (person)	84

The Company has continually deepened the market influence of its employer brand to attract more talents. In 2023, it won awards such as "The Most Attention-getting Employer for College Students in 2023" from China Business Journal and "2023 Model Employer for Talent Attraction and Retention" from 51job.com.

Employee remuneration and benefits

Adhering to the principles of market-oriented remuneration distribution, integration of remuneration management with risk management, effective linkage of the remuneration restraint mechanism and compliance management, equal emphasis on fairness and efficiency, and integration of remuneration management with the enhancement of its long-term value, the Company has continually improved its remuneration management system by referring to both internal and external requirements, learning from the best practices, and taking into account the actual situation, with a view to promoting the co-ordination and unification of industry culture, corporate culture, shareholders' interests, the Company's strategy and its remuneration system.

The Company strictly complies with laws, regulations, and rules such as the *Regulations on Paid Annual Leave for Employees*, the *Public Holiday Measures for National Annual Festivals and Memorial Days*, and the *Measures of Shanghai Municipality for Wage Payment by Enterprises*. In 2023, the Company continued to optimize its salary system, promoted the revision of the *Remuneration Management Measures of Guotai Junan Securities Co., Ltd.*, the *Attendance Management Measures of Guotai Junan Securities Co., Ltd.*, and the *Leave Management Measures of Guotai Junan Securities Co., Ltd.*, and further optimized the remuneration incentive mechanism.

Employee remuneration includes basic compensation, performance rewards, allowances, subsidies and benefits, medium-term and long-term incentives, and other labor costs. Among them, performance rewards are variable remuneration linked to the performance of the Company, each unit, and individual employees, including performance salary, performance bonus, and risk deferred bonus. Performance rewards are completely variable, reflecting differences in employee performance and contribution, and are applicable to all employees, including grassroots employees and non-sales employees.

• Guotai Junan's Guarantee Measures for Rights, Interests and Benefits •



Benefits guarantee

- The Company pays social insurance and housing provident fund on time and in full, and provides enterprise annuity plan and supplementary medical insurance plan.



Working hours and holidays

- The Company implements the standard working hour system, and the general working hours are 8:30-11:30 and 13:00-17:00.
- The Company provides statutory holidays, paid annual leave, deferred annual leave, sick leave, marriage leave, maternity leave and other leaves.

Employee health and safety

Ensuring the safety and physical and mental health of employees in the workplace is an important basis for protecting their rights and interests. The Company has always taken "three zeros" (zero injury, zero accident and zero loss) as the goal of work safety and actively implements its safety responsibility. In 2023, the Company carried out a total of 927 safety inspections, and the identified potential safety hazards have been rectified.

In terms of workplace safety, the Company has set up a Group Workplace Safety Committee and introduces employee representatives to join the committee office so that they can participate in decision-making on the Company's workplace safety on behalf of the employees. The Company has formulated and issued 33 basic regulations such as the *Administrative Measures for Workplace Safety Responsibility System* and the *Administrative Measures for Workplace Safety Objectives*. It has signed the *Responsibility Statement on Workplace Safety Objectives* with units at all levels and the *Employee's Workplace Safety Commitment* with all employees to inform them of work safety hazards in occupational environment and precautions. In addition, the Company formulated the *2023 Action Plan for Special Investigation and Rectification of Major Accident Potentials* in the Company and set up a special action leading group and a leading group office to comprehensively promote the implementation of special actions. In 2023, 79 emergency rescue drills were organized.

In order to protect the physical and mental health of employees, the Company provides all-round comprehensive medical and accident protection for employees, including annual physical examination, insurance claims for medical expenses, accident and critical illness protection, and free psychological consultation. The Company also organizes health knowledge lectures for all employees (including dispatched and outsourced personnel).

In 2023, the Company had no safety accidents and was not punished for violating occupational health laws or regulations.

Employee care and support

Based on fully protecting employees' legitimate labor rights and interests, the Company pays attention to employees' multi-level and diversified demands and strives to provide comprehensive care measures for them. The Company complies with laws and regulations such as the *Special Rules on the Labor Protection of Female Employees*, formulated internal policies such as the *Special Collective Contract for the Protection of Special Rights and Interests of Female Employees* and the *Implementation Measures for Employee Assistance and Consolation of Guotai Junan Securities Co., Ltd.*, and deepened the construction of employee service care system, committed to enhancing employees' happiness and sense of gain. In 2023, the Company provided RMB1.82 million of daily support funds for 160 employees.

• Guotai Junan's Employee Care and Support Measures •

Types	Measure
Daily care measures	<ul style="list-style-type: none"> • Strengthen the consolations and care for employees during statutory holidays, and do a good job in providing inclusive care for employees when they have birthdays, marriages, maternity, serious illnesses, etc. • Expand employees' choice of consolation gifts and distribution areas to improve their experience satisfaction. • Strengthen the construction and management of employee activity center. • Ensure the normal operation of facilities and mechanisms such as Employees'Home, Health Huts, Mommy Huts, and psychological counselling rooms. • Promote the construction of the "Employees' Home" project in Tangzhen Support Center by the labor union directly affiliated to the headquarters.
Helping employees in need	<ul style="list-style-type: none"> • During the New Year's Day and Spring Festival holidays in 2023, the Company completed the consolations and support work for employees in need at both the municipal and company levels: The support and consolation money of RMB300,000 from the Shanghai Municipal Financial Labor Union was forwarded to a total of 100 employees in need from 28 grassroots labor unions, and the support and consolation money of RMB39,000 from the Company's labor union was distributed to nine people in difficulties from six grassroots labor unions.
Student financial aid for employees' children	<ul style="list-style-type: none"> • Investigated the situation of employees' children participating in the 2023 college entrance examination and applied for financial aid from the Shanghai Municipal Financial Labor Union for four employees' children with RMB5,000 per person.
Caring for retired employees	<ul style="list-style-type: none"> • Throughout the year, the Company regularly supervised grassroots labor unions to do a good job in seeing off retired employees and issued honorary retirement certificates and commemorative plates to them. • During the New Year's Day, Spring Festival and Double Ninth Festival holidays, the Company supervised all grassroots labor unions to carry out care work for retired employees, convey the care and concern of the Company's party committee and labor union organizations for retired employees by phone call, visit and other forms, express consolations for retired employees in need, and distribute consolation money to retired employees. • Organized physical examination for retired employees when in-service employees were receiving physical examination.

Communication with employees

In order to effectively promote the improvement of the Company's operation and management and facilitate business and management innovation, the Company has set up a "President's Mailbox" on the homepage of the "Enterprise Operation Support Platform" to strengthen direct communication between employees and senior executives, gives full play to the enthusiasm, initiative and creativity of employees, and attaches importance to and quickly responds to their reasonable suggestions and demands.

In order to smooth the communication channels with employees and listen to their voices, the Company conducts annual employee satisfaction surveys and sends anonymous questionnaires to all employees through digital means. In 2023, the Company launched the annual employee satisfaction assessment, covering their basic needs (work requirements and working conditions), management support (full use of strengths, receiving praise, care from leaders and encouragement on development), team cooperation (attention to opinions, mission identification, team atmosphere), and career development (learning and growth). The results of the survey, which covered all employees, showed that employee satisfaction was 87%, an overall good score. According to the survey results, the Human Resources Department worked with relevant management departments to study and formulate optimization plans and promote continuous improvement so as to further increase employee satisfaction.

"Practice+" Pioneer Service Team Helps Employees Solve Problems with Care

Based on the principle of "customers' needs, branches' thoughts and headquarters' ability", the Company has set up a pioneer service team dubbed "Practice+" under the Administrative Office and established a "Practice+" pioneer services hotline and mailbox. In 2023, the "Practice+" pioneer service hotline and mailbox received a total of 15 complaints from employees, of which 12 were handled and three were forwarded. In response to employees' demands, the Company implemented a number of improvement measures such as expanding canteen capacity, enriching breakfast varieties, optimizing shuttle bus service hours, offering more employee parking spaces, adding express shelves, reinforcing security facilities and improving lunch break conditions.

Democratic management

The Company carries out democratic management work in the form of employee representative meeting, with a view to creating an atmosphere of joint development, joint management and joint participation. The Company has formulated the Regulations on Work of the *Employee Representative Congress of Guotai Junan Securities Co., Ltd. (2019 revision)*. The employee representative meeting of the Company deliberates and authorizes the signing of collective contracts, special collective contracts on wages and collective contracts for protecting the special rights and interests of female employees. It has set up a labor dispute mediation committee responsible for mediating labor disputes between employees and the Company. The Company organizes and holds employee representative meetings in a standardized manner, submits extensive issues related to the strategic development of the Company and the vital interests of employees to all employee representatives for deliberation, voting and approval, thus effectively safeguarding the interests of employees.

In 2023, the Company held three employee representative meetings (the 19th, 20th and 21st employee representative meetings of the fourth session), and considered, voted on and approved the recommendation of a candidate for the "Shanghai May 1st Labor Medal" in 2023, the recommendation of the Company's grassroots labor union organizations and labor union cadres to participate in the selection activities of Advanced Employees' Home, Advanced Employee Family and Outstanding Labor Union Workers in Shanghai's financial system, and the *Measures for Compliance and Risk Management Accountability of Guotai Junan Securities Co., Ltd. (2023 revision)*.

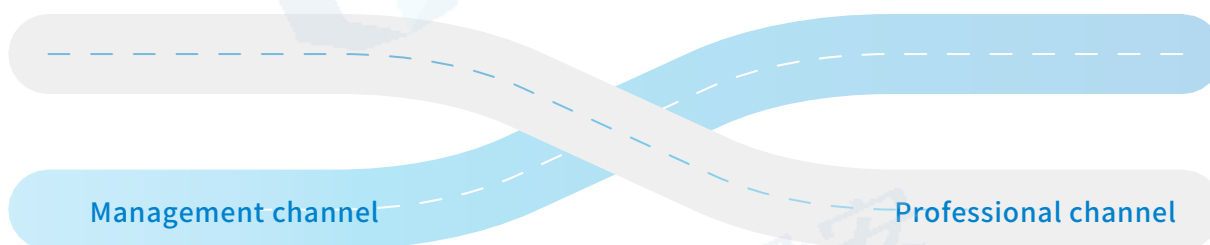
4.2 Employee Development

Adhering to the people-centric principle, the Company upholds the concept that "talents are the No. 1 resources", further promotes the strategy of "strengthening the Company with the help of talents", establishes the correct orientation for selecting and employing personnel, and provides diversified growth and development paths for employees.

Employee development and promotion

The Company has formulated internal policies such as the *Measures for Management of Leaders of Guotai Junan Securities Co., Ltd.*, the *Measures for Performance Management of Guotai Junan Securities Co., Ltd.*, the *Measures for Assessment and Evaluation of Leaders of Guotai Junan Securities Co., Ltd.*, the *Measures for Management of Professional Ranks of Guotai Junan Securities Co., Ltd.*, and the *Measures for Post Management of Guotai Junan Securities Co., Ltd.* In 2023, the Company orderly promoted the implementation of a new professional rank system, formulated a series of documents such as the *Work Plan for the Implementation of Initialization of Professional Ranks* and the *Guidance Notes on Initialization of Professional Ranks* to further smooth the dual channels of management and professional development, provide corresponding development opportunities for employees with different characteristics and abilities, and ensure that employees enjoy diversified development opportunities.

• Guotai Junan's Dual Channels for Talent Development •



- The Company has established a training and development path with "high-potential employees for talent reserve - grassroots managers for talent reserve - middle managers for talent reserve" as the main targets.
- The Company selects and employs personnel in an innovative manner, and expands the vision of selecting and employing personnel by means of public job competitions to stimulate the vitality of talents.
- The Company conducts research on outstanding young management talents on a regular basis, attaches great importance to the utilization of research results, and strengthens the training of management talent echelon; it also promotes cross-departmental and cross-regional exchanges of management talents to improve their overall quality.
- A professional rank management system covering the entire Group has been established, and a job standard system with professional capabilities and performance as its core has been built to realize an evaluation and adjustment mechanism under which employees can be promoted or demoted.
- The Company has completed the smooth replacement of the old system with new one at its headquarters, promoted the initialization of professional ranks at branches and the systematic construction of investment consultant teams at branches in stages, and guided some subsidiaries to carry out work such as formulating rules and regulations under the group management framework.
- In 2023, the Company established a professional rank review committee as its professional rank assessment and management organization to conduct overall management of the Company's professional ranks and deliberate and make decisions on related major issues.

The Company carries out performance evaluation on an annual basis, including three main stages, namely formulation of performance plan at the beginning of the year, mid-year performance review guidance and year-end performance evaluation feedback. The dimensions of employee performance evaluation include work performance evaluation, capabilities evaluation and compliance risk control assessment. The performance manager provides performance coaching and feedback to employees.

The Company has established a well-functioning employee performance appeal mechanism. According to the Company's performance management measures, if an employee does not recognize or accept the results of performance assessment, he/she may submit an appeal request to the Human Resources Department within a specified time limit. The Human Resources Department shall verify the content of the complaint, propose handling opinions based on the investigation results, and send feedback on the complaint results to the complainant. In addition, the Company stipulates that employees' personal information shall be kept strictly confidential throughout the complaint handling process, and retaliation against the complainant is strictly prohibited in order to fully protect the rights and interests of employees.

Employee training

The Company attaches great importance to talent training and development and has designed and launched a series of special talent training and development programs to meet the development needs of employees at different stages of growth. In 2023, the Company continued to carry out a young talent development scheme dubbed "Diamond Youth", a management trainee program dubbed "Talent Selection Plan", and talent exchange programs under which employees have the opportunity to work at both the Company's headquarters and branches and both domestic and overseas business outlets.

• Guotai Junan's Cultivation Program of Key Talents in 2023 •

Program name	Program description	Progress in 2023
Young Talent Development Scheme dubbed "Diamond Youth "	In order to improve the autonomy of talent cultivation and accelerate the establishment of a training mechanism that can help outstanding young employees achieve excellence and rapid growth, the Company has formulated and issued the <i>Implementation Plan for "Diamond Youth" Young Talent Development Scheme (2022-2025)</i> , under which a two-year special training program is designed to provide a broader development stage for outstanding young talents.	The Company paired up 89 mentors with the first batch of 190 young talent representatives, arranged 211 young talent representatives to attend important company meetings, organized youth symposiums and centralized training, and kicked off work to recommend candidates for the second batch of trainees.
Management Trainee Program dubbed "Talent Selection Plan "	With the goal of cultivating inter-disciplinary and management talents with comprehensive business ability for the Group, management trainees are selected from new employees in Company's the headquarters, branches, and subsidiaries. During the 1.5-year training period, various cultivation methods such as rotation in four stages, mentor teaching, special training and thematic tasks were adopted.	The Company completed all the training plans for 16 management trainees of the 2021 class, pushed forward with the second and third stages of rotation and assessment for 25 management trainees of the 2022 class, and completed the selection and first stage of rotation training for 25 management trainees of the 2023 class.
Cross-unit and cross-regional talent exchange program	The Company helps talents broaden work horizons, enhance systematic thinking, and improve overall quality and execution ability through increasing cross-unit and cross-regional exchanges of talents, with a view to cultivating a composite talent team .	Fifteen excellent backbone employees from the headquarters were selected and sent to our subsidiaries in Hong Kong, Singapore, and other places for exchange purposes, bringing the total number of persons participating in the headquarters-branch exchange program to more than 240.

In order to further promote the strategy of "strengthening the Company with the help of talents" and accelerate the construction of a talent pool in the securities industry, the Company has built a multi-level talent training system, set up tiered and classified training programs for "business talent, management talent, digital talent and international talent", continually improved the training on general quality, and explored the establishment of a career-long talent cultivation mechanism to enrich and optimize employees' training and growth path.

• Guotai Junan's Key Training Programs in 2023 •

Types	Plans and achievements
 <p data-bbox="225 681 392 741">Training for business talent</p>	<ul style="list-style-type: none"> • The Financial Craftsman-Branch Institutional Corporate Client Comprehensive Financial Case Collection was held, more than 10 batches of investment banking personnel were selected to attend the advanced seminar on investment banking business under the registration system organized by the Capital Market Institute, and training programs for new employees of the Investment Banking Division were held to improve the training system for investment banking personnel. • ICB-Talent series training sessions were held, including the ICB-Talent special training on quantitative professional and technical capability improvement and the first session of training for carbon finance business elite. Personnel from headquarters and branches were selected to participate in the carbon financial talent certification series training. • The Company organized and completed private customer leap, investment consulting Jincai, Junxiang Investment 50 customized practical training camps, family service trust special training camps, etc. to facilitate the transformation of its wealth management business. It held special training on options strategy, equity customer demand, ABS, FOF and other products and business for branches. The Company encouraged employees to obtain the investment advisor qualification, and 3,694 people registered as investment advisors. • A series of training sessions dubbed "Quantitative Investment Creates the Future" was held in the Greater Bay Area, and 61 people were selected to form the first batch of 12 "quantitative investment exploration teams" in the Greater Bay Area. • Three sessions of "Business Innovation Series Private Classes" were held throughout the year to help business elites further broaden their cognitive boundaries and horizons through discussion and sharing of wisdom, accelerate business and organizational innovation, and promote the Company's reform and development to a higher level.
 <p data-bbox="233 1291 384 1381">Training for management talent</p>	<ul style="list-style-type: none"> • With systematic training programs as the work objective, the Company integrated the superior resources both inside and outside the Company, established targeted curriculum portfolios, and offered training sessions to 256 senior, middle, and grassroots management talents in the Company during the year. • Organized training for management talents in the Greater Bay Area to respond to the development strategy of the Greater Bay Area; cooperated with Shenzhen Branch, Hubei Branch, Inner Mongolia Branch, Jiangxi Branch and Asset Custody Department to complete the design of training programs for regional (or departmental) management talents so as to enhance the management ability of each grassroots team. • The third and fourth sessions of "Jun Shuai Sunshine Class" were held; special training on performance improvement for branches (Beijing, Tianjin, Hebei and Heilongjiang) was launched to promote 36 grassroots units to explore their management potential and combine training with practice. • Organized the first training session for persons-in-charge of the "Junyue" business department. Through centralized teaching, enterprise visits, special salons, research projects and other forms, the event helped promote exchange of cross-regional business outlet management experience, gradually realizing the coverage of leadership training for management personnel of grassroots units at branches; organizing the Party Committee Office, Board Office, Administration Office and Wealth Commission to arrange the Company's senior executives, middle-level cadres and grassroots managers to participate in special training courses ("Advanced Seminar for Branch Heads of Securities Companies", "Series Training Courses for Directors, Supervisors and Senior Management of Securities Companies", "Online Course on Party Building Leading Cultural Construction and Exchange at Securities Companies") offered by industry associations.
 <p data-bbox="236 1785 376 1845">Training for digital talent</p>	<ul style="list-style-type: none"> • The "Digital and Intelligent Gold Talent " Cultivation Program and the "Sailing · Pioneering Digital Talent Training Program" and the "Creator" Talent Growth Plan for the IT business line were implemented in 2023. • The first session of "Data School - Internal Data Trainer Training", "DCMM Data Manager Certification Training", "DAMA Data Governance Professional Certification Training" and SQL Server Training Camp were implemented. • The "Digital and Intelligent Gold Talent " special training camp (the fourth session) was held at Tencent, Shenzhen; the "Account Opening and Transformation Practice Class", "ETF Targeted Investment Practice Class" and "Investment Consulting IP Creation Practice Class" for digital intelligent talent were held in Nanchang, Guotai Junan Digital and Intelligent Gold Talent Practice Class (the first session) was held in Chongqing, and the digital and intelligent gold talent - Junhong Intelligent Investment Online Course on Production Skill Improvement Training Camp was held online.

Types	Plans and achievements
 <p data-bbox="236 523 379 614">Training for international talent</p>	<ul data-bbox="459 366 1372 646" style="list-style-type: none"> • The implementation of the "Work Plan for Exchanges to and Appointments in Hong Kong Subsidiaries" was completed, sharing activities of overseas subsidiaries such as "Overseas Voice" were continuously launched, business introduction of all our overseas subsidiaries was completed, and a total of more than 2,000 people were trained. • The "Special Training for International Talents in the Guangdong-Hong Kong-Macao Greater Bay Area" was held to connect instructor and business resources of domestic and overseas subsidiaries and promote the connectivity of business, knowledge, and talents. • In 2023, the Company deepened its cooperation with international organizations such as CFA and ACCA, internationally renowned universities such as Lyon Business School, SKEMA and ICB of the University of Hong Kong, and Latin American startups such as StartSe and Unico to provide talent and intellectual support for the Company to become "a modern investment bank with international competitiveness".
 <p data-bbox="228 1149 395 1213">Training on general quality</p>	<ul data-bbox="459 717 1372 1498" style="list-style-type: none"> • Five sessions of onboarding training for employees joining the Company through social recruitment and one session of onboarding training for employees joining the Company through campus recruitment were conducted, with a total of 1,148 people attending the onboarding training for new employees throughout the year. • A special training session for new employees in the Greater Bay Area was held, which focused on aspects such as the high-quality development of the Greater Bay Area, five agile organizations in the Greater Bay Area, cooperation and co-creation of new employees, etc., with 82 new employees from the headquarters, branches and business outlets both at home and abroad participating in the on-site training; a new employee capability support station project was launched, with lecturers covering financial experts, corporate executives, university professors and experts from other fields. The number of online learners exceeded 1,550, and the cumulative learning time exceeded 8,690 hours. • Training sessions on "Preventing Reputational Risks at the Business Front Line to Jointly Safeguard the Company's Brand Image" were held to help employees working on the business front line improve their awareness and skills in reputational risk management and to encourage branches to continuously do a good job in corporate reputational risk training. A total of 323 people, including persons in charge of compliance risk control at the Company's branches and heads of its business outlets, participated in the training online. • A total of four live online sessions on "Professional Integrity and Culture Construction at Securities Companies" were provided to all employees in the form of online training. A total of 37,200 people studied the sessions for a combined 100,332 hours. • A total of 57 training sessions (activities) on data security and privacy protection and compliance risk control were provided to all employees in the form of online + offline training, such as sessions titled "Security Awareness Training-Prevention of Phishing Social Workers" and "Interpretation of Data Security Law and Compliance Construction". • The Company has successively launched more than 10 digital learning programs on its E-Learning digital training platform, such as Live Broadcasting Everyday, Online Training Camp for Community Learning, Digital Finance Quality Course, Investment Banking Division Training Zone, Wealth Management Committee Learning Area, Guotai Junan Quality Course, Great Course Recommendation, and Department Gathering, with 304 live broadcasts conducted and 5,226 new courses launched. A total of 13,845 employees participated in online training, which helped the employees enrich digital learning needs, enhance learning experience, and improve business development capabilities.

"Jun Shuai Sunshine Class" empowers management talent of business units

From March to July 2023, the Company held a five-month "Jun Shuai Sunshine Class" to offer training for business management talents. Forty-eight grassroots operation managers at branches gathered in Nanjing, Jiangsu Province, to attend the class. Talents from 12 branches actively participated in the activity. Specifically, trainees from seven branches completed practical training on 12 topics as team leaders and led the project teams to write practice cases. With the goal of "improving capabilities and consolidating strengths", the training activity organized leadership training sessions for business management backbones holding key positions at branches. Adopting a systematic teaching method advocating "management improving thinking" and combining training with practice, the training activity promoted the Company's branches and business departments to achieve an improvement in both management capabilities and business performance, accumulate 12 excellent operation and management cases, and exchange management practical experience among different branches.

Co-hosting the "Special Training Class for International Talents in the Guangdong-Hong Kong-Macao Greater Bay Area" with HKU



Special Training Class for International Talents in the Guangdong-Hong Kong-Macao Greater Bay Area

From December 13 to 15, 2023, the Company held the "Special Training Class for International Talents in the Guangdong-Hong Kong-Macao Greater Bay Area" at the Teaching Center of the Institute for China Business (ICB), University of Hong Kong (HKU) in Shenzhen to implement the Company's systematic training of international talents, practice its strategic deployment in the Greater Bay Area, and help build an international business talent team with a global vision and business capabilities. The course focuses on strategic guidance and practical exercises, covering modules such as internationalization strategy and business cooperation in the Greater Bay Area, family office and private wealth business, cross-border investment and financing, cross-border data transfer and compliance, and cross-border collaboration. The training was conducted in various forms such as on-site centralized teaching, experience sharing of guests, team research, and interactive Q&A. The training activity effectively integrated teaching resources from various international business lines of the Group and invited 18 internal lecturers from branches and subsidiaries and four external experts to give lessons. Trainees attending the activity included more than 70 employees from various departments of the Company's headquarters, branches, and subsidiaries.

The Company regularly organizes various multilingual professional qualification certification trainings and examinations at home and abroad for all employees, encourages employees to actively participate in various training activities organized by regulatory authorities and industry associations, and pays for relevant tuition fees. In 2023, the Company carried out several relevant certified learning programs that employees attended certification training courses themselves and got reimbursement for relevant fees.

• Guotai Junan's Support for Employees Participating in Certification Training •

Type	Main contents
Method one	The Company purchases learning accounts or organizes unified certification training programs for employees → Employees participate in the study and obtain relevant certifications → The Company pays relevant registration fees, training fees, examination fees, etc.
Method two	Employees apply to attend relevant certification training courses on their own → The Company reimburses them for relevant registration fees, training fees, examination fees, etc.

• Employee Certification Programs Supported by Guotai Junan •

Name	Partner	Significance/contents of the program	Coverage
CGFT Chartered Global FinTech Professional (Level 1) Certification ogram	Shanghai Advanced Institute of Finance, Shanghai Jiao Tong University	To further deepen the Company's comprehensive digital transformation and accelerate the building of a digital talent team	Headquarters departments and branches
CISI Sustainable and Responsible Investment Certification Program	International Institute of Green Finance, Central University of Finance and Economics	Encourage corporate talents to improve their cognitive level and international vision in areas including environmental protection, social responsibility, corporate governance, and green finance practice	Headquarters departments, branches, and subsidiaries
Self-initiated certification training program for employees	/	Including online training on certification on the ability to perform anti-money laundering and anti-terrorism financing duties, national carbon market trader capability building training (carbon traders), DAMA data governance professional certification training, ITIL4 Foundation certification training, etc.	Headquarters departments and branches

4.3 Product and Customer Service

Responsible marketing

The Company strictly complies with laws, regulations and self-disciplinary rules such as the *Interim Provisions on the Administration of Publicity and Promotional Materials of Publicly Offered Securities Investment Funds*, the *Measures for the Administration of the Fundraising of Privately Offered Investment Funds*, the *Several Provisions on Strengthening the Regulation of Privately Offered Investment Funds*, the *Interim Provisions on the Administration of Operation of the Private Asset Management Business of Securities and Futures Business Institutions*, and the *Industry Self-disciplinary Convention for Releasing Financial Advertisement*.

According to its internal policies such as the *Management Measures for Financial Products Distributed by Guotai Junan Securities Co., Ltd. on Behalf of Other Companies* and the *Investor Suitability Management Measures of Guotai Junan Securities Co., Ltd.*, the Company regulates employees' practices to ensure that clients have a truthful and complete understanding of financial products. Meanwhile, the Company implemented revisions of the relevant platforms and processes in line with investor suitability requirements and promptly adjusted the design of corresponding online business process and demand formulation. In 2023, the Company had no information or logo violations for its products and services or marketing-related violations.

Optimize products and service quality

Upholding the principles of "serving the country with financial services" and "customer-centricity", the Company has continuously improved its customer service system and constantly enhanced the level and efficiency of customer service through financial technology innovation.

• Guotai Junan's Product and Service Highlights in 2023 •

Type	Highlights
 <p>Empowering wealth management</p>	<ul style="list-style-type: none"> The Company successfully established the first family service trust set up by a brokerage, pioneering a fully online model in the industry. By adding the legal structure of trust to professional asset allocation, securities firms can for the first time provide the functions of isolation, protection, inheritance, and distribution of assets to middle-income groups, offering them with a new way of wealth management. The Company rolled out "private customization center service", a sign of entering the era of wealth management 2.0, which is characterized by "investment consulting-driven and technology-empowered", and achieving the "three major upgrades": cognitive upgrade - creating returns by leveraging one's own expertise, technological upgrade - turning data into persistently growing wealth and service upgrade - helping clients achieve an "ever-lasting family and business". We rolled out service dubbed "Entrepreneur Office" as we continued to focus on serving the real economy and provide professional services to entrepreneurs to help them achieve an "ever-lasting foundation". The Company set up the "1G4R selection and evaluation system" and launched a "pool of 100 selected products", which were picked from over 10,000 products on the market, to provide clients with high-quality options suitable for their stage-specific strategies so that they can accurately grasp the opportunities of appreciation for various assets. It released the Jun Hong Zhi Tou service system, focusing on the three core services of "intelligent information, intelligent wealth management and intelligent transactions" to accurately adapt to end-to-end wealth management services.
 <p>Serving institutional clients</p>	<ul style="list-style-type: none"> The Company built a management system for overseas institutional clients, under which it can summarize, integrate and manage data of overseas institutional clients, thus realizing the integrated management of operation information of overseas institutional clients of the Group. The system contributes to the construction of a cross-border comprehensive service platform to achieve the uniform integration of functions such as cross-border transactions, client management and bookkeeping. According to the <i>Guiding Opinions on Promoting the Coordinated Development of Branches' Investment Banking and Wealth Management Businesses</i>, by building a collaborative agile organization system featuring synergies between the headquarters and branches, an open digital collaboration platform and a branded comprehensive service model, the Company fully capitalized on the role of investment banking as a business entrance for corporate clients. Focusing on wealth management transformation 2.0 characterized by "investment consulting-driven and technology-empowered", the Company deepened and implemented its business model of "investment banking + wealth management" and built and operated the "investment banking+" platform, offering corporate clients with full-cycle, whole-chain, one-stop, and comprehensive services.

Jun Hong Zhi Tou service system helps users make scientific investment

In August 2023, the Company launched the Junhong Intelligent Investment Service System, adopting a multifaceted intelligent investment strategy to provide investors with scenario-based pre-investment services, special in-investment services, and considerate post-investment services. This system allows investors to invest in various investment targets such as stocks, ETFs, and over-the-counter funds through approaches including long-term investing, trend rotation, periodical subscription, and grid trading. Leveraging its research and investment system, the Company recommends investment strategies that align with clients' risk tolerance based on big data-assisted account analysis and risk assessment questionnaire, and employs big data back-testing to correct investment behaviors with low-success-rates across different client groups. This initiative supports investors in making long-term and scientifically informed investment decisions.

New Fortune - The 16th New Fortune Best Investment Bank Selection Activity: **Best Equity Underwriting Investment Bank, Best Refinancing Investment Bank, Best IPO Investment Bank and Best M&A Investment Bank.**

Wind - 2023 Best Investment Bank of the Year: **Best Investment Bank of the Year, Best A-share Equity Underwriter, Best Hong Kong IPO Sponsor, Best Financial Advisor for M&A and Restructuring in China, Best Bond Underwriter, Best Asset-Backed Securities Underwriter, Best Green Bond Underwriter, Best Chinese USD Bond Underwriter, and etc.**

Customer complaint management

Doing a good job in complaint management is the key to improving customer service. The Company has always adhered to the customer-centric principle, continuously improved the complaint handling mechanism, and optimized the complaint handling process, while attaching great importance to and effectively strengthening the management of customer complaints.

According to rules such as the *Regulations on Supervision and Administration of Securities Companies*, the *Guidelines on Internal Control of Securities Firms*, the *Measures for the Administration of Securities Brokerage Business*, and the *Work Guidelines on Handling Investor Complaints of Securities, Fund, and Futures Companies (For Trial Implementation)*, the Company focuses on the effectiveness of customer complaint handling and has established a systematic and efficient customer complaint management system to improve the efficiency and quality of customer dispute handling, safeguard the legitimate rights and interests of customers, and enhance its brand image and reputation. Thanks to the optimization of complaint handling measures, the number of customer complaints received by the Company has shown an overall downward trend in recent years.

• Guotai Junan's Customer Complaint Management System •

Types	Main contents
Management system	Formulated the Measures for the Management of Customer Complaints of Guotai Junan Securities Co., Ltd. and the Detailed Implementation Rules for Handling Customer Complaints of Branches of Guotai Junan Securities Co., Ltd.
Management mechanism	The "primary accountability system" is implemented, under which the unit taking the primary accountability for complaints shall bear the main responsibility for handling customer complaints in a timely manner to form a closed-loop management of customer complaints. For external complaints initiated by customers, all departments at our headquarters are obliged to be designated by the Company as the competent responsible department within their respective responsibilities and shall coordinate and cooperate in complaint handling.
Source of complaint	External complaints: Refer to customer complaints forwarded to the headquarters or branches of the Company by the China Securities Regulatory Commission and its agencies, the Securities Association of China, other securities associations and other regulatory authorities or self-disciplinary organizations. Internal complaints: Refer to complaints made by the Company's customers directly to the Company on the site, via correspondence, over the Internet, or by phone.
Complaint analysis management	Offer suggestions for improvement or perfection in view of management loopholes and mechanism-related problems reflected by issues frequently complained by customers and complaint disputes, and carry out assessment and accountability based on the management and handling of customer complaints by each unit of the Company so as to improve the effectiveness of the Company's complaint management work.

Investor education

The Company views safeguarding investors' rights and interests as its task and actively engages in investor education to foster a philosophy of rational investment. It keeps a keen eye on market dynamics and shifts in investor sentiment, and helps investors accurately assess their risk tolerance and investment objectives.

In strict accordance with the relevant requirements of the China Securities Regulatory Commission (CSRC), Shanghai Office of the CSRC and Shanghai and Shenzhen Stock Exchanges, the Company has formulated the *Measures for the Administration of Investor Education of Guotai Junan Securities Co., Ltd.*, actively implemented important measures required for investor education, and completed various investor education tasks, including organizing events, customer survey, and seminar research, thereby promoting the sustainable development of the Company in the investor education industry. In 2023, the Company hosted a total of 2,969 investor education events with 9,232,900 attendees.

Expand the influence of investor education through animations and microfilms



The Company's original investor education animation series, *Investment Lion*, adapts real-life stories of investors' irrational investment behaviors encountered by investment advisors, and is especially popular among younger people.

The microfilm titled *She Has a Dream* adapted by the Company based on a true story won the first prize for Excellent Publicity Work on Preventing and Combating Illegal Financial Activities in Shanghai in 2023 and the Gold Award of China Business Network for Instant Knowledge in Finance, and was rated as an excellent insurance case in the "Shareholders Have Come" activity. It was successfully shortlisted for the microfilm group award of the "Ninth Shanghai Public Welfare Microfilm", won the "Best Public Welfare Network Popularity Award" and the "Best Public Welfare Theme Award", and was selected as Excellent Video and Audio Works in the "2023 Shanghai SOE Good News" selection activity.

The Company's investor education base has received an excellent rating for national-level investor education bases from the China Securities Regulatory Commission, the title of "Partner of Investor Education Alliance of China Fund News", the **Gold Award** in the 2023 Instant Knowledge in Finance Annual Investor Education Works Exhibition and Selection Activity, and the **"Outstanding Organization Award"** in the "2023 Shanghai SOE Good News" selection activity.

The Company's investor education team won the **"Public Service Award"** under the Financial Business Category in the 2023 Shanghai Financial Employee Meritorious Competition.

4.4 Data Security and Privacy Protection

Against the background of accelerated digital transformation, the Company attaches great importance to data security and privacy protection governance, has continually deepened data security and privacy protection work, and is committed to building a sound data security system and privacy protection mechanism, with a view to creating a safe and reliable business development environment.

The Company strictly complies with laws, regulations and regulatory requirements such as the *Personal Information Protection Law of the People's Republic of China*, the *Data Security Law of the People's Republic of China*, the *Cybersecurity Law of the People's Republic of China*, the *Measures for the Administration of Network and Information Security in the Securities and Futures Industry*, the *Guidelines for Data Security Management and Protection in the Securities and Futures Industry*, the *Guidelines for Data Classification and Grading in the Securities and Futures Industry*, the *Security Specification for Mobile Internet Applications in the Securities and Futures Industry*, the *Technical Specifications for the Protection of Personal Financial Information*, and the *Security Management Specification for Mobile Financial Client-End Application Software*. It has formulated the *Measures for the Administration of Data Governance of Guotai Junan Securities Co., Ltd.*, the *Measures for the Administration of Business System Authority and Information Security of Guotai Junan Securities Co., Ltd.*, and the *Detailed Implementation Rules on Data Security Management of Guotai Junan Securities Co., Ltd.* In 2023, the Company issued the *Statement on Data Security and Privacy Protection Management of Guotai Junan Securities Co., Ltd.*, which clarifies the key points such as the Company's data security management structure and management system, data security management measures and customer privacy protection management measures, focuses on strengthening and standardizing network and data security management and personal information protection, and provides a strong guarantee for business operations and the rights and interests of personal information owners.

In addition, the Company's major online customer service APPs (including Guotai Junan Junhong and Guotai Junan Daohe) have publicly and explicitly informed customers of their privacy policies, including the *Guotai Junan Securities Internet Platform Privacy Policy* and the *Guotai Junan Daohe Platform Privacy Policy*.

The Company complies with the working policy of "clear responsibility, reasonable authorization, standardized process and combination of technology and management", has built a three-tier management organization structure composed of the data governance leading group, data governance working group and data governance execution team, created three lines of defense for data security, and specified the division of responsibilities at all levels in detail, and is committed to building a more secure, transparent, compliant and efficient management system.

• **Guotai Junan's Data Security System Audit** •

Types	Main contents
<p>Certification audit</p>	<p>The Information Technology Department and Data Center of the Company have passed ISO27001 information security management system certification, and the China Cybersecurity Review Technology and Certification Center (CCRC) is entrusted to carry out certification and supervision audit. The scope of certification covers relevant application development, operation, management services and ability to recover business in the event of disasters undertaken by the Information Technology Department and Data Center of Guotai Junan Securities Co., Ltd.</p>
<p>Protection evaluation</p>	<p>According to the relevant requirements of the <i>Basic Requirements for Cybersecurity Tiered Protection of Information Security Technology</i> and the <i>Basic Requirements for Cybersecurity Tiered Protection of the Securities and Futures Industry</i>, tiered protection filing is carried out, and external agencies are entrusted to carry out security tiered protection evaluation on the Company's information system every year based on the tiering condition of the Company's information system.</p>
<p>Internal audit</p>	<p>The Company conducts internal audit and inspections every year according to the <i>Identification Method for the Collection and Use of Personal Information by App in Violation of Laws and Regulations</i> and the <i>Notice of the Ministry of Industry and Information Technology on Promoting the Cracking-down on APP Infringement on User Rights and Interests</i>.</p>

In order to deal with potential information and privacy disclosure incidents and prevent possible risks in the Company's data security protection mechanism, the Company has adopted a combination of active and passive data security protection measures to quickly contain and reduce the negative impact of data leakage incidents on the rights and interests of the Company and its customers.

• **Guotai Junan's Main Measures for Data Security Protection** •

Types	Major Initiatives
<p>Active measures</p>	<ul style="list-style-type: none"> • Built a centralized, automatic and visual security operation platform, designed and deployed analysis rules and automated response scripts to realize 24/7 real-time monitoring and automatic and manual collaborative disposal of mainstream attack scenarios. • Built a multi-source threat intelligence center, strengthened the collection and summary of intelligence data, explored and formulated standards and norms applicable to industry intelligence production and sharing, promoted the construction of joint prevention and control in the industry, and enhanced the Company's active defense capability driven by intelligence.
<p>Passive measures</p>	<ul style="list-style-type: none"> • Optimized the <i>Emergency Plan for Network Security Incidents</i>, and improved emergency response measures in scenarios such as malicious attacks, virus intrusion, large-scale virus outbreaks, and suspected data leakage. • Optimized the <i>Cybersecurity Vulnerability Management Specifications of Guotai Junan</i> and strengthened vulnerability operation capabilities to reduce risks such as data leakage caused by vulnerabilities. • Issued the <i>Technical Guidelines on Network Security Management for Branches</i>, and guided them to implement network security and data security work. • The <i>Cybersecurity Monthly Report of Guotai Junan Securities</i> was published once a month to display the cybersecurity situation, industry security dynamics, data security dynamics and security risk warning.

The Company attaches great importance to customer privacy, clarifies the management standards of personal information and data in all links of business development, continuously strengthens information security and privacy protection, and strictly prevents information misuse and leakage. In daily work, employees shall obtain the approval of the departmental business heads and the compliance and risk control head when applying for data mart permissions and exporting customer business data and shall carry out such actions in accordance with the Company's relevant requirements such as data use security. When providing various data services to branches, the Company strictly implements data classification and grading management, and sets different data permissions for customers, business departments and branches.

• **Guotai Junan's Management Measures for Customer Privacy Protection** •

Types	Management measures
Collection of customer information	<ul style="list-style-type: none"> • If the Company uses customers' personal information for other purposes not specified in the relevant policies or collects such information for other specific purposes, the Company will inform the customers in a reasonable manner and seek to obtain their consent again before use. • The Company adheres to the principle of "minimum and necessary collection". Data collected should meet the needs of business development or operation management and should be consistent with the content of collection stipulated in the terms of the contract agreement and the privacy policy. Data should not be collected beyond the scope. Data collection activities will cease immediately when the relevant business is stopped or there is no need to continue collecting such data.
Handling of customer information	<ul style="list-style-type: none"> • The Company will set the data retention period for different types of data in accordance with the relevant provisions of the state, competent industry authorities and internal regulations as well as the time limit agreed upon with the personal financial information owners. Data that exceed the retention period specified in the relevant regulations of the state and competent industry authorities, internal regulations and contract agreements will be deleted. • For companies, organizations and individuals entrusted by the Company to process customers' personal information, the Company will require them to process personal information only in accordance with the Company's requirements, privacy policies and any other relevant confidentiality and security measures. Except for specific circumstances and unless otherwise specified in relevant laws, the Company will not provide or transfer customers' personal information to third-party companies, organizations, or individuals.
Sensitive data access control	<ul style="list-style-type: none"> • For customers' personal data and sensitive data, the Company has implemented strict access control on data transmission, storage, use, display, sharing and other aspects, and established relevant data security protection mechanism.
Granting customers the authority	<ul style="list-style-type: none"> • The Company protects customers' rights to check, copy, transfer, correct, delete and change their personal information, and to withdraw the scope of authorization and consent, cancel accounts, and refuse personalized recommendations, as well as other rights stipulated by the Personal Information Protection Law of the People's Republic of China. Customer service hotlines and email addresses are available for customers to contact the Company at any time.
Product and service development specification	<ul style="list-style-type: none"> • During product and service development, the Company implements security protection measures for the whole life cycle of personal information by updating the <i>Privacy Policy on Internet Platforms of Guotai Junan Securities</i> in a timely manner and formulating the Technical Standards for the Protection of Personal Information on Securities Apps. Specific measures include using a secure keyboard for input, using https for encrypted transmission, C3-category personal financial information (mainly various account passwords) not being stored at the client-end, and tiered authority management of customer information, with a view to strictly protecting users' personal information and minimizing the potential negative impact on personal rights and interests.

The Company has carried out information security awareness training and cybersecurity advocacy campaigns in various forms and in stages to continuously improve information security awareness among its employees and outsourced personnel. For example, it launched online trainings such as training sessions on "improving safety awareness of all employees during critical protection period to mitigate information risks" and "investor cybersecurity awareness education". The Company organized phishing email test exercises with the theme of "Signing the Commitment Letter on Personal Information Security", provided email and office security training via comprehensive video courses, and promoted physical security publicity through large-screen scrolling broadcast. The Company also carried out security awareness publicity activities through diversified means such as company announcements, online videos, group emails, large screen displays, and roll-up banners, and offered data security and customer privacy protection training for different groups of people in the Group to help employees enhance their awareness of network security and data security and improve their protection skills. In 2023, the company's employees participated in training 4,980 times, while outsourced employees participated in training 668 times.

While continuously enhancing its own data security and privacy protection level, the Company actively promotes suppliers and partners to improve data security management. For suppliers and partners, the Company comprehensively inspects their compliance with information security in the early business stage, middle implementation stage, later acceptance stage and supplier assessment, conducting comprehensive inspections of suppliers and partners' adherence to information security, explicitly incorporating data security-related indicators into supplier evaluations, thereby contributing to enhancing the overall data security standards across the industry. explicitly lists data security-related indicators in the supplier assessment to help improve the overall data security level within the industry.

In 2023, the Company did not experience complaint about any confirmed incidents of customer privacy infringement or loss of customer data.

4.5 Sustainable Supply Chain

The Company categorizes suppliers into 14 categories based on their business scope, including software development services, office services, office equipment, office appliances, office furniture, office supplies, computer equipment, network equipment, communication equipment, passenger vehicles, apparel, financial advisory services, legal consulting services and human resources consulting services.

The Company strictly complies with relevant national laws and regulations on procurement and as well as the Company's relevant rules such as the *Procurement Management Measures*, the *Centralized Procurement Management Measures* and the *Supplier Management Measures*. It has established a supply chain-related management system and clarified management departments and their responsibilities, management departments and corresponding responsibilities for managing environmental and social risks associated with the supply chain. The Company has continuously improved supplier assessment and entry requirements, identification methods for key suppliers, key concerns of supply chain management strategies and their impact on suppliers, incentive measures for suppliers, and supplier training, among others.

When comprehensively assessing and evaluating suppliers, the Company considers their implementation of ESG concepts and specific implementation measures. Supplier assessment covers their on-going operation status, service and product quality, contract performance ability, related outsourcing, internal control and management ability, technology, and industry experience. In 2023, the Company actively advocated green procurement and intended to include new contents related to green procurement in the newly revised Supplier Management Measures as a priority for supplier screening.

The Company attaches great importance to anti-corruption management relating to its suppliers. Internally, the Company requires relevant personnel to abide by the principles of fairness and justice in business activities such as information technology service outsourcing, business cooperation, goods and services procurement and requires that they shall not abuse their power to transfer or seek illicit gains. For external procurement projects, the Company stipulates that anti-commercial bribery clauses be included in the relevant agreements. For procurement projects with amounts exceeding RMB300,000, suppliers are required to sign the "Letter of Commitment on Integrity".

4.6 Public Welfare and Charity

Public welfare brand building

Shanghai Guotai Junan Social Welfare Foundation (hereinafter referred to as the "Foundation") adheres to the value orientation of "enterprise integrated with country and finance for good", upholds the public welfare philosophy of "doing good deed no matter how small it is, and accumulating small acts of kindness into great love". It is committed to realizing the vision of "let wealth benefit the society and give back to the society with love" and fulfilling the mission of "contributing to building a better society". To further promote the standardized management and business development of the Foundation, the Foundation has revised the policies and rules such as the *Project Management Policy of the Foundation* to strengthen the scientific basis for project initiation, standardization of project execution, timeliness of project summary and refinement of project effect evaluation.

- Based on the existing youth volunteer service team and spiritual civilization construction unit volunteer service team, the Company initiated the formation of Guotai Junan's "Finance for Good" volunteer alliance to promote the further standardization and organization of volunteer services.
- The Company actively launched the "Dream and Hope" education assistance project, continued to do a good job in providing assistance and support to four hope primary schools, set up the "Dream to Build a Powerful Country" scholarship, and rolled out public welfare programs such as teacher training under the "Lamp Lighting Plan", quality education classes under the theme of "Seeing the World with Eyes", charity lunches, winter clothing "warm packages", and medical insurance.
- The Company strengthened the empowerment and guidance of branches and subsidiaries and implemented the "Neighborhood Guard" public welfare project. So far, it has supported 20 branches to carry out 28 public welfare activities in the regions where they operate, such as poverty alleviation, disaster relief and education assistance, thus presenting a new image of Guotai Junan as a "caring neighbor" and enhancing the Company's brand reputation.
- In combination with China Charity Day, Shanghai Charity Week, company celebration and other significant events, the Company organized activities dubbed "Finance for Good - Guotai Junan 818 · Inaugural Public Welfare Cultural Festival" to encourage more people to pay attention to and participate in public welfare activities, further creating an atmosphere of public welfare for all.
- To explore new paths for sustainable development of public welfare, the Company conducted research on the topic of "building a sustainable social value chain and supporting state-owned financial enterprises to create social value". Focusing on leveraging public welfare to help state-owned financial enterprises create social value and using Guotai Junan's charity practices as cases, the Company explored replicable and referential models of enterprises creating social value. The research project won the second prize in excellent research on ideological and political work and cultural construction in the national financial system.

Guotai Junan Won the 12th "China Charity Awards"



On September 5, 2023, the eighth "China Charity Day", the 12th China Charity Award Ceremony was held in the Great Hall of the People in Beijing. Guotai Junan won the donation enterprise award of the "China Charity Awards", which is another honor obtained by Guotai Junan following the award it received in the first Shanghai Charity Award. Guotai Junan is the only securities firm among the 37 winners.

Serving rural revitalization

Actively responding to the call of the China Securities Regulatory Commission, the Securities Association of China and Shanghai Municipal Government, the Company deepened its pairing and assistance work, signed a new round of assistance and support agreements under the "100 Enterprises Helping 100 Villages" initiative, actively established and improved the long-term assistance mechanism, strengthened assistance responsibility, innovated assistance methods, increased assistance efforts, implemented detailed assistance measures, and contributed to the construction of local education, industry, medical and livelihood projects.

• Guotai Junan's Rural Revitalization Fields and Typical Projects •

Field	Measures
Education support	<ul style="list-style-type: none"> Continued to do a good job in building four hope primary schools, issued Guotai Junan teaching awards and scholarships, and continued to implement the "Love Nutritious Lunch Plan". Helped Guotai Junan Dandan Hope Primary School moved to a new location to provide more comprehensive and higher-quality educational services for children and more training and further education opportunities for teachers and to create platforms for more rural students to go out of the mountains and pursue their dreams of learning. In partnership with SMG Radio under Shanghai Media Group, the Company conducted quality education public welfare projects for rural students, centering on students' artistic, sports, science and technology and humanistic qualities. The Company worked with Zhejiang University to provide training to enhance the skills of rural teachers. Through categorized and tiered training, on-site teaching, online guidance, setting up special teaching awards and other means, the Company has cultivated a batch of excellent rural teachers. It has also held special seminars for "leaders of wealth creation" to promote rural revitalization, benefiting 50 village secretaries, village directors and entrepreneurial experts in areas receiving assistance and support.
Industrial support	<ul style="list-style-type: none"> The Company customized cultural and creative products dubbed "Good Tea" with public welfare background, the feature of helping farmers and cultural characteristics by integrating the special agricultural products of five counties receiving assistance and support.
Medical support	<ul style="list-style-type: none"> We continued to invest in the "carefree growth" public welfare supplementary medical insurance project (Phase II). We paid attention to the mental health of rural students, and offered psychological training for "spiritual gardeners" teachers in primary and secondary school in Guangnan County, Yunnan Province to improve the mental health and quality of school teachers.
People's livelihood support	<ul style="list-style-type: none"> Participated in the facade renovation of Liulangcheng group's houses in Guangnan County, Yunnan Province to promote the development of new rural communities and build a beautiful livable village integrating health care, leisure and entertainment, cultural industry, and tourism economy.



"Neighborhood Guard" Junhong Wish House was successfully implemented in the four Hope Primary Schools assisted by the Company

Serving ecological protection

The Company actively promotes the philosophy of protecting natural ecology across the society and is committed to promoting the coordinated progress of economy, environment, and society through professional ecological public welfare actions.

Actively carrying out public welfare activities for ecological protection



"One Ocean" marine ecological environmental protection activities in Shenzhen Bay

Guotai Junan actively engaged in environmental protection and public welfare projects such as afforestation and marine ecological environment protection. The Company has consistently contributed to the ecological construction of Future City by supporting the work of planting trees covering an area of 100-mu in Xiong'an New Area. In March, the Company's Henan Branch organized a public welfare activity dubbed "Afforestation" on Arbor Day, planting 150 *Malus spectabilis* trees covering an area of 1,333 square meters. In September and December, Guotai Junan's Party Building Activity Station in the Guangdong-Hong Kong-Macao Greater Bay Area, in collaboration with the head offices, branches and subsidiaries in the Greater Bay Area and the Shenzhen Marine Environmental Protection Public Welfare Organization, launched the "One Ocean" marine ecological environment protection activities in Shenzhen Bay and Dapeng Bay.

Serving social undertakings

The Company has actively carried out grassroots-oriented voluntary activities that are widely distributed, directly reach out to the relevant parties and are conducted in flexible ways to serve social undertakings, demonstrating its commitment to social responsibility and missions.

• Guotai Junan's Social Undertakings Projects in 2023 •

Main aspects	Main practices
Emergency disaster relief	<ul style="list-style-type: none"> The Company donated more than RMB200,000 worth of urgently needed relief supplies to support Zhuozhou in Hebei Province in fighting against floods and disaster relief. After the 6.2-magnitude earthquake hit Jishishan County, Linxia Prefecture, Gansu Province, the Company quickly contacted the local government and donated RMB1.2 million in two batches for earthquake relief and post-disaster reconstruction.
Charity donations and volunteer services	<ul style="list-style-type: none"> The Company's Shaanxi Branch continued to promote poverty alleviation via education by offering financial assistance to outstanding impoverished college students. So far, Shaanxi Branch has offered scholarships totaling RMB1.12 million to 80 students from Xi'an Jiaotong University and Northwest University, and the branch's employees have donated more than RMB300,000 to the project. The Company's Beijing branch regularly carried out Guotai Junan volunteer services under the "Benefits from Reading Beijing" initiative to encourage employees and customers to promote civilized tourism publicity and provide guidance services in Dashanlan and Shichahai by adopting an innovative service model of volunteer families. As a co-organizer, Beijing Branch participated in the "Green and Sustainable Children's Creativity Exhibition - The Second Youth Volunteer Service Exhibition" sponsored by China Charities Aid Foundation for Children, and won the title of "Best Public Welfare Partner". The Company's Guizhou Branch actively participated in the public welfare project of "Love for Guizhou" and continued to carry out the project of "Subsidizing Left-behind Students in Difficulties in Guizhou", offering help to left-behind students in difficulties in Zima Village, Qinglong County, Guizhou Province for eight consecutive years. The Sichuan Puge "Qifu" rural empowerment volunteer service action project initiated by the Company's Sichuan Branch won the first prize in the "First Youth Volunteer Service Project Competition in Chenghua District". In 2023, the Company's Hainan branch conducted four public welfare activities, including visits to local nursing homes and children's homes to offer charitable comfort and donations, and partnered with professional organizations to provide haircutting services for the elderly and children there.
Facilitating the construction of a city for people in Shanghai	<ul style="list-style-type: none"> Focusing on the elderly, children and people in special needs, the Company organized activities to offer comfort during the Double Ninth Festival and Spring Festival. It donated to the "Shanghai Guotai Junan Children Friendly City Construction Special Fund", hosted public welfare activities such as charity concerts for visually impaired people, and cooperated with Shanghai Jiao Tong University to fund the creation of the book titled <i>Because We Believe, We See: Stories and Qualitative Research of 66 Visually Impaired People</i>.



Gansu Branch carried out a public welfare activity dubbed "Light up Small Wishes and Warm Children's Hearts"



Hainan Branch visited a Children's Home to offer comfort to children

Highlights of 2023 ●●

- Maintain the international credit ratings including **BBB+** from Standard & Poor's Rating and **Baa1** from Moody's Investors Service.
- Conducted compliance trainings, covering **133,602** person-times, and offered anti-corruption training for **61,194** person-times.
- More than **2,000** times of anti-money laundering training were carried out, and relevant employees participated in more than **60,000** hours of training.
- The new generation core system was selected as the **demonstration project by the National Development and Reform Commission** as the only representative of the securities industry.

Material issues in this chapter ●●

Party building, Cultural cultivation, Independence and effectiveness of the Supervisory Committee, Independence and effectiveness of the board of directors, Board leadership and diversity, Protection of shareholders and creditors' rights and interests, Information disclosure, Investor relations management, Risk management, Compliance management, Audit supervision, Anti-money laundering, Anti-corruption, Reporting and protection of whistleblowers, Intellectual property protection, Digital transformation, Digitization of assets

5. GOVERNANCE ISSUES >>>>

5.1 Party Building

The Party Committee of the Company adheres to the guidance of Xi Jinping's socialist thoughts with Chinese characteristics of the new era, earnestly implements the deployment of the CPC Central Committee, Shanghai Municipal Party Committee, and Party Committee of Shanghai SASAC, and takes Party building and brand building as the starting point to further promote the standardized construction of grass-roots Party organizations. The Company has revised the *Articles of Association* to include a separate chapter on "Party Organization" to further promote the integration of Party leadership into corporate governance, fully implement the requirements of "two-way entry and cross-employment", and improve the management and operation mechanisms of the Party Committee, the Board of Directors, the Supervisory Committee and the Company's management. The Company also strictly implements the decision-making system of "Three Importance and One Large", the implementation rules for the "pre-processed" procedures and other rules of procedure, and continuously improves the scientificity of decisions, so as to provide a strong guarantee for the Company's high-quality development.

In 2023, the Company issued the *Guiding Opinions on Strengthening the Construction of the "Four-Responsibility Coordination" Mechanism for Comprehensive Strict Party Governance by All Grassroots Party Organizations of the Company*, which further deepened and refined the requirements of implementing the "four-responsibility coordination" mechanism by all grassroots organizations of the Company, promoted the extension and implementation of the "four-responsibility coordination" mechanism at the grassroots organizations, ensured steady and solid grassroots Party building, improved the efficiency of integrating Party building into central work and led and guaranteed the Company's high-quality development through high-quality Party building.

The Party Committee of the Company developed and improved a strict organizational system, and established 22 grassroots Party committees, 12 general Party branches, and 335 Party branches in the principle of "establishing all necessary organizations". Meanwhile, the Company advanced the mechanism of "promoting all qualified ones" for qualified Party organizations to strengthen the exertion of the political and organizational functions of the grassroots organizations, and give full play to the role of grass-roots party organizations as battlefields and party members as pioneers and role models.

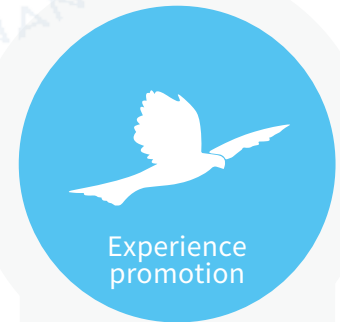
• Main Tasks to Promote the Grassroots Party Building by Guotai Junan in 2023 •



Deeply practiced the "Integration of the Party Building" model to create grassroots Party building brands, and selected 22 grassroots Party building brands in the first batch to further strengthen the refinement and publicity of Party building brands.



Carried out regular exchanges among Party affairs cadres from the general Party branches and Party branches who take up temporary posts, and effectively strengthened the team building of the grassroots full-time and part-time Party affairs workers.



The Party Committee's experience and practice of "responding to the people's calls and appeals promptly" was published and promoted by Shanghai Organization and Personnel Newspaper in the article named "Start from 'Setting up Columns + Opening Classes + Following Footprints' to Promote the Party's Innovative Theory to Take Root at the Grassroots Level". It was selected as one of the "First Batch of Typical Case Achievements in Thematic Education in Shanghai".

5.2 Cultural Construction

The Company adheres to the main line of deeply studying, publicizing and implementing the spirit of the 20th National Congress of the CPC, and focuses on the key work proposed in the *Work Arrangement for Further Consolidating and Promoting the Cultural Construction of the Securities Industry* issued by the Securities Association of China. The Company issued the *Work Plan of Guotai Junan for Cultural Construction in 2023*, continuously innovated the ways and methods of cultural construction, enriched the connotation and extension of the Company's brand culture, and fully integrating the ESG sustainability concept into corporate culture development, effectively building corporate culture into the most important soft power of the Company.

Important Practice and Achievements of the Industry's Cultural System Construction by Guotai Junan in 2023

Types	Main contents
Rules and regulations	<p>Guotai Junan revised the rules, systems and management measures of the Company, added the basic principle that "the Company must conform to the cultural and value concepts of the industry and the Company", and successively revised the management measures for corporate governance, compliance and risk control, brand reputation, professional integrity, etc.</p> <p>In 2023, the Company revised a total of 81 systems of various types and added 23 new ones to continuously improve the standardization and systematization of cultural construction.</p>
Management structure	<p>The Company strengthens the leading group configuration in the form of "double team leaders" of the main leaders of the Party and government, and holds functional department meetings of the cultural construction work leading group in a timely manner to more comprehensively and effectively promote the Company's cultural construction work.</p>
Cultural brand	<p>"Serving the country with financial services": keynote speech at the Forum on Corporate Culture in the Shanghai State-owned Assets System with the theme of "Value Empowers Value Creation · Become World-class Enterprises".</p> <p>"Finance for good": Guotai Junan Social Welfare Foundation held the first Guotai Junan 818 · Inaugural Public Welfare Cultural Festival, insisting on integrating the general laws of the capital market with the reality of the Chinese market and the excellent traditional Chinese culture.</p>

Won the honorary titles of "Outstanding Unit for Ideological and Political Work" and "Outstanding Unit for Culture Construction" in the national financial system.

Selected as one of the first batch of "Excellent Enterprises in Corporate Cultural Construction in the Shanghai State-owned Assets System".

The cultural construction research project won the first prize of "Outstanding Research Achievement Award for Ideological and Political Work and Cultural Construction in the National Financial System" for five consecutive times.

The cultural case of "Bravely Undertaking the Mission of Serving the Country with Financial Services and Delivering the Positive Energy of "Finance for Good" was rated as "Excellent Case of Corporate Cultural Construction in the Shanghai State-owned Assets System".

In 2023, a number of cases were selected into the "2022 Annual Report on the Cultural Construction of the Securities Industry", the "Research Result Library of Party Building and Ideological and Cultural Construction of China's Financial Industry", and the university case library.

5.3 Corporate Governance

As a listed company with A+H shares, the Company strictly follows the *Company Law of the People's Republic of China*, *Securities Law of the People's Republic of China*, *Governance Guidelines for Listed Companies*, *Governance Guidelines for Securities Companies*, *Administration Measures for the Supervision of Directors, Supervisors, Senior Managers and Employees of Securities and Fund Operating Institutions* and other laws, regulations, rules and systems. The Company has established a governance structure composed of the General Meeting of Shareholders, the Board of Directors, the Supervisory Committee and the Company's management. In 2023, the Company held six General Meetings of Shareholders, at which a total of 15 proposals were deliberated.

In 2023, the Company revised and improved the *Working System for Independent Directors*, established a special meeting mechanism for independent directors, and selected and hired three independent directors in strict accordance with regulatory requirements, with the chairman and president separated and shall not be served by the same person at the same time. In 2023, the Company convened 11 Board meetings, during which a total of 42 proposals were deliberated upon. Additionally, 16 meetings were held by the specialized committees of the Board, actively engaging in decision-making on a range of specific business matters. The Board of Directors also organized a strategic workshop centered around the Outline of the Company's Strategic Plan for 2023-2025, to comprehensively cultivate five advantages, including green finance.



Guotai Junan continues to improve the performance appraisal and salary administration of the senior management, and has established an effective positive incentive and restraint mechanism to guide the Company to stabilize growth, prevent risks and achieve high-quality development. In accordance with the requirements of the relevant regulations of the superior competent units and industry supervision, the Company strictly regulates the deferred payment of remuneration of senior managers and directors, clarifies the payment period, qualifications, restrictions and termination for personnel to whom payment is deferred, refines the salary deduction rules for restriction matters including violations of disciplines and laws, systematically manages the implementation of risk compliance, salary payment termination, recourse and clawback and other binding terms, implements the principles such as sound operation, bottom line of compliance, incentives and constraints and enhancement of the long-term value of the Company, and implements the talent management requirements of matching salary incentives and constraints.

For the management performance appraisal, the Company has set up ESG-related management appraisal indicators covering provisions on major safety, social stability, environmental protection incidents, and green finance in accordance, and linked the appraisal results with the realization of remuneration, so as to link remuneration with ESG performance.

The Company's Supervisory Committee performs duties in accordance with the Company's Articles of Association, the Rules of Procedure of the Supervisory Committee, the Guidelines for Providing Operation and Management Information to the Supervisory Committee, the *Measures for the Joint Meetings of Supervisory Work*, the *Measures for the Management of External Reporting of the Supervisory Committee* and other systems and norms, so as to perform its supervision duties, give full play to the effectiveness of supervision and continuously safeguard the fundamental interests of the Company and the common interests of all shareholders, escorting the Company to achieve high-quality development.

As of December 31, 2023, the sixth Supervisory Committee of the Company had 6 incumbent supervisors, including 3 employee supervisors. There were no changes in the members of the Supervisory Committee in 2023. In 2023, in accordance with the *Company's Articles of Association*, *Rules of Procedure of the Supervisory Committee* and other regulations, the Supervisory Committee organized and held a total of 4 regular meetings of the Supervisory Committee to listen to and deliberate 16 topics and proposals, covering profit distribution, compliance management, anti-money laundering, risk management, social responsibility, etc.

The Company is strengthening the capacity building for its directors and supervisors by regularly providing them with updates on the latest regulatory developments. It arranges for intermediaries to conduct professional training sessions tailored for directors and facilitates their participation in specialized training programs organized by regulatory authorities and industry associations. Moreover, the Company organizes field visits for directors and supervisors to Hebei Branch, Xiong'an Branch, and Guotai Junan International, etc., enabling them to gain firsthand knowledge of the operational management and the effectiveness of these branches in serving local economic and social development.

5.4 Protection of Rights and Interests of Shareholders and Creditors

Protection of Rights and Interests of Shareholders

In accordance with the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, Governance Guidelines for Listed Companies, Governance Guidelines for Securities Companies, and the Articles of Association of the Company, the Board of Directors and the Supervisory Committee of the Company performs supervisory duties to protect the rights and interests of shareholders.

The Board of Directors of the Company has always regarded the protection and improvement of the legitimate rights and interests of all shareholders as one of the core work priorities, and ensured clear corporate governance structure, standardized decision-making procedures, transparent, fair and open business operation and decision-making, so as to safeguard the interests of shareholders to the greatest extent. The Company respects and protects the rights of shareholders at the General Meeting of Shareholders, including but not limited to the right to vote, the right to make proposals, and the right to address inquiries, and actively promotes various communication mechanisms to ensure that shareholders can effectively participate in the Company's major decisions. In addition, the Board of Directors attaches great importance to the principle of equality of shareholders, and protects the legitimate rights and interests of shareholders equally, regardless of whether they are majority shareholders or minority shareholders.

The supervisors of the Company's Supervisory Committee, by attending and participating in important meetings such as the General Meetings of Shareholders, the Board Meetings and other meetings, deliberate and review various proposals and reports, pay constant attention to the Company's operation and management dynamics, effectively perform the supervisory duties conferred by the laws and regulations and the internal management systems, effectively play a supervisory role in the Company's corporate governance structure, and effectively safeguard the fundamental interests of the Company and the common interests of all shareholders.



Guotai Junan 2022 Annual General Meeting

Protection of Rights and Interests of Creditors

The Company operates in strict accordance with the Articles of Association. By integrating the asset and liability management logic and the ESG concept, the Company has established a system for protecting the rights and interests of creditors that takes into account economic benefits and social responsibilities, which strengthens the soundness and sustainability of financial management, and effectively protects the rights and interests of creditors.

In order to safeguard the rights and interests of all holders of the Company's bonds, a trustee manager is hired for each bond and a Trustee Management Agreement is signed to stipulate the protection mechanism for investors' rights and interests and debt repayment measures. The *Rules for Bondholders' Meetings* have also been formulated. The Company performs its duties and obligations under the *Rules for Bondholders' Meetings* and the resolutions of the bondholders' meetings, and discloses relevant arrangements to the bond investors. In order to strengthen the management of the Company's bond issuance and prevent business risks, the Company has formulated the Measures for the Administration of Bond Issuance by Guotai Junan Securities Co., Ltd., which stipulate the rules and regulations for organizational structure and its responsibilities, issuance management, management of raised proceeds, risk management, information disclosure management, etc.

The Company improves the awareness of the rule of law and integrity, and comprehensively understands and implements the relevant laws and regulations on the duration management of corporate bonds, the standardized operation of the bond market and the requirements for information disclosure. The Company has set up a bank account for raised proceeds to receive, store and transfer the proceeds raised from bonds, and paid the interest and principal of the bonds in full on time. The risk management of the Company's bond issuance has been incorporated into the overall framework of the Company's risk management, and internal control measures have been established and improved according to the bond issuance characteristics. The bonds issued and managed by the Company as a bond issuer have been incorporated into the Company's liquidity risk management system.

During the duration of the Company's bonds, the Company performs its information disclosure obligations in a timely and fair manner in accordance with the provisions of laws, regulations and rules to ensure that the information disclosed or submitted is true, accurate, complete, concise, clear, and easy to understand, and free of false records, misleading statements and major omissions. In 2023, the Company has not failed to pay the principal and interest in a timely manner.

In 2023, the Company continued to maintain the international credit ratings including BBB+ from Standard & Poor's Rating and Baa1 from Moody's Investors Service, both of which are the highest international credit rating standards in the domestic industry. According to the assessment of Shanghai Brilliance Credit Rating & Investors Service Co., Ltd., the Company's entity credit rating was AAA, with the rating outlook of being stable.

Information Disclosure

The Company performs the information disclosure obligation through annual reports, interim reports and other forms in accordance with the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, *Governance Guidelines for Securities Companies*, *Administrative Measures for Information Disclosure of Listed Companies*, *Securities and Futures Ordinance of Hong Kong*, *Guidelines on Disclosure of Inside Information* of the Hong Kong Securities and Futures Commission and other laws and regulations and relevant provisions.

The Company was rated **A** by Shanghai Stock Exchange in terms of information disclosure work of listed companies from 2022 to 2023.

Investor Relations Management

The Company formulated the *Management System for Investor Relations of Guotai Junan Securities Co., Ltd.* in accordance with the *Guidelines for the Management of Investor Relations of Listed Companies*, *Rules for the Listing of Stocks on the Shanghai Stock Exchange*, *No. 1 of the Guidelines for the Self-Regulation Supervision of Listed Companies on the Shanghai Stock Exchange - Standardized Operation*, *Rules for the Listing of Securities on The Stock Exchange of Hong Kong Limited* and other laws, regulations and normative documents, so as to strengthen information communication with investors and potential investors, deepen investors' understanding and recognition of the Company, promote the Company's integrity, self-discipline and standardized operation, enhance the Company's investment value, and maximize the Company's value and shareholders' interests.

• Guotai Junan's Measures for Management of Investor Relations •



The Company has set up contact number, fax and email for investors, and announced the communication methods on the Company's website for investors to query. A special person who is familiar with relevant matters is assigned to be responsible for contact number, fax and email for investors to ensure that the communication methods are available during working hours, carefully and friendly listen to investors' opinions, and give feedback to investors in effective ways. Any changes in the contact number and address should be announced in a timely manner.



The Company has established its official website, and designed an investor relations management column on the website to collect and reply to investors' consultations, complaints and suggestions, and release and update relevant information on investor relations management in a timely manner.



The Company actively carries out investor relations management activities by making use of public welfare network infrastructure such as the China Investor Network and the interactive platforms of stock exchanges for investor relations.

5.5 Compliance and Risk Control

Compliance Management

The Company continues to improve the construction of internal control systems, and has revised important compliance management systems such as the *Measures for Accountability for Compliance and Risk Management*, the *Measures for the Administration of Abnormal Client Trading Behaviors on Stock Exchanges*, and the *Measures for the Administration of Contracts* in 2023.

The Company has established and improved a four-level compliance management organization system composed of the Board of Directors (including the Risk Control Committee) and the Supervisory Committee, the Compliance Director, the Compliance Department, and the Company's front-line compliance and risk control personnel. The Company has established a compliance management system to effectively identify, manage and control compliance risks, and formed a comprehensive risk management framework and a long-term internal control mechanism based on compliance management, making compliance culture an important part of the Company's culture. In 2023, the Company conducted a number of compliance trainings, covering 133,602 person-times.

In 2023, the Company formulated and issued the *Regulations on Professional Honesty*, which clearly stated that all departments and all personnel of the Company should consciously comply with the requirements of fair competition. The Company undertook the entity responsibility for the construction of honesty culture and the prevention and control of honesty risks, established and improved specific and effective measures and mechanisms for beforehand risk prevention, in-process control and accountability afterwards, and established a supervision and management organization structure covering the Board of Directors, the Supervisory Committee, the senior management, and each department. In 2023, the Company provided training on professional honesty for all employees, and organized all departments to carry out self-examination and self-correction of professional honesty.

Risk Management

The Company has always adhered to the values of sound management, and actively practiced the concept that "risk management creates value and future development relies on compliant operations". By perfecting the organizational structure, consolidating the institutional foundation, standardizing the work process, forging a talent team, and accelerating digital transformation, the Company continues to improve a comprehensive risk management system that is compatible with the Company's own development strategy, resolutely upholds to the bottom line of no major risk events, and builds risk management the Company's core competitiveness, which escorts and promotes the high-quality development of the Company's businesses.

• Risk Management Structure •



In 2023, the Company systematically revised the risk management systems such as the *Measures for the Management of Risk Appetite*, the *Measures for the Management of Model Risks*, the *Standards for the Management of Market Risk Models of the Risk Management Department*, the *Implementation Rules for Professional Integrity of the Risk Management Department*, the *Measures for the Management of Liquidity Risks*, the *Measures for the Management of Risk Reporting*, the *Measures for the Management of Client Credit Rating*, the *Measures for the Management of Stress Testing*, and the *Measures for the Management of Risks in the Follow-up Management Stages of Investment Banking Business*, and formulated the *Sub-plan for Compliance and Risk Control Strategy (2023-2025)* to clarify the construction direction for a comprehensive risk management system in the next three years.

• Guotai Junan's Risk Categories and Important Measures •

Risk Category	Important Measure
Market risk	<ul style="list-style-type: none"> The Company carries out limit management for market risks. It has formulated market risk limit systems and various risk indicators including business scale, loss limit, value at risk VaR, exposure, Option Greeks, hedging effectiveness and concentration, etc., and has determined the early warning standards, warning standards and countermeasures for market risks. The Company has actively conducted stress testing to measure and assess possible losses under extreme market changes. The Company conducts comprehensive and special stress testing on a regular basis, strengthens the risk assessment and dynamic monitoring of trading and investment business, and applies its stress testing results to market risk management and limit management.
Credit risk	<ul style="list-style-type: none"> The Company implements access management for credit risks, and conducts credit rating on clients before carrying out credit risk-related business. The Company grants credit to and does business with only those that meet the access criteria. Each business department conducts due diligence before applying for customer credit rating and granting credit. The Company sets reasonable credit risk stress scenarios, conducts stress testing and analyzes testing results.

Liquidity risk

- The Company conducts overall liquidity risk assessment using the risk indicator analysis method.
- The Company has established a liquidity risk limit system to implement limit management for liquidity risks, and monitors and reports on the implementation of the limit.
- The Company has established a quantitative model for liquidity realization risks of financial assets to measure the liquidity of various types of exchange-traded and OTC financial assets of the Group on a daily basis, so as to assess the liquidity realization risk of various financial assets.

Operational risk

- By systematically collecting and sorting out operational risk events and loss data, the Company has established a system of key risk indicators for operational risks. It monitors the operation of indicators, and provides regular reports.
- The Company provides special assessment reports on major operational risk events to ensure timely and full understanding of operational risk status, which is conducive to making risk decisions or initiating emergency plans.

Reputation risk

- The Company accurately identifies, prudently assesses, dynamically monitors, promptly addresses and fully manages the reputation risks existing in the process of operation and management, so as to maintain the Company's reputation and build a high-quality brand image.

On the basis of the overall risk management framework, and in accordance with the *Guidelines for Internal Control of Investment Banking Business of Securities Companies* and other external regulatory regulations, the Company has established an investment banking division by taking into account the organizational structure of investment banking business and the establishment of internal control departments, so as to manage investment banking business in a centralized manner. The Company has also set up three internal control lines of defense for investment banking business, including clear rights and responsibilities, mutual checks and balances, and reasonable allocation of duties. Under the company's overall risk management system, the core risk control department has been set up to be responsible for the risk management of investment banking business (except underwriting). In addition, the investment banking quality control department implements whole-process management and control of the risks of investment banking business, so as to identify, stop and correct problems in the process of project implementation in a timely manner, fulfill the responsibilities of project quality control and risk management during the process, and promote the sustainable development of investment banking business.

The Company firmly adheres to the bottom line of no major risks. In 2023, there were no major risk events, and the Company maintained a favorable evaluation in the CSRC's classification assessment of securities firms for 2023.

5.6 Business Ethics

Anti-corruption

The Company strictly abides by the *Securities Law of the People's Republic of China*, *Regulations on Supervision and Administration of Securities Companies*, *Provisions on the Professional Integrity of Securities and Futures Business Institutions and Their Employees*, *Opinions on Strengthening the Supervision of the Professional Integrity of Intermediary Institutions under the Registration System*, and other laws, regulations and relevant provisions. In 2023, the Company revised *Provisions on the Professional Integrity of Guotai Junan Securities Co., Ltd.*, *the Administrative Measures for Prevention and Control of Professional Integrity Risk of Third Parties Retained by the Investment Banking Divisions of Guotai Junan Securities Co., Ltd.*, *the Measures for Accountability for Compliance and Risk Management of Guotai Junan Securities Co., Ltd.*, and other systems, providing institutional guarantee for the supervision and administration of professional integrity of the Company.

The Company has established a complete organizational structure for supervision and management of professional integrity covering the Board of Directors, the Supervisory Committee, the senior management, each department of the headquarters, each branch and each subsidiary, included professional integrity into the Company's internal control system, and built a professional integrity leading group.

• Anti-corruption Management Structure of Guotai Junan •

Category	Duty
Board of Directors and Supervisory Committee	<ul style="list-style-type: none"> The Board of Directors determines the management objectives of professional integrity and is responsible for the effectiveness of the professional integrity management. The Supervisory Committee supervises the performance of directors and senior managers in their duties of professional integrity management.
Professional Integrity Leading Group	<ul style="list-style-type: none"> Responsible for implementing the work requirements of the supervisory department and higher authorities on the construction of professional integrity. Responsible for the research and deployment of major issues of professional integrity, supervising and inspecting the implementation of relevant policies.
All departments and branches	<ul style="list-style-type: none"> The front-line compliance and risk control persons in charge of each department and branch are the contact persons for the professional integrity management of each department and branch. Responsible for the implementation of the professional integrity supervision of each department and their employees, and reporting to the Professional Integrity Leading Group.

The Company attaches great importance to anti-corruption and professional integrity education, and offered anti-corruption training for 61,194 person-times in 2023. The Company held special working meetings on Party style and clean government construction and professional integrity to thoroughly implement the spirit of the 20th National Congress of the CPC, study and convey the work deployment of Shanghai Municipal Party Committee and Shanghai SASAC Party Committee's meetings on comprehensive and strict Party governance and warning education, accurately grasp the situation and tasks of Party style and clean government construction, and profoundly analyze typical cases of professional integrity.

In 2023, the Company was not subject to any regulatory penalties due to professional integrity issues.

Anti-Corruption Audit

The Company organizes special training on professional integrity, and requires that each branch must receive at least one mandatory economic responsibility audit every three years and the headquarters and each subsidiary must receive regular or irregular routine audits, so as to prevent professional integrity risks. In 2023, the Audit Center carried out a total of 232 economic responsibility audit projects.

Anti-money Laundering

The Company has set up a multi-level money laundering risk management structure, and clearly stipulated the division of responsibilities of each department in the management of money laundering risk, so as to ensure that anti-money laundering work requirements can be promoted from top to bottom and effectively implemented.

In accordance with the *Anti-money Laundering Law of the People's Republic of China*, *Guidelines for the Management of Money Laundering and Terrorist Financing Risks of Corporate Financial Institutions*, *Measures on the Administration of Client Identity Identification and Materials and Transaction Recording of Financial Institutions* and other laws, regulations and regulatory requirements, the Company revised the *Management Measures for Anti-Money Laundering*, *Management Measures for Money Laundering and Terrorist Financing Risk*, and *Measures on the Administration of Client Identity Identification and Materials and Transaction Recording*, established and improved the Company's anti-money laundering internal control system, further clarified the division of responsibilities for anti-money laundering risk management, clarified the scope of list screening, and refined the sharing mechanism for anti-money laundering risk assessment results. The Company continued to improve its money laundering and terrorist financing risk assessment system, promoted the transformation of anti-money laundering work to a "risk-based" model, and further improved the effectiveness of anti-money laundering work.

In 2023, the Company organized and carried out various forms of anti-money laundering publicity activities, and established a normalized anti-money laundering publicity mechanism. The Company made use of media platforms such as the "Guotai Junan Anti-Money Laundering" WeChat official account and the "Guotai Junan Investor Education Base" to produce and publish a series of videos of typical cases of money laundering crimes, and carried out case-based publicity activities. Each branch also disseminated knowledge related to anti-money laundering to investors and distributed leaflets and brochures by placing roll-up banners, playing videos, hanging banners and setting up information desks on business premises, as well as by conducting outdoor publicity activities in the financial literacy month and in conjunction of the activity of spreading financial knowledge among the people. More than 2,000 times of anti-money laundering training were carried out throughout the year. Meanwhile, the Company attaches great importance to anti-money laundering training, further clarifies the focus and requirements of daily anti-money laundering work, and continuously improves the anti-money laundering awareness and business level of employees. Relevant employees participated in more than 60,000 hours of training throughout the year.

Guotai Junan's Anti-money Laundering Organizational Structure and Key Initiatives in 2023

Management Structure	Key Initiatives
Board of Directors	Authorized the Risk Control Committee to deliberate and approve the <i>Proposal on Deliberating the Company's 2022 Annual Report on Anti-Money Laundering</i> .
Special committees of the Board of Directors, and the Supervisory Committee of the Company	Deliberated and approved the <i>2022 Annual Report on Anti-Money Laundering of Guotai Junan Securities Co., Ltd.</i> and the <i>2022 Annual Special Audit Report on Anti-Money Laundering of Guotai Junan Securities Co., Ltd.</i>
Senior management	Reviewed multiple anti-money laundering work reports and inspection reports including the <i>2022 Annual Report on Anti-Money Laundering of Guotai Junan Securities Co., Ltd.</i> , etc.
Anti-money Laundering Leading Group	Held two meetings to deliberate and approve the <i>Rules of Procedures of the Anti-money Laundering Leading Group of Guotai Junan Securities Co., Ltd.</i> and the <i>Anti-money Laundering Supervision, Visit and Rectification Plan</i> . Reported on the performance of duties of the Institutional Money Laundering and Terrorist Financing Risk Assessment Department.
All departments	Held a number of cross-departmental meetings to discuss cross-platform data docking of customer due diligence work, etc.
Branches	Held no less than two regular anti-money laundering meetings to arrange and deploy anti-money laundering work matters within the jurisdiction.

Anti-money laundering audit

• Guotai Junan's Requirements for Anti-money Laundering Audit •

- 1

Strengthen verification based on the principle of risk-based, give warnings on hidden risks, and analyze and evaluate whether there are mechanism defects and institutional loopholes reflected by the problems.
- 2

If the relevant anomalies only involve operational risks and system implementation issues, the special group should inspect and evaluate the implementation of the anti-money laundering training, and the assessment and accountability system.
- 3

Conduct audits on anti-money laundering, and inspect and evaluate the assessment indicator system for money laundering risks of customers and products, as well as the transaction inspection threshold.
- 4

Strengthen the inspection of high-risk customers and high-risk areas, and pay particular attention to whether the due diligence on high-risk customers is sufficient, whether the reasons for the exclusion of suspicious transactions are reasonable, and whether the risk value is adjusted or strengthened due diligence is initiated for a customer involved in the investigation of the competent authorities, etc.
- 5

Attach great importance to the fulfillment of the anti-money laundering obligations of the business departments of the headquarters and subsidiaries, which should conduct substantive tests to ensure the necessary sample quantity.

· The Content of Guotai Junan's Special Audit on Anti-money Laundering ·

Implementation of the anti-money laundering laws and regulations and regulatory requirements

Effectiveness and enforcement of the internal control systems

Money laundering risk management

In 2023, the Audit Center conducted a total of 7 audit projects related to anti-money laundering, including the special audit on anti-money laundering of the Company in 2022, Guotai Junan Futures' assessment of inherent money laundering risks in 2022, Guotai Junan Futures' special audit on anti-money laundering in 2022, Guotai Junan Asset Management's special audit on anti-money laundering in 2022, etc.

Audit supervision

The Company complies with and implements the requirements of the *Internal Audit Guidelines for Securities Companies* to revise or establish more than 10 systems in 2023, including the *Working Rules of the Audit Committee of the Board of Directors*, the *Measures for the Management of Internal Audit*, the *Measures for the Management of Audit and Rectification*, the *Measures for the Management of Internal Audit Quality Assessment*, the *Measures for the Anti-Money Laundering Audit Work*, the *Auditing Measures for Compulsory Leaving of Persons in Charge of Branches*, the *Auditing Measures for Economic Responsibility*, etc., which further increase the efficiency of audit supervision, strengthen the inspection of professional integrity, improve the closed loop of audit and rectification, and enhance the effect of audit and rectification.

The Company decomposes the rectification items identified during the audit one by one to form a list of rectification issues, implements ledger management for the list of rectification issues, and dynamically manages the rectification situation by carrying out "reconciliation and cancellation". In 2023, the Audit Center carried out a total of 288 audit projects, including the audit of all the Company's operations. In view of the issues identified in the audit, the rectification work was basically completed in the current year.

Complaint reporting and protection for whistleblowers

The Company has formulated the *Working Rules of the Disciplinary Inspection and Supervision Team of Guotai Junan Securities for Whistleblowing*, which clarifies that the disciplinary inspection and supervision team stationed at the Company is responsible for the work related to the Company's complaint reporting and whistleblowing work, receives complaints and whistleblowing on violations, and has the obligation to keep the complaint filers and whistleblowers confidential.

Whistleblowers can make complaints and reports through letters, visits, phone calls, emails, online report acceptance platforms and other reporting methods. The Company stipulates that the staff shall neither disclose information to the reported persons or the persons under investigation, nor retaliate against the whistleblowers or those who hold different opinions. The Company also makes it clear that the whistleblowers may apply for protection if their complaints and whistleblowing cause their legitimate rights to be threatened or infringed.

Intellectual property right protection

Innovation is one of the core values of Guotai Junan. The Company strictly abode by laws and regulations such as the *Trademark Law of the People's Republic of China*, *Copyright Law of the People's Republic of China*, and *Patent Law of the People's Republic of China* to formulate the *Intellectual Property Right Management Rules of Guotai Junan Securities Co., Ltd.*, the *Brand Visual Identity System Management Rules of Guotai Junan Securities Co., Ltd.*, etc. The Company fully respects and protects trademarks, patents, works, domain names and other intellectual property rights and the acts of creating intellectual property rights, and establishes and improves the intellectual property right management mechanism to effectively maintain the Company's brand reputation and brand assets.

The Company has established an intellectual property right management team coordinated by multiple departments, and clarified the declaration process and dispute handling mechanism for trademarks, patents, works, domain names, and other intellectual property rights. The Company strictly prohibits any unauthorized use of others' intellectual property rights for commercial purposes, and has established a mechanism for investigating intellectual property right risks and accountability for violations.

• Guotai Junan's Key Initiatives for Intellectual Property Right Protection in 2023 •

Category	Key Initiative
Completed the right registration and application work	The Company carried out more than 150 protection projects on intellectual property right such as trademark, patent and copyright, including more than 60 for trademark application and copyright registration, 43 for trademark rejection and review, 5 for trademark renewal registration, 2 for trademark cancellation defense and registration maintenance, 4 for software copyright registration and 45 for patent application.
Cracked down on illegal activities in the name of the Company	The Company removed 4 infringing social media accounts and closed 16 infringing links and application software (APP) to protect the legitimate rights and interests of investors by issuing reminders and announcements in a timely manner, reporting to relevant authorities, and assisting relevant authorities in handling anti-counterfeiting cases, etc.

5.7 Fintech

Digital transformation

Guotai Junan vigorously advanced the comprehensive digital transformation of "SMART Investment Bank", aiming to build the Company into a "SUPER, MATH-DRIVEN, AGILE and REVOLUTIONARY TECHIB". The Company practiced the concept of "open securities", continuously strengthened the platform construction, formulated and released the *Action Plan for Digital Transformation Platform Planning*, created a top-level plan for its major platform construction, continuously strengthened the research and application of new technologies, deepened data governance, stuck to the bottom line of safety, to further strengthen the Company's digital capabilities as an exemplary benchmark in the industry.

Strengthening technology innovation and application

The Company maintained its leadership in cutting-edge technology deployment and technological innovation in the industry, making breakthroughs in the fields of information innovation, trading, domestic cryptographic algorithm, wealth management and investment banking.

- The Company took the lead in the industry to accomplish the construction and overall transformation of a new generation of decentralized core trading system on information innovation, making major breakthroughs in independent innovation of core trading system in the securities industry. The Company is the first in the industry to implement the full-stack information innovation network, enabling the large-scale operation and application for customers of RMB10 million with strong demonstration effect.
- The Company is the first in the industry to officially launch the first full-service fast trading system G1 with software and hardware fusion, reducing transaction link latency to less than 2.5 microseconds. It is the first trading counter in the industry to support both ultra-low latency trading services and full-service requirements, opening a new chapter for the Company's quantitative trading business.

- The Company took the lead in the private deployment of ChatIBD, a large-scale language model for investment banking business. The digital management platform for investment banking working papers won the first prize in the special evaluation of the Securities Association of China in 2023.
- The Company deployed large-scale model technologies in a forward-looking manner, and officially released a number of large-scale models and application results such as "Linxi Budao" and "Guoxin Zhengdao". "Linxi Budao", a large model privately deployed by the Company passed the algorithm agent certification by the Cyberspace Administration of China. "Guoxin Zhengdao", the first large-scale model based on domestic chips successfully carried out a complete financial model project under the environment of domestic chips and full-stack information innovation.
- The Company actively promoted the transformation of the underlying architecture to a cloud-native architecture. With the adoption of a visual-based cloud-native process orchestration, it built a multi-scenario and intelligent one-stop cloud resource delivery platform to launch the business system in an expedited manner. The Company is the first in the industry to implement dual-stack IPV4V6 of domestic cryptographic algorithm application in a cloud-native architecture on information innovation. It provided a more convenient, complete and efficient means for the transformation of Junhong Guomi. With the GPU pooling technology, the Company accomplished virtualization management, scheduling and monitoring of GPU resources, and improved GPU utilization rate.

Building business first-mover advantage through technological innovation to take the lead to launch multiple products

- The Company is the first in the industry to develop the HarmonyOS version of Junhong APP only based on Huawei's HarmonyOS system with the coverage of core securities trading functions.
- The Company is the first in the industry to implement the full-stack information innovation network, achieving complete information innovation for business processing workflow. The Company is also the only securities firm in the industry to accomplish the adaptation and architecture upgrading for both horizontal full-chain and vertical full-stack on information innovation.
- The Company is the first in the industry to introduce the digital man named "Xiao'an" to the VTM smart teller machine for the business department, empowering a new transaction model for smart outlets.
- The Company is the first in the industry to launch innovative electronic ID card services, bringing disruptive convenience to securities transactions.
- With the upgrading of OTC financial cloud platform, the Company took the lead in the industry to provide one-stop self-service for DMA transactions of southbound cross-border FICC swap transactions.
- With the full upgrading of QFII algorithm, the Company is the first in the industry to build proactive risk prevention in advance, modular algorithm functions, dynamic fair trade and etc.
- The Company launched and implemented the first blockchain-based carbon repurchase financing management system in the industry. The platform functions include homepage billboard, financing application, financing management, carbon market management, hedging protection, alarm value monitoring and notification management. Traces are left on key process chains by adopting the SSE Chain industry infrastructure (The original text is not included into the chain).

Promoting Intelligent security and operation

- With the normalized safety operation system as the core, the Company kept optimizing the safety operation platform and related tools to build a centralized, automated and visualized safety operation platform. The Company also established a multi-source information center to build a security defense system based on in-depth and dynamic defense and information-driven proactive defense capability, promoting safe development with industry-leading demonstration effect.
- The Company actively explored the establishment of an inter-institution and cross-platform information sharing mechanism, and continued to promote the construction of a safe industry ecosystem. The Company jointly conducted research on threat sharing standards applicable to the securities and futures industry with China Securities Information Technology Service to break down barriers of information construction, develop a collaborative linkage effect of industry network security, and promote information-driven and proactive defense capacity construction across the industry.
- Based on machine learning models and digital twin methodology, the Company built a smart operation system with real-time insight and assisted decision-making capability. The Company took the lead in developing operation data management, built an operation index system with industry reference significance, and promoted the development of smart operation to a higher level.
- The Company actively advanced the operation capability construction of the industry. As a core editorial board member, the Company deeply involved in developing national standards for smart operation, and promoted the establishment of a smart standard operation system at national level. It also took the lead in setting up a special smart operation committee, and accelerated the implementation of artificial intelligence in the field of operation.

· 2023 Guotai Junan Digital Transformation Honorary Awards ·

- ▶ The new generation core system was selected as the demonstration project by the National Development and Reform Commission as the only representative of the securities industry.
- ▶ Successfully selected as the demonstration for the intelligent monitoring and discovery technology and application of abnormal trading behaviors in the securities market by the special project of "social governance and scientific support of the smart society" of the 2022 national key R&D plan.
- ▶ Guotai Junan's New Generation of Decentralized Low-latency Trading Platform on Information Innovation won the first prize of Shanghai Financial Innovation Award.
- ▶ The Low-latency Quantitative Trading Ecological Technology System won the second prize of the Fintech Development Award of the People's Bank of China.
- ▶ The New Generation of Decentralized Low-latency Trading Platform of the Securities Industry won the second prize of the Fintech Development Award of the People's Bank of China.
- ▶ The Intelligent Risk Control Platform Empowered by High-quality Data Base won the third prize of the Fintech Development Award of the People's Bank of China.
- ▶ The Digital Management Platform of Investment Banking Working Papers won the first prize of the 2023 special evaluation of the China Securities Association.
- ▶ Among the first batch to pass the data exit safety assessment by the Cyberspace Administration of China.
- ▶ Smart Data-based Middle Office was successfully approved as an innovative project by the SASAC in 2023.
- ▶ Won one first prize, two second prizes and one third prize in the Excellent Project Award of the Shenzhen Stock Exchange in 2022 in terms of both the grade and the number of awards received.
- ▶ "The Application Research of Controllable and Quantifiable Investment and Research Platform Based on Cloud-native" won the first prize of the industry joint research project of the Securities Information and Technology Research and Development Center (Shanghai).
- ▶ Two projects including "The Research on the Whole Process Digital Solution of Blockchain-based EFICC OTC" won the prize of 2022 excellent research project of the China Securities Association.
- ▶ Won the 2023 Excellent Data Agent Award of the Shanghai Data Provider Association (Data consumption).
- ▶ Awarded as the first DCMM (Data Management Capability Maturity) Certification at Level 4 in the industry, demonstrating Company's leadership in data management and application.
- ▶ Among the first batch in the industry to successfully pass the advanced certification of trusted open-source governance capability maturity of the CAICT, which is the highest level of trusted open-source governance capability maturity certification of the CAICT.
- ▶ Won the title of "OSCAR Peak Open-source Enterprise (Open-source Governance)", with leadership in domestic market.
- ▶ The first in the industry to pass the Level 3 certification of testing agility maturity by the China Quality Certification Center.
- ▶ "Guotai Junan's Insight Engine on EBPF Cloud Business Profile" was the first in the industry to obtain the level 4 certification of cloud-native capability maturity-the technical architecture operation guarantee of the CAICT.
- ▶ Won two "Best Innovation Awards for Financial Institutions", one "Best Application Award for Financial Institutions" and one "Best Practice Award for Financial Institutions" in the 2023 Yangtze River Delta FinTech Festival, and was ranked the first in the securities industry in terms of the number of awards received.
- ▶ "Innovative Application Construction Practice of Full-stack Cloud-native on Information Innovation" won the 14th FinTech Innovation Award of Financial Electronization.
- ▶ The centralized operation system and Junhong Junrong Transaction passed the assessment of technical operation standard of level 2+ of the DevOps Maturity Model (referred to as "CO"). The Company passed the most CO assessments of level 2+.
- ▶ Won the 2023 Digital Practitioner Cornerstone Award of Geekbang D&D Research.

Data Capitalization (Data Governance)

In order to further strengthen the data governance capability, the Company formulated the *Management Measures for Data Governance Work*, the *Data Asset Management Measures*, the *Data Standards for the Group's Performance Management System and User Authorization Management Measures*, the *Implementation Rules for Data Standards Management*, the *Implementation Rules for Data Quality Management*, the *Implementation Rules for Data Model Management*, the *Implementation Rules for Data Asset Management*, the *Implementation Rules for Metadata Management*, the *Implementation Rules for Data Security Management* and the *Implementation Rules for Data Base Management*. In 2023, the Company revised the *Management Measures for Data Governance Work of Guotai Junan Securities Co., Ltd.* and the *Management Measures for Data Assets of Guotai Junan Securities Co., Ltd.* And the supporting management implementation rules to give full play to the value of data assets and empower the Company's high-quality development.

In order to strengthen the top-level design of the Company's data governance, improve the organizational guarantee system of data governance, form a closed loop of operation, governance and further empowerment of high-quality data assets, and implement the requirements for the construction of a company-level organizational system of data governance by the *14th Five-Year Plan of the Securities and Futures Industry (Exposure Draft)*, the Company set up a data governance leadership group, a data governance working group and appointed a number of data governance specialists to establish a three-level data governance management framework at the decision-making, management and executive levels.

• Guotai Junan's Data Governance Management Framework •

Group	Responsibilities
Data Governance Leadership Group	Responsible for organizing the development of the Company's overall policy, policy system, target strategy, work plan and assessment standards for data governance, coordinating data governance resources, and guiding, evaluating and monitoring the Company's data governance work.
Data Governance Working Group	Responsible for promoting all departments to implement the work demand of the Data Governance Leadership Group.
Data Governance Specialists	Responsible for organizing and implementing the data governance work of its own department, and implementing the data governance work requirements at the Company's level.

In 2023, the Company achieved an end-to-end delivery of data assets based on classification and grading of data assets and high-value asset pooling. In the process of data governance, the Company gradually formed a business demand-oriented collaboration with other business departments through data exchange and sharing, significantly improving the delivery efficiency and use efficiency.

• Guotai Junan's Data Asset Highlights •

Types	Highlights
Cross-domain data sharing	<ul style="list-style-type: none"> Achieved mapping and sharing of institutional customer identity based on data mart and Matrix system Supported the query and sharing of OTC transaction data with the Retail Customer Department and branches Supported the Financial Products Department to carry out data exchange and sharing of public offering products in terms of customer and product grade
Data asset delivery efficiency	<ul style="list-style-type: none"> The Company launched the data asset application process based on the "0-5-10" data asset mechanism, and officially put the new processes of "Same-day Delivery" and "Delivery in Five-days" of assets in place, with a total of 286 orders accepted. The demand side includes all business units of the parent company, subsidiaries and branches. 132 orders of "Same-day Delivery" were filed, with a delivery time of about 22 hours. 140 orders of "Delivery in Five-days" were filed, with a delivery time of about 4.28 days. The total delivery time is 2.58 days on average, a decrease of over 4 working days over the average delivery time of 6.6 days in 2022.
Data asset use efficiency	<ul style="list-style-type: none"> The Company set up a differentiated approval process for data asset sharing based on data classification and grading. An "end-to-end" sharing process was accomplished. The Company saw an increase of 286 orders within the year. The inter-system data exchange can be completed within the same day. With a focus on inter-system data access, the Company developed a technical scheme of inter-system access analysis, carried out traffic collection and comparison, formulated the presentation and management interface requirements and delivered for development.

ESG DATA PERFORMANCE TABLE

Economic Performance Table

Indicators	Unit	2021	2022	2023
Gross revenue	RMB	42,817,138,705	35,471,284,791	36,141,292,021
Net profit	RMB	15,302,541,991	11,622,803,584	9,885,417,208
Total assets	RMB	791,272,814,529	860,707,916,925	925,402,484,366
Total taxes	RMB	5,463,179,396	5,472,310,550	5,240,056,616
Salaries paid to employees	RMB	8,726,199,596	9,691,438,623	11,065,492,880
Interest on borrowings paid to the creditors	RMB	10,162,410,511	10,822,098,879	12,832,969,183
External donations and value created for other stakeholders	RMB	5,571,656,949	6,609,775,191	5,625,216,652
Including total expenses for external donations	RMB	51,012,479	40,571,739	46,099,996
Ending share capital	Share	8,908,449,523	8,906,672,636	8,904,610,816
Basic earnings per share	RMB	1.65	1.25	0.98
Social contribution value per share ¹	RMB	5.08	4.96	5.01
Cash dividends	RMB 100 million	60.58	47.21	35.62
Net profit attributable to shareholders of listed company	RMB 100 million	150.13	115.09	93.74
The proportion of dividends to net profit	%	40.35	41.02	38.00

Note 1: [Calculation method] Social contribution value per share = (net profit + taxes created for the country during the year + salary paid to employees + borrowing interest paid to creditors such as banks + external donations and value created for other stakeholders - other social costs caused by environmental pollution) / share capital of the Company at the end of the period.

Energy Consumption and Carbon Emissions Performance Table

Indicators	Unit	2021	2022	2023
Total GHG emissions (Scope 1 and 2)	tCO ₂ e	39,174.95	39,595.60	46,157.37
Including scope 1 GHG emissions 1	tCO ₂ e	3,054.07	2,109.56	5,397.32
Including scope 2 GHG emissions 2	tCO ₂ e	36,120.88	37,486.04	40,760.05
Per capita GHG emissions (Scope 1 and 2)	tons CO ₂ -eq/employee	2.94	2.73	3.06
GHG emissions per unit area (Scope 1 and 2)	tons CO ₂ -eq /sq.m.	0.09	0.09	0.10
Total energy consumption	tons of standard coal	-	-	21,179.93
Energy consumption per capita	tons of standard coal /employee	-	-	1.40
Energy consumption per unit area	tons of standard coal /sq.m.	-	-	0.05
Total diesel consumption	Liter	-	-	7,625.58
Per capita consumption of t total diesel	Liter/employee	-	-	0.51
Total diesel consumption per unit area	Liter/sq.m.	-	-	0.02
Total gasoline consumption	Liter	-	-	640,112.79
Per capita consumption of total gasoline	Liter/employee	-	-	42.43
Total gasoline consumption per unit area	Liter/sq.m.	-	-	1.40
Natural gas consumption	cu.m.	299,565.00	234,287.54	290,580.00
Per capita consumption of natural gas	cu.m./employee	22.45	16.17	19.26
Natural gas consumption per unit area	cu.m./sq.m.	0.71	0.50	0.63
Total consumption of power	kWh	61,905,744.94	66,376,550.90	66,655,269.94
Per capita consumption of power	kWh/employee	4,640.26	4,580.22	4,418.35
Power consumption per unit area	kWh/sq.m.	147.58	142.68	145.59

Note 1: In 2023, the statistical scope of Scope 1 GHG emissions has been expanded to include emission sources, with the addition of energy consumption of owned heating (refrigeration) equipment and air conditioning refrigerant consumption. Total gasoline and diesel consumption includes gasoline and diesel consumption of owned generators, gasoline and diesel consumption of owned vehicles, and gasoline and diesel consumption of owned heating (refrigeration) equipment.

Note 2: In 2023, the statistical scope of Scope 2 GHG emissions statistics has been expanded to include emission sources, with the addition of purchased heat for business office.

Water Consumption Performance Table

Indicators	Unit	2021	2022	2023
Total water consumption	cu.m.	259,800.33	237,466.20	234,464.47
Per capita water consumption	cu.m./employee	19.47	16.39	15.54
Water consumption per unit area	cu.m./sq.m.	0.62	0.51	0.51

Waste Management Performance Table¹

Indicators	Unit	2021	2022	2023	
Non-hazardous waste	Total	Tons	-	802.40	1,694.93
	Per capita	Tons/employee	-	0.06	0.11
	Domestic garbage	Tons	-	400.00	952.99
	Kitchen garbage	Tons	-	250.00	628.44
	Waste paper	Tons	-	2.40	110.99
Hazardous waste	Ink cartridges ²	Piece	-	250	4,161
	Total	kg	-	-	2,130.00
	Per capita	kg/employee	-	-	0.14
	Waste electronics	Piece	-	-	1,065.00
Amount of waste recycled	Tons	-	-	0.1	

Note 1: In 2022, only the statistics of non-hazardous waste were compiled and the statistical caliber was that of the headquarters of Guotai Junan. In 2023, the statistics of non-hazardous and hazardous waste were expanded to the scope of the consolidated statements, therefore, the data increased significantly; of which the amount of waste recycled mainly included the recycling of waste paper, and the statistical caliber was that of the headquarters of Guotai Junan Securities.

Note 2: Toner cartridges are summarized at 0.6 kg each and electronic products at 2 kg each.

Business Ethics Performance Table

Indicators	Unit	2021	2022	2023
The number of legal cases regarding corrupt practices against the Group and its employees proposed and concluded	Case	0	1	0
Anti-corruption training	Session	73	33	37
Number of employees receiving training related to anti-corruption	Person	5,722	10,969	13,173
Hours of training related to anti-corruption per employee	Hour	1.54	20.54	9.53
Number of directors receiving training related to anti-corruption	Person	17	17	17
Total hours of all directors receiving training related to anti-corruption	Hour	-	-	64.78
Number of incidents in which penalties were imposed for failure to comply with anti-money laundering obligations as required	Case	-	-	1 ¹
Scale of funds penalized for failure to comply with anti-money laundering obligations as required	RMB10,000	-	-	95 ¹

Note 1: In 2023, the Company was subject to 1 regulatory penalty of RMB950,000 by the Shanghai Branch of the People's Bank of China in respect of anti-money laundering. The Company has taken relevant rectification measures in response to the problems spotted by the regulator and reported the completion of rectification in writing to the Shanghai Branch of the People's Bank of China.

Employment Performance Table

Indicators		Unit	2021年	2022年	2023年
Total number of employees		Person	13,341	14,492	15,086
By gender	Male	Person	7,378	7,991	8,330
	Female	Person	5,963	6,501	6,756
By employment category	Number of full-time employees	Person	13,341	14,492	15,086
	Number of part-time employees	Person	0	0	0
By age	<30 years old	Person	3,901	4,191	4,114
	From 30 to 50 years old	Person	8,474	9,196	9,765
	>50 years old	Person	966	1,105	966
By region	Chinese Mainland	Person	12,513	13,777	14,313
	Hong Kong, Macao, Taiwan and Overseas	Person	828	715	771
By education background	Doctorate degree	Person	144	162	169
	Master's degree	Person	4,487	5,566	6,292
	Bachelor's degree	Person	6,937	7,205	7,254
	College degree and others	Person	1,773	1,559	1,371
Number of management		Person	641	698	741
Number of male management		Person	404	486	506
Number of female management		Person	237	212	235
Number of employees of ethnic minorities		Person	514	562	594
Number of disabled employees ¹		Person	-	-	2
Signing rate of labor contracts		%	100	100	100
Social insurance coverage		%	-	-	100
Total cases of employee discrimination		Case	0	0	0
Total number of new employees		Person	1,726	1,871	1,895
By gender	Male	Person	1,028	1,098	1,077
	Female	Person	698	773	818
By age	< 30 years old	Person	983	1,096	1,145
	From 30 to 50 years old	Person	739	769	738
	>50 years old	Person	4	6	12
By region	Chinese Mainland	Person	1,491	1,711	1,730
	Hong Kong, Macao, Taiwan and Overseas	Person	235	160	165
Newly recruited graduates		Person	361	548	615
Number of new employees of ethnic minorities		Person	-	-	84
Employee turnover rate ²		%	9.51	9.72	8.17
By gender	Male	%	10.15	10.89	8.43
	Female	%	8.72	8.29	7.84
By age	<30 years old	%	14.79	13.34	12.10
	From 30 to 50 years old	%	7.85	8.42	7.29
	>50 years old	%	2.80	6.88	5.30
By region	Chinese Mainland	%	8.54	8.17	7.40
	Hong Kong, Macao, Taiwan and Overseas	%	24.28	39.58	22.44

Note 1: Payment of disability employment guarantee for the company at the rate of 1.5%, and will further improve the employment guarantee for the disabled in the future.

Note 2: [calculation method] Employee turnover rate of each category = Employee turnover rate in the specified category during the year/Number of such employees by the end of the year.

Table of Performance Indicators of Employee Health and Safety

Indicators	Unit	2021	2022	2023
Coverage rate of physical examination of employees ¹	%	100	100	100
Work injuries ²	Case	3	0	6
Lost days due to work injuries	Day	67	0	276
Number of work-related fatalities	Person	0	0	0

Note 1: [calculation method] Coverage rate of physical examinations of employees= number of employees receiving physical examination during the year/total number of employees by the end of the year.

Note 2: In 2023, the causes of work-related injuries of the employees were traffic accidents on the way to and from work, falls on business trips, etc.. After the incidents, the Company took responses in accordance with the management norms for work-related injuries at the employee's location and took measures to strengthen the safety awareness of the employees to avoid work-related injuries as far as possible.

Table of Employee Training Performance¹

Indicators	Unit	2021年	2022年	2023年
Total training expenditure of employees	RMB10,000	2,628.73	2,169.00	4,424.19
Person-times training of employees	Person-time	743,732	778,898	590,615
Training coverage rate of employees²	%	100	100	100
By gender	Male	53.38	54.03	54.34
	Female	46.62	45.97	45.66
By employee type	Senior management	0.10	0.06	0.11
	Middle management	2.26	2.49	2.61
	Ordinary employee	97.64	97.45	97.28
Annual average training hours per person³	Hour	61.84	68.01	66.51
By gender	Male	59.85	68.46	67.13
	Female	64.12	67.49	65.78
By employee type	Management	-	-	52.19
	Ordinary employee	61.95	68.47	66.91

Note 1: The statistical caliber of training performance of employees was that of Guotai Junan.

Note 2: [calculation method] Training coverage rate of a type of employees = number of trained employees of the type/total number of trained employees.

Note 3: [calculation method] Annual training hours of employees in a category per person = Total hours of training of employees in the specified category /number of employees in the specified category.

Table of Performance Indicators of Customer Service

Indicators	Unit	2021	2022	2023
Number of customer consultations	10,000 person-times	339.62	373.38	443.91 ¹
Number of customer complaints	case	964	540	531
Proportion of complaints resolved	%	100	100	100
Customer satisfaction	%	-	-	97.3
The number of confirmed complaints of violation of customer privacy and loss of customer data	case	0	0	0

Note 1: In 2023, the number of customer consultations was expanded from the original telephone and online manual service access and intelligent customer service access to include the population statistics of telephone self-service access, intelligent customer service access, and telephone and manual service access, thus the data improved to some extent.

Table of Supplier Performance Indicators

Indicators	Unit	2021	2022	2023
Total number of suppliers	Supplier	-	-	1,180
Suppliers in Chinese Mainland	Supplier	-	-	876
Hong Kong, Macau, Taiwan and overseas suppliers	Supplier	-	-	304
Number of suppliers that have conducted environmental impact assessments	Supplier	-	-	272
Number of suppliers with actual or potential significant negative environmental impacts	Supplier	-	-	12
Number of suppliers that have conducted social impact assessments	Supplier	-	-	320
Number of suppliers with actual or potential significant negative social impacts	Supplier	-	-	0

Table of Community Investment Performance Indicators

Indicators	Unit	2021	2022	2023
Total social investment	RMB10,000	3,062.35	3,300.75	4,129.56
Including amount invested in social welfare: education assistance	RMB10,000	-	-	1,566.91
Including amount invested in social welfare: environmental protection	RMB10,000	-	-	0
Including amount invested in social welfare: healthcare	RMB10,000	-	-	1130
Including amount invested in social welfare: culture and sports	RMB10,000	-	-	76.75
Including amount invested in social welfare: other areas	RMB10,000	-	-	1,355.9
Volunteer services person-times of employees	Person-time	1,037	6,584	1,004
Volunteer services hours of employees	Hour	4,055	26,336	4,015

AWARDS AND RECOGNITIONS OBTAINED BY GUOTAI JUNAN IN 2023

Honors and Awards Obtained	Issued by
Admission to the State-owned Enterprises (SOE) Social Responsibility Pioneer 100 Index (2023) and the ESG Pioneer 100 Index of Listed SOE (2023) of Blue Book on Social Responsibility of State-owned Assets (SOA) and SOE (2023)	State-owned Assets Supervision and Administration Commission of the State Council
12th China Charity Award	Ministry of Civil Affairs of the People's Republic of China
"Excellent" Rating for State-level Investor Education Base	China Securities Regulatory Commission
Admission to the ESG Pioneer 100 of Listed Companies and the Financial Pioneer 30 of Chinese ESG Listed Companies "Shanghai Charity Award" Donation Enterprise Award in the first session	China Media Group
First Prize of Shanghai Financial Innovation Award 2021-2022 2022-2023 Social Responsibility (ESG) Top 10 Reports of Shanghai State-owned Assets System	Shanghai Municipal People's Government
Top 10 Cases and Top 10 Reports of Social Responsibility Work of Shanghai State-owned Assets System in 2021 Excellent Company of Shanghai State-owned Assets System in Corporate Cultural Construction	State-owned Assets Supervision and Administration Commission of Shanghai
Excellent Enterprise for Ideological and Political Work Outstanding Unit for Cultural Construction	Research Association of Ideological and Political Work of China Financial Institutions
Excellent Market Maker of Shares in STAR Market Outstanding Unit of Central Enterprise Comprehensive Service Consulting and Support	Shanghai Stock Exchange
Excellent Underwriter of Corporate Bonds Excellent Interest Rate Bond Underwriter Excellent Institution of Bonds Investment Institution with Special Contribution to Bond Trading Mechanism Optimization Outstanding Participant in Bond Trading Business Innovation Outstanding Intermediary for Innovative Fixed Income Products Outstanding Participant in Bond Trading Business Innovation	Shenzhen Stock Exchange
Best Contribution Award (Self-operated) for the 10th Anniversary of the Listing of Treasury Bond Futures (2013-2023)	China Financial Futures Exchange
Results of Evaluation for Members of the Interbank Local Currency Market with High Quality Development of Business for 2023: <ul style="list-style-type: none"> Market Influencer of the Year Market Innovation Business Unit 	National Interbank Funding Center
2023 Bond Connect Award Results: <ul style="list-style-type: none"> Outstanding Northbound Market Maker 	Bond Connect Company
2023 Golden Wings Award for the 4th Fintech Application and Service Conference: <ul style="list-style-type: none"> 2023 Outstanding Fintech Organization Award 2023 Fintech Experience Service Award 	Shanghai Financial Association, Shanghai Services Federation
2023 Golden Bull Award of Securities Industry: <ul style="list-style-type: none"> Golden Bull Securities Company Golden Bull Award for Cultural Construction in Securities Company Golden Bull Award for Wealth Management Team Golden Bull Award for Finance and Technology of Securities Company 	China Securities Journal
2023 China Securities Industry Junding Award: <ul style="list-style-type: none"> 2023 Junding Award for All-round Wealth Broker in China Securities Industry 2023 Junding Award for All-round Asset Management Institution in China Securities Industry 2023 Junding Award for All-round Investment Bank in China Securities Industry 2023 Junding Award for Equity Financing Investment Bank in China Securities Industry 2023 Junding Award for Offshore Investment Bank in China Securities Industry 2023 Junding Award for the Most Distinctive Research in China Securities Industry 2023 Junding Award for Institutional Broker in China Securities Industry 	Securities Times

Honors and Awards Obtained	Issued by
2023 Jinding Award: <ul style="list-style-type: none"> • Top 2 Listed Companies of Brand Value in China Securities Industry • Most Fintech-empowered Securities Company • The Most Influential Custodian Securities Company • Most Socially Responsible Securities Company • Outstanding Cultural Construction Case 	National Business Daily
2023 Most Valuable Leaders in Capital Markets by Cailianshe: <ul style="list-style-type: none"> • Best Brand Value Award of the Year • Wealth Evergreen of the Year 2023 Cailianshe "Green Water" Award: <ul style="list-style-type: none"> • ESG Finance Award of the Year 	Cailianshe
2023 Chinese Financial Institution Gold Medal List - Golden Dragon Prize: <ul style="list-style-type: none"> • Best Securities Company of the Year for Serving National Strategies 	Financial News
China International Brand Building Forum <ul style="list-style-type: none"> • Value Brand of the Year 	International Financial News
Best Investment Bank Award organized by the 16th NewFortune <ul style="list-style-type: none"> • Best Local Investment Bank • Best Investment Bank in Practicing ESG • Best Investment Bank in Equity Underwriting • Best Refinancing Investment Bank • Best IPO Investment Bank • Best M&A Investment Bank 	NewFortune
Best Investment Bank Award 2023: <ul style="list-style-type: none"> • 20 awards such as Investment Bank of the Year 	Wind
2023 YICAI Financial Value (CFV) List: <ul style="list-style-type: none"> • Top 10 Investment Banks 2023 	YICAI
2023 China Corporate ESG "Golden Responsibility Award"	Sina Finance
2023 Evergreen Awards "Sustainable Development Inclusive Award"	Caijing Magazine
Capital Markets Crystal Ball Award 2023: <ul style="list-style-type: none"> • Top 10 Investment Banks 2023 	Securities Market Weekly
China Fund Industry Yinghua Award - 25 Years of Mutual Fund Model Cases <ul style="list-style-type: none"> • Model Securities Company for 25 Years of Fund Sales for Mutual Fund • Model Securities Company for 25 Years of Fund Custody for Mutual Fund Yinghua Award for China Securities Institution Wealth Management 2023: <ul style="list-style-type: none"> • Model Wealth Management Securities Company • Model Cases of Excellent Securities Company APP 2023 	China Fund News
2023 Wealth and Society Awards: <ul style="list-style-type: none"> • "China Securities Company of the Year" Award 	the Asian Banker

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S4 Community Responsibility	S4.1	4.6 Public Welfare and Charity
	S4.2	4.6 Public Welfare and Charity
	S4.3	4.6 Public Welfare and Charity
S5 Corporate Responsibility	S5.1	2.1 Serving the Real Economy
	S5.2	4.6 Public Welfare and Charity
	S5.3	4.4 Data Security and Privacy Protection
	S5.4	4.6 Public Welfare and Charity
	S5.5	Economic Performance Table
G1 Corporate Governance	G1.1	5.1 Party Building
	G1.2	5.3 Corporate Governance
	G1.3	5.3 Corporate Governance
	G1.4	5.5 Compliance and Risk Control
	G1.5	5.5 Compliance and Risk Control
	G1.6	5.6 Business Ethics
	G1.7	5.6 Business Ethics
	G1.8	5.5 Compliance and Risk Control
G2 ESG Governance	G2.1	ESG Management STATEMENT OF THE BOARD
	G2.2	1.1 ESG Strategy and Governance
	G2.3	1.1 ESG Strategy and Governance
	G2.4	Stakeholder Engagement and Material Issues Analysis
	G2.5	Stakeholder Engagement and Material Issues Analysis
	G2.6	1.1 ESG Strategy and Governance
	G2.7	Stakeholder Engagement and Material Issues Analysis
	G2.8	1.1 ESG Strategy and Governance
	G2.9	2. Sustainable Finance
G3 Data Governance	G3.1	5.7 Fintech
	G3.2	5.7 Fintech
	G3.3	5.7 Fintech

GRI Content Index

Statements of Use Guotai Junan Securities Co., Ltd. reported the information cited in this GRI content index with reference to the GRI standards from January 1, 2023 to December 31, 2023.

GRI 1 used GRI 1: Foundation 2021

GRI Standards (2021)	Disclosure Item	Report Chapters
General Disclosures		
GRI 2: General Disclosures 2021	2-1	About Guotai Junan Securities
	2-2	About This Report
	2-3	About This Report
	2-4	About This Report
	2-6	About Guotai Junan Securities
	2-7	4.1 Rights and Interests of Employees
	2-8	4.1 Rights and Interests of Employees
	2-9	5.3 Corporate Governance
	2-10	5.3 Corporate Governance
	2-11	5.3 Corporate Governance
	2-12	1.1 ESG Strategy and Governance; 5.3 Corporate Governance
	2-13	1.1 ESG Strategy and Governance; 5.3 Corporate Governance
	2-14	1.1 ESG Strategy and Governance; 5.3 Corporate Governance
	2-16	1.1 ESG Strategy and Governance; 5.3 Corporate Governance
	2-17	1.1 ESG Strategy and Governance; 5.3 Corporate Governance
	2-19	5.3 Corporate Governance
	2-22	Board Management Statement
	2-27	3. Environmental Topics; 4. Social Topics; 5. Governance Topics
	2-28	Awards and Recognitions Obtained by Guotai Junan in 2023
	2-29	Stakeholder Engagement and Material Issues Analysis
GRI 3: Material Issues 2021	3-1	Stakeholder Engagement and Material Issues Analysis
	3-2	
Economic		
GRI 201: Economic Performance 2016	201-1	ESG Data Performance Table
	201-2	3.1 Climate Risk Management
GRI 203: Indirect Economic Impacts 2016	203-1	2.1 Serving the Real Economy
	203-2	
GRI 204: Procurement Practice 2016	204-1	4.5 Sustainable Supply Chain
GRI 205: Anti-corruption 2016	205-1	5.3 Business Ethics
	205-2	
	205-3	
GRI 206: Anti-competition 2016	206-1	5.5 Compliance and Risk Control

GRI Standards (2021)	Disclosure Item	Report Chapters
Environmental		
GRI 302: Energy 2016	302-1	3.2 Energy and Emissions Management; ESG Data Performance Table
	302-2	
	302-3	
	302-4	
GRI 303: Water and Effluents 2018	303-1	3.3 Water Management; ESG Data Performance Table
	303-2	
	303-3	
	303-5	
GRI 304: Biodiversity 2016	304-2	3.1 Climate Risk Management
GRI 305: Emissions 2016	305-1	3.2 Energy and Carbon Emission Management; ESG Data Performance Table
	305-2	
	305-3	
	305-4	
	305-5	
GRI 306: Waste 2020	306-1	3.4 Waste Management; ESG Data Performance Table
	306-2	
	306-3	
Social		
GRI 308: Supplier Environmental Assessment 2016	308-1	4.5 Sustainable Supply Chain
	308-2	
GRI 401: Employment 2016	401-1	4.1 Rights and Interests of Employees; ESG Data Performance Table
	401-2	
GRI 403: Occupational Health and Safety 2018	403-2	4.1 Rights and Interests of Employees; ESG Data Performance Table
	403-3	
	403-6	
	403-9	
GRI 404: Training and Education 2016	404-1	ESG Data Performance Table
	404-2	4.2 Employee Development
	404-3	ESG Data Performance Table
GRI 405: Diversity and Equal Opportunity 2016	405-1	4.1 Rights and Interests of Employee
GRI 406: Non-discrimination 2016	406-1	4.1 Rights and Interests of Employee
GRI 408: Child Labor 2016	408-1	4.1 Rights and Interests of Employee
GRI 417: Marketing and Labeling 2016	417-1	4.3 Product and Customer Service
	417-2	
	417-3	
GRI 418: Customer Privacy 2016	418-1	4.4 Data Security and Privacy Protection

|| ABOUT THIS REPORT

Guotai Junan Securities Co., Ltd. ("Guotai Junan Securities", "Guotai Junan" or "the Company") has continuously published its annual Social Responsibility Report since its listing in 2015. In order to adapt itself to the regulatory policies and industry development trend, since 2023, this report is renamed as the Sustainability Report, the purpose of which is to disclose the strategies, actions and results of the Company's ESG work and sustainable development in 2023 to stakeholders.

Reporting Scope

Reporting scope: the reporting scope of Guotai Junan Securities Co., Ltd. and its subsidiaries (the "Group") is consistent with the Company's annual consolidated statements.

Abbreviations of subsidiaries in the report	Full name of subsidiaries
"Guotai Junan Asset Management"	Guotai Junan Securities Asset Management Co., Ltd
"Guotai Junan Futures"	Guotai Junan Futures Co., Ltd.
"Guotai Junan Financial Holdings"	Guotai Junan Financial Holdings Co., Ltd.
"Guotai Junan International"	Guotai Junan International Holdings Limited
"Guotai Junan Innovation Investment"	Guotai Junan Innovation Investment Co., Ltd.
"Guotai Junan Zhengyu"	Guotai Junan Zhengyu Investment Co., Ltd.
"HuaAn Funds"	HuaAn Funds Management Co., Ltd.

Duration: From January 1, 2023 to December 31, 2023.

Release cycle: Annual. The previous report is for 2022.

Reporting Basis

This report has been prepared based on the Shanghai Stock Exchange Guidelines No. 1 for Self-Regulatory Supervision of Listed Companies - Standardized Operation (2022) of Shanghai Stock Exchange, Appendix C2 - Environmental, Social and Governance Reporting Guide to the Listing Rules of Hong Kong Stock Exchange (Effective on December 31, 2023), ESG Indicator System for Shanghai State-controlled Listed Companies (Version 1.0) of Shanghai SASAC, by reference to the Sustainability Reporting Standards (2021) of the Global Reporting Initiative (GRI), various indicators disclosure of which is set out in "Report Index"; Guidelines for Disclosure of Environmental Information by Financial Institutions (JR/T 0227-2021) issued by the People's Bank of China, the No. 2 Standard on the Content and Format of Information Disclosure by Public Listed Issuers - Content and Format of Annual Report (revised 2021) issued by CSRC, SASB Sustainability Accounting Standards in respect of industry standards on "Asset Management and Custody Activities" and "Investment Banking and Brokerage". This report has complied with the "mandatory disclosure" and "comply or explain" provisions set out in the Environmental, Social and Governance Reporting Guide to the Listing Rules.

Description of Report Data

The data and cases described in the report come from the original records or financial reports prepared by Guotai Junan and its subsidiaries. Unless otherwise specified, the currency in the report is in RMB. In case of any inconsistency with the financial reports, the financial reports shall prevail. Unless otherwise stated, the statistical calibers of relevant text and data described in the report are within the scope of the Company's financial statements.

Reporting Principles

This report has been prepared based on the following principles:

- **Materiality:** Material issues related to its operations that are of concern to investors and other stakeholders have been identified by the Company as the focus of this report. The process and results of the analysis of material issues are set out in the "Stakeholder Engagement and Material Issues Analysis" section of this report. In addition, this report also focuses on environmental, social and corporate governance issues that may have a significant impact on investors and other related parties.
 - **Accuracy:** The information in this report is as accurate as possible. The caliber of data, basis of calculation and assumptions have been stated in the measurement of quantitative information to ensure that the margin of error of the calculation will not have a misleading effect on the users of information. The quantitative information and note information are set out in the "ESG Data Performance Table" section of this report. The Board of Directors guarantees that the information stated in this report does not contain any false representation, misleading statement or material omission.
 - **Balance:** The contents of this report give a picture of objective facts and disclose both positive and negative information about the Company in an unbiased manner.
 - **Clarity:** This report will be published in simplified Chinese. Tables, model diagrams and other information are included as a supplement to the text in this report to facilitate better understanding of the text by stakeholders. For the purpose of faster access to information by stakeholders, this report provides a table of contents and a benchmarking index table of ESG standards.
 - **Quantification and consistency:** This report discloses the key quantitative performance indicators and discloses historical data wherever possible. The statistics and disclosure of the same indicator in this report are consistent across reporting periods; if there is a change in the statistics and disclosure, it will be fully explained in the notes to the report, to enable stakeholders to conduct meaningful analysis and assess the development trend of the Company's ESG performance.
 - **Completeness:** The scope of disclosures in this report is consistent with that of the Company's consolidated financial statements.
- Timeliness:** This is an annual report covering the period from January 1, 2023 to December 31, 2023. The Company endeavors to publish the report as early as possible to provide timely information for decision-making by stakeholders.
- **Verifiability:** The cases and data in this report derive from the original records or financial reports of the Company's actual operation. The Company adopts ESG information management system to manage the quantitative ESG performance in the past years, and the source of the disclosed data and the calculation process can be traced back, which could be used to support the inspection of external assurance.

Report Access

This report is available in PDF format at following websites:

- ✦ Shanghai Stock Exchange
(<http://www.sse.com.cn>)
- ✦ HKEX
(<http://www.hkexnews.hk>)
- ✦ The Company
(<http://www.gtja.com>)



WWW.GTJA.COM

