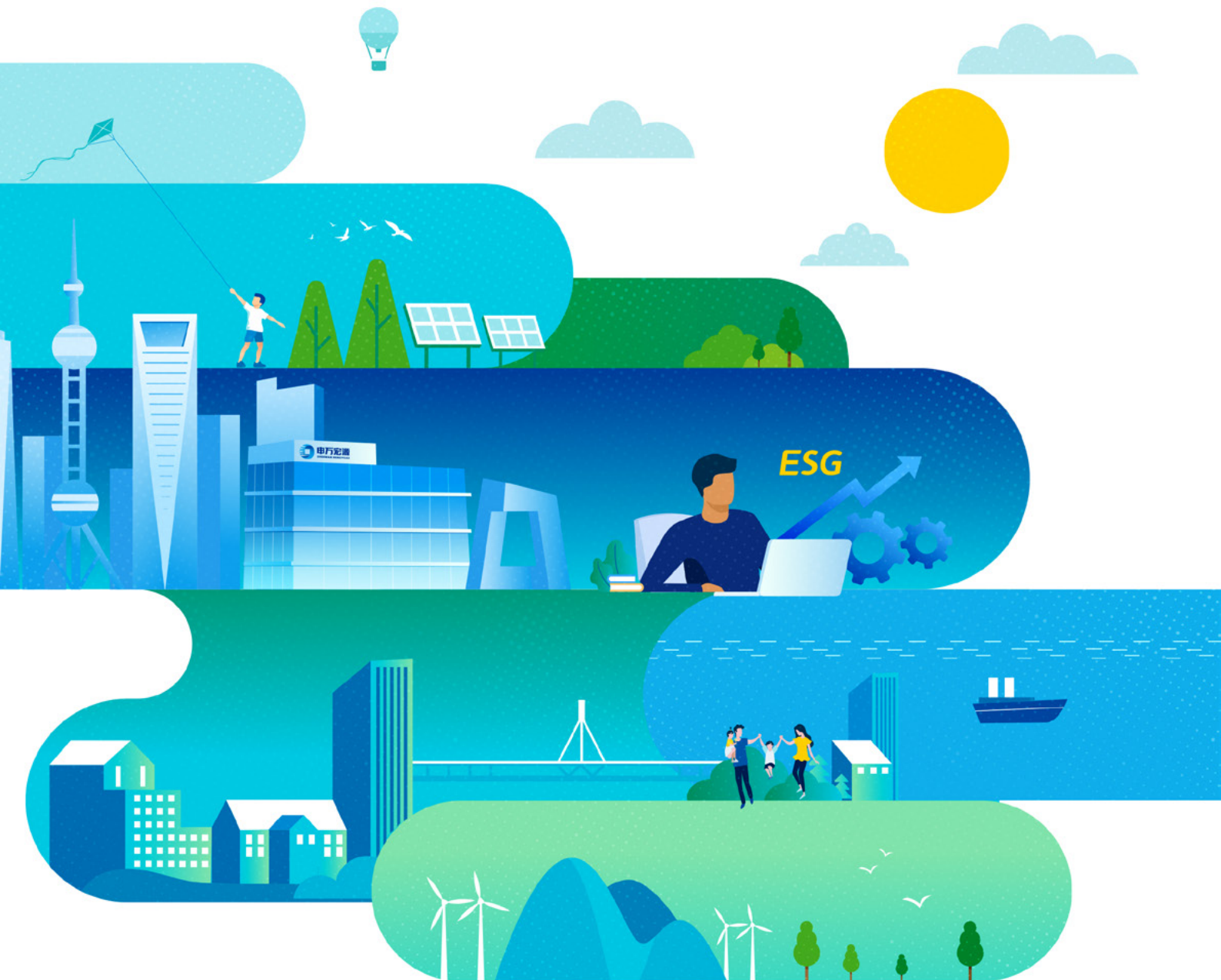




# 2023

Shenwan Hongyuan Group Co., Ltd.

## Sustainability/Environmental, Social and Governance Report



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## ESG Management and Performance

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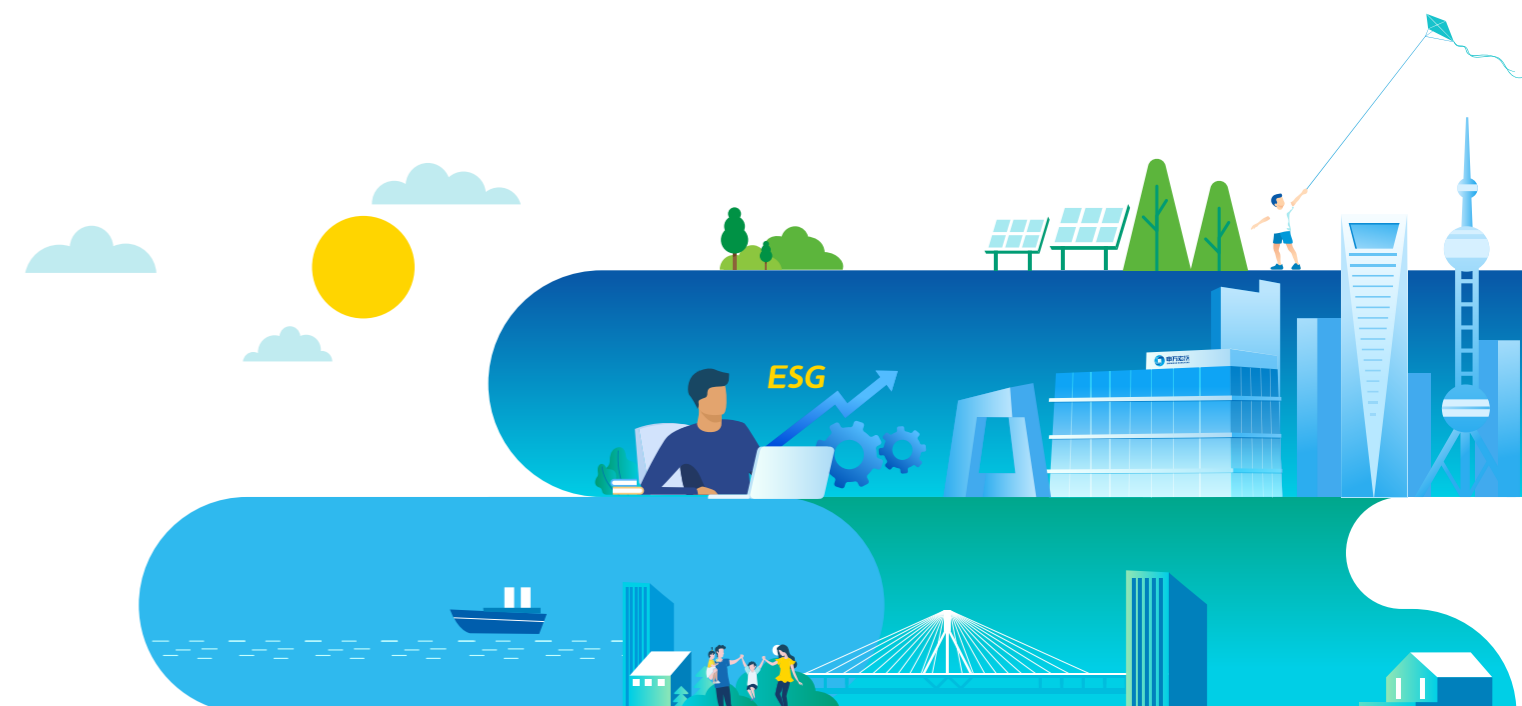
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# Statement of the Board of Directors

2023 was the opening year of implementing the spirit of the 20th National Congress of the CPC, a key year for the implementation of the 14th Five-Year Plan, and an important year for the comprehensive construction of a modernized socialist country. Shenwan Hongyuan actively implemented the overall deployment requirements of the Central Financial Work Conference on accelerating the construction of a strong financial country, and adhered to the high degree of unity of thought, understanding and action. By actively practicing ESG concepts, constantly improving the company's ESG management system, continuously carrying out practice actions around ESG key areas, and effectively improving the company's ESG performance, we were committed to realizing the sustainable development of the company and promoting the high-quality development of China's finance.

**Solidifying the underpinnings of ESG Governance Framework.** A good ESG governance structure and management mechanism is the cornerstone of the Company's sustainable development. The Company had integrated ESG management with its corporate development strategy and established a three-tier ESG management structure "Board of Directors, Strategy and ESG Committee of the Board of Directors, ESG Management Leadership Group", forming a top-down and efficiently operated organizational structure. The Board of Directors is the highest decision-making body of the Company's ESG management, exercising decision-making and supervisory powers over the Company's ESG strategic objectives, planning and major matters, the Strategy and ESG Committee of the Board of Directors is responsible for researching the Company's ESG-related planning, objectives, systems and major matters, providing the Board of Directors with consulting advice related to the ESG strategy, and checking the implementation of the ESG work on the ground, and the ESG Management Leadership Group is responsible for coordinating the relevant departments of the Company and its subsidiaries to carry out ESG actions. In 2023, the Board of Directors of the Company continued to guide and promote the management and operation to improve the ESG management system, and formulated the *Shenwan Hongyuan ESG Management Enhancement Action Plan 2.0* to further enhance the Company's ESG management level.

**Advancing ESG actions and practice in key areas.** In 2023, in combination with national macro policies, industry-related policies, ESG concerns of the capital market, and corporate characteristics, the Company carried out stakeholder research to clarify the key areas of the Company's sustainable development, and ultimately summarized 25 material issues, and screened out 13 high-materiality issues, such as "Serving national strategy and supporting the real economy" "Protecting customers' rights and interests" and "Responding to climate change". During the reporting period, the Company integrated the key areas of sustainable development into the ESG management enhancement action plan, and clearly defined its ESG action and practice framework with "building sustainable operations" as the cornerstone and "serving national strategies and supporting the real economy", "providing high-quality financial services" and "empowering green and low-carbon development" as the three pillars. And in the company's operation and business practice, we taken ESG material issues as the starting point, focused on the key areas of sustainable development, and continued to promote the implementation of relevant action practices.

**Enhancing the Company's ESG performance.** The Board of Directors of the Company has the decision-making and supervisory authority over the Company's ESG strategic objectives. The Company had set up a number of management indicators and targets on various issues such as employee employment and training, energy and carbon emission management, water resource and waste management, etc. The Company had also established an ESG performance management system based on an information system, which realized online unified reporting and analysis, and regular tracking of progress in the achievement of the targets. In 2023, the Company revised and improved the *Shenwan Hongyuan Action Plan for Further Enhancing the Ability to Serve National Strategies*, and set management objectives centering on "serving the country's pursuit of technological self-reliance", "supporting major regional strategies", "contributing to the green development agenda", "developing inclusive finance", etc. The Company also adopted a quantitative evaluation system and established corresponding evaluation mechanisms, dynamic indicator monitoring mechanisms and work information tracking and statistical mechanisms, so as to effectively improve the overall ESG performance. This report, which thoroughly discloses the progress and effectiveness of the Company's sustainability and ESG efforts in 2023, was considered and approved by the Strategy and ESG Committee of the Board of Directors on March 21, 2024 and approved by the Board of Directors on March 28, 2024.

## About Shenwan Hongyuan Group

### Company profile

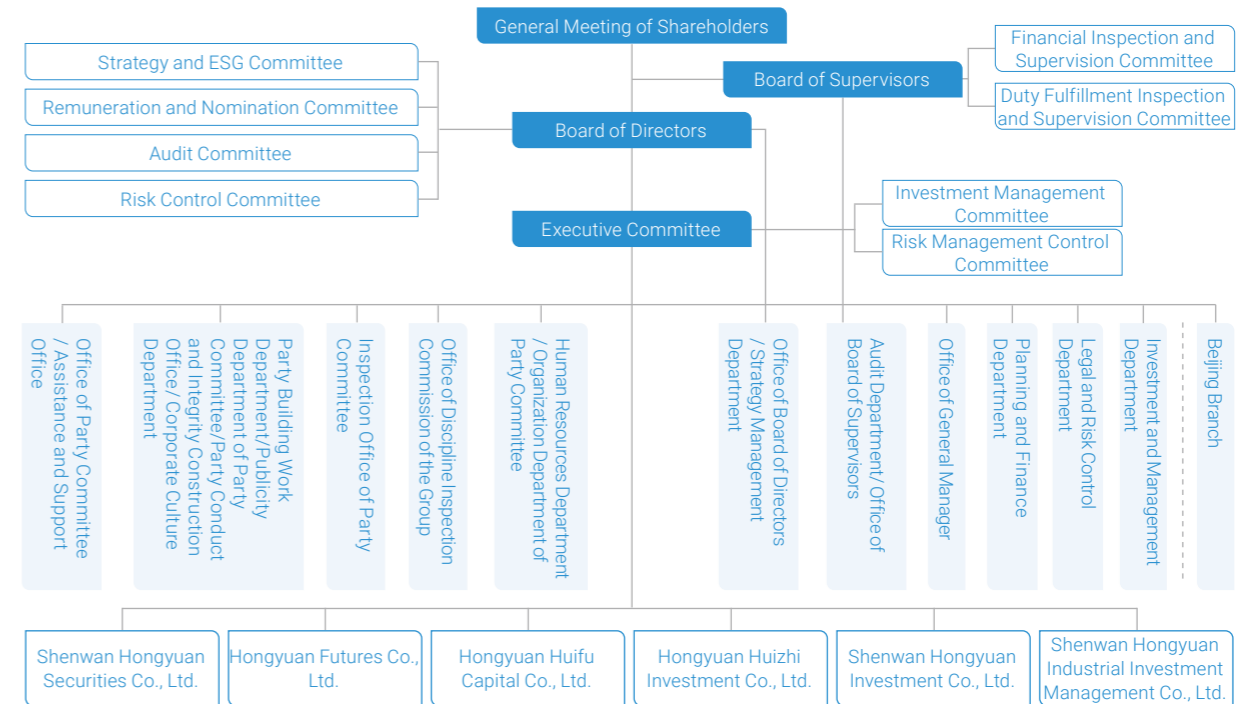
Shenwan Hongyuan Group Co., Ltd. (hereinafter referred to as "the Company", "Shenwan Hongyuan" or "Shenwan Hongyuan Group") is an investment holding group under Central Huijin Investment Ltd., and was formed by the merger of the former Shenyin & Wanguo Securities Co., Ltd. and the former Hong Yuan Securities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

### Basic information of the Company

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



### Organizational structure



As at December 31, 2023, the Company had a total of 54 securities branches, 298 securities business departments across 127 cities in 21 provinces, 4 municipalities directly under the Central Government and 4 autonomous regions, and possessed a competitive edge in Yangtze River Delta and Xinjiang region. Of these securities business departments, 61 and 42 were located in Shanghai and Xinjiang respectively, and 195 in other regions.

### Business modules of the Company

The Company made full use of the advantages of the two-tier structure of "Investment Holding Group + Securities Subsidiary" to continuously consolidate and enhance its position in the securities business, and strengthened the layout of the investment business to create a closed loop of comprehensive financial services, continuing to build a full industrial chain of investment and financial services based on the capital market, and providing customers with diversified financial products and services.

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

## ESG Governance and Management

### ESG governance structure

The Company had established a three-tier ESG governance structure, namely the "Board of Directors, Strategy and ESG Committee of the Board of Directors, ESG Management Leadership Group" to efficiently operate from the top down in terms of governance, management, and execution, and to promote the realization of ESG management goals through practical actions.

#### Shenwan Hongyuan ESG Governance Structure

##### Board of Directors

The ultimate decision-making body for ESG management of the Company, performing ESG governance functions in accordance with regulations, continuously improving the governance structure, and driving the ongoing elevation of the Company's ESG management proficiency and benchmarks.

##### Strategy and ESG Committee of the Board of Directors

Providing advice on ESG strategy to the Board of Directors, supervising and evaluating the Company's implementation of ESG strategy and progress of target fulfillment, supervising the Company's enhanced communication with investors, regulators and other stakeholders and providing advice on continuous improvements in the company's ESG management.

##### ESG Management Leadership Group

Responsible for coordinating the planning and implementation of ESG work of the Company, leading all departments and subsidiaries of the Company to fully implement the ESG strategy, applying ESG philosophy to guide corporate governance so as to enhance the Company's sustainability of development.

In 2023, the Company reviewed *Shenwan Hongyuan Group Corporate Social Responsibility Report /Environmental, Social and Governance Report 2022* and examined the *Report on Shenwan Hongyuan's Work in Serving National Strategy 2022* on the meeting of Strategy and ESG Management Committee of the Board of Directors. The Board of Directors considered and approved *Shenwan Hongyuan Group Corporate Social Responsibility Report /Environmental, Social and Governance Report 2022*, and disclosed on March 30, 2023, so as to promote the enhancement of ESG management with high-quality information disclosure.

### ESG Management enhancement action plan

The Company actively practiced ESG concepts and resolutely fulfilled its responsibilities as a large state-owned financial enterprise and its role as a gatekeeper of the capital market. The Board of Directors of the Company continued to guide and promote the management team to adhere to the *14th Five-Year Plan for National Economic and Social Development and the Long-Range Objectives Through the Year 2035*, paid active attention to various issues, had incorporated ESG management and climate issue management into the *Outline of Shenwan Hongyuan's Development Plan for 2021-2025*, and continued to improve the working mechanism for serving the goals of "Carbon Peaking, Carbon Neutrality", contribute to the robust growth of green ecosystem within the capital market, and effectively implemented the main goals and strategic tasks of China's development and the requirements of sustainable development in the 14th Five-Year Plan period in a comprehensive, systematic and accurate manner in the company's development. At the same time, the Company actively served national strategies such as "coordinated development of major regions" and "Carbon Peaking, Carbon Neutrality", fully implemented financial tasks, strengthened the concepts of inclusive finance and green finance, and enhanced its ability to serve the real economy.

In 2023, based on sufficient policy analysis, peer research and internal discussions, the Company researched and advanced the *Shenwan Hongyuan ESG Management Enhancement Action Plan 2.0*, which aims to usher into a new stage of ESG management in the Company. *The Action Plan* consists of three layers, namely, "one cornerstone" and "three pillars", with which to support the realization of the Company's overall ESG vision. The company taken "building sustainable operations" as the cornerstone and "serving national strategies and supporting the real economy", "providing high-quality financial services" and "empowering green and low-carbon development" as the three pillars. On the basis of building the cornerstone of the company's sustainable development and relying on professional financial services, the Company aimed to expand the positive impact of its financial services, so as to ultimately realized the company's vision of "Simple finance makes dream come true", and to satisfy the expectations of stakeholders such as the state, society, clients, shareholders and employees.




#### Shenwan Hongyuan ESG Management Enhancement Action Plan Framework



# Stakeholder Communication and Analysis of Material Issues

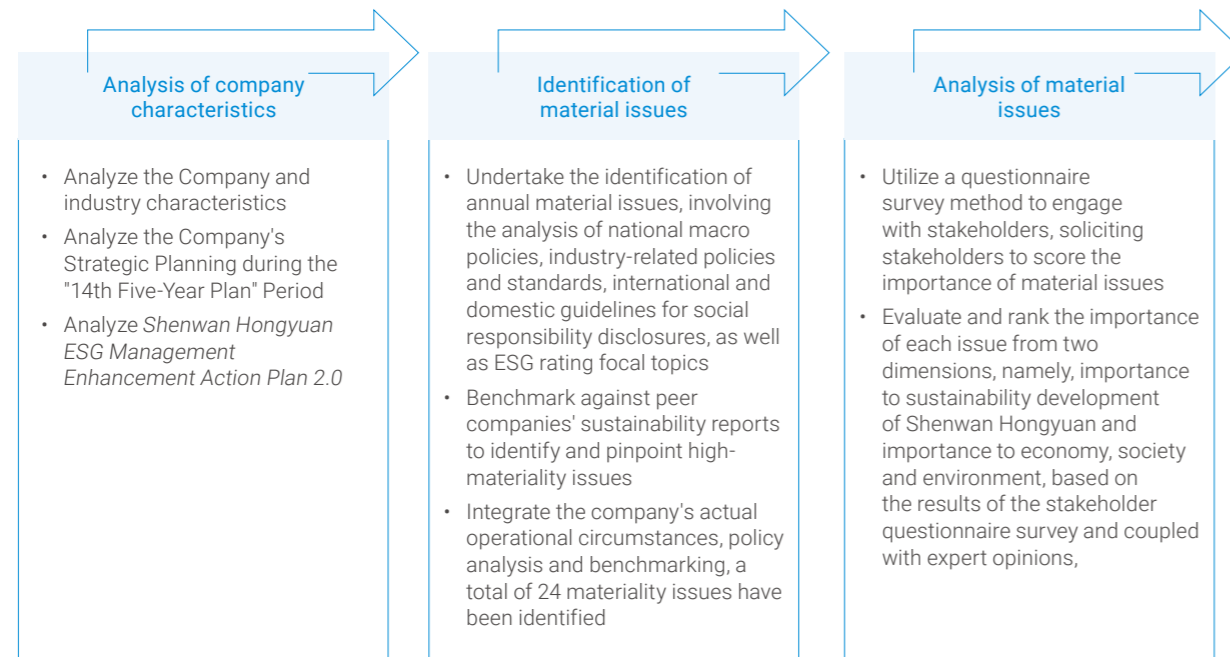
## Communication with stakeholders

The needs and expectations of stakeholders are the core conservations for the Company in researching and advancing the ESG management enhancement action plan, developing ESG management and disclosing relevant information. In 2023, the Company actively carried out communication and research focusing on six key stakeholders, namely, shareholders and creditors, governmental and regulatory authorities, customers, employees, suppliers and partners and the community. The requests and demands of all stakeholders were incorporated into the operation and decision-making process in an effort to create sustainable overall value for all stakeholders.

Key stakeholders						
Issues	<ul style="list-style-type: none"> <li>Enhancing corporate governance</li> <li>Protecting shareholders' and creditors' rights and interests</li> <li>Enhancing corporate governance</li> <li>Comprehensive risk management</li> <li>ESG risk management</li> <li>Compliance and internal control management</li> <li>Intellectual property protection</li> <li>Business ethics</li> </ul>	<ul style="list-style-type: none"> <li>Serving national strategy and supporting the real economy</li> <li>Contributing to rural revitalization</li> <li>Community communication and support</li> <li>Compliance and internal control management</li> <li>Business ethics</li> </ul>	<ul style="list-style-type: none"> <li>Serving national strategy and supporting the real economy</li> <li>Driving reforms and development of the capital market</li> <li>Fintech empowerment</li> <li>Devoting to responsible investment</li> <li>Providing quality products and services</li> <li>Strengthening data security and privacy protection</li> </ul>	<ul style="list-style-type: none"> <li>Enhancing employee care and benefits</li> <li>Staff training and development</li> <li>Tatten attraction and retention</li> <li>Ensuring employee health and safety</li> </ul>	<ul style="list-style-type: none"> <li>Intellectual property protection</li> <li>Business ethics</li> <li>Responsible procurement</li> </ul>	<ul style="list-style-type: none"> <li>Promoting capital market reform and development</li> <li>Devoting to responsible investment</li> <li>Developing green finance</li> <li>Responding to climate change</li> <li>Promoting green operations</li> <li>Contributing to rural revitalization</li> <li>Community communication and support</li> </ul>
Channel and mode of communication	<ul style="list-style-type: none"> <li>General Meeting of Shareholders</li> <li>Corporate Governance Mechanism</li> <li>Information disclosure and investor communication</li> <li>Roadshow and survey</li> <li>Improve risk management system construction</li> <li>Conducting ESG due diligence on clients</li> <li>Business ethics system building</li> </ul>	<ul style="list-style-type: none"> <li>Information disclosure</li> <li>Policy interpretation and implementation</li> <li>Participation in governmental surveys</li> </ul>	<ul style="list-style-type: none"> <li>Customer service and complaint handling mechanism</li> <li>Investor education base building</li> <li>Publishing a Customer Privacy Protection Policy</li> <li>Publishing a responsible investment strategy</li> <li>Conducting customer satisfaction surveys</li> </ul>	<ul style="list-style-type: none"> <li>Employee recruitment mechanism</li> <li>Employee training system</li> <li>Remuneration and benefits system</li> <li>Employees' congress</li> <li>Various cultural activities</li> </ul>	<ul style="list-style-type: none"> <li>Day-to-day communication</li> <li>Industry cooperation and exchanges</li> <li>Bidding activities</li> <li>Anti-commercial bribery system building</li> </ul>	<ul style="list-style-type: none"> <li>Participate in government research and industry research</li> <li>Rural revitalization projects</li> <li>Green and low-carbon operations</li> <li>Innovating green finance products</li> <li>Volunteer activities in the community where the operation is located</li> </ul>

## Material issues analysis

### Shenwan Hongyuan Material Issues Analysis Process



In 2023, the Company carried out the identification and analysis of material issues by taking into account national macro policies, industry-related policies, ESG concerns of the capital market, the characteristics of the Company, and other aspects, as well as stakeholder questionnaire survey and industry experts opinions. Compared with 2022, the major changes in material issues are as follows:

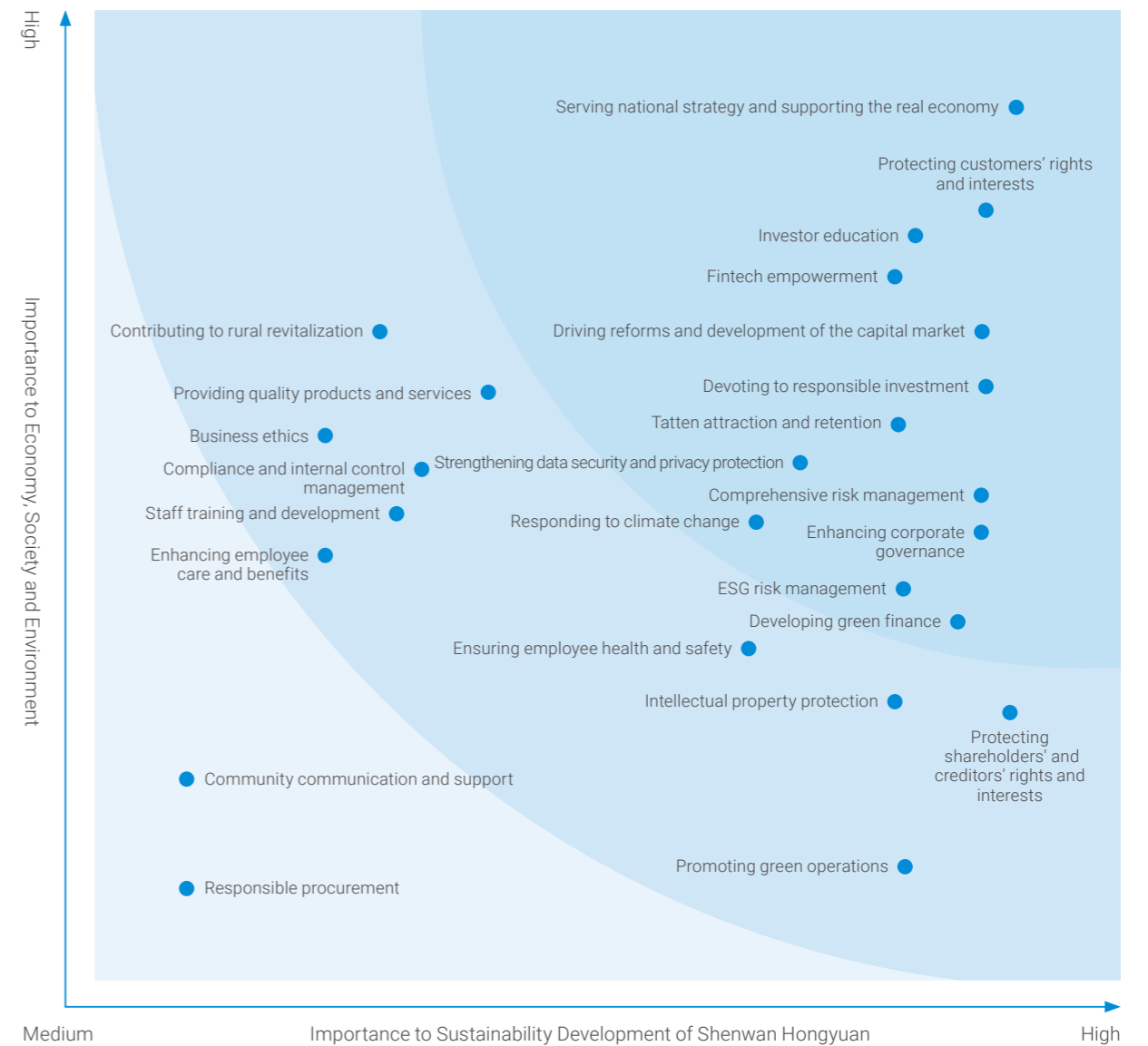
#### Implementing the spirit of the Central Financial Work Conference, incorporating and introducing material issues

The Company has integrated the issues of "Supporting Coordinated Regional Development" and "Developing Inclusive Finance" into the issue of "Serving National Strategies and Supporting the Real Economy", introduce the new material issue "Driving Reforms and Development of the Capital Market", and split the issue of "Rural Revitalization and Charity" into "Contributing to Rural Revitalization" and "Community Communication and Support".

#### Adhering to the regulatory requirements, responding to the key concerns of the capital market

The Company split "Protecting shareholders' and creditors' rights and interests" from "Enhancing Corporate Governance", introduced "ESG Risk Management", and integrated "Supporting the goals of 'Carbon Peaking, Carbon Neutrality'" into "Responding to Climate Change" to respond to the concerns of external ESG rating agencies such as MSCI.

### Shenwan Hongyuan Materiality Matrix



# Sustainability

## Fulfillment and Influence

- Strengthening Responsibility: Implementing and Serving National Strategies
- Pursuing Progress while Ensuring Stability: Providing High-Quality Financial Services
- Being Result-oriented and Innovative: Developing a Sustainable Development Ecosystem
- Being People-oriented: Building a Tier-one Talent Team





## Strengthening Responsibility Implementing and Serving National Strategies

The Central Financial Work Conference concluded that high-quality development is the top priority for building China into a modern socialist country in all respects, and we should contribute to China's prosperity and national rejuvenation through financial high-quality development.

As a state-owned financial enterprise with "belief and responsibility", the Company strictly implemented China's overall planning for accelerating the development of a robust financial powerhouse and fostering high-quality financial development. Meanwhile, the Company focused on major strategies, key areas, and weak links, implemented and served national strategies, and supported the real economy. Moreover, we made persistent efforts to deepen financial reforms, actively supported regional development, and redoubled efforts for the development of Five Financial Aspects, namely technology finance, green finance, inclusive finance, pension finance and digital finance. These efforts have solidified our role as a pivotal force in serving the real economy and a bedrock of financial stability.

### Key issues in this chapter

- Serving national strategies and supporting the real economy
- Driving reforms and development of the capital market
- Developing green finance
- Fintech empowerment



In 2023, we revised and refined the *Shenwan Hongyuan Action Plan for Further Enhancing the Ability to Serve National Strategies*, charting the course and opening up new pathways for bolstering our ability to serve national strategies and the real economy. We clarified the needs to pursue innovative, coordinated, green, open and shared development, and developed the *2023 Work Plan of the Group for Serving National Strategies* to clarify the responsibility chain, so as to ensure that relevant parties assume their respective responsibilities to the letter and all areas of our business management are imbued with the purpose of serving national strategies.

Furthermore, to better serve national strategies and the real economy, we established a closed-loop management mechanism comprising "communication and learning - planning and implementation - effectiveness tracking - performance assessment - supervision and accountability", forming a three-tiered management model consisting of "Promotion Committee of 'Serving National Strategies', Working Group of 'Serving National Strategies', Special Working Group of 'Serving National Strategies'", providing a stronger guarantee for further enhancing our ability to serve national strategies.

### Management Framework of Shenwan Hongyuan for "Serving National Strategies"



## Serving the development of Five Financial Aspects

### Advancing technology finance

We implemented the requirements of the Central Financial Work Conference and worked actively to fulfill the great task of "technology finance." To this end, we continuously enhanced the comprehensive service capabilities of investment banking, investment, and research for scientific and technological innovation. By prioritizing the services for scientific and technological innovation-oriented enterprises, we aimed to accelerate the development and expansion of scientific and technological innovation-oriented industries and strategic emerging industries by facilitating financing activities of innovation-driven science and technology enterprises and formulating an investment strategy for innovative industries, thus achieving innovation-driven development.

#### Key Practices of Shenwan Hongyuan in Advancing Technology Finance in 2023



Facilitating financing activities of innovation-driven science and technology enterprises

- We provided financing support for various scientific and technological innovation-oriented and strategic emerging industries through financial services such as equity financing, debt financing, and financial advisory services.
- In 2023, we successfully assisted companies such as Huafeng Tech, Raycloud Technology, Anji Microelectronics, and Runben Biotechnology in securing equity financing, and played a key role in the successful issuance of sci-tech innovation bonds by enterprises such as Power Construction Corporation and Guangsheng Holding.



Formulating an investment strategy for innovative industries

- We were committed to supporting the development of specialized and sophisticated enterprises that produce new and unique products, critical fields with bottlenecks, strategic emerging industries, and cutting-edge high-tech companies through direct equity investment and debt investment, along with the establishment of industry investment funds, aiming to attract a greater influx of long-term domestic and international capital into the realm of scientific and technological innovation.
- In 2023, we focused on the areas such as new energy, new materials, and intelligent manufacturing, completed equity investments in several scientific and technological innovation-driven enterprises, including GTA Semiconductor, Jinlei Corporation, and HRmicro, and launched multiple scientific and technological innovation funds, such as the Yantai Guofeng Shenwan Aerospace Investment Fund and the New Energy Industry Fund.

#### Our highlights in deepening "technology finance" in 2023

With respect to facilitating China's self-strengthening in science and technology, by the end of 2023, we had invested RMB38.372 billion in relevant enterprises/projects by using our own funds or asset management products under our management. In 2023, we successfully completed 16 equity financing projects for scientific and technological innovation-oriented enterprises, with a total financing scale of RMB12.2 billion. Additionally, we facilitated the issuance of a total of 33 sci-tech innovation bonds, with underwritten amounts totaling RMB11.109 billion.

#### Notable Cases of Shenwan Hongyuan in Technology Finance in 2023

##### Facilitating the listing of Huafeng Tech on the STAR Market of the SSE

In June 2023, Shenwan Hongyuan Financing Services assisted Sichuan Huafeng Technology Co., Ltd. ("Huafeng Tech") in its successful listing on the SSE's STAR Market. This made Huafeng Tech the first STAR Market-listed company in Mianyang, a science and technology-driven city in China. In this project, HongYuan Huifu invested RMB 50 million through the Shenwan Changhong Fund, and further catalyzed a direct investment of RMB 30 million from Shenyin & Wanguo Alternative Investment, while Shenwan Hongyuan Financing Services acted as the exclusive underwriter and sponsor for the issuance, marking another significant achievement for Shenwan Hongyuan in serving its core strategic clients and executing its "Investment + Investment Banking" strategy.

##### Assisting Hangke Technology in issuing the first global depository receipt ("GDR") on the STAR Market

In February 2023, SWHYHK, acting as the joint global coordinator, aided Zhejiang Hangke Technology Incorporated Company in successfully issuing the GDR and going public on the SIX Swiss Exchange. As the first GDR project of the SSE's STAR Market, this project provided a typical case of the active incorporation of A-share listed companies into the international capital market and underscored our commitment to capitalizing on the international financial market to offer financing solutions for scientific and technological innovation-oriented enterprises.

##### Establishing the Yantai Guofeng Shenwan Aerospace Investment Fund to build China's strength in aerospace

In November 2023, Shen Wan Investment initiated the establishment of the Yantai Guofeng Shenwan Aerospace Investment Fund, with a total size of RMB2 billion. This initiative aimed to bolster Yantai's efforts to establish China's first RMB10 billion-worth commercial aerospace high-tech industrial cluster. Operating in a market-oriented manner, this fund was established to strategically invest in aerospace-related enterprises, thus propelling the development of Yantai's commercial aerospace high-tech industrial cluster.

##### Investing in GTA Semiconductor to serve the national strategy for self-strengthening in science and technology

In 2023, Hongyuan Huifu invested GTA Semiconductor Co., Ltd. ("GTA Semiconductor") through the Shenhong Huichuang Phase IV and Phase V Funds. GTA Semiconductor is a leading wafer original equipment manufacturer specializing in analog electronics and power device processes, with its products widely utilized in industries such as new energy vehicles and green energy. This investment exemplified our commitment to practicing the national strategy for self-strengthening in science and technology and contributing to the development of a modern industrial system.

### Developing green finance

We actively pursuing green development and integrating green finance into our corporate development strategies. In 2023, we revised and refined the *Shenwan Hongyuan Action Plan for Further Enhancing the Ability to Serve National Strategies*, setting out clear requirements for establishing a market-oriented innovative service system for green finance and continuously enriching green finance-related services. We established development goals for "supporting upgrading traditional industries through energy efficiency and carbon emission reduction, advancing the development of green and low-carbon industries, refining ESG investment, contributing to achieving 'Carbon Peaking, Carbon Neutrality', and working faster to make our growth model more eco-friendly." To achieve these goals, we adopted a quantitative evaluation system incorporating the "financing and investment amounts for enterprises/projects in green development" into the scope of evaluation of relevant business units and subsidiaries, scaled up our business of green finance, and established corresponding evaluation mechanisms, dynamic indicator monitoring mechanisms and work information tracking and statistical mechanisms to promote the implementation of the business management system for green finance in all fields.

In 2023, in green finance-related practice, our relevant business departments and subsidiaries, based on business characteristics, leveraged a variety of financial instruments to advance green financing, green investment, and carbon finance business. By channeling capital into green and low-carbon industries, we facilitated the green and low-carbon transformation and development of these industries. Additionally, we continued to redouble our efforts for research on green finance to further the green finance development of ourselves and the larger industry.

Key Practices of Shenwan Hongyuan in Green Finance in 2023

Green financing

- We explored the industrial chain for achieving peak carbon emissions and carbon neutrality and played an active part in the issuance of green bonds and green equity financing, aiming to meet the financing needs of enterprises oriented toward green and low-carbon growth through multiple financial instruments.
- In terms of green debt financing, we issued the *Notice of Further Increasing the Assessment Income regarding Serving National Strategic Projects and the Criteria of the Fixed Income Financing Department for Fixed Income Securities Project Initiation*, aiming to further increase the weights of green bonds in internal assessments and provide green channel policy support for green bond projects.
- In terms of equity financing, we facilitated the successful IPOs of enterprises in the green industry, such as Mingyang Electric, Nanwang Environment Protection, and Tianhong Lithium Battery, raising a total of RMB3.963 billion. For debt financing, we participated in 21 green bond projects, with the value amounting to RMB159.75 billion. Shenwan Hongyuan Asset Management had issued three green asset-backed securities products, with a total scale of RMB 6.932 billion.

Green investment

- We actively practiced the ESG development philosophy and incorporated environmental-friendly indicators such as pollution, emissions, and energy consumption into factors for our investment decisions. We steadily increased the percentage of our green investments and supported the upgrading of traditional industries through energy efficiency and carbon reduction, and innovations in green and low-carbon technologies, and the industrial development.
- We used both our own funds and asset management funds to conduct green equity and green debt investments. By the end of 2023, our green equity and green debt investments had totaled RMB19.771 billion.
- We continued to drive innovation in products related to green finance and transition finance. Shenwan Hongyuan Securities launched three products tied to the "China Bond-Shenwan Hongyuan Securities ESG Green Credit Bond Select Index". SWS MU introduced a total of six products related to low-carbon development, with a combined scale of RMB2.886 billion under management. Shenwan Hongyuan Securities Asset Management unveiled the "Carbon Neutrality Select Collective Asset Management Plan for a Better Life" investment product, with a scale of RMB6.15 million, and a focus on strategic investments in key industrial chains related to carbon neutrality, such as new energy, new energy vehicles, and new materials.

Carbon finance

- Starting with the proprietary trading of carbon emissions rights, we actively expanded our carbon trading business.
- In 2023, Shenwan Hongyuan Securities was approved to engage in proprietary trading of carbon emissions rights. Leveraging this qualification, it participated in carbon finance-related projects organized by Guangzhou Emissions Exchange such as projects related to the China Certified Emission Reduction (CCER).

Research on green finance

- We gave full play to our role as a think tank. We intensified policy and theoretical research on "Carbon Peaking, Carbon Neutrality" and played an active part in the formulation of the ESG assessment system.
- In 2023, SWS Research issued 23 research reports on "Carbon Peaking, Carbon Neutrality" and 12 reports on ESG-related studies. Additionally, it released the *An Opportune Time for Green Finance: Striding Towards an Expansion Era - 2022 Annual Report on Green Finance*, presenting the top 10 development trends in the green finance sector for 2023. Moreover, SWS Research established an "ESG research team with Chinese characteristics" and participated in the formulation of an ESG assessment system for enterprises directly under the central government.
- The ESG research team of SWS Research had secured the first place as the "Best ESG Research Institute" at the 21st New Fortune Awards.

**Assisting Huadian New Energy in issuing green renewable and corporate and climate bonds**

In September 2023, Shenwan Hongyuan Securities participated as the lead underwriter in the successful issuance of the "Green Renewable Corporate Bonds (Tranche I, Type I) Publicly Offered by Huadian New Energy Group Co., Ltd. to Professional Investors in 2023", which amounted to RMB2 billion. The issuance aimed to meet the business development needs of Huadian New Energy in green industries and fields. The green bonds issued in this tranche were granted certification from the Climate Bonds Initiative ("CBI"), marking an important exploration in our efforts for achieving peak carbon emissions and carbon neutrality.

**Investing in green medium-term notes to support green and low-carbon development**

In 2023, Shenwan Hongyuan Securities invested its own funds in the 16th and 17th tranches of green medium-term notes for 2023 issued by Huaneng Lancang River Hydropower Inc. The green medium-term notes corresponded to projects could achieve an annual reduction of 739,800 tons of carbon dioxide emissions, save 409,900 tons of standard coal annually, and reduce sulfur dioxide emissions by 113.15 tons annually, nitrogen oxide emissions by 181.3 tons annually, and smoke dust emissions by 23.18 tons annually.

**Implementing China's largest carbon neutrality commercial mortgage-backed securities**

In 2023, Hongyuan Huizhi and Shenwan Hongyuan Securities Asset Management joined forces to support China Jinmao in successfully launching the "Jinmao Shenwan - Shanghai Jinmao Tower - Xinyue Green Asset Support Special Plan (Carbon Neutrality)". This product boasted a total shelf scale of RMB10 billion, with the first single tranche reaching RMB3 billion, setting multiple records, including China's largest shelf carbon neutrality CMBS. The product is of significance to advancing the development of green building technologies and the green finance market.

**Implementing the first agricultural CCER project**

Shenwan Hongyuan Securities teamed up with external partners and Wu'an Yiyuan Animal Husbandry to sign a cooperation agreement for the Intelligent Pig Farm Manure Biogas CCER Project. Together, the relevant parties will explore and promote the emission reduction registration and issuance for the project. This project represents Shenwan Hongyuan Securities' first CCER mechanism project following its obtainment of qualifications to participate in carbon emission rights trading from the CSRC and signifies another solid step taken by Shenwan Hongyuan Securities in advancing the national strategy for "Carbon Peaking, Carbon Neutrality".

## Developing inclusive finance

The company attached great importance to inclusive finance, with the Strategy and ESG Committee of the Board of Directors taking the lead in guiding and overseeing ESG-related matters, including inclusive finance. Relevant business departments and subsidiaries were advancing the development of inclusive financial services by establishing a dedicated headquarters for inclusive finance and forming working groups specifically tasked with serving this area.

In 2023, we actively enhanced our capabilities for providing inclusive finance services and expedited our expansion into underserved areas. While broadening financial service coverage, we leveraged a variety of capital market tools and innovative financing means, and continuously strengthened our inclusive finance services in both breadth and depth by providing funding support for medium, small and micro enterprises, strengthening risk management, and organizing publicity sessions on inclusive finance.

### Key Practices of Shenwan Hongyuan in Advancing Inclusive Finance in 2023

Providing funding support	<ul style="list-style-type: none"> <li>We continued to promote our business on the NEEQ and the Beijing Stock Exchange to cater to the financing needs of medium, small and micro enterprises. Additionally, we implemented fee reduction and exemption measures for medium, small and micro enterprises facing operational challenges, including reducing and waiving annual fees for ongoing supervision, so as to support their development.</li> <li>We supported the expansion of small and micro enterprises through various means, such as direct equity investments, the establishment of industry investment funds, and investment in ABS plans.</li> </ul>
Supporting risk management	<ul style="list-style-type: none"> <li>We fully leveraged futures and options tools to facilitate price risk management of medium, small and micro enterprises in production and operations such as "insurance + futures", basis trading, and warrant services. Moreover, we implemented service fee reduction and exemption for medium, small and micro enterprises in futures trading.</li> </ul>
Organizing publicity sessions on inclusive finance	<ul style="list-style-type: none"> <li>We organized publicity sessions on inclusive finance across the nation, and deepened cooperation with local government departments and associations of medium and small enterprises to publicize various capital market policies, such as the registration-based IPO regime, listing criteria, NEEQ listing, and M&amp;A and reorganization for medium, small and micro enterprises.</li> </ul>

### Our highlights of "inclusive finance development":

- In 2023, we had underwritten IPOs for six companies on the Beijing Stock Exchange, ranking 1st in the industry, and completed 53 NEEQ issuance and listing projects, with a total scale of RMB 1.114 billion, ranking 2nd in the industry.
- By the end of 2023, we continued to supervise 570 NEEQ-listed companies, ranking 2st in the industry. We accumulatively recommended 849 enterprises for listing, provided 917 private placements for listed enterprises, totaling RMB37.129 billion, ranking 1st in the industry. Since the launch of the Beijing Stock Exchange, including enterprises transferred from NEEQ Select, we have recommended 21 enterprises for listing, supporting financing totaling RMB4 billion, ranking 1st in the industry.
- Providing financing services to 10 small and medium-sized enterprises, with a total amount of RMB3.098 billion. Additionally, we granted relief by waiving continuous annual supervision fee for 76 small and medium-sized enterprises experiencing operational difficulties, resulting in a total amount of RMB5.493 million.
- Issuing a total of 20 inclusive finance related bonds, with a total scale of RMB86.639 billion.
- By the end of 2023, we gave full to the owns funds and asset management products under our management, and had invested a total of RMB77.52 billion in medium, small and micro enterprises in the field of inclusive finance.



### Facilitating the listing of vision mounts on the NEEQ

In February 2023, Shenwan Hongyuan Financing Services facilitated in the successful listing of Qidong Vision Mounts Manufacturing Co., Ltd. ("Vision Mounts") on the NEEQ. Vision Mounts, a high-tech enterprise specializing in ergonomic furniture design, R&D, production, and sales, has been included among the fourth batch of state-level specialized and sophisticated enterprises that produce new and unique products ("little giant" firms) by the Ministry of Industry and Information Technology. The successful listing of Vision Mounts exemplified Shenwan Hongyuan Financing Services' commitment to serving high-quality medium and small enterprises and empowering the growth of medium, small and micro enterprises.



### Facilitating the successful issuance by Bank of Shanghai of RMB10 Billion-Worth Micro and Small Enterprise Finance Bond

In October 2023, the "First Tranche of Special Financial Bonds for Small and Micro Enterprise Loans in 2023 of Bank of Shanghai Co., Ltd." was successfully issued with Shenwan Hongyuan Securities serving as the lead underwriter. This issuance raised a total of RMB10 billion. The funds raised from this tranche of bonds were specifically dedicated to providing loans to small and micro enterprises, aiming to increase credit support for such enterprises and promote their sound and steady development.



### Investing in a single fund trust to meet the business needs of small and micro enterprise

In July 2023, Hongyuan Huizhi invested RMB100 million in the "National Trust: Tianji 36-9 Single Fund Trust (Phase II of the Timely Loan Trust Investment Project of China National Investment and Guaranty Corporation for Small and Micro Enterprises)". This project provided small and micro customers with working capital through phased loans, effectively reducing the financing cost of small and micro enterprises.



## Facilitating pension finance

Actively laying out pension finance services is both an inevitable step for financial institutions to respond to national policy directives and meet social welfare and people's livelihood needs, as well as a crucial path towards transforming and upgrading the Company's businesses. Shenwan Hongyuan, leveraging its expertise in pension finance, provided diversified asset allocation services to institutional clients such as institutions managing pension funds and social insurance, innovated a broader array of pension financial products, and encouraged investors to pay closer attention to and increase their investments in pensions while acquiring a richer understanding of pension finance knowledge.

Since December 2022, Shenwan Hongyuan has launched personal pension business. Since commencing operations, the company has vigorously carried out related business training and produced over a hundred pieces of marketing materials, including posters, leaflets, marketing manuals, and videos. Given the strong investor education attributes inherent in personal pension fund sales, the Company combined online and offline approaches to conduct investor education, and initiated a series of pension courses titled "Xiao Zhu Ge Pension Classroom" to disseminate the philosophy of pension investment and the personal pension system. By establishing pension-specific sections on company website and APP, hosting periodic customer events, and distributing marketing materials, Shenwan Hongyuan promotes awareness and understanding of the pension investment concept and personal pension schemes among investors.



Xiao Zhu Ge Pension Series Courses

SWS Research attached great importance to the study of pension finance, closely monitoring and analyzing the latest developments in personal pension systems over an extended period. SWS Research have delved deeply into the evolution and future prospects of personal pension models in China, presenting recommendations accordingly and have authored a series of 23 research reports and commentaries on pension finance, covering a wide range of topics including comparative studies on overseas personal pension services, domestic retirement insurance plans, bank-managed retirement savings plans, open-ended pension-oriented Fund of Funds (FOF), outlook and suggestions for the development of individual pension business in China, and the impact of regular investment plan on pension investment.



Grounded in professional investment expertise, SWS MU is committed to contributing to the establishment and development of China's third pillar pension system

SWS MU was grounded in professional investment expertise, and dedicated to pragmatically harnessing its investment prowess and product offerings to substantially contribute to the robustness and enhancement of the third pillar of the national pension system.

SWS MU pushed forward with the research and development of a diversified range of pension-focused Fund of Funds (FOF) products with varying holding periods and allocation strategies, catering to distinct client needs across multiple channels. In 2023, based on its existing offerings of conservative pension solutions and product Pension Target 2040, SWS MU expanded its lineup by introducing a new product Pension Target 2045 Personal Pension FOF, achieving a top-ranking position within its peer group during the year.

SWS MU rooted itself firmly in its core responsibilities and significantly enhanced its asset allocation and investment management capabilities and in 2023, leveraging the successful application of its KAP construction efforts earlier, three of its pension products performed exceptionally well, ranking among the top performers in their respective categories. At the "East Money Finance Yearly Awards," SWS MU was honored with two prestigious awards "Annual Innovative Fund Company in Marketing" and "Annual Outstanding Pension Education and Services".

## Strengthening digital finance

We actively implemented the requirements of the Central Financial Work Conference on "digital finance", formulated the "12349" Fintech Plan, and set clear goals for digitalization, platformization and intelligence, so as to further boost the capacity of applying fintech, and deeply integrate the development of finance and sci-tech. Furthermore, we will give priority to innovations and applications of innovative technologies, such as cloud computing, big data, artificial intelligence, and mobile Internet, in the fields of customer service, securities investment, quantitative trading, and risk management, so as to achieve the goals of improving customer service quality and efficiency, making flexible and efficient business innovations and enhancing management synergies and efficiency.

### "12349" Fintech Plan of Shenwan Hongyuan

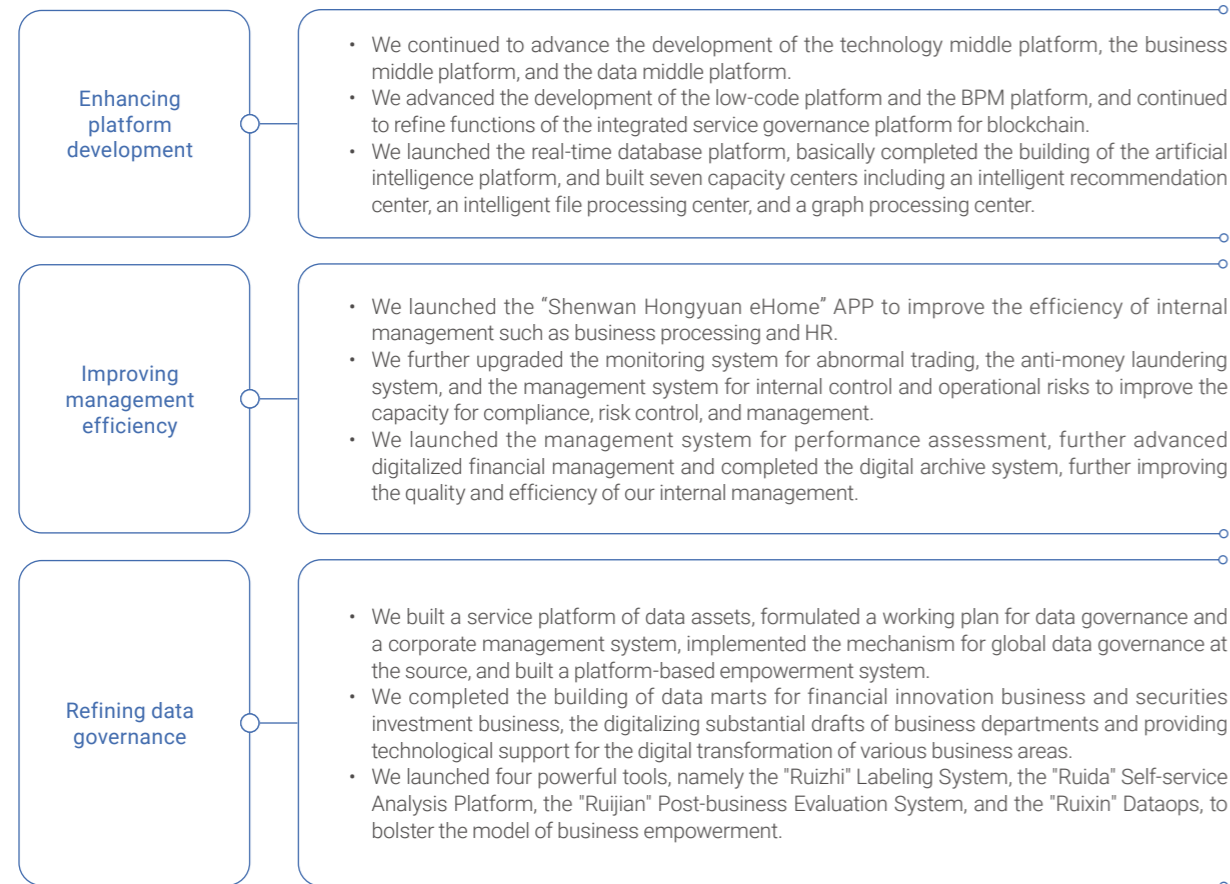


To effectively achieve our Fintech Plan goals and comprehensively support and empower the development of various business areas, we continuously consolidated the digital financial infrastructure, optimized the digital system and mechanisms, increased the investment in fintech research and development, and attracted more R&D talents. In 2023, we compiled the *Working Plan for the Integrated Planning and Development of Information Systems of the Shenwan Hongyuan Group and Its Subsidiaries*, improved the institutional system and process of information technology, created relevant diagrams, and released regulations such as the *Measures for Software R&D and Management*, the *Management Details on Framework Review*, and *Guidelines on Cloud Strategy*.

- In 2023, we introduced 72 R&D personnel and established a Fintech R&D team consisting of 321.
- In 2023, we applied for 3 fintech-related patents, and 1 were granted.

In 2023, we vigorously implemented the sub-strategy concerning fintech, completed relevant interim evaluation to further optimize and improve the top-design. Furthermore, we implemented the Fintech Plan through optimizing platform development, improving management efficiency, and refining data governance.

Key Practices of Shenwan Hongyuan in Implementing Fintech Planning in 2023



In 2023, we continued to promote commercialization of digital and intelligent R&D results, responded efficiently to various financial business needs, leveraged the role of science and technology in empowering eight major financial business areas, such as wealth management, institutional business, and investment banking, and improved the quality and efficiency of the business through competitive digital finance services.

Key Practices of Shenwan Hongyuan in Technology-empowered Business in 2023





### Shencai Youdao APP Successfully Launched

In 2023, we completed the overall development, testing, and launch of the first phase of the Shencai Youdao Project. The APP is customer-centered with digital, international, and intelligent characteristics, successfully meeting the construction objectives. During the research and development process, we designed the APP UI in a new way to better meet the needs of the customers in terms of vision and interaction. From an international perspective, we enabled users to use the APP to get access to real-time information on Hong Kong stocks, and planned to include US stocks and global indexes in the APP in the future. We offered securities investment services across the board through decision assistance, intelligent trading, and intelligent information, provided professional wealth management services through intelligent automatic investment plans, fund investment recommendations, asset allocation, and account analysis, and used scientific and technological methods, such as big data, cloud computing, and machine learning, to offer personalized services through customer behavior analysis, classification, and labeling.

**In 2023, we actively participated in fintech research and pilot programs organized by industry-related institutions, regulatory organs and competent departments, winning 34 scientific and technological awards, including nine at the provincial level, eight at the prefectural level, 11 at the industrial level, and 6 issued by media outlets. Some of the awards are as follows:**

- "New Generation Database Platform Based on the Cloud Native Framework" won the second prize of the People's Bank of China Financial Technology Development Award.
- "5G Message Securities Services New Channel Project" won the third prize of the "Scientific and Innovative China" Fintech Innovation Competition.
- "Shenwan Hongyuan eHome" APP was honored with the title of "2023 Excellent Platform for Internet + Trade Union Inclusive Services – Innovative Platform" by the All-China Federation of Trade Unions.
- "Exploration and Practices of Shenwan Hongyuan in the R&D System of Sensitive State" was listed among innovative cases of the China International Fair for Trade in Services.



## Deepening finance reforms

Deepening financial reforms helps strengthen and improve modern financial regulation, thereby bolstering the guarantee system for financial stability. In 2023, we adhered to our role as a state-owned financial enterprise and actively leveraged our professional advantages in finance. Building upon our "novel think tank" with Shenwan Hongyuan characteristics, we aided in deepening the financial system reform by strengthening advisory services for macro policies, providing decision-making support for financial regulation, and assisting local governments in implementing financial reforms, and promoting sound and orderly development of the financial market.

### Strengthening advisory services for macro policies

- We continued to provide macro policy research services for government agencies. In 2023, SWS Research provided a total of 12 research reports for the National Committee of the CPPCC, the Department of Foreign Capital and Overseas Investment of the NDRC, the Development Research Center of the State Council, and other institutions.

### Providing decision-making support for financial regulation

- Based on our "novel think tank" with Shenwan Hongyuan characteristics, we actively participated in the research projects led by institutions such as the China Securities Regulatory Commission (CSRC), stock exchanges, and securities associations, provided decision-making support for financial regulatory authorities, helped strengthen and improve financial regulatory systems, and built a regulatory system adapted to the characteristics of modern financial markets.
- In 2023, we provided research support for the CSRC by conducting research revolving around such topics as "Analysis of the Competition Landscape in Domestic and International Securities Industries" and "The Role of Capital Markets in Sustaining Economic Growth". Additionally, we offered special research and analysis to the Shanghai Stock Exchange (SSE), such as the "Impact of the Official Implementation of the Registration-Based IPO Regime on Offline Subscriptions: An In-depth Interpretation of the Official Version of the Supporting Rules for the Registration-Based IPO Regime". Furthermore, we participated in various research initiatives led by securities associations.

### Helping local governments implement financial reforms

- We actively responded to local governments' needs for financial system reforms, provided them with research and helped them advance financial reforms.
- In 2023, we provided research support for government agencies such as the Shanghai State-owned Assets Supervision and Administration Commission with a focus on topics such as enhancing economic vitality, maintaining stability of economic and financial markets and cultivation of commercial and trade service providers. We conducted researches on topics such as digital trade, green power supply, and carbon tariffs to contribute to the development of Yantai. Furthermore, by offering several high-quality research reports, we enhanced our assistance to key regional governments in Xinjiang and Hainan.



## Supporting regional development

### Supporting major regional strategies

Promoting coordinated development across regions is an important underpinning for achieving high-quality development and is an intrinsic requirement for achieving common prosperity. We focused on regional development, continuously deepened our forward-looking arrangements and resource input in key regions, such as the Beijing-Tianjin-Hebei region, the Yangtze River Delta, the Guangdong-Hong Kong-Macao Greater Bay Area, Southwest China, Xinjiang and Central China. We established regional work committees, entered into strategic cooperation agreements with local governments, and further strengthened our ability to serve regional economy through initiatives such as equity financing, bond financing, and the establishment of private equity funds. By consistently enhancing the quality and effectiveness of financial services, we contributed to the socioeconomic development of major regions across China.

- Provided equity financing services amounting to RMB11.448 billion for enterprises related to major regional strategies.



### Providing comprehensive financial services to fully support the development of the Guangdong-Hong Kong-Macao Greater Bay Area

We attached great importance to expanding our presence in the Guangdong-Hong Kong-Macao Greater Bay Area, with a dedicated investment banking team of more than 200 professionals strategically positioned in the region. Collaborating with local branches, such as Guangdong and Shenzhen branches, we were deeply committed to providing comprehensive financial services in the Greater Bay Area. From 2020 to the end of 2023, we had successfully completed 11 IPO projects in Guangdong Province, providing 20 local enterprises with underwriting services for equity financing, amounting to RMB21.647 billion, and nine NEEQ listing projects. Additionally, the establishment of three private equity funds in Shenzhen, Zhuhai, and Foshan underscored our commitment to increasing direct financing for high-quality enterprises in Guangdong.

In 2023, as the lead underwriter, Shenwan Hongyuan Financing Services successfully supported the listing of Tianyou Logistics Co., Ltd., a Guangdong-based enterprise, on the NEEQ, further demonstrating our dedication to supporting the development of the Greater Bay Area.

In 2023, the Company played a crucial role in the successful IPO of Runben Biotechnology Co., Ltd., headquartered in Guangzhou, on the Main Board of the SSE, raising a total of RMB1.055 billion, to bolster the development of premium domestic brands.

In 2023, the Company accomplished the IPO project for Mingyang Electric on the ChiNext, raising a total of RMB2.976 billion. Mingyang Electric is a key enterprise in the research and manufacturing of power transmission and distribution equipment in China and a leading enterprise focused on renewable energy electrical equipment in Guangdong Province.



### Successfully concluding the first swap linked to the "CFETS Yangtze River Delta Area Bond Index"

In 2023, we successfully closed the market's inaugural swap linked to the "CFETS Yangtze River Delta Area Bond Index" (hereinafter referred to as the "Yangtze River Delta Index"). This index, launched by the National Interbank Funding Center, was aligned with the strategy for implementing the strategy of integrated development of the Yangtze River Delta.

Through this swap linked to the "Yangtze River Delta Index", we combined over-the-counter derivatives with the strategy of the integrated development of the Yangtze River Delta, effectively channeled funds to bolster the area's integrated development and made positive contributions to expanding financing channels for local governments and businesses in the Yangtze River Delta region.



### Establishing private equity funds to support regional economic growth

We joined hands with local governments and businesses to establish private equity funds, channeling external capital to bolster regional economic development and facilitate the transformation and upgrading of regional industrial structure.

#### Exploring the Greater Southwest China

- We continued to ramp up our efforts to expand business operations in the Greater Southwest China. Statistically, we initiated, established and managed a total of 15 private equity funds in the region, with a collective fund size exceeding RMB14 billion. These funds had facilitated equity investments totaling nearly RMB5 billion.
- In 2023, in collaboration with Chengdu Industry Investment Group Co., Ltd. and Chongqing Yufu Investment, we established the Chengdu Shenhong Chuangrong Advanced Manufacturing Industry Investment Fund and the Sichuan Shenhong Fuyu Emerging Industry Investment Fund, respectively, with a combined scale of RMB1.5 billion. This move further diversified our investment support instruments and harnessed external capital to enhance our services for the Greater Southwest China.

#### Advancing the integrated development of the Yangtze River Delta

- Partnering with Huzhou Wuxing State-Owned Capital Investment Development Co., Ltd. in Zhejiang, we established the Huzhou Wuxing Shenhu Xinye Equity Investment Fund, with a fund size of RMB450 million. This fund focuses primarily investments on new materials, new energy, integrated circuits, new energy vehicles, and intelligent equipment manufacturing.

#### Supporting the development of Central China

- In collaboration with Wuhan Hi-Tech Group, we established the Wuhan Hi-Tech Shenwan Hongyuan Infrastructure Investment Fund, boasting a fund size of RMB395 million. The fund's underlying investment assets are the property assets in the Medical Device Park of Wuhan Biolake housing biomedical enterprises such as Wuhan Huakang Century Medical Co., Ltd. and Hubei Innovative Transformation Medical Research Institute Co., Ltd. By investing in the foregoing property assets, the fund effectively supported research and development as well as production activities of biomedical innovation enterprises within the park.

## Promoting the development of the Belt and Road Initiative

In 2023, we earnestly implemented requirements of the CPC Central Committee and the State Council on the joint pursuit of the high-quality cooperation under the Belt and Road Initiative, and explored the initiative of the "Core Area of the Silk Road Economic Belt" in Xinjiang. Additionally, we intensified our efforts for financing support and project investment, actively explored innovative means of service, facilitated financial integration among regions, and continuously bolstered our research efforts related to the Belt and Road Initiative, making new contributions to its high-quality development.

- We supported issuing a total of 48 bonds related to the Belt and Road Initiative, with a combined value of RMB118.39 billion.



Key Practices of Shenwan Hongyuan in the Joint Pursuit of the High-quality Cooperation under the Belt and Road Initiative

Supporting the development of the Xinjiang

- We leveraged our advantages in Xinjiang and facilitated the entry of Xinjiang-based enterprises into the capital market. We created new business models, such as "insurance + futures", to support traditional industries and enterprises in Xinjiang to enhance risk management.
- In 2023, Shenwan Hongyuan Financing Services played a crucial role in the successful IPO of Xinjiang Baodi Mining Co., Ltd. on the Main Board of the SSE and supported the M&A and reorganization of Chalkis Health Industry Co., Ltd. Shenwan Hongyuan Securities (Western) facilitated 24 bond financing projects for state-owned enterprises, such as Xinjiang Investment Development Group, with a total financing volume exceeding RMB14 billion, and continuously supervised eight Xinjiang-based enterprises listed on the NEEQ and actively promoted the establishment of the board for "specialized and sophisticated enterprises" in collaboration with local institutions such as the Xinjiang Equity Exchange.

Strengthening financing support for the Belt and Road Initiative

- In terms of equity financing, we encouraged cross-border financing and cross-border M&A projects implemented to serve the Belt and Road Initiative, thus promoting financial integration among BRI participants. In terms of debt financing, we actively undertook bond and Panda bond business related to the Belt and Road Initiative while enhancing our integrated collaboration with overseas subsidiaries to enhance the financial support role of key countries and regions along the Belt and Road.
- Between 2022 and 2023, Shenwan Hongyuan Securities underwrote three tranches of special corporate bonds regarding the Belt and Road Initiative, totaling RMB3 billion, for Chongqing Airport Development Investment Group Co., Ltd. (referred to as "Chongqing Airport Investment Company") on the SZSE and SSE. Chongqing Airport Investment Company stands as a core enterprise actively championing the Belt and Road Initiative in Chongqing.

Advancing BRI-related project investment

- We strengthened our collaboration with government platforms or key enterprises in core cities under the Belt and Road Initiative, enhanced support for key sectors and projects, and facilitated the involvement of real businesses in the BRI-related investment and development and related arrangements in countries along the Belt and Road.
- In 2023, Shenyin & Wanguo Alternative Investment concentrated on the fields such as smart driving and intelligent ore dressing, participating in equity investment projects of EACON and Good Friend Technology. Shenyin & Wanguo Investment had invested in ten equity projects in the BRI regions, providing a combined financial support of RMB249 million for relevant enterprises.

Actively exploring innovative service means for the Belt and Road Initiative

- We strengthened internal business collaboration and actively expanded a diverse range of financial services, such as custody services, block trading, and commodity hedging.
- We expedited the development of cross-border wealth management services to assist customers from BRI participating countries in expanding their global asset allocation channels and improving the security of cross-border investments.
- We leveraged our expertise in derivatives and futures business to offer financial risk management solutions to futures and commodity over-the-counter options hedging, etc.
- We actively carried out strategic cooperation with overseas institutions and intensified our services for BRI-related institutional investors.

Proactively enhancing BRI-related research

- We strengthened fundamental research on the Belt and Road Initiative and gave active play to the expertise of "specialized think tanks" to provide intellectual support for diverse BRI-related financial activities, overseas investments, and M&A projects.
- In October 2023, SWS Research published a Belt and Road Initiative white paper titled *Ten Years of Belt and Road, Century of Reshaping*, offering detailed insights into the development opportunities presented by the Belt and Road Initiative for various industries and its transformative impact on the global industrial chain.



Shenwan Hongyuan Securities held the "Shenwan Hongyuan 2023 Xinjiang Energy Development and Belt and Road Initiative Capital Forum"

In July 2023, Shenwan Hongyuan Securities organized the "Shenwan Hongyuan 2023 Xinjiang Energy Development and Belt and Road Initiative Capital Forum" in Urumqi, Xinjiang, attended by approximately 300 participants from the energy industry and investment sector.

The forum revolved around various topics, including strategies for Xinjiang's energy development, the advantages of and opportunities for Xinjiang's energy industry, investment opportunities in Xinjiang's energy market, the latest round of reforms of the electric power system, the development of new energy, carbon trading, and carbon finance. The forum was strongly supported by the Financial Regulatory Administration of Xinjiang Uyghur Autonomous Region and the Development and Reform Commission of Xinjiang Uyghur Autonomous Region.



Shenwan Hongyuan 2023 Xinjiang Energy Development and Belt and Road Initiative Capital Forum

# Pursuing Progress while Ensuring Stability

## Providing High-Quality Financial Services

The development goal of building China into a country strong in finance has put forward higher requirements for professional capabilities, basic functions and service capacity of the financial industry. To work faster to building China into a country strong in finance, we need to comprehensively strengthen financial supervision, improve the financial system, optimize financial services, and prevent and defuse risks.

In 2023, we continuously improved the efficiency and level of financial services, improved customer service quality, resolutely prevented and tackled major financial risks, and further enhanced investor education.

### Key issues in this chapter

- Providing quality products and services
- Protecting customers' rights and interests
- Investor education



## Optimizing financial services

Based on the customer-centric operation principle, we provided professional and personalized financial products for governments, enterprises, and individual customers, developed a sound customer service system, strengthened the capacity, and improved the quality and efficiency of customer service.

According to the types of customers, we conducted hierarchical and classified management, established a service system for major accounts, and managed investment institutions, government and corporate customers, and retail customers in a classified and detailed manner.

### Key Practices of Shenwan Hongyuan in "Improving Customer Services" in 2023

Hierarchical and classified management	Description
Major accounts (strategic customers and core customers)	<ul style="list-style-type: none"> <li>• We improved the service system for key accounts and implemented the "1+1+1+X" customer manager accountability system for strategic customers. Specifically, each strategic customer is provided with integrated financial services by a chief customer manager, a strategic customer manager, a customer relationship manager, and, if necessary, a team consisting of several professional product managers.</li> <li>• We established a professional key accounts training system called "Rongjin School" to cultivate key account managers and enhance relevant service capacity.</li> </ul>
Classified and detailed management	<p>For investment institutions</p> <ul style="list-style-type: none"> <li>• We set up a wealth management platform for institutions to improve investment institutions' use experience in asset allocation and investment consultation.</li> <li>• We carried out more than 40 medium-sized and large conferences or events, three large joint surveys, and over 10 small and medium-sized surveys, organized 17 teams of analysts to hold overseas roadshows, and carried out more customer service activities in different industries and fields.</li> <li>• We formulated "Management Details on Sales Services for Institutional Customers and Core Customers of the Headquarters" and "Regulations on Hierarchical and Classified Services for Institutional Customers and Customers of the Headquarters" to ensure that institutional customers' demands can be satisfied promptly by designating sales personnel to serve relevant core customers.</li> </ul>
	<p>For government and corporate customers</p> <ul style="list-style-type: none"> <li>• Established a customer classification and tier management system for the Group Company in conjunction with Shenwan Hongyuan Securities, forging an integrated financial service system centered around the customer. Leveraging the professional strengths of "Research + Investment + Investment Banking", we provide comprehensive and all-around financial services to our clients.</li> </ul> <p>For retail customers</p> <ul style="list-style-type: none"> <li>• Provided high-quality products and services, successfully hosting the first-ever Shenwan Hongyuan ETF Competition, attracting over ten thousand participating clients and more than a thousand participating employees. With meticulous planning, two branded columns, "Weekly ETF Report" and "Mastering ETF Journey," were launched, delivering nearly 30 live broadcasts of premium content in weekly installments. The most popular broadcast garnered a peak viewership of 110,000 views per session, cumulatively serving over one million clients.</li> <li>• Actively implemented deep reform measures of the Beijing Stock Exchange (BSE), effectively promoting rapid growth in brokerage services for the BSE.</li> <li>• Proactively explored the application of artificial intelligence (AI) in retail customer service to enhance the customer experience and efficiency of service delivery.</li> </ul>



The People's Government of Liaoning Province signs a strategic cooperation agreement with Shenwan Hongyuan Securities



Shenwan Hongyuan's "Rongjin School"



Shenwan Hongyuan Securities signs a strategic cooperation agreement with the Bank of Xinjiang

Additionally, we made solid efforts in customer communication and feedback, ensured that channels are fully open for customer communication, kept improving the management mechanisms for customer complaints, effectively solved customers' practical problems, and increased customer satisfaction.

Customer communication channels

- We set up online and offline communication channels such as customer service hotline 95523, online customer service, email and branch offices to directly handle customer complaints.
- We set up communication platforms such as the "Petitions and Complaints Reception Day" and the "Dispute Mediation Room" at the investor education bases.

Customer complaint mechanism

- We formulated and issued the *Guidelines on Handling Investor Complaints* and other relevant policies to establish a sound mechanism for handling investor complaints at different levels and standardize the complaint handling procedures.
- We set up an inter-departmental working group on investor complaint handling. It is responsible for providing guidance on handling investor complaints.

In terms of customer satisfaction surveys, the company has established a comprehensive and robust customer satisfaction survey system, focusing on overall company services and services provided by customer managers. Surveys are conducted through multiple channels, including the App, PC platform, and WeChat. In 2023, the results of the company's customer satisfaction survey indicated that 88.64% of respondents rated the overall company services as "Satisfied" or "Very Satisfied". The scope of this survey encompassed existing clients who were approached for follow-up visits. In the future, the Company will take several measures, including strengthening digital finance, optimizing product offerings, innovating financing methods, building tiered service structures, and refining evaluation systems, to create a wealth management system with investment advisory capabilities and brand building at its core competitive edge, aiming to further enhance customer satisfaction.

Contributing to preventing and defusing financial risks

Finance is crucial to the security of the country's economy and development. As a state-owned financial institution, we always fulfill the political responsibility for preventing and defusing major risks. In accordance with the CPC Central Committee's fundamental principles of maintaining overall stability, ensuring coordination, implementing category-based policies, and defusing risks through targeted efforts, we made solid gains in the battle against major financial risks, dealt prudently with the risks, combined innovation awareness and prevention mechanisms, focused on prudent operation, and kept increasing resilience in our development.

Key Practices of Shenwan Hongyuan in Preventing and Defusing Financial Risks

Building capacity for managing internal risks

- We continued to strengthen self-discipline, firmly seized the strategic initiative when preventing and defusing major risks, kept abreast of the macro situation and market developments during operation and management, kept improving the systems for risk identification, evaluation, monitoring, and early warning, improved the capacity for predicting and tackling financial risks, effectively controlled risks in key areas, and ensured that no major risks arise. (See the section of "Comprehensive risk management" under "Corporate Governance Issues" for details)

Preventing and defusing risks of financial business

- We vigorously served as the "gatekeeper" for the capital market, integrated compliant and prudent operations into customer service, built a strong and effective shield against fraud and cheating in the capital market, and contributed to the all-round improvement of the capital market ecosystem and the circumstances for protecting investors. (See the sections "Protecting investors' rights and interests" and "Social Issues- Protecting customers' rights and interests" for details)
- By utilizing futures and OTC derivatives, we provided other enterprises and various investors with risk management approaches and risk mitigation methods, promoting regional development, ensuring stable supplies and prices, and guarantying the security of customers' assets and capital.



Hongyuan Futures adopts a full range of measures to provide risk management services for customers

In 2023, Hongyuan Futures gave full play to its professional advantages of futures derivatives and actively served customers' risk management by using financial instruments such as hedging instruments, OTC options, basis trading with embedded options.

- Utilizing hedging instruments to effectively prevent risks: Hongyuan Futures seized the opportunity of the launch of industrial silicon products to provide leading new energy enterprises such as the TBEA and the Trina Solar with hedging plans and business training and help the enterprises avoid risks.
- Utilizing OTC options to provide enterprises with risk management services: Hongyuan Futures provided soybean industry customers with OTC option strategies, such as call options, put options, and vanilla option combinations, and achieved cooperation 10 times. It provided the accumulator service for a grain and oil processing enterprise and helped the enterprise control costs and increase the integrated hedging income.
- Offering risk management services through basis trading with embedded options: Hongyuan Futures provided price-risk management services for Chinese pure terephthalic acid (PTA) manufacturers and risk management services for asphalt manufacturers by option trading.

**Shenwan Zhifu utilizes financial instruments to provide price risk protection for new types of agricultural entities and micro, small, and medium-sized agricultural enterprises**

In 2023, Shenyin Wanguo Zhifu Investment Co., Ltd. ("Shenwan ZhiFu"), a risk subsidiary of Shenwan Futures, based on the futures market's price discovery and hedging function, used derivative instruments, such as futures and options to provide price risk protection for new types of agricultural entities and micro, small, and medium-sized agricultural enterprises in terms of production and operation. Shenwan Zhifu guided soybean enterprises to purchase soybeans from farmers with various pricing methods, such as buyout price, spot pricing with basis, and option spot pricing. The total purchasing and sales amount reached 122,000 tons, with a value of RMB656 million. This is a powerful measure we adopted to serve the real economy through futures and to prevent and defuse financial risks in response to the call of the state.

## Protecting investors' rights and interests

Protecting the legitimate rights and interests of small and medium-sized investors is an important manifestation of a people-centered capital market and an important foundation for its sustainable and sound development. Attaching great importance to protecting investors' rights and interests, we established an investor education mode featuring "coordination of headquarters and branches, combination of online and offline channels, and collaboration between the Company and external organizations", and created a "1+N" matrix (one investor education base at the national level, N investor education bases at the provincial level, and branches' investor education stations across the country) for investor protection by relying on the state-level investor education base in Shanghai.

In 2023, we carried out a wide variety of investor education events, kept advancing the building and operation of "1+N" investor education bases, continued to push for inclusion of investor education in the national education system, created innovative communication channels for investor education, and made original products for investor education. By doing so, we provided investors with "useful" knowledge, carried out "unforgettable" events, and cemented the foundation for protecting investors' legitimate rights and interests with high-quality investor education.

### Key Practices of Shenwan Hongyuan in Investor Education in 2023

#### Events themed on investor education

- Centering around major reforms and regulatory concerns in the capital market such as the "registration-based IPO regime" and "preventing and defusing illegal financial activities", we carried out 2,494 investor education events for individuals and households, covering a total of 4,989,324 small and medium-sized investors.
- Themed on "Embracing Registration-based IPO Regime and Sharing in the Fruits of High-quality Development" of the Shanghai Stock Exchange, "Forge Ahead with Enterprise and Fortitude and Embarking on a New Journey for Investor Education Services" of the Shenzhen Stock Exchange, and "Interacting with Investors" of the Beijing Stock Exchange, we conducted 216 special events for investor education, involving 141,564 investors.

#### Promoting the building and operation of investor education bases

- We initially formed a centrally-managed "1+N" matrix of investor education bases, each of which has its own characteristics, and promoted investor education based on regional cultures.
- At the investor education bases, we used intelligent scientific and technological means such as facial recognition, voice interaction, touch technology, and demonstration projection to make complicated financial knowledge simple and interesting, guiding visitors to experience interactive scenarios integrating playing, learning, and testing.
- We explored ways to establish an investor education base featuring metaverse, create a digital human "Xiao Zhu Ge" by combining digital finance elements with the virtual IP, and make the investor education experience more intelligent and more targeted.

#### Striving to make investor education included in the national education system

- In collaboration with renowned financial literacy educational institutions, we developed financial literacy courses, such as "If Wealth Is a Mountain" and "Secrets of the Money Kingdom", for primary and secondary school students, organized 15 investor education events in primary and secondary schools, and educated a total of 1,071 students with basic financial knowledge.
- Cooperating with 68 colleges and universities, including Fudan University, Shanghai Ocean University, and Xinjiang University, we organized 259 investor education events in colleges and universities for more than 31,000 college students, and opened relevant theory and practice courses to improve students' capacity for investment and wealth management.

#### Creating new communication channels for investor education

- We developed investor education mode by embracing new media channels and created a Douyin account called "Shenwan Hongyuan Securities' Investor Education Base" to further meet young investors' demands for relevant knowledge.
- In 2023, we uploaded nearly 150 contagious and interesting videos featuring innovation to Douyin, and the videos have been viewed more than 19 million times.

#### Creating original products for investor education

- We moved with the times to establish a content system, kept abreast of hot topics, and created a series of creative videos concerning rational investment, value investing, and long-term investment.
- By the end of 2023, we created 687 original products for investor education, covering 38,672,134 investors.



**Empowering diversified innovative investor education modes by science and technology**

Adhering to the philosophy of "creating simple finance with science and technology and empowering intelligent investor education with innovations", we, based on sci-tech methods combining "Smart Finance" with "Public Investor Education", developed investor education featuring scenarios and provided personalized services.

- At investor education bases, an investor's key information, such as investment preference and trading habits, can be input in an intelligent system in the customer portrait area with the help of voice recognition technology, thereby generating a tailored report on the classified investor portrait and guiding the investor to learn relevant knowledge in the related learning areas.
- We explored ways to build a metaverse investor education base that provides immersive experience integrating voice, vision, playing, learning, and testing, and offers online inclusive services online to enables investors to take VR tours at home.
- We publicized electronic investor education venues across the country, intensively demonstrated the events carried out by branches, released outstanding products, made more investors covered, and enabled more small and medium-sized investors to get access to information on professional investor education.



An electronic investor education venue called "investor education station"



A metaverse investor education base

**In 2023, we won awards for its investor education:**

- The Shanghai National Investor Education Base was graded as "excellence" by the China Securities Regulatory Commission (CSRC) in the 2022-2023 assessment of securities and futures investor education bases in China.
- The "The Professional under the Registration-Based IPO Regime" was broadcast during the joint event of excellent investor education products on the "515 National Investor Protection Publicity Day" and won the Excellent Planning and Innovation Award issued by the Securities Times
- We participated in an evaluation activity called "The Simplest Finance". "Read Listed Company Reports under Investment Adventure", a series of "Great Financial Detectives", "Tales of IPO under Godfather", and "Automatic Investment Plan for Funds under Financial Monopoly" won the Gold Award, the Best Investor Education Program Award, and the Popularity Award issued by the Yicai.
- We won the Best Organizer Award of the 2023 Investor Rights and Interests Knowledge Quiz, "Shareholders Are Here", issued by China Securities Investor Services Center.

# Being Result-oriented and Innovative

## Developing a Sustainable Development Ecosystem

In recent years, the external effects of climatic, environmental and ecological issues have become evident at a faster pace, and the global consensus on sustainable development has continued to grow.

We actively developed a sustainable development ecosystem, established a climate change management framework and actively responded to climate change. We promoted responsible investment practices, pressed ahead with the rural revitalization strategy, helped consolidate the achievements in poverty alleviation and the effective implementation of rural revitalization initiatives, and promoted the green, low-carbon, and sustainable development of the economy and society on all fronts and at multiple levels.

**Key issues in this chapter**

- Responding to climate change
- Devoting to responsible investment
- Contributing to rural revitalization



## Responding to climate change

### Climate change management system

The Company resolutely implemented the national strategic plans for responding to climate changes to achieve the goals of "Carbon Peaking, Carbon Neutrality". With reference to the disclosure framework and suggestions of the *IFRS Sustainability Disclosure Standard: Climate-related Disclosures (IFRS S2)*, we established a climate change management framework that integrates "governance, strategy, risk management, metrics and targets" to actively respond to climate changes.

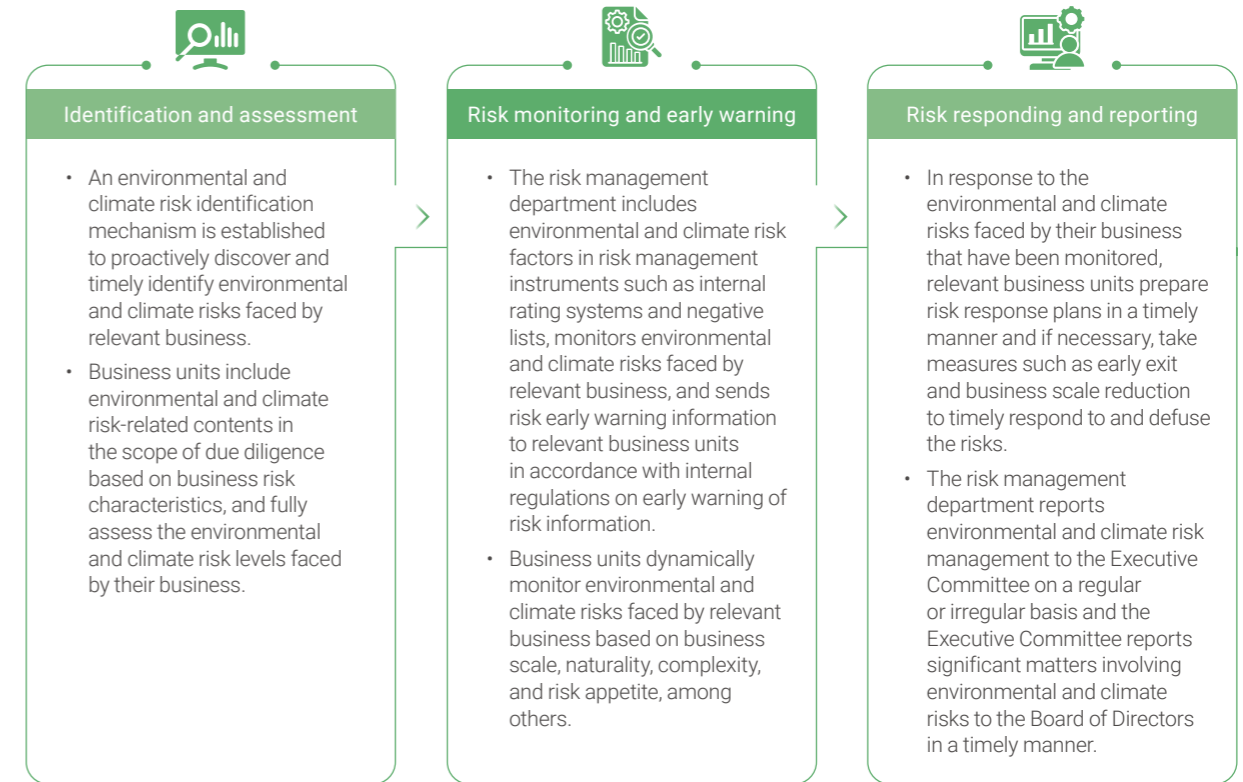
#### Shenwan Hongyuan's Climate Change Management System



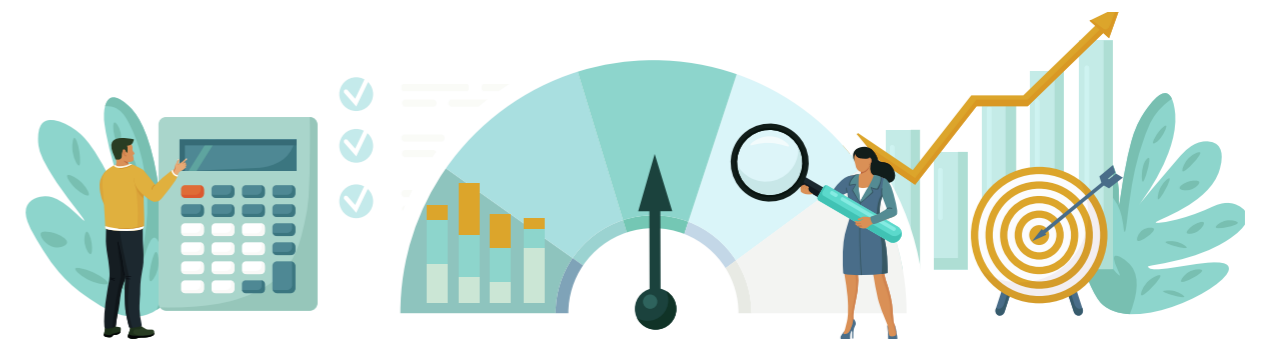
## Climate-related risks and opportunities

In order to better cope with the risks brought about by climate change and seize climate change-related opportunities, we included climate change in the *ESG Management Enhancement Action Plan 2.0 of Shenwan Hongyuan*. The Company established climate-related risk and opportunity management procedures in 2023. In its climate change risk identification and assessment, The Company identified types of risks and opportunities that have a substantial impact on corporate operations and business and assessed the potential impact of relevant risks and opportunities, taking macro policies and peer benchmarking analysis into comprehensive consideration and based on the advice of internal and external experts.

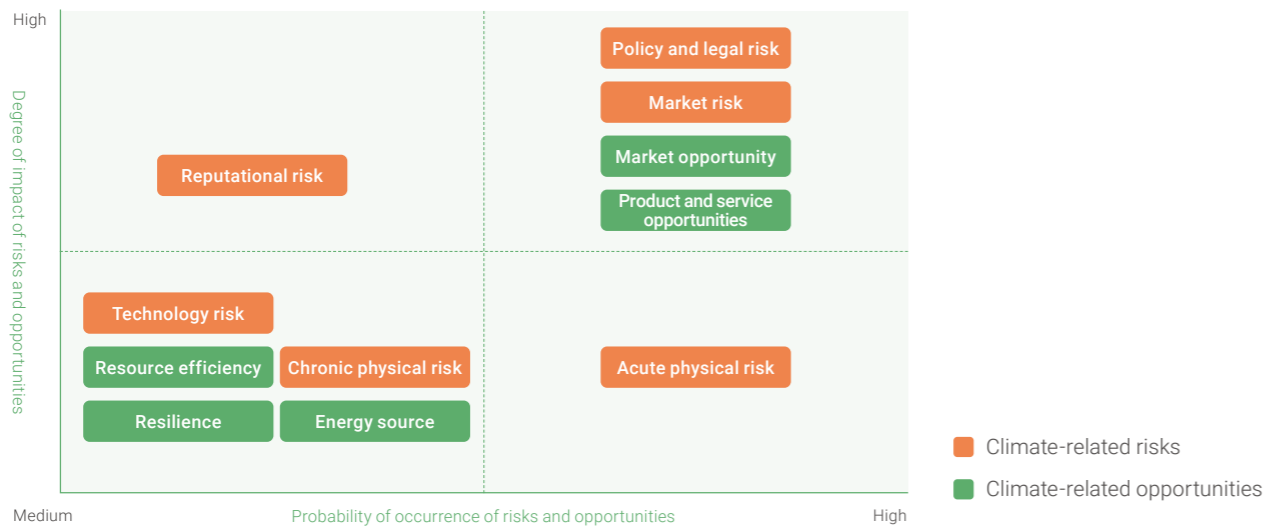
#### Shenwan Hongyuan's Climate-related Risk Management Procedures



In 2023, we carried out climate-related risk identification, assessment, and analysis. With reference to the classification and definition of climate risk by external authoritative organizations, we sorted climate change-related risks and opportunities and formed a materiality matrix of climate-related risks and opportunities, confirming that policy and legal risks, market risk, as well as market opportunities, products and services are our highly material climate-related risks and opportunities.



Shenwan Hongyuan's Materiality Matrix of Climate-related Risks and Opportunities



Potential Financial Impact of Highly Material Climate Risks and Opportunities

Risks and opportunities	Description	Potential financial impact	Range of impact <sup>1</sup>
Policy and legal risk	<ul style="list-style-type: none"> <li>The continual implementation of "Carbon Peaking, Carbon Neutrality" strategy imposes more stringent requirements on financial enterprises' climate-related information disclosure and launch of sustainable financial products.</li> <li>With the introduction of state policies on environmental protection for "two surpluses and one high" and other target industries, once relevant policies increasingly tighten in the future, business disqualification, non-compliance, penalty or lawsuit of or against investees or customers may occur due to failure to meet the policy and regulatory requirements.</li> </ul>	Increase in operating costs Decrease in operating revenue Decrease in investment portfolio value	Short term, medium term, and long term
Market risk	<ul style="list-style-type: none"> <li>The transition to a low-carbon economy will affect the supply and demand structure in the market, causing risks such as reduced demand for high-carbon products and services, stranded brown assets, and issuer defaults. This will lead to a decline in customers' solvency or a deterioration in the operating conditions of investees, thereby affecting our financial business.</li> </ul>	Decrease in operating revenue Decrease in investment portfolio value	Short term, medium term, and long term
Market opportunity	<ul style="list-style-type: none"> <li>With the introduction of relevant policies and standards such as green finance, China's green finance has ushered in a new round of development opportunities. We have timely strengthened the top-level design of green finance and expanded the presence of related investment and financing business as well as carbon finance business in line with the market development trend of green finance, and the above efforts are conducive to increasing the income generated from green finance business.</li> </ul>	Increase in operating revenue Increase in investment portfolio value	Short term and medium term
Product and service opportunity	<ul style="list-style-type: none"> <li>Regarding climate investment and financing and carbon finance, China has issued relevant policies including the <i>Notice of the Pilot Work on Climate Investment and Financing</i> and the <i>Interim Regulations on the Management of Carbon Emissions Trading</i>, creating greater orderly development space for climate-related investment and financing and carbon finance business. If we seize opportunities in climate-related products and services to actively carry out climate-related research, consulting and investment and financing business, and use our qualifications to participate in carbon trading, there will be greater development opportunities for our green finance business.</li> </ul>	Increase in operating revenue Increase in investment portfolio value	Short term and medium term

Note 1: Short-term: 0 to 3 years, Medium-term: 3 to 5 years, Long-term: 5 to 10 years

Climate-related strategies and actions

In response to the identified climate-related risks and opportunities, we have actively developed climate-related strategies and taken actions based on green operations and green finance to further address climate-related risks and better seize climate-related opportunities.

Formulation of green finance strategies

- We included issues such as climate change response in the *Shenwan Hongyuan Action Plan for Further Enhancing the Ability to Serve National Strategies*, and to set quantitative indicators and development goals for "serving green development" in the appraisal indicators, persistently implemented green finance business practices (see "Serving the development of Five Financial Aspects" for details), and gradually increased the scale of green finance business.

Creation of an integrated service system for carbon finance

- We created an integrated service system for carbon finance focused on "research, products, financing, investment, trading, cross-border and risk control" and formulated an action plan to serve the national strategy for "Carbon Peaking, Carbon Neutrality".
- By relying on our qualifications for proprietary participation in carbon emissions trading and prioritizing the proprietary carbon emissions trading business, we actively expanded the carbon trading business, facilitated the formation of a carbon finance business model with Shenwan characteristics, and use market mechanisms to cope with climate changes.

Establishment of a sound climate risk management system

- We kept working to establish a system for climate change risk and opportunity management. In 2023, Shenwan Hongyuan Securities formulated the *Measures of Shenwan Hongyuan Securities Co., Ltd. for Environmental and Climate Risks Management (Trial)* and established management procedures for climate-related risks and opportunities, requiring relevant business units to closely monitor the climate-related risk management of investees and customers, and promoting the inclusion of climate-related factors in the risk management procedures of investment and financing business.
- We continued to closely track environment/climate-related policy trends, strengthened the risk analysis, judgment and early warning under the "Carbon Peaking, Carbon Neutrality" strategy, and urged relevant organizations to forestall business risks effectively. In 2023, the Company conducted a review and special research of its "Carbon Peaking, Carbon Neutrality" policy, and worked out the report *Implementation Progress and Impact of the "Carbon Peaking, Carbon Neutrality" Policy*, and organized training on the "Carbon Peaking, Carbon Neutrality" policy for frontline risk management personnel to effectively forestall business risks that may arise from the implementation of the "Carbon Peaking, Carbon Neutrality" policy.

Implementation of green and low-carbon operations

- We actively carried out green and low-carbon office practices and planned to take measures such as replacement with green and clean energy and digital transformation of energy applications in the future.
- We developed emergency response standards to properly address extreme weather events.

## Devoting to responsible investment

We actively practiced the concept of responsible investment, incorporating environmental, social, and governance (ESG) as well as other relevant factors in investment decision-making, committing to obtaining investment returns while improving the environmental and social benefits of investment activity and promoting the sustainable and high-quality development of society and the economy.

Our investment business units and subsidiaries fully fulfilled requirements on responsible investment in their investment business, incorporated the concept of responsible investment in the formulation of relevant regulatory guidelines, set up dedicated job positions to manage ESG-related matters, and effectively improved the responsible investment-related capabilities of investment researchers by organizing ESG-related training.

In terms of the application of responsible investment strategies, we continued to promote the full applications of screening, ESG integration, thematic investment, impact investment and active ownership strategies by relevant business lines and subsidiaries in business such as fixed income investment, equity investment, and private equity investment to implement ESG risk management of investee assets. For example, Shenwan Hongyuan Asset Management included responsible investment in the *Action Plan of Shenwan Hongyuan Securities Asset Management Co., Ltd. for Serving National Strategies (2023)*, which clarified that investment departments should develop ESG investment strategies, appropriately incorporate ESG-related considerations in the investment process, and carry out ESG investment phase by phase. In our asset management (asset management business), responsible investment strategies were applied to a scale of RMB6.88 billion in 2023, accounting for 2.22% of the corresponding total asset management scale.

### Shenwan Hongyuan's Applications of Responsible Investment Strategies

Responsible investment strategies	Equity investment	Fixed income investment	Private equity investment
Screening	✓	✓	✓
ESG integration	✓	✓	-
Thematic investment	✓	✓	✓
Impact investment	-	✓	-
Active ownership	✓	-	-

In our fixed income investment business invested with our own funds, Shenwan Hongyuan Securities set up a dedicated job position in its credit research team to manage and coordinate ESG-related matters, and incorporated responsible investment-related practices into the duties of the industrial investment research team. In specific operations, the credit research team was responsible for incorporating ESG in the credit analysis framework and for industry and investee asset access and post-investment management. The investment team selected investee assets that comply with departmental ESG investment strategies and at the same time fulfilled the Company's relevant appraisal requirements for ESG investment.



### Shenwan Hongyuan Securities includes ESG assessment in its credit rating system

In its fixed income investment business conducted with its own funds, credit research team embedded ESG assessment into the fundamental investment research framework and incorporated ESG scores in valuation models and investment decision-making, continuously tracking them in the pre-investment and post-investment procedures. If the ESG score of an entity is too low, the entity will be subject to restrictions or limit management in the credit database-entry, with which we aimed to get a better investment decision-making.

ESG assessment mainly focuses on environmental, social, and governance aspects. Moreover, indicators related to ESG policies will be selected based on industrial nature to form ESG-relevant policy intensity factors. At the level of issue assessment, based on industrial business characteristics, the assessment weights of different industries in ESG-relevant issues differ on the principle of reflecting the substantial impact on business operations. For example, Shenwan Hongyuan Securities, as a non-banking financial institution, attaches more importance to product responsibility and labor management at the social level, while the weights are relatively low in the environmental dimension, including pollutant management, environmental management, and biodiversity management. However, for manufacturing enterprises, the weights in the environmental dimension is much higher.

Additionally, in fixed income investment practices conducted with self-owned funds, relevant business departments further introduced business development restrictions on investment in fields with high ESG risks such as coal, unconventional oil and natural gas, clarifying that only if relevant industry policies including the *Guidance Catalogue for Adjustment of Industrial Structure (2019 Version)* and the *Petrochemical Industry Planning and Layout Scheme* are followed and relevant standards and requirements are met in terms of workplace safety, environmental protection, and energy consumption, among other aspects, may a business permit be granted.

As a signatory of the United Nations-backed Principles for Responsible Investment (UN PRI), SWS MU, a subsidiary of Shenwan Hongyuan Securities, was committed to integrating the philosophy of responsible investment into its investment research system in an all-round way following the PRI requirements. It formulated the *Measures for ESG Investment Management* and set up a management framework for responsible investment. Its ESG Committee has an ESG Working Group responsible for implementing the specific ESG work. Moreover, a "six-in-one" ESG investment procedure was established.



### SWS MU's "six-in-one" ESG investment procedure

- Formulation of sustainability strategies: By establishing sustainable investment strategies and related standards, SWS MU excludes industries and stocks that do not meet ESG standards.
- Industrial and individual stock analysis: In equity investment, SWS MU includes important ESG factors in the processes of industry research and individual stock selection. Coupled with the self-built ESG model and third-party databases, industry analysts collaborate with the ESG team to conduct in-depth research on issues related to corporate governance, environment and society, giving comprehensive consideration to the possible impact of ESG factors on SWS MU's finance and valuation.
- Portfolio management: The ESG team monitors the ESG risk exposure and rating changes of investment portfolios on a quarterly basis and reports to the fund managers who will adjust the portfolio weights accordingly.
- Risk management: In the monitoring over the overall ESG status and risk exposures of portfolios, SWS MU monitors ESG risks, changes in ESG ratings and any ESG disputes.
- Corporate communication: SWS MU applies an active ownership strategy to proactively communicate with listed companies on their ESG risks and opportunities.
- Regular tracking and reporting: SWS MU reports its annual progress in responsible investment to customers and the PRI on an annual basis.



**Organizing ESG investment training**

In December 2023, the FICC credit research team of Shenwan Hongyuan Securities provided ESG investment research training for 170 people from the department. The training topics covered ESG functions, impacts, and practices, etc. In addition, the department's relevant ESG research results were also shared with a number of investment advisory business customers in roadshows, covering more than 100 customers.



ESG investment research training

**Contributing to rural revitalization**

As a state-owned financial enterprise with "belief and responsibility", we actively implement the national strategy of rural revitalization, established an organizational framework consisting of the Leading Group on Assistance, the Working Group on Assistance and the Assistance Office, and developed regulatory guidelines, such as the *Secondment Management Measures of Shenwan Hongyuan for Paired Assistance and Fund and Project Management Measures of Shenwan Hongyuan for Paired Assistance*, and *Management Measures of Shenwan Hongyuan for Assistance through Consumption*, so as to consolidate the achievements in poverty alleviation and ensure the effective implementation of rural revitalization initiatives.

In 2023, we upgraded our existing "1+2+N" assistance model into a "1+2+3+4+N" framework for rural revitalization. In practice, focusing on assistance through industries, financial services, education, and consumption, we aided in the rural revitalization of the assisted regions on all fronts, such as Huining County in Gansu Province and Makit County in Xinjiang.

“1+2+3+4+N” Rural Revitalization Model



As the leading unit responsible for providing paired assistance to Huining County in Gansu Province, we actively carried out assistance work in the region. By introducing "Anti-back-to-Poverty Comprehensive Insurance", increasing educational assistance, and focusing on healthcare assistance, we consolidated the achievements in poverty alleviation. Moreover, we were fully committed to working for achieving the five major goals for rural revitalization outlined in the "Huining Plan", aiming to advance rural revitalization on all fronts.

Key Practices in Aiding Huining County in "Consolidating Achievements in Poverty Alleviation" in 2023

Component	Description
Implementing the "Anti-back-to-Poverty Comprehensive Insurance" project	We invested RMB6.6 million in the "Anti-back-to-Poverty Comprehensive Insurance" project in Huining, covering all registered impoverished households, as well as those teetering on the brink of poverty. This initiative benefited over 170,000 individuals. Throughout the year, we processed 2,075 cases regarding the "Anti-back-to-Poverty Comprehensive Insurance", paying out more than RMB6 million.
Continuing to increase educational assistance	In collaboration with CICC, we invested RMB3.2 million in the construction of Huining County 11th Kindergarten and the experimental classrooms of Huining No.1 Middle School. Additionally, we allocated RMB900,000 for a range of projects in Huining County, such as "Hand in Hand" and "Shenwan Hongyuan Class", organized study tours to Beijing and Shanghai for outstanding students and allocated RMB640,000 for the free breakfast egg project for high school students.
Focusing on assisting with healthcare development	We earmarked RMB4 million for the construction of operational buildings at township healthcare centers and the procurement of medical equipment and medication. Through the cooperative project, Angel Project: Rural Medical Service Capability Enhancement, we successfully delivered digital diagnostic kits and empowerment training to 52 doctors in rural areas and established "Health Huts" in three administrative villages.

Key Practices in Aiding Huining County in "Promoting Rural Revitalization on All Fronts" in 2023

Component	Description
Industrial revitalization	We continued to press ahead with projects such as the construction of the mutton sheep industrial base and completed the drought-resistant emergency water source project for growing watermelons, established the China Investment-Huining Industrial Development Circular Fund and advanced the development of supporting industrial facilities. In 2023, we invested a total of RMB15.59 million in creating jobs for 1,165 individuals and increasing their income by more than RMB10 million.
Ecological revitalization	We invested a total of RMB2.5 million in planting carbon sink woods and actively supported Huining County's efforts for the development of carbon sequestration rights. This initiative not only advanced ecological development across the county but also ensured income stability for farmers.
Talent revitalization	We invested a total of RMB500,000 in talent revitalization in Huining County, providing in-depth training for 1,925 current and newly appointed officials, new public servants, and selected graduates and trained 1,080 leaders in rural revitalization and 4,752 technical professionals.
Cultural revitalization	We invested a total of RMB300,000 to develop the "Qingjiangyi · Art Village", a project launched to develop a distinctive brand for rural cultural tourism, and explored methods for artistic deep processing agricultural produce and by-products in Huining.
Organizational revitalization	We invested RMB1 million in completing the building of the Digital Huining Community-Level Service Platform, allowing unified management of the county through a grid organization and management model.

With respect to our assistance efforts in Xinjiang, in 2023, we implemented a range of assistance projects such as advanced demonstration village construction, established the "Shenwan Hongyuan Education Fund" and the "Shenwan Hongyuan Yingye'er Village: Medical Journey with Me" Fund, and implemented "agricultural produce + insurance + futures" projects in several counties and cities in Xinjiang, including Maralbexi, Jeminay, Makit, and Tekes counties. These efforts further helped the assisted regions in Xinjiang consolidate their achievements in poverty alleviation, promoted orderly connection in rural revitalization, and contributed greatly to the economic growth and people's well-being in rural areas.

Hongyuan Futures Facilitated Xinjiang's Rural Revitalization on All Fronts

In 2023, Hongyuan Futures signed agreements with several counties in Xinjiang, including Jeminay, Makit, Habahe, Maralbexi, and Payzawat counties for offering paired assistance, established a long-term paired assistance mechanism, initiated the "insurance + futures" projects for jujube and cotton, invested assistance funds to improve local infrastructure, supported entrepreneurship and employment assistance projects, helped disadvantaged residents pay for pension insurance, and purchased specialty produce.

In terms of assistance in Bu'er Hesitai Village, Jeminay County, Hongyuan Futures invested multiple assistance funds in the renovation of the village's base and enhancement of local infrastructure. It also aided local agricultural and animal husbandry industries in scaling up animal husbandry and improving husbandry conditions. Furthermore, it supported the entrepreneurship and employment assistance projects initiated by local communities and the construction of the urban living space shared by local residents. These efforts further enhanced the functionality of community services.



The ceremony of donation by Hongyuan Futures to facilitate the rural revitalization of Wenminglu Community in Tuopu Tierke Town

"Full Lifecycle" Risk Management Empowered the Upgrading of the Jujube Industry in the Border Area

In 2023, Shenwan Futures established a new model of "insurance + futures + orders + banking + OTC options" based on the existing "insurance + futures" model, engaging various stakeholders, including banks, purchasing firms, and Shenwan Hongyuan Securities. The goal of the model was to provide jujube farmers with "full lifecycle" risk management services.

In addition to providing price insurance for jujube households in Makit County, Xinjiang, the Company introduced Makit Rural Credit Cooperative to offer agricultural loans to address the "jujube planting difficulties" faced by jujube farmers, engaged purchasing firms to launch order-based acquisition solutions, thereby tackling the "jujube sales difficulties", and granted call options to address the "difficulty in obtaining favorable prices", fully empowering the upgrading of local jujube industry.



The contract signing ceremony for the "insurance + futures" project for Makit jujube



A symposium on rural revitalization of Huining County in Gansu Province



Shenwan Hongyuan's symposium on its work in Makit County

Additionally, we laid emphasis on enhancing research on rural revitalization and industrial communication. By conducting field surveys in assisted areas, preparing regional economic reports, and collaborating with industry institutions to establish the "Capital Market Public Welfare Alliance", we contributed more insights and solutions from the capital market to support the implementation of the rural revitalization strategy.

So far, SWS Research has published a range of research findings, including *Leveraging Ecological Advantages: Exploring New Models of Rural Revitalization through Carbon Sequestration and Trading* and *Strengthening the Principal Business of Pome Fruit, Tapping into Ecological Value, and Exploring Digital Empowerment*. During our tenure as the inaugural rotating chair of the "Capital Market Public Welfare Alliance", we organized the "First China Capital Market Public Welfare Forum" and initiated the establishment of the first rural revitalization fund The Kubuqi Fund. These solid steps pooled the resources of the capital market for public welfare, fostered a robust culture of assistance, and contributed to rural revitalization.

- In 2023, we allocated a total of RMB43.461 million to areas receiving paired assistance and disaster-stricken regions for assistance. Specifically, RMB36.2 million was channeled into Huining, Gansu Province, RMB5.7 million into Xinjiang, and RMB1.561 million into other regions.
- In 2023, we issued a total of 11 rural revitalization bonds, with a total scale of RMB27.55 billion.

**Honors and awards we won in 2023 in rural revitalization and assistance**

- "Xinhua Net - National Rural Revitalization Excellent Case in 2023"
- "China Women's Development Foundation - Women's Public Welfare Contribution Unit in 2023"
- "China Rural Revitalization and Development Conference - Excellent Case of Rural Revitalization in China"
- "China Urban-Rural Financial News - Excellent Case of Supporting Rural Revitalization through Financial Services"
- "Capital Market Public Welfare Alliance - Advanced Collective for Rural Revitalization in 2023"
- "13th Philanthropy Festival - Contribution Award for Rural Revitalization in 2023"
- Hongyuan Futures won the "Publicity and Research Base for Comprehensively Promoting Rural Revitalization with Financial Services", the "2023 Advanced Organization for News and Publicity Reports in the Rural Financial System", and the "2023 Excellent Works Selection (Excellence Award)" from *China Rural Credit Cooperation News*.
- Shenwan Futures was awarded the "Best Rural Revitalization Service and Social Responsibility Public Welfare Award" by the *Futures Daily* and *Securities Times*.
- Shenwan Futures received the "Rural Revitalization Pioneer of the Year" award in the 2023 Capital Power Assessment by the Stock Star.



Shenwan Hongyuan was awarded the "National Rural Revitalization Excellent Case in 2023" by Xinhua Net.



Shenwan Hongyuan received the title "China Women's Development Foundation - Women's Public Welfare Contribution Unit in 2023".



Shenwan Futures was awarded the "Best Rural Revitalization Service and Social Responsibility Public Welfare Award".



Shenwan Futures won the "Rural Revitalization Pioneer of the Year" award.

## Being People-oriented Building a Tier-one Talent Team

As pointed out in the report of the Party's 20th National Congress, talent is our primary resource. We should comprehensively improve our ability to nurture talent at home, produce first-class innovators and attract the brightest minds from all over. We are dedicated to attracting talent with more efficient measures, training talent with broader mind, and supporting talent with more people-oriented policies.

In 2023, on the basis of our talent development strategy, we adhered to the philosophy of "emphasizing both moral integrity and professional competence, appointing people on their merits, and tapping full potential of talent", improved the talent recruitment system and promoted the system of classified talent training, and thus constantly gathered various excellent talents to contribute to the development of the Company.

**Key issues in this chapter**

- Talent attraction and retention
- Ensuring employee health and safety
- Enhancing employee care and benefit



## Stepping up talent attraction

Persisting in regarding talent as the cornerstone of development and source of innovation, we adhere to the philosophy of "emphasizing both moral integrity and professional competence, appointing people on their merits, and tapping full potential of talent", constantly improve the strategic plan for talent, and create a fair, equal, competitive, and merit-based institutional environment, so as to create a high-caliber talent team with both moral integrity and professional competence.

In 2023, based on our strategic plan, operation and management objectives, requirements for training and using talent, and actual needs of all units, as well as the *Sub-strategy of Shenwan Hongyuan for Talent Development (2021-2025)*, we actively promoted the "Three Programs" for human resources management, namely, Investment Research Top Talent Program, Integrated Financial Service Talent Program, and "Hui Chuang" Talent Development Program, so as to further strengthen the overall planning and top-level design for talent development, and to build a "fundraising, investment, management and withdrawal" full chain and a professional team for integrated financial services accommodating our needs for development.

Centering on our strategic directions, and oriented toward the needs for the development, transformation, and innovation of our business lines, we intensified our efforts to recruit skilled talents in such key lines as investment banking, derivatives, investment transactions, institutional sales, and financial technology. By doing so, we not only attracted sufficient high-quality talents for our development, but also effectively performed the practices of social responsibility such as ensuring stable employment and improving people's lives.

Meanwhile, we attached importance to the recruitment of young talents. Through forward-looking planning for talent arrangement, and by strengthening recruitment publicity toward key colleges and universities and college-enterprise collaboration, we increased our attraction to new college graduates and continuously deepened our brand influence.

### Key Activities and Achievements of Shenwan Hongyuan Securities for Attracting Talent in 2023

Component	Key activity
Recruitment publicity	We held the 2024 "Cloud" on-campus recruitment seminar of Shenwan Hongyuan, attracting over 600 students from 10 well-known domestic colleges and universities such as Tsinghua University, Peking University, and Fudan University.
	We held the 2024 camp-opening ceremony for summer vacation internship, an activity held on site and online synchronously in Beijing and Shanghai, involving leader address, introduction to summer vacation internship program, team theme activity, tea forum, and visit to our History Center, further enhancing the stickiness of on-campus recruitment.
College-enterprise collaboration	We paid visits to Fudan University, Shanghai Jiao Tong University, Nanjing University, Zhejiang University, Wuhan University, and other well-known universities and their departments, and signed relevant internship base agreements.
	We collaborated with the School of Economics of Zhejiang University to hold the "Face to Face with HR Directors" activity, giving one-to-one guidance in career to students, and held the theme lecture on "Plan to Regain Career".  In collaboration with the Shanghai Advanced Institute of Finance, Shanghai Jiao Tong University, we gave a series of courses in quantitative proprietary trading of securities traders, training over 180 persons.

In 2023, on the basis of the situation of the employment market and the control requirements for post establishment, we made steady progress in fulfilling annual regular and on-campus recruitment tasks. We continuously paid close attention to diversified employee recruitment, considering employee diversification factors in recruitment process to improve the structures of our employees such as that of genders and of ethnicity. Meanwhile, the Company extensively recruits excellent talent with different professional backgrounds such as information technology, mathematics, law, and finance, so as to implement the policy on attracting diversified talent.

- Shenwan Hongyuan Securities won "the Most Popular Employer" awarded by Antai College of Economics and Management, Shanghai Jiao Tong University, and the "Demonstration Internship Base" awarded by Peking University HSBC Business School, as well as such honorary titles as the "Excellence in HR Management Team" of the Employer Excellence of China for 2023, and the "2023 Employer Excellence of China".

## Empowering staff development

The Company keeps improving our talent development system, and systematically and effectively carry out various training and development tasks, aiming to provide strong ideological and political guarantee as well as talent and intellectual support for our high-quality development. To build a "learning-type" organization, we persist in carrying out company-wide key training in a hierarchical and classified manner, focusing on developing competence in politics, management and business operation, so as to comprehensively increase the quality of literacy of employees.

To keep expanding our training ecosystem, we carry out the talent training programs including "Starshine Program", "Venus Program" and "Morning Star Program". The training system of Shenwan Hongyuan Securities mainly includes "Sail-related" series of development programs and "Shenwan Hongyuan Lecture". Specifically, the "Sail-related" series of development programs include Flagship Program, Voyage Program and Sailing Program, and the "Shenwan Hongyuan Lecture" has developed into a "4 + 2 + N" comprehensive platform for business empowerment.

### Talent Training System of Shenwan Hongyuan

Target group	Program	Description
Cadres and Party members	"Centralized training class for the guiding principles of the Party's 20th National Congress" "Special program of the guiding principles of the Party's 20th National Congress"	<ul style="list-style-type: none"> <li>Studying and implementing the guiding principle of the Party's 20th National Congress, and intensifying political theory study</li> </ul>
Middle and senior management	"Starshine Program"	<ul style="list-style-type: none"> <li>Strengthening ideals, convictions and enhancing leadership</li> </ul>
	"Flagship Program"	<ul style="list-style-type: none"> <li>"World-class International Lecture" series of training</li> <li>Interpreting macro-economic situation</li> <li>Various courses organized by such higher-level units as the Organization Department of the Central Committee of the CPC, the Central Financial Work Commission, and China Investment Corporation</li> </ul>
Key staff and specialists	"Venus Program"	<ul style="list-style-type: none"> <li>Training in valuation-modeling practical operation skills relying on Chainshine Financial Training</li> </ul>
	"Voyage Program"	<ul style="list-style-type: none"> <li>Special training in boosting competence of personnel newly recruited and in temporary posts</li> <li>"Excellent Management Training Camp" for management personnel of the Sales Department</li> <li>"Internal Trainer Spark Training Camp" for our internal trainers</li> <li>Quality training, such as Fortune Star training camp, integrated financial business, and Good Start special business training for various business lines</li> </ul>
New hires	"Morning Star Program"	<ul style="list-style-type: none"> <li>Centralized on-site face-to-face teaching oriented to new employees hired in 2023 through campus and social recruitments, covering policies on professional integrity, compliance and risk control, and other aspects that should be known and understood.</li> </ul>
	"Sailing Program"	<ul style="list-style-type: none"> <li>2023 Fresh Graduate Hires Training Camp</li> <li>"Youth Growth Training Camp" for hires of 2020/21</li> </ul>
All employees	"Shenwan Hongyuan Lecture"	<ul style="list-style-type: none"> <li>"4 + 2 + N": With four major online subjects including "Business Booster", "Management Fuel Station", "Best Practice Camp", and "Bund Research School"; Two series of sessions including "Meet with Senior Executives" and "Series of Forums for New Stage of Comprehensive Development"; N on-site quality classes</li> </ul>

Employee Training of Shenwan Hongyuan Jointly Carried Out with External Institutions in 2023

Training subject	External collaborative institution	Training program type	Description
Special training with China Business Executives Academy, Dalian	China Business Executives Academy, Dalian	Training of middle and senior management	The training centered on a total of 27 subjects in four major modules, namely "Speed Up Developing World-class Enterprise", "Deepen the Reform of State-owned Assets and Enterprise", "Develop a Modern Industrial System", and "Training in Leadership Development and Duty Performance".
Special training in valuation modeling	Chainshine Financial Training	Business training	Focusing on internal investment line employees, carrying out training in valuation-modeling practical operation skills
Special training in risk management	CFRISK Risk Management Forum	Business training	Focusing on such content as enterprise risk management, risk prevention, and practice and case analysis

"Sailing Program" consolidates cornerstone of talent development

Shenwan Hongyuan provided new employees with all-dimensional training which integrates five spheres, namely "Program System + Course System + Mentor System + Practice System + Assessment System", covering over 400 trainees. Centering on the four subjects of "On-boarding", "Starting Your Career", "Knowing Our Company" and "Knowing Your Job" for new employees, and by stages and business lines, we provided systematic and targeted training for on-campus-recruited new employees. The program is carried out in the form of "Online + On-site/Live Streaming". Specifically, the online training is conducted on the "Learning World" platform, offering hierarchical and classified differentiated courses and the on-site/live streaming face-to-face teaching focused on raising cultural literacy and studying full business chain knowledge.



Shenwan Hongyuan Securities' "Sailing Program" New College Graduate Training Camp

"Voyage Program" refines inter-disciplinary management talent

In June and July 2023, in order to increase the management competence and comprehensive accomplishment of frontline management personnel, particularly deputy general managers of sales departments of affiliated agencies, we carried out courses mainly including political accomplishment, strategic vision, general management competence, boost of marketing competence, and financial technology accomplishment, and simultaneously conducted such practice activities as theme discussion, thus promoting the communication and cooperation between management personnel of various sales departments, and the management level of the personnel. A total of 179 trainees in three phases successfully completed their courses of training camp, and were highly recognized by the branch business offices.



Shenwan Hongyuan Securities' "Excellent Management Training Camp" Elite Training Class

Special training in boosting service competence for major customer managers in "Six Major Regions"

To boost professional service competence of major customer managers in "Six Major Regions", the Company held "Shenwan Hongyuan Lecture – Rongjin School" special training for major customer managers. The course was designed to implement the philosophy of "Centering on Customer Services", and set such training modules as "Developing and Serving Wealth Customers" "Developing and Serving Bank and Institution Customers" "Developing and Serving Customers of Listed Companies and Enterprise Groups" "Developing and Serving Government and Enterprise Customers", and "Development and Field Marketing of Major Customers". The course is mainly oriented to the persons in charge of the branch companies and the sales departments within the jurisdiction of the companies, employees in integrated financial post, and key staff, in "Six Major



"Shenwan Hongyuan Lecture – Rongjin School"

Regions", namely the Beijing-Tianjin-Hebei Region, Yangtze River Delta, Guangdong, Hong Kong and Macao, Greater Southwest, Xinjiang, and Central China. Since September 2023, the Company has successfully carried out six sessions of special training oriented to nearly 750 trainees from the six major regions. The training not only is an important measure for establishing our customer service system, but also lays a solid foundation for systematically boosting customer managers' professional competence.

## Deepening employee care

Adhering to the people-oriented philosophy, we pay close attention to the requests and demands of employees, and are dedicated to creating considerate workplaces for employees. We have constantly enhanced employees' wellbeing by establishing a series of employee care programs, and boosted employees' satisfaction and engagement by guaranteeing their health and medical benefits, assisting employees in difficulty, and regularly carrying out recreational and sports activities.

As an enterprise in the financial industry, we have few factors in causing occupational safety and health hazards. We strictly abide by the requirements of such laws and regulations as the *Labor Law of the People's Republic of China*, the *Law of the People's Republic of China on Prevention and Control of Occupational Diseases*, and the *Regulation on Work-Related Injury Insurance*, and do our utmost to ensure the safety of workplaces and protect employees' health and their relevant rights and interests.

### Shenwan Hongyuan's Employee Care Measures

#### Protecting physical and mental health

- Provide employees with regular physical examinations, and further optimize "Employee Physical Examination" service items, and intensify screening for cardiovascular and cerebrovascular diseases; handle supplementary medical insurance in the form of commercial insurance for employees.
- Establish the "Platform + Team + Linkage Mechanism" first aid system, so as to create the "Healthy Shenwan Hongyuan" brand. In 2023, the Company established the Special Work Group for Ensuring People's Livelihood, and formulated the *2023 Overall Work Plan for Ensuring People's Livelihood*, and the *Special Work Plan for Caring for Life and Health*, and set up "the First Aid Response Platform", equipped the sites of offices and operations with 20 AED devices, all of which were uniformly accessed and made 180 "First Aid QR Codes", and established the 4-min golden window rescue mechanism. The Company organized a first aid volunteer team named "Shen Yuan Xia", carried out 15 first aid training activities and eight first aid drills, and thus enhancing the practical operation capabilities of the rescue team.
- Build better "Health Hut", upgrade the self-service health detector, allocate "Mobile Detection Station" with such detectors as oximeter and sphygmomanometer, adjust the allocated medicine types, and allocate "the First Aid Kit" including such first aid medicines as cardiogenic pills and quick-acting heart reliever.
- The Company continuously carried out the "Huichuang Forum" theme training. In 2023, we convened special presentation on supplementary medical insurance, and held the "Contract with the Mind, and Walk with the Health" mental health lecture. By using the "Health Lecture", we paid close attention to employees' physical and mental health, invited experts in the field to give five health lectures on guarding respiratory health and providing psychological care for employees, and two on-site lectures on psychological massage and relief, enabling them to relieve their mental stress.

#### Helping employees in difficulty and expressing sympathy and solicitude for them

- Further revise and improve the *Implementation Rules for the Management Measures of Shenwan Hongyuan Securities Co., Ltd. for Income and Expenses of Labor Union Expenditure (2023 Revision)*, and refine the criteria for "Five Interviews" and "Five Visits".
- Provide daily assistance and show sympathy through daily caring and door-to-door visits and carry out special help to key groups through "Sending Support to the Needy" special activity and "Mutual Aid Fund for Employees with Major Illnesses". In 2023, we distributed relief subsidies totaling RMB267,500 to 142 employees in need due to illnesses, assisted Shanghai Financial Union in helping 112 persons in need and expressing sympathy and solicitude for them, with relief payments of RMB336,000 dispensed, and provided mutual assistance for employees suffering from severe and major diseases, with more than RMB2.58 million paid.

#### Enhancing care for women

- Continuously promote the building of "Mom's Room", and constantly improve the allocation of products such as those for lactation, thus creating a comfortable and considerate work environment for pregnant and lactating employees.
- Provide maternity allowance for female employees.

#### Balancing work and life

- Deepen the management of our recreational and sports clubs, and continue to expand them, and carry out rich and colorful online and on-site recreational and sports activities, to meet cultural needs of employees.
- Carry out "Carrying Forward Culture to Promote Healthy Atmosphere, and Making Concerted Efforts to Establish New Trend" Walking Activity, and organize the activity of the launching ceremony & the 2023 Shenwan Hongyuan City Orienteering – Culture Tour Shanghai Station.
- Hold "Playing Chess to Remain True to Original Aspiration, and Striving to a Pacesetter" Shenwan Hongyuan Mental Games, carrying out online preliminary contest and on-site finals of five major events.
- Carry out a week-long "Recreational and Sports Club Carnival" activity, with nearly 30 clubs of us giving performances and recruiting new members.
- Carry out the "Golden Rabbit Sends Blessings for the New Year" Spring Festival activity, "Youth Blooming" Women's Day activity, "Dancing with Childishness, and Embracing the Future" June 1 parent-child dancing activity, and other festival activities.
- Carry out such online activities as Sit-ups Contest of "Cloud Games", and Yoga Theme Season of "Cloud Gym".



"Shen Yuan Xia" first aid volunteer training



Establishment of "Shen Yuan Xia" first aid volunteer team

To continuously promote the democratic management, we have established the democratic management system with the Employees' Congress as the basic form, and organized employees to participate in our democratic management on schedule and by procedure through the Employees' Congress and the Workers' Representative Congress to enable them to listen to important reports on our operation and management, and deliberated on and adopted matters of employees' vital interests. In 2023, the Company convened the Employees' Congress twice, and listened to the opinions of the workers' representatives, upholding the legitimate rights and interests of employees' and the Company. 100% of our full-timer employees have joined the Trade Union.

In November 2023, the Company carried out an employee survey of on the satisfaction with their supplementary benefits, with an employee satisfaction rate of 92.84%, rising year by year. Based on the main feedbacks by the employees in the satisfaction survey questionnaire, we will continuously optimize and improve the plans for supplementary medical insurance and annuity plans.

# ESG

## ESG Management and Performance

- Corporate Governance Issues
- Social Issues
- Environmental Issues



## Corporate Governance Issues

### Comprehensively strengthen the Party's leadership

We have upheld the centralized and unified leadership of the Party over financial work, taken political development as our guiding principle, and studied and implemented Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era as a major political task. We have maintained high consistency with the CPC Central Committee with Comrade Xi Jinping at its core, and ensured that the decisions and plans made by the CPC Central Committee took root in our corporate system. We continued to promote the integration of the Party's leadership into corporate governance, improved the *Rules of Procedure of the Party Committee of the Company* and the list of the contents of discussions, strengthened the political checks on major operation management matters, conducted financial work in the right political direction and based on the people-centered principle, and unwaveringly followed the road of financial development with Chinese characteristics.

### Corporate governance

In strict accordance with laws and regulations such as the *Company Law*, the *Securities Law* and the *Code of Corporate Governance for Listed Companies in China*, we have established a standardized, complete and robust corporate governance structure. In addition, on the basis of the *Articles of Association*, we have formulated the *Rules of Procedure of the General Meeting of Shareholders*, the *Rules of Procedure of the Board of Directors*, the *Rules of Procedure of the Board of Supervisors* and the working rules of special committees of the Board of Directors, operated in strict accordance with the rules and regulations, and continuously improved our corporate governance.

We have formulated the *Policy for Diversity of the Board of Directors*, considering the diversity of board members from a number of aspects, such as gender, age, cultural and educational background, region, professional experience, skills, knowledge and tenure of service. The Board of Directors of the Company is composed of members of different genders and ages, who have experience, skills and knowledge in economics, finance, accounting, management, law and other fields. As at the end of 2023, the Board of Directors had 11 directors, including 2 executive directors, 5 non-executive directors, and 4 independent non-executive directors. There were 2 female directors, accounting for 18.18% of the total directors.

In 2023, we revised and refined the *Policy on Insider Registration* and the *Working Rules of the Audit Committee of the Board of Directors* in accordance with regulatory provisions and based on our actual conditions. We actively implemented the *Opinions of the General Office of the State Council on the Reform of the Listed Company Independent Director System*, and in accordance with the latest policy requirements of the CSRC, the Shenzhen Stock Exchange and other regulatory authorities, researched and revised our relevant policies, providing support for giving better play to the active role of independent directors in aspects such as standard operation and the improvement of governance efficiency.



- In the Best Practice Series Selection in 2023, the Company was awarded "Best Practice of the Board of Directors of Listed Companies" "Best Practice of Board of Directors Office of Listed Companies" and "Performance of Board Secretaries - 5A" in the Best Practice Selections organized by the China Association for Public Companies (CPCA).
- Being awarded "Special Contribution Award for Corporate Governance" and the "Most Innovative Board Secretary" in the 18th "Gold Prize of Round Table" of Chinese Boards of Listed Company and the 4th Board Secretary Assistant Selection of Chinese Listed Companies.

In accordance with the work policy of "true monitoring and supervision, comprehensive coverage, collaboration and professional improvement", we have steadily promoted the progress of various tasks of the Board of Supervisors, and formulated the *Measures for the Duty Performance of Employee Supervisors of the Board of Supervisors*, making provisions on the generation, responsibilities and duty performance guarantees of employee supervisors. The Board of Supervisors of the Company held 4 meetings of the Board of Supervisors, at which 8 proposals were deliberated on and adopted.

The 5th Board of Supervisors has 5 supervisors, including 2 employee supervisors. Female supervisors account for 100% of the total number of supervisors. Most of our supervisors have professional experience in risk management, keep learning professional knowledge of risk management, and actively participate in relevant training organized by regulators, exchanges and listed company associations.



- The duty performance document of the Board of Supervisors of the Company, Correctly Grasping Function Orientation with Focus on Main Responsibilities and Business to Promote and Support High-quality Development of the Company, was included in the *Best Practice Cases of the Board of Supervisors of Listed Companies (Version 2)* compiled by the China Association for Public Companies in February 2023.

### Protecting shareholders' and creditors' rights and interests

#### Information disclosure

We strictly comply with the *Administrative Measures for Information Disclosure by Listed Companies* of the China Securities Regulatory Commission (CSRC) and formulated our corporate policies and rules, including the *Administrative Policy for Information Disclosure*, the *Administrative Policy for Investor Relations*, the *Accountability Policy for Material Errors in Information Disclosure of the Annual Report*, the *Guidelines on Information Disclosure Reporting*, and the *Management Measures for Confidentiality*, so as to continuously improve the quality of information disclosure, protect the right to know and other legitimate rights and interests of investors, especially medium and small investors, and promote the refinement and effectiveness of investor relations management. In 2023, we revised the *Policy on Insider Registration* to further strengthen the insider registration management requirements, effectively prevent insider trading and other securities violations, uphold the fair principle of information disclosure, and protect the legitimate rights and interests of investors.

In 2023, we prepared and disclosed four periodic reports and over 300 A-share and H-share interim reports, spreadsheets and presentation documents. The disclosure of significant matters of the Company was truthful, accurate, complete, timely and impartial.



- We were rated Class A in information disclosure by SZSE for 8 consecutive years.

#### Communication with investors

We strictly comply with relevant laws and regulations and requirements of the *Investor Relations Management System*. Upholding the philosophy of "respecting investors, holding investors in awe and protecting investors", we standardize and efficiently carry out investor relations management. We receive investor consultation through convenient communication platforms such as our website, investor hotline, email, and Shenzhen Stock Exchange's interaction platform and carefully listen to investors' opinions and suggestions.

In 2023, we held 2 results briefings, and participated in the online collective reception day for investors of listed companies in Xinjiang once. At the annual results briefings, we adopted a combination of live video streaming and text interaction for the first time. Ten leaders, including our Chairman, General Manager, independent directors, Chief Financial Officer, and leaders from the business management line of Shenwan Hongyuan Securities, attended the briefings. We analyzed and interpreted our annual results from a market perspective, covering strategic planning, key business development, financial technology, ESG, and other fields. The response rate remained at 100%, an indication that we had fully cleared up investors' doubts and conveyed our confidence in high-quality development to capital markets. We answered 32 investors' questions on Shenzhen Stock Exchange's interaction platform., with a response rate of 100%. We assisted China Securities Investor Services Center and our small and medium-sized shareholders in attending the General Meeting of Shareholders on site, helping them exercise their voting rights and participate in corporate governance. We actively strengthened communication with the market, actively participated in the strategy meeting of securities brokerages, received investors for research, effectively transmitted the corporate value, and enhanced the investors' recognition of our corporate value.



### Investor returns

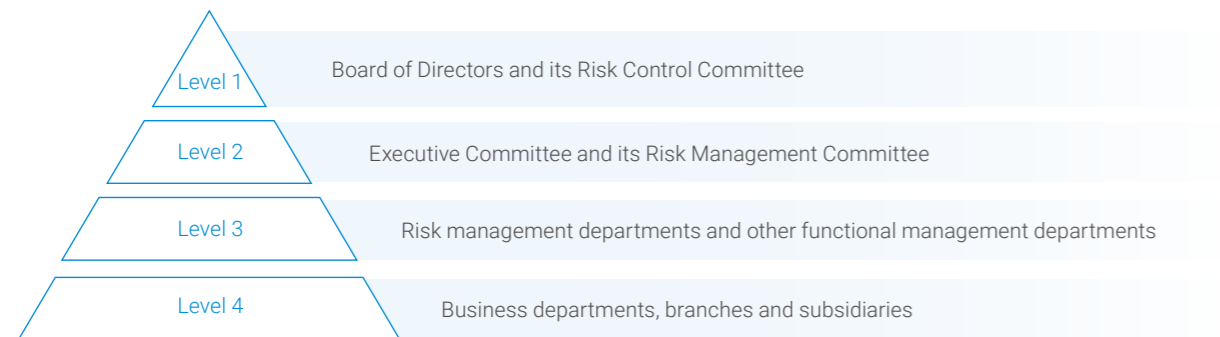
We attach great importance to investor returns and enhances investors' sense of acquisition through continuous and stable dividends. Taking into account the return to shareholders and the needs for business development, the Company paid a total cash dividend of RMB751 million in August 2023 to the A-share and H-share shareholders registered on the share registration date, based on the total A-share and H-share share capital of 25,039,944,560 shares as at December 31, 2022.

In addition, we have fully redeemed the principal and paid interest on matured bonds and fully paid interest incurred on unmatured bonds, effectively protecting the interests of creditors.

### Comprehensive risk management

We have continuously improved a group-wide and penetrative risk management system featuring "all employees, all aspects, whole process and full coverage", built a multi-level risk organizational structure for risk management and the "three lines of defense" mechanism to strengthen the first-line risk responsibility awareness, strengthened front-end risk control, effectively promoted the formation of risk awareness of all employees, and ensured that risk management responsibilities are thoroughly implemented. We fully consider the experience and background of the board members. Currently, one non-executive director, one independent non-executive director and one supervisor have legal and risk management related education background and rich experience.

#### Shenwan Hongyuan's Organizational Structure for Risk Management



#### Shenwan Hongyuan's Three Lines of Defense Mechanism for Risk Management



We have established the *Risk Management Policy* as the underlying policy, supplemented by administrative measures and operating procedures for market, credit, liquidity, operational and reputational risks, to strengthen our overall risk management. We have a total of 42 risk management and accountability management policies. In 2023, we formulated or revised a total of 14 policies related to risk management, including policies for risk management, risk preference, risk tolerance, duty performance of the Risk Management Committee, risk investigation, conflict of interest management and accountability management, and further improved the indicator system of "risk appetite - risk tolerance - risk limit" to refine the operational aspects of risk management.

#### Shenwan Hongyuan's Risk Control Measures

- Market risk**
  - We established a quantitative risk indicators assessment system to dynamically monitor and give graded pre-warnings for risk control indicators, strengthened macro-economic analysis and judgment, enhanced stress testing and identified the potential impact of changes in market risk factors on profit and loss, etc.
- Credit risk**
  - We created a unified mechanism for internal credit rating management, implemented customer concentration management based on de-facto controller identification, strengthened regional concentration control of the industry, created a negative information monitoring system to maintain 7\*24 monitoring of negative public opinions in the market and managed credit risk under various dimensions, including access management, same customer concentration management and negative list.
- Liquidity risk**
  - We maintained dynamic monitoring and early warning of liquidity risk status, and conducted liquidity risk stress testing and liquidity risk emergency drills to enhance our capability of liquidity crisis response.
- Operational risk**
  - We conducted ongoing operational risk assessment, strengthened causes analysis of operational risk incident, strengthened operational control over major operations and business activities, established a handling and review mechanism for key links and reduced operational risk incidents.
- Reputational risk**
  - We developed a sound reputational risk system and a reporting mechanism for unusual events, implemented 7\*24 public opinion monitoring, conducted tiered and classified management of public opinions, and continuously improved the early warning and management of adverse public opinions.

Shenwan Hongyuan's Key Measures for Risk Management in 2023

Strengthening risk investigation

- We formulated the *Risk Investigation and Early Warning Procedures* to further standardize our risk investigation work. We carry out risk investigation on the development of each business unit's risk management system and business operation on a yearly basis, and perform special investigation on key areas from time to time.
- In 2023, we organized more than 20 special risk investigations, covering double-post inquiry mechanism, case risk, local investment and financing platform risk, small and medium-sized financial institution risk, liquidity risk, credit risk, etc.

Bringing risk management into business products

- We revised the *Risk Management Policy*, bringing risk management into the ex-ante management, in-event management and post-event management of business, covering all types of business of the Company, including brokerage, financing, proprietary trading, asset management, investment banking, etc.

Establishing a performance assessment system

- We established a performance assessment system covering the effectiveness of risk management for all employees, established a sound economic capital management mechanism, and gradually implemented a risk-adjusted return oriented asset allocation and performance assessment mechanism.
- We incorporated risk management into the performance assessment of all departments, branches and subsidiaries, and linked the rewards and punishments of all departments, branches and subsidiaries and the remuneration of employees with the results of risk management assessment.

Promoting audit inspections

- We engage an external third-party audit institution to conduct financial audit for the Company every year. The audit covers our risk management work and other aspects.
- Shenwan Hongyuan Securities conducted special audit on comprehensive risk management on a regular basis to independently and objectively review and evaluate the adequacy and effectiveness of our comprehensive risk management work.

Providing relevant training

- We held "Crisis Response and Public Opinion Management" training to improve employees' ability to respond to unexpected adverse public opinions, so as to comprehensively enhance the corporate governance ability in the Internet era, from adverse public opinion response, emergency management to news release and all-media communication.
- We held risk management-themed training including "Research System, Risk Control Mechanism and Investment Choice based on Broad-based Index" to enhance the risk management capabilities of business personnel.

ESG risk management

In order to fully manage and prevent ESG risks on the financial side, we have gradually established a sound ESG risk management system, and incorporated ESG factors into all aspects of business risk management to ensure sustainable and effective business operation.

ESG Risk Management Measures of Shenwan Hongyuan

<p>Strict control of risk access</p>	<ul style="list-style-type: none"> <li>• Projects with high ESG risk (including but not limited to agriculture, biodiversity, energy use, mining, oil and gas and other industries) will not be approved, unless reasonable explanations are made and relevant negative factors have been eliminated. For issuers in the coal industry, new coal production capacity projects in violation of relevant policy requirements, projects that fail to resolve coal overcapacity in accordance with relevant policy requirements, and related projects with unsafe production/illegal construction/inferior coal will be rejected.</li> <li>• SWS Research develops the report titled <i>Industry Risk Analysis under Carbon Neutrality</i>, analyzing the impact of policies on the macro economy, industries, and key enterprises, and focusing on the upgrading and transformation pressure that traditional high-carbon industries, such as thermal power, coal, non-ferrous metals, and petrochemical industries, may confronted with in the process of transformation toward green and low-carbon development. In addition, the Company includes enterprises with high risk of weakened corporate profitability and credit qualification in the negative list, and adjusts their internal rating and investable scale simultaneously.</li> <li>• We conduct an outlook analysis of the credit risk of various industries, setting the credit risk outlook of the planting industry, fishery, forestry, paper-making, cement, general steel and other high ESG industries as "prudent" or "avoided", and applying them to our internal rating.</li> <li>• For business in which we bear credit risk, such as stock-pledged repurchase, agreed buy-back securities trading, margin trading and securities lending, and other financing business, we will put entities with violations of laws and regulations, or subjected to serious penalties from regulators, integrity problems, etc., in the negative list of special attention or restrictions according to the specific circumstances.</li> </ul>
<p>ESG due diligence</p>	<ul style="list-style-type: none"> <li>• We have developed <i>Management Measures for Environmental and Climate Risks</i>, providing that with respect to the management process of environmental and climate risks faced by investment and financing business, business units shall include environmental and climate risk-related content in the scope of due diligence based on business risk characteristics, and fully assess and monitor the levels of such environmental and climate risks.</li> </ul>
<p>Risk trigger reporting</p>	<ul style="list-style-type: none"> <li>• All business units should strictly implement the relevant management policy and process requirements to ensure the effective use of risk monitoring. If an environmental and climate risk event occurs in relevant business, the relevant unit should strictly follow the reporting procedures in accordance with the relevant provisions of the <i>Guidelines for Reporting Risk Events</i> of the Company.</li> </ul>

We have formulated the *Guidelines for Reporting Risk Events*, including ESG risk events in risk event assessment. We have initially established an ESG due diligence system to closely track policy trends including environmental and climate risks, and to further deepen due diligence requirements for investee enterprises and various business cooperative customers.

ESG Key Points in Shenwan Hongyuan's Due Diligence

<p>Stock pledge bailout</p>	<p>Bond underwriting</p>	<p>Stock IPO</p>
<p>We should perform due diligence on the bailout targets involved, the use of proceeds, whether the listed companies in which the underlying securities are located conform to the national strategy and industrial policy, the environmental protection policies in the environmental dimension, and the industrial issues in the social dimension.</p>	<p>We should perform due diligence on the approval of the project by the relevant authorities (feasibility approval, land, planning, environmental assessment, stability risk assessment, etc.), environmental management issues in the environmental dimension, and the integrity of the issuers and their controlling shareholder in the governance dimension.</p>	<p>We should perform due diligence on the issuers' workplace safety in the social dimension, environmental protection in the environmental dimension, corporate governance and independence in the governance dimension, investor protection and other aspects.</p>

Shenwan Hongyuan Securities conducts due diligence in a bond financing project

In a corporate bond financing project with a bond scale of RMB2.1 billion, the project team of Shenwan Hongyuan Securities, as a bond issuer, conducted research on important data in environmental, social and governance aspects of the fundraising project. In terms of environmental compliance, the project team has obtained the enterprise investment project record form filed by the local development and reform bureau of the fundraising project, the opinions on construction project land pre-examination and site selection issued by the natural resources and planning bureau, the construction project planning permit, the construction land planning permit, and so on. Additionally, the project team interviewed the executives of the enterprise, verified the corporate governance of the enterprise's credit and anti-money laundering, inspected the field environment of the fundraising project and collected relevant photos. Shenwan Hongyuan Securities issued a detailed assessment report on the above contents, did not find serious problems or risks, and agreed to the project approval.

Compliance management

Compliance and internal control

We advocate proactive compliance, and stick to compliance culture concepts that compliance creates value, compliance starts from the management, compliance is everyone's responsibility, and compliance is the foundation of our existence. Our compliance management follows the principles of comprehensive and independent compliance, as well as proactive compliance of all employees.

We have formulated the *Management Measures for Legal Affairs*, the *Management Measures for Rules and Regulations*, the *Management Measures for Contracts* and other policies as the basic norms and fundamental requirements of our business development, specifying disciplinary punishments for violations. We have established an organizational system for compliance management composed of the Board of Directors, the Board of Supervisors, the Executive Committee, the Chief Compliance Officer, the compliance department, various departments, branches and subsidiaries.

Shenwan Hongyuan's Key Work for Compliance Management in 2023

New policy formulation

- In 2023, we formulated the *Measures for Accountability for Employees' Violations (Trial)* to strengthen our internal management and standardize accountability for employees' violations.
- We formulated the *Implementation Plan for Performance Assessment of Compliance and Risk Management in Staff Performance Assessment*, which includes integrity, compliance, honesty and duty performance of anti-money laundering in the employee performance assessment.

Policy revision

- We revised the *Special Assessment Measures for Compliance* and the assessment score table, optimizing the assessment rules and specific score deduction standards.

Capacity building

- We carried out the *Training on High-quality Development of Listed Companies under the Registration-Based IPO Regime* held by Xinjiang Securities Regulatory Bureau.
- In March 2023, Shenwan Hongyuan Securities held the 2023 special training on compliance management at the Member Center of the Shanghai Stock Exchange. The attendees had in-depth discussions on the work experience and practices of compliance management, existing problems and difficulties, countermeasures and suggestions.

In 2023, we carried out compliance work in an orderly manner. No major compliance risk events occurred, and the overall compliance continued to be in good status.

Protection of intellectual property rights

We strictly abided by the *Trademark Law of the People's Republic of China*, the *Patent Law of the People's Republic of China*, the *Copyright Law of the People's Republic of China* and the *Administrative Measures for Internet Information Services*, and formulated management standards such as the *Brand Management Measures* and the *Regulations on Information Dissemination through Internet Channels* to clarify the ownership and protection of intellectual property rights, and to protect our intellectual property rights as well as the intellectual property rights of our customers and third-party partners.

Business ethics

Anti-corruption

We have built an integrity risk prevention and control work system under the unified leadership of the Party committee, the joint administration of the Party committees and governments, the special supervision of the discipline inspection commission, and the organization and coordination of functional departments, with each unit performing its own functions and duties. The Board of Directors assumes the ultimate responsibility for integrity risk management and the Executive Committee is the first responsible body for the implementation of our integrity management responsibilities. Also, we have established and improved three lines of defense composed of business departments, functional departments and audit departments, constantly improving the organizational structure for integrity risk prevention and control.

We abided by the *Supervision Law of the People's Republic of China* as well as regulatory provisions of securities and futures business institutions and listed companies on integrity, and formulated the *Integrity Management Policy*, the *Guidelines for Employee Integrity and Standardized Practice*, the *Management Measures for Preventing Conflict of Interest* and other policies to further standardize the behavior of our employees, promote employee integrity and compliance, and prevent conflicts of interest between us and employees. Moreover, we prohibited corruption and bribery in all forms, including kickbacks.

Shenwan Hongyuan's Organizational Structure for Integrity Risk Prevention and Control

Level	Organization	Responsibility
First line of defense	Business units	Assuming the responsibility for integrity risk prevention and control of the unit, and for the management on routine supervision, inspection, education and reporting of integrity of the unit.
Second line of defense	Legal and risk control department, investment management department, planning and finance department, human resources department and other functional departments	Assuming the responsibility for monitoring, inspection and other integrity risk screening and prevention and control.
Third line of defense	Inspection department and audit department	Assuming the supervision responsibility for integrity risk prevention and control, and being responsible for bringing the integrity of all units and employees into the scope of inspection and audit.

Shenwan Hongyuan's Key Measures for Integrity in 2023

Special risk screening

- We revised the *Integrity Risk Prevention and Control Manual*, focusing on key areas and key links. The manual is intended to identify the integrity risk points in our operation around the risk points of power operation and weak points of supervision and management, assess the risk level, and specify the risk prevention and control measures that are highly operational and effective in specific circumstances one by one.
- We carried out special activities for screening case risks and integrity risks, established a mechanism to sort out and screen integrity risk points, and regularly analyzed and assessed the risk levels of the integrity risk points of the Company as well as the soundness and effectiveness of prevention and control measures.

Building a culture of integrity

- When new employees join the Company or employees are promoted, we conveyed the requirements of standardized practice and integrity to them.
- In August 2023, we carried out the face-to-face clean governance education activity themed "Attending Court Hearings at Zero Distance for Immersive Warning Education", and selected the duty crime cases with typical educational significance to emphasize discipline, so as to enhance the concept of discipline, law, integrity and self-discipline of our Party members and cadres, cultivating the work quality and performance ability of discipline inspection cadres.
- We formulated a manual of negative behaviors for implementing the CPC Central Committee' eight-point decision on improving Party and government conduct, covering 14 categories of problems and 180 negative behaviors, to standardize management provisions and punishment basis, and clarify the bottom line and red line.
- In October 2023, we held a warning education conference through on-site conference + video conference to inform all employees (including dispatched employees) of typical problems identified in discipline supervision.

Promoting supervision and prevention

- We promoted mutual connection and effective coordination among various supervisions, such as discipline inspection supervision, inspection supervision, organizational personnel supervision, compliance risk control supervision, financial and accounting supervision, and audit supervision to accurately reveal latent integrity risks, timely identify problems, and implement remediation.
- We formulated the *Measures for Accountability for Employee Violations*, the *Implementation Rules for Coordination Mechanism for Accountability* and the *Implementation Measures for the Fault Tolerance and Fault Correction Mechanism* to promote standardized accountability and encourage employees to be honest, self-disciplined and responsible.

In 2023, there were no closed corruption lawsuits against the Company or our employees, nor were there any conflicts of interest.

Anti-money laundering

We continued to strengthen the anti-money laundering work. In accordance with the *Guidelines for the Management of Money Laundering and Terrorist Financing Risks of Corporate Financial Institutions* issued by the People's Bank of China, we formulated the *Management Policy on Money Laundering and Terrorist Financing Risks*, the *Administrative Measures for Money Laundering and Terrorist Financing Risks*, and the *Operational Rules for the Assessment of Money Laundering and Terrorist Financing Risks of Customers and Businesses (Revised in 2023)*. In accordance with the "risk-based" principle, we comprehensively identified and assessed our own money laundering risks, adopted appropriate policies and procedures for the risks, and implemented money laundering risk management in our internal control system and routine business operations.

Shenwan Hongyuan's Major Measures for Anti-money Laundering

Customer anti-money laundering due diligence

- We performed customer due diligence at the time of the establishment of the business relationship and during the duration of the business relationship. Shenwan Hongyuan Securities adopted the same due diligence standard for face-to-face customers and customers in non-face-to-face newly established business relationship with us: the due diligence for face-to-face customers was performed by the counter personnel of the business departments, while the due diligence for customers in non-face-to-face newly established business relationship with us was performed through video witness.

Searching and monitoring procedures

- We were staffed with professional technical personnel for system maintenance. According to anti-money laundering laws and regulations, we divided the watchlist into politically exposed persons (PEPs), blacklist and gang-related customers. More specifically, blacklist category includes persons subjected to sanctions, involved in terrorism, and on Interpol Red Notice and other persons required by anti-money laundering laws and regulations to be included in the monitoring list. We established real-time list monitoring in the account opening process and backtracking monitoring of existing customers in the anti-money laundering system, updated the list database in time and synchronized it to our relevant system.

Specifying file saving time

- We formulated the *Administrative Measures for Money Laundering and Terrorist Financing Risks*, providing that where the customer identity information and transaction records involve suspicious transactions under anti-money laundering investigation, we shall save the relevant customer identity information and transaction records until the anti-money laundering investigation ends.

Conducting independent assessment and monitoring of anti-money laundering

- Shenwan Hongyuan Securities completed a self-assessment of money laundering risk at the end of 2022. In 2023, Shenwan Hongyuan Securities properly organized the follow-up application of self-assessment results. According to the annual self-assessment of money laundering risks, the Company issued the *Notice on Making Good Use of the Self-assessment Results of Money Laundering Risk*, organized the management and control of high-risk areas and strengthened the work areas in internal control.

We attached great importance to training and publicity education on anti-money laundering. In 2023, we held an anti-money laundering publicity month activity themed "Contribute to Anti-Money Laundering by Small Actions". Through on-site publicity, community publicity, WeChat official account publicity and other forms of publicity, we issued more than 4,700 brochures, more than 10,000 flyers, and more than 600 self-made publicity materials, sent more than 2.7 million publicity SMS messages and more than 230,000 WeChat messages to key customers, and produced more than 30 micro animated videos or short videos. Through the publicity of "Characteristics of Latest Money Laundering Cases", "Process of Money Laundering Crime", "Investigation Process of Money Laundering Crime" and other contents, we called on all investors to learn about money laundering crimes in time, and endeavored to enhance the anti-money laundering awareness and ability of the public. Shenwan Hongyuan Securities held 8 anti-money laundering training sessions, involving policy interpretation, situation analysis, law enforcement inspection, suspicious transaction monitoring and analysis and other aspects. More than 2,000 people participated in the training.

In 2023, no major violations of laws and regulations on anti-money laundering occurred in the Company.

### Whistleblower protection

We formulated the *Administrative Measures for Petitions*, the *Administrative Measures for Petitions and Whistleblowing to Discipline Inspectors (Trial)*, the *Measures for the Acceptance and Handling of Petitions and Whistleblowing to Discipline Inspectors (Trial)* and other policies, to standardize the responsibilities and management mechanism for our relevant work bodies for petitions and whistleblowing to discipline inspectors, and safeguard the legitimate rights and interests of the petitioners and whistleblowers and the petition and whistleblowing work order.

In order to ensure unblocked and effective whistleblowing channels, we actively made due efforts to protect whistleblowers. The *Measures for the Acceptance and Handling of Petitions and Whistleblowing to Discipline Inspectors (Trial)* clearly stipulates that the personnel of the discipline inspection department shall "abide by the confidentiality policy, shall not disclose the names of the petitioners and whistleblowers and the content, acceptance and handling of the petitions and whistleblowing, and shall not disclose or spread the content that the petitioners and whistleblowers request for confidentiality and may cause damage to the rights and interests of the petitioners and whistleblowers". "No departments (units) or individuals shall suppress, discriminate against or create obstacles against petitioners for any reason".

### Anti-unfair competition

We developed a complete range of management policies to prevent unfair competition, including without limitation, the *Administrative Measures for Financial Marketing and Promotion*, the *Administrative Measures for Securities Brokerage Business*, and the *Administrative Measures for the Protection of Investors' Rights and Interests*, specifying the relevant rights enjoyed by investors, such as the right to know, the right to choose independently, and the right of fair trade. These policies list relevant prohibited behaviors for the financial marketing and promotion and securities brokerage business, for example, we shall not carry out financial marketing publicity in a way that harms fair competition, and shall not use unfair competition methods such as denigrating other securities companies to solicit investors, and define specific control measures.

In 2023, there were no lawsuits caused by unfair competition or violation of the *Anti-monopoly Law*.

## Social Issues

### Protecting customers' rights and interests

#### Responsible marketing

We strictly abided by the *Securities Investment Fund Law of the People's Republic of China*, the *Administrative Measures for Securities Brokerage Business*, the *Measures for the Supervision over and Administration of Publicly Offered Securities Fund Distribution Agencies*, the *Interim Provisions on the Administration of Promotional Materials for Publicly Offered Securities Investment Funds*, the *Administrative Measures for Fundraising of Private Equity Funds* and other applicable laws and regulations. We formulated or revised relevant policies, including the *Administrative Measures for Securities Brokerage Business*, the *Administrative Measures for Sales of Financial Products Distributed by the Company (2023 Revision)*, the *Administrative Measures for the Distribution of Publicly Offered Funds*, the *Administrative Measures for Financial Marketing and Promotion*, and the *Administrative Regulations for the Practice of Securities Brokerage Marketing Personnel of Branches (2023 Revision)*.

We clearly required that the marketing and promotion of financial products should adhere to the philosophy of long-term investment and the principles of objectivity, formality and accuracy. We formulated the review rules for marketing materials for financial products and established a multi-dimensional review system involving managers, financial products and investment managers. In addition, we conducted centralized management of the sales of financial products, included the compliance of marketing into day-to-day assessment of employees and kept regulating the sales and service of financial products distributed by the Company.

In 2023, we committed neither violations regarding product or service information or marks, nor any marketing non-compliances.

#### Suitability management

We strictly abided by the *Administrative Measures for Suitability of Securities and Futures Investors*, the *Guidelines for the Implementation of Investor Suitability Management of Securities Operators (Trial)*, the *Measures for the Supervision over and Administration of Publicly Offered Securities Fund Distribution Agencies* and other external regulations. We formulated or revised a number of internal policies and implementation rules, including the *Administrative Measures for Investor Suitability (2023 Revision)*, the *Implementation Rules for Investor Suitability Management and Investor Education for Real Estate Investment Trust (REITs)*, the *Implementation Rules for Investor Suitability Management and Investor Education for Convertible Corporate Bonds*, the *Manual on Customer Visits (2023 Revision)*, the *Guidelines on Handling Investor Complaints*, and the *Typical Cases of Complaint Handling in Branches*. We carried out practices of investor suitability management to ensure compliance with the principles of risk matching, prudence and compliance and to ensure sale of financial products and services commensurate with investors' ability to identify and take risks, thus guiding customers toward rational investing and effectively protecting investors' rights and interests.



## Strengthening data security and privacy protection

We strictly abided by the *Cybersecurity Law of the People's Republic of China*, the *Data Security Law of People's Republic of China*, and the *Personal Information Protection Law of People's Republic of China* to carry out work related to data security and privacy protection. In 2023, we formulated the *Administrative Measures for Network and Information Security Protection (Trial)*, the *Privacy Policy*, and the *Administrative Measures for Investor Information Protection (Trial)* to prevent the risks of network and information security and ensure the safe and stable operation of our information system.

According to the *Three-Year Network and Information Security Enhancement Plan for Securities Companies (2023-2025)* issued by Securities Association of China, we set up a leadership group and a working group for the Three-Year Network and Information Security Enhancement Plan in order to ensure that all work is carried out in an orderly manner and that the objectives and requirements of the Plan are implemented.

### Data Security and Privacy Protection Management System of Shenwan Hongyuan

Dimension	Structure
Network and information security	<ul style="list-style-type: none"> <li>We established an organizational structure featuring "Party Committee, Executive Committee, Information Technology Governance Committee, Information technology departments/Information Technology Assurance Department/Information Technology Development Department, Functional departments".</li> <li>We appointed the Chief Information Officer responsible for the centralized management of our network security.</li> </ul>
Data security	<ul style="list-style-type: none"> <li>We established an organizational structure featuring "Data Governance Leadership Group, Data Governance Working Group, Information technology departments, Business departments".</li> </ul>
Investor information	<ul style="list-style-type: none"> <li>We established an organizational structure featuring "Executive Committee and Investor Rights Protection Committee, Special Working Group on Investor Information Protection, Functional departments".</li> </ul>
Response to emergencies	<ul style="list-style-type: none"> <li>We established an organizational structure with the "Technical Emergency Command Sub-center, Emergency Response Team" as the leading organization, and the "Emergency Response Team" and the "Emergency Prevention and Coordination Team" as the working organizations.</li> </ul>

### Data Security Management Initiatives of Shenwan Hongyuan

- We established the information security management system that is certified by ISO 27001.
- We conduct internal audit regularly and invite qualified third parties to conduct external certification audit of our information security management system each year.
- We actively carried out information security publicity and training activities and organized network security knowledge contests and phishing email attack drills to raise the awareness of information security among all employees, and required employees to sign a letter of commitment regarding information confidentiality.
- We provided necessary education and training for outsourced personnel on work norms and signed the commitment letters for the presence of outsourced personnel in order to strengthen information security management as well as confidentiality management.
- We incorporated cybersecurity management into the annual departmental and individual assessment and evaluation, carried out cybersecurity assessment, and used the results as a reference basis for workplace safety, operating performance, and tenure performance assessment.
- We strictly protected the data of our suppliers and partners, and incorporated data security related clauses into all supplier contracts.



### Shenwan Hongyuan Securities Actively Conducts Information Security Emergency Drills

In 2023, Shenwan Hongyuan Securities took an active part in the 13th Joint Cybersecurity Emergency Response Drill for the Securities and Futures Industry, and successfully completed the designated scenarios under the supervision of Xinjiang Securities Regulatory Bureau. Shenwan Hongyuan Securities completed 18 emergency drills throughout the year, carried out desktop drills and training once every six months in accordance with the emergency plan, and revised the emergency plan several times in order to enhance the Company's business continuity.

We are committed to the principles of integration of rights and responsibilities, clear purpose, choice and consent, minimum necessity, security assurance, subject participation, and openness and transparency, to standardize the management of personal information and data in all aspects of our business operations.

### Customer Privacy Protection Management Measures of Shenwan Hongyuan

#### Collecting customer information

- We minimize data collection and retention and have committed in our privacy agreement to delete data after a specified period of use and not to collect personal data from third parties (except as required by law).

#### Providing customers with permissions

- Customers can log in to their accounts through online channels such as APP, PC software, and website, and access their personal information in the relevant interface, or they can go to the Shenwan Hongyuan Securities' outlets where they opened their account, or call the customer service hotline 95523 to inquire about their personal information.
- Customers can change their personal information on their own by following the page prompts.
- Customers have the authority to delete all data related to their own cell phone number and can modify their non-critical information in the business process.

#### Protecting sensitive data

- We protect the storage and transmission security of investor information through such security measures as network isolation, user authentication, data encryption, data backup, data destruction, malicious code prevention and illegal invasion monitoring to prevent information from being lost, destroyed, leaked or tampered with.

#### Handling customer information

- We only provide third parties with personal information necessary for the commissioning of services and will not use this information for any other purpose. We enter into strict confidentiality agreements with third parties and require them to protect our customers' personal information as required by us.

**System vulnerability analysis and countermeasures**

- Proactive measures: Before a new system is launched, it must go through the security test and inspection by the Information Security Department, including but not limited to penetration test, security inspection of the basic environment and basic protection requirement inspection at the corresponding level. A security inspection report should be issued after the completion of the inspection. In the event of non-compliance with security requirements, remediation shall be in place timely until the system passes the security test before being launched.
- Passive measures: Including personal information security incidents into our information technology emergency response plan for unified handling. In the event of a personal information security incident, we will, in accordance with the requirements of laws and regulations, take reasonable means to promptly investigate the means of leakage of investor information, assess the scope of influence, take reasonable and feasible remediation measures, promptly dispose of the hidden risks and report to the relevant authorities in accordance with the regulations.

**Product and service protection**

- We adopt desensitization and de-identification measures to statistically and analytically process the user's information in order to provide more accurate, smooth and convenient services to customers, or to help them evaluate, improve or design their services and operational activities.
- We strengthen and standardize the security management of the design, development, testing and launching phases of the Information Technology Assurance Department's system in accordance with the *Security Management Rules for System Development of Information Security Management System (ISMS)* to effectively guard against threats and attacks from the application layer and ensure the safe and stable operation of the application system.

In 2023, we committed no violations regarding customer privacy or loss of customer information, nor did we receive any relevant confirmed complaints.

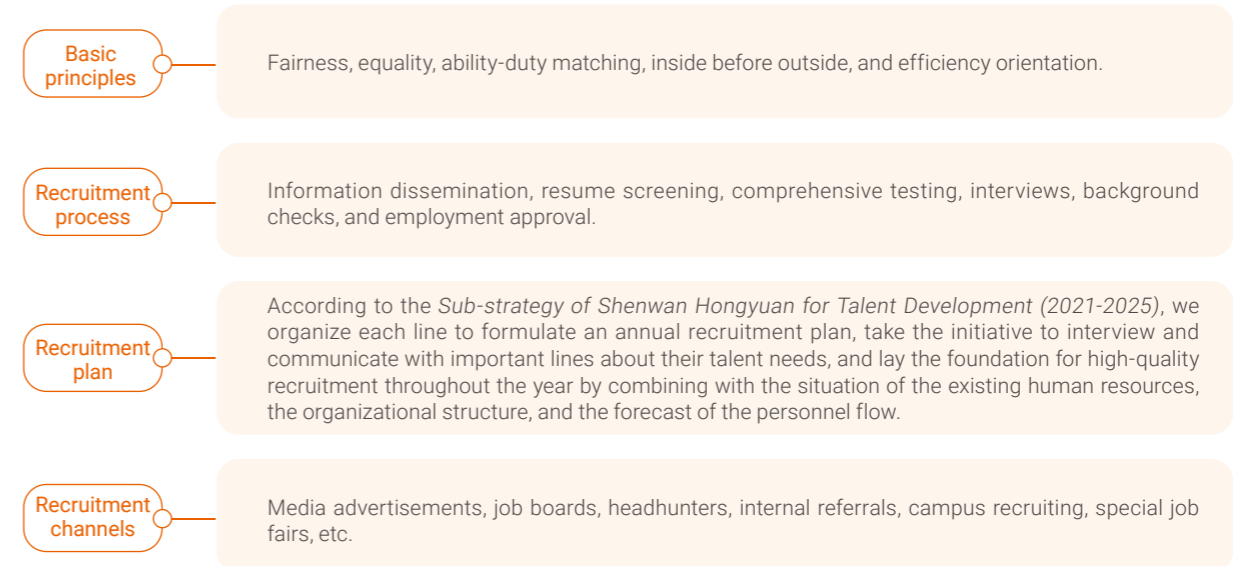
**Employees' rights, interests, and benefits**

**Recruitment and employment compliance**

We strictly abided by the *Employment Law of the People's Republic of China*, the *Employment Contract Law of the People's Republic of China*, and the *Regulations of the People's Republic of China on the Administration of Foreigners*. We protect the basic rights and interests of our employees through clear rules on recruitment and dismissal, equal opportunity, diversity, anti-harassment, working hours, and vacations, and prohibit the use of child and forced labor.



**Shenwan Hongyuan's Recruitment System**



**Recruitment and Employment Management Measures of Shenwan Hongyuan**



In 2023, we had no confirmed violations of laws and regulations in respect of employment and labor practices, and there were no instances of child labor or forced labor.

### Protection of employees' rights and interests

We strictly abided by the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China*, the *Regulation on Paid Annual Leave for Employees*, the *Implementation Rules of the Wage Determination Mechanism in State-owned Financial Enterprises*, as well as other relevant laws and regulations. We have formulated the *Administrative Measures for Attendance and Leaves (2021 Revision)*, the *Remuneration Management Policy (Trial)*, and the *Administrative Measures for Total Wage*.

We have established an enterprise annuity management system. In 2023, we revised the *Rules of Procedure of the Enterprise Annuity Management Committee* to clarify the composition and changes of the members of the Enterprise Annuity Management Committee and further standardize its proceedings, which helped to give full play to the role of the Committee and enhance the quality and efficiency of the management of the enterprise annuity.

In accordance with the development strategy and market-oriented principles, we have set up a fair and competitive remuneration system that covers all employees with the remuneration distribution system that combines protection and incentives at the core, so as to motivate the employees to continuously improve their performance, and to attract and retain the outstanding talents required by the Company. At the same time, we provide diversified welfare programs for our employees, aiming to comprehensively enhance their sense of belonging and happiness, and strengthen our cohesion.

#### Shenwan Hongyuan's Measures to Protect Employee Rights and Benefits

##### Working hours and leaves

- A standard working hours system of eight hours per day and 40 hours per week.
- An aggregate working hours policy or a flexible working hours policy for special jobs with the approval of the employment administration authority.
- After completing a certain number of years of service, employees are entitled to paid annual leave for a corresponding period of time, and various types of leave in accordance with national regulations, including public holidays, annual leave, sick leave, marriage leave, maternity leave, etc.

##### Remuneration

- The remuneration includes base salary, annual performance pay, allowance and subsidies, and benefits, covering all employees under full-time employment contracts.
- Among them, the monthly performance pay in the base salary reflects the incentive and constraint functions of the base salary.
- Annual performance pay is an incentive-based income based on the overall efficiency of the Company and the results of employee performance assessment.

##### Remuneration and benefits

- Statutory benefits: Social insurance and housing provident fund and other statutory benefits;
- Non-statutory benefits: Supplementary commercial insurance, enterprise annuity, regular medical check-ups, staff cafeteria, and transportation and communication subsidies, etc., covering all employees under full-time employment contracts.

##### Workplace harassment

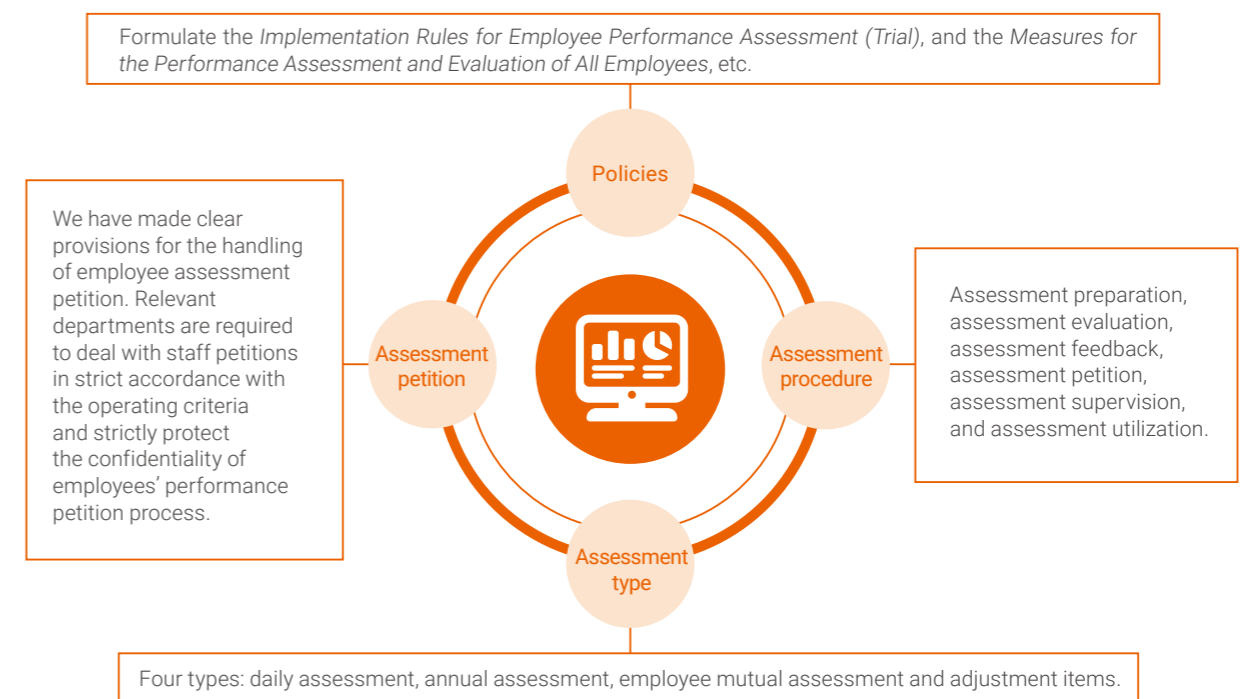
- We resolutely resist workplace harassment and adopt a zero-tolerance attitude towards workplace discrimination, which is included in the management of employee irregularities. We have clarified the mechanism for reporting complaints and the measures for responsibility investigation for the relevant incidents, and resolutely resist the relevant violations.

### Employee assessment and promotion

#### Performance assessment

In order to form a development ecosystem that taps full potential of talent, we established an employee performance assessment and evaluation system to regularly review and evaluate employee's performance levels, and to provide the necessary tracking and counseling for employee's performance improvement.

#### Employee Performance Assessment Management System of Shenwan Hongyuan



The company has formulated the *All Staff Performance Assessment and Evaluation Methods*, which includes seven major processes, namely, formulating the program, confirming the objectives, preparing the assessment data, carrying out evaluation on a regular basis, determining the results of the assessment and feedback, applying the results of the assessment, and carrying out performance counseling, etc., so as to form a complete closed-loop of the assessment and feedback of the assessment.

Shenwan Hongyuan Securities' performance assessment for all employees includes key performance assessment and annual comprehensive assessment and evaluation. Key performance assessment is carried out on a monthly, quarterly and semi-annual cycle, with the main purposes of goal guidance and performance tracking, and mainly adopts the key performance assessment method to carry out a stage-by-stage assessment of the process-based and key performance of employees. The annual comprehensive assessment and evaluation is conducted on an annual cycle, with the main purposes of comprehensive evaluation and performance improvement, and mainly adopts the comprehensive evaluation and 360-degree assessment methods to conduct annual assessment and evaluation of the outcome-based and comprehensive performance of employees. After the assessment results are confirmed, each unit shall adopt a certain form of feedback to the employees on their assessment results. For employees with poor performance, each unit needs to carry out performance counseling, which can also be carried out in a targeted manner according to the actual situation. An employee who challenges the assessment results and the results of position evaluation may submit a petition to its unit within a certain time limit. If the employee is not satisfied with the handling result, he/she may submit a second petition to the Human Resources Department.



## Development and promotion

Fully respecting each individual's development goals and aspirations, we have set up a dual-channel (with management and specialist pipelines in parallel) career development system to ensure right people in the right position.

With a managing director (MD) position system focused on competencies, we endeavor to create opportunities and environments where employees with aspirations and passions can achieve their goals. In 2023, we revised the *Supplementary Provisions to Administrative Measures for Job Positions (Trial)* and the *Rules of Procedure for Specialist Pipeline* on the principles of fairness, impartiality and performance orientation, aiming at fully stimulating the potentials of the employees and comprehensively improving the effectiveness of employees.

In order to encourage employees to improve their job skills by utilizing their spare time, we have formulated the *Administrative Rules of Qualification Management for Employees*, providing appropriate subsidies for recipients of professional qualifications, occupational skill level certificates and continuing higher education certification, covering all employees who have signed an employment contract with us. In 2023, we provided a total of subsidized amount of RMB 219,200 for 212 employees who have obtained skill certifications and academic certifications such as fund qualification, futures qualification, investment consultant qualification, economist, accountant, legal professional qualification, Chartered Financial Analyst (CFA), Financial Risk Manager (FRM), and master's degree.

We have formulated the *Implementation Rules for Mentor Management*, making it clear that each unit must appoint a mentor who meets the requirements for each new employee and develop a targeted and personalized mentoring plan that takes into account the characteristics of the new employee. New employees are required to summarize their training, study and work every quarter, and mentors shall evaluate and score employees based on their daily performance and what they summarize.

### FICC Department Launches New College Graduate Tutoring Program to Improve Employees' Professional Skills in All Aspects

In order to better cultivate young talents, the FICC department of Shenwan Hongyuan Securities has set up a sound mentor mechanism, whereby the senior business backbones of the division provide targeted business guidance to new employees. Moreover, FICC carried out the activity of "Experience Sharing for the Youth", in which the model employees of the division explain career planning, work experience and suggestions for young employees on an irregular basis, playing an exemplary role. FICC carried out weekly thematic business training and compliance business training to improve employees' professional skills in all aspects, creating an atmosphere of mutual help and continuous learning in the whole division and providing excellent teachers and sufficient resources for the rapid growth of young employees.

## Responsible procurement

We strictly abided by the *Tendering and Bidding Law of the People's Republic of China* and the *Interim Provisions on Centralized Procurement Management of State-owned Financial Enterprises* and revised the *Administrative Measures for Centralized Procurement* and the *Rules of Procedure for Centralized Procurement Review Panel*, forming a procurement organization system with well-defined powers and responsibilities, standardized procurement management procedures, and clear and transparent procurement processes.

We uphold the principles of "openness, fairness, impartiality, competition, profitability and efficiency" in procurement. We carry out procurement anti-corruption management by bringing discipline to the behaviors of procurement personnel, ensuring the openness and transparency of procurement information, requiring suppliers to comply with contract terms on anti-corruption and formulate anti-corruption policies and keep the whistleblowing channel unobstructed, so as to prevent any corruption. We have published the *Statement on Anti-corruption Management of Suppliers* on our official website to further improve supplier management.

### Shenwan Hongyuan's Measures for Anti-corruption Management of Suppliers

#### Establishing a sound supplier anti-corruption management system

- Establishing an organizational framework for procurement with clear duties and responsibilities: we have formed a cross-departmental collaborative procurement mechanism. The Audit Department is responsible for supervising and inspecting procurement matters via audits and carrying out the anti-corruption and integrity supervision over procurement activities.
- Ensuring compliance in corporate procurement: we carried out procurement through public bidding, invitation to bid, competitive negotiation, inquiry, single-source procurement and other means approved by the administration authority.
- Developing standard procurement procedures: following the principles of openness, fairness, impartiality, competition, profitability and efficiency for procurement, we have standardized the procurement procedures and process.

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

- Bringing discipline to the conduct of procurement-related personnel: we require procurement-related staff not to accept gifts or hospitality from bidders, and to avoid conflict of interests or any family relation with bidders.
- Ensuring open and transparent procurement information: public centralized procurement information in accordance with the law.
- Requiring suppliers to comply with anti-corruption provisions: we included anti-commercial bribery and other important clauses in the supplier contracts, requiring all suppliers to strictly comply with relevant laws and regulations and formulate internal anti-corruption policies, and auditing suppliers' implementation of supplier anti-corruption clauses and the compliance of procurement activities.

#### Ensuring adequate supervision and whistleblowing of supply chain anti-corruption

- We established a monitoring, whistleblowing and handling mechanism to prevent corruption in the supply chain.
- In the centralized procurement activities such as bidding implemented by us, the bidder and relevant parties that suspect any illegality or irregularity may start a whistleblowing to our discipline inspection department according to relevant regulations.
- For corruption, embezzlement, bribery and any other violations of discipline in procurement activities, we will hold the persons involved accountable in accordance with the relevant provisions, and if it constitutes a crime, we will require them to be held criminally accountable.

We continued to promote responsible procurement, gave priority to the procurement of energy-saving and environmental-friendly products, incorporated the requirements related to ESG responsibilities of suppliers into the supplier management process and paid close attention to suppliers' ESG performance in terms of environmental protection, labor health and safety and public welfare activities.

## Community communication and support

### Social welfare

We have always insisted on contributing to and giving back to society, people's livelihood and the environment. On the basis of actively developing inclusive finance, carrying out employee public welfare activities, and helping rural revitalization, we have set up a working group for improving people's livelihood, helped develop the communities where we operate, and actively organized and participated in various public welfare and charitable activities.

- SWHYHK collaborated with a local non-profit organization to organize a soft ceramic making class named "Pottery Fun Gathering" for the Chai Wan Neighbourhood Elderly Centre to express our care to the carers of the elderly. The class was held once a week and lasted for eight weeks, enabling carers learn to create aesthetically pleasing soft ceramic pieces that promote good neighborly relations.
- SWS MU made a donation to Huining County's Kechuang Middle School. The Party General Branch called on all employees to donate voluntarily to the school, and raised nearly RMB 45,000. After communicating with the local government, SWS MU donated to the school for the purchase of much-needed supplies for school teaching and established the "SWS MU Printing Room".
- Hongyuan Futures launched a winter clothes donation activity named "Clothes Donation for A Warm Winter", achieving rationalized allocation and recycling of idle resources.

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### SWS Research Sponsors Young Teachers to Attend Trainings

In August 2023, SWS Research sponsored five outstanding teachers from Huining County to participate in the 2023 "River and Children" Rural Outstanding Young Teachers Training organized by Shanghai Huitianfu Public Welfare Foundation. The training set up a platform for exchanges between representatives of local young teachers and SWS Research. It fully demonstrated SWS Research's emphasis on the "Excellence Program" for teachers and its care for the growth of young teachers in Huining County.



"River and Children" Rural Outstanding Young Teachers Training



Certificate of Donation



SWHYHK wins the award of Caring Company 10 Years + certificate in 2023

### Volunteer activities

We and our subsidiaries encourage employees to participate in volunteer activities to help the development of the communities where we operate in a hands-on manner, and to help those in need to solve their practical difficulties. Shenwan Hongyuan Public Welfare Foundation has set up a volunteer team to organize and mobilize employees and people from all walks of life who are enthusiastic about public welfare to participate in the Foundation's volunteer activities. SWS Research has established a "Youth Commando Team", and actively organized and participated in a variety of public service projects, aiming to make positive contributions to the community and the environment.



SWS Research organizes employees to participate in blood donation volunteer service



SWS Research assists with aerobic services for the disabled



Hongyuan Futures participates in voluntary tree planting activities



SWS Research carries out service activities to help the elderly



SWS Research makes efforts for post-disaster reconstruction

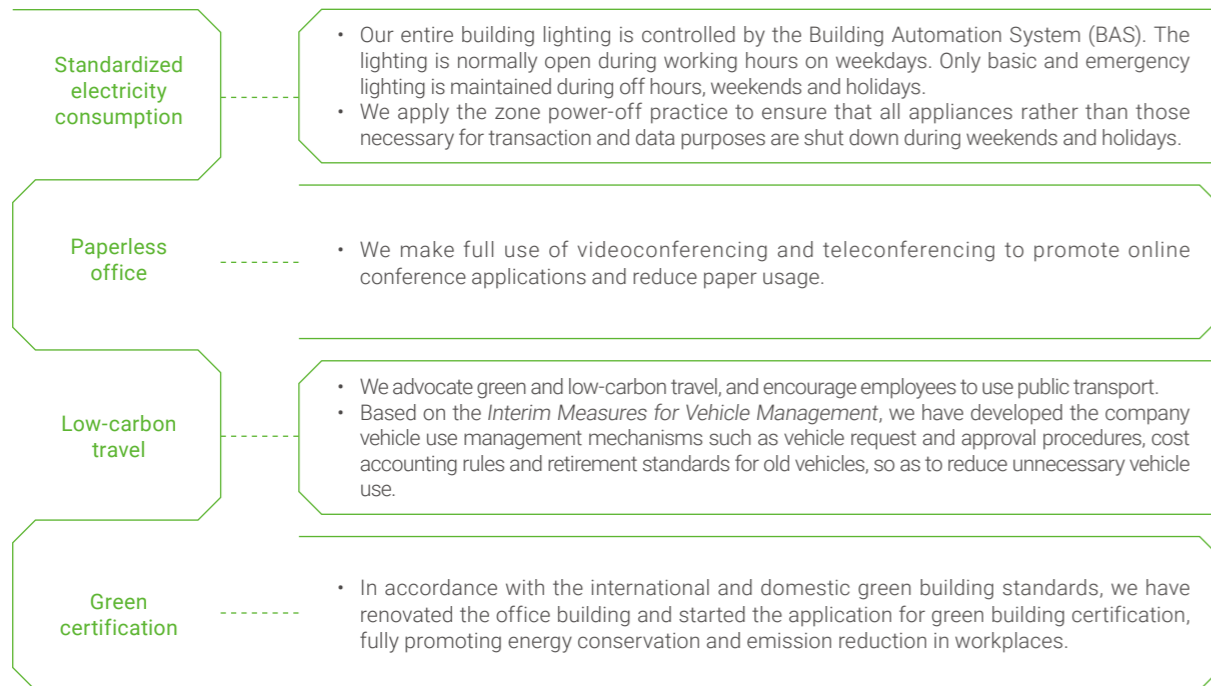


# Environmental Issues

## Energy and carbon emission management

The main energy used in the ordinary course of company operation includes natural gas, vehicle gasoline consumption and purchased electricity. We comply with the *Environment Protection Law of the People's Republic of China*, the *Energy Conservation Law of the People's Republic of China*, and other relevant laws and regulations.

### Energy Conservation and Emission Reduction Measures of Shenwan Hongyuan



### SWHYHK Set Goals for Management of Energy Use

SWHYHK has set its power consumption goal in 2025 as approximately 756,630 kWh. To accomplish the goals of energy conservation and emission reduction in 2025, SWHYHK continues to monitor the dynamic changes of power consumption of each office and sends the quarterly data to heads at each level to strengthen the implementation of office-related environmental protection measures. Highly efficient office facilities are used in offices of SWHYHK and energy saving systems such as motion sensing lighting devices have been installed in new offices to improve the efficiency of energy use.

In 2023, The company was not punished for any environmental non-compliance and has not received any environmental complaints.

## Water resources management

Our water consumption mainly goes to domestic water consumed in office work. Our main source of water is municipal water. We comply with the *Environment Protection Law of the People's Republic of China* and other relevant laws and regulations, and strictly regulate water management in workplace. We carry out water conservation education and incentives and use water-efficient appliances to prevent waste of water.

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

## Waste management

As a financial enterprise, the main solid wastes generated in office work are divided between harmless wastes (e.g., kitchen wastes, toner cartridges, ink cartridges and office papers) and hazardous wastes (e.g., obsolete computers).

In terms of reducing waste, we insist on advocating paperless conference and display conference materials via electronic screens and conference apps to minimize paper printing. Besides, we advocate paper saving and the default setting for printing from personal computers is black and white double-side. It is advocated to use electronic materials to reduce the use and waste of office paper. In terms of waste disposal, our property department collects office and household garbage together for cleaning and transportation and we regularly entrust a qualified third-party company to dispose of obsolete computers, toner cartridges, ink cartridges and other hazardous wastes.

### SWHYHK Set Goals for Waste Management

SWHYHK has set its goal for paper consumption in 2025 as approximately 7,620 kg. To accomplish the goal of increasing the recycled amount of harmless wastes, in 2023, SWHYHK equipped each office with recycle bins for waste paper collection to encourage its employees to recycle and reuse the waste paper. Suppliers will collect the waste paper on a regular basis. What's more, SWHYHK pushes forward waste sorting and recycling to promote waste reduction, puts recycle bins for plastic bottles and aluminum cans in offices, and then hand the bins to the building administrative office for uniform treatment.

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



In 2023, SWHYHK was awarded the "Wastewi\$e Certificate" of the Hong Kong Green Organisation Certification by Hong Kong Environmental Campaign Committee.

"Wastewi\$e Certificate" of the Hong Kong Green Organisation Certification

## ESG Quantitative Performance Indicators

### Economic Performance Indicators

Indicator	Unit	2022	2023
Total Revenue	RMB10,000	2,060,964.46	2,150,066.87
Net Profits Attributable to Shareholders of Listed Company	RMB10,000	278,906.79	460,634.02
Total assets	RMB10,000	61,311,702.45	63,543,741.81
Basic earnings per share	RMB	0.11	0.18

Note: The above data represent financial information prepared in accordance with the Accounting Standards for Enterprises of the People's Republic of China.

### Corporate Governance Performance Indicators

#### Anti-corruption Performance Indicators

Indicator	Unit	2022	2023
Number of anti-corruption training sessions	Times	10	11
Number of employees participating in anti-corruption-related training	Persons	11,204	11,807
Number of anti-corruption training hours for employees per capita	Hours/person	2	4
Number of directors participating in anti-corruption-related training	Persons	9	5
Number of anti-corruption training hours for directors per capita	Hours/person	6	6

### Social Performance Indicators

#### Employment Performance Indicators

Indicator	Unit	2022	2023
Total number of employees <sup>1</sup>	Persons	11,204	11,804
By gender	Male	6,001	6,339
	Female	5,203	5,465
By employment type	Full-timer employee under employment contract	11,198	11,440
	Full-timer employee under dispatch contract	6	—
	Others <sup>2</sup>	—	364
By age group	< 30 years old	2,666	2,562
	30 to 50 years old	7,366	7,732
	> 50 years old	1,172	1,510
By geographic region	Mainland China	10,843	11,396
	Hong Kong, Macao, Taiwan and overseas	361	408
Employment contract coverage	%	100	100
Number of labor discrimination incidents	Pieces	0	0

Indicator	Unit	2022	2023
Employee turnover rate <sup>3</sup>	%	9.27	7.50
By gender	Male	9.97	8.01
	Female	8.48	6.92
By age group	< 30 years old	10.77	9.48
	30 to 50 years old	8.38	5.98
	> 50 years old	11.52	11.99
By geographic region	Mainland China	8.41	6.97
	Hong Kong, Macao, Taiwan and overseas	35.18	22.55
Total number of new employees	Persons	1,767	1,167
By gender	Male	939	651
	Female	828	516
By age group	< 30 years old	940	750
	30 to 50 years old	821	414
	> 50 years old	6	3
By geographic region	Mainland China	1,674	1,111
	Hong Kong, Macao, Taiwan and overseas	93	56
Number of employees from ethnic minority groups	Persons	486	460
Number of disabled employees	Persons	29	29

Note 1, 2: For the year 2022, the total number of employees comprised Full-timer employee under employment contract and Full-timer employee under dispatch contract, not including Others such as brokers. In the year 2023, the total number of employees maintained consistency with the annual report, covering Full-timer employee under employment contract and Others, with Others in this instance referring to brokers.

Note 3: [Calculation method] Employee turnover rate by category = Number of employees in this category lost during the year/number of employees in this category at the end of the year.

#### Employment Performance Indicators-Supplementary Indicators<sup>1</sup>

Indicator	Unit	2022	2023
The total number of employees (excluding subsidiaries of Shenwan Hongyuan Securities)	Persons	7,927	7,925
The total number of female employees (excluding subsidiaries of Shenwan Hongyuan Securities)	Persons	—	3,746
The total number of new employees (excluding subsidiaries of Shenwan Hongyuan Securities)	Persons	—	753

Note 1: [Statistical scope] The Performance indicators in this table covers the total number of employees who have signed employment contracts within the scope of Shenwan Hongyuan Group, excluding personnel from subsidiaries of Shenwan Hongyuan Securities.

#### Employee Health and Safety Performance Indicators

Indicator	Unit	2022	2023
Coverage of employee Wellness Examination	%	—	100
Number of employees who died from work-related injuries	Persons	0	0
Rate of employees who died from work-related injuries	%	0	0
Number of work-related injuries	Times	0	0
Days lost due to work-related injuries	Days	0	0

## Employee Training Performance Indicators

Indicator	Unit	2022	2023
Employee training expenditure	RMB10,000	889.84	1,760.16
Coverage of employee training <sup>1</sup>	%	100	100
By gender	Male	53.56	53.70
	Female	46.44	46.30
By employee category	Senior management	0.24	0.22
	Medium management	3.24	3.27
	Ordinary employees	96.52	96.51
Average hours of employee training <sup>2</sup>	Hours	67.47	60.00
By gender	Male	65.11	57.83
	Female	70.20	62.51
By employee category	Senior management	225.83	180.43
	Medium management	138.79	127.04
	Ordinary employees	63.28	57.45

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

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

Data Security and Privacy Protection Performance Indicator<sup>1</sup>

Indicator	Unit	2021	2022	2023
Total number of complaints of identified leaks, and losses of customer data	Times	0	0	0
Total number of breaches of customer privacy	Piece	0	0	0

Note 1: [Statistical scope] The scope of consolidated statements of Shenwan Hongyuan Securities Co., Ltd.

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

Indicator	Unit	2022	2023
Number of customer complaints	Number	129	163
Complaint handling rate	%	100	100
Customer satisfaction PC <sup>2</sup>	%	89.1	—
Customer satisfaction APP <sup>2</sup>	%	82.8	—
Customer satisfaction <sup>2</sup>	%	—	88.64

Note 1: [Statistical scope] The scope of consolidated statements of Shenwan Hongyuan Securities Co., Ltd.

Note 2: For the year 2022, customer satisfaction was measured separately for the PC and App channels, whereas in the 2023 year, the customer satisfaction was aggregated. The customer satisfaction survey for 2023 focused on the segment of existing customers who were reached out for follow-up feedback.

Supplier Performance Indicators<sup>1</sup>

Indicators	Unit	2022	2023
Number of suppliers	suppliers	—	166
Number of suppliers from the mainland of China	suppliers	—	159
Number of suppliers from Hong Kong, Macau, Taiwan, and overseas	suppliers	—	7

Note 1: [Statistical scope] The statistical scopes for indicators included the Group Company and its subsidiaries, including Hongyuan Huifu, Hongyuan Huizhi, Hongyuan Futures, and the headquarters of parent company of Shenwan Hongyuan Securities. Only the number of suppliers engaged through the centralized procurement method is counted.

## Public Welfare Performance Indicators

Indicators	Unit	2020	2021	2022
Total assistance funds <sup>1</sup>	RMB10,000	5,023.04	5,015.20	4,346.10
Number of employee participations in volunteering <sup>2</sup>	person-times	—	—	854
Hours contributed to volunteering by employees <sup>2</sup>	hours	—	—	140

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

Note 2: The statistics for Number of employee participations in volunteering and Hours contributed to volunteering by employees were confined strictly to the data provided by the Office of Assistance.

## Environmental Performance Indicators

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

Indicators	Unit	2022	2023
Natural gas consumption	m <sup>3</sup>	119,840.99	112,592.00
Total natural gas consumption per capita	m <sup>3</sup> /person	10.70	9.54
Gasoline consumption <sup>2</sup>	Liters	63,413.00	86,931.59
Total electricity consumption <sup>2</sup>	MWh	18,067.20	23,249.91
Electricity consumption of the Company's headquarters in the office building in Beijing <sup>3</sup>	MWh	644.25	3,072.74
Electricity consumption per capita	MWh/ person	1.61	1.97
Greenhouse gas emissions (Scope 1 and Scope 2) <sup>4</sup>	Tons of CO <sub>2</sub> equivalents	10,830.21	13,776.55
Scope 1 GHG emissions	Tons of CO <sub>2</sub> equivalents	429.90	442.90
Scope 2 GHG emissions	Tons of CO <sub>2</sub> equivalents	10,400.31	13,333.65
Scope 3 GHG emissions <sup>5</sup>	Tons of CO <sub>2</sub> equivalents	2,213.07	17,286.79
GHG emissions per capita (Scope 1 and Scope 2)	Tons of CO <sub>2</sub> equivalents/ person	0.97	1.17

Note 1: [Statistical scope] Statistical scopes for indicators for 2022 such as natural gas consumption, gasoline consumption and electricity consumption included the Headquarters and branches thereunder, but not including the Futures Business Department. For 2023, the Statistical scopes were expanded to cover the Group and its subsidiaries within the scope of the consolidated financial statements. The gasoline consumption includes the gasoline consumption in Mainland China and the unleaded gasoline consumption in the Hong Kong. The electricity fees of some subsidiaries and branches cannot be counted because they are included in the property fees. Therefore, the data on the energy consumption and greenhouse gas emissions of some subsidiaries and branches are estimated.

Note 2: In 2023, as the frequency of remote work for company employees decreased, there was a corresponding increase in gasoline consumption for the company-owned official vehicles and electricity consumption.

Note 3: The data for 2022 encompass electricity consumption solely for the Group Company, whereas the figures for 2023 include electricity usage for both the Group Company and all collocated Subsidiaries within the headquarters office building, hence the increase in overall consumption.

Note 4: Based on the business nature of the Company, the greenhouse gas emissions in Scope 1 include direct greenhouse gas emissions from natural gas consumption and gasoline consumption of own vehicles, which are calculated with reference to HKEX's *How to prepare an ESG Report - Appendix 2: Reporting Guidance on Environmental KPIs (May 2021)* and the *GHG Accounting Tool for Chinese Cities (Version 2.0)* issued by the World Resources Institute (WRI). Scope 2 GHG gas emissions include indirect greenhouse gas emissions from purchased electricity. The calculation factors for 2022 are based on the *Notice on Proper Management of the Reporting of Greenhouse Gas Emissions by Power Generation Enterprises in 2023-2025* issued by the Ministry of Ecology and Environment (MEE), and HKEX's *How to prepare an ESG Report - Appendix 2: Reporting Guidance on Environmental KPIs (May 2021)*.

Note 5: In 2022, Scope 3 GHG emissions was included Employees Business Travel and was estimated based on the Scope 3 Evaluator under the Green house Gas Protocol. The statistical scope includes the Group and its subsidiaries, including Hongyuan Huifu, Hongyuan Huizhi, and Hongyuan Futures. For 2023, Scope 3 GHG emissions encompassed both Employees Business Travel and Employee Commuting. The statistical scope of Employees Business Travel was expanded to the Group and its subsidiaries, including Hongyuan Huifu, Hongyuan Huizhi, Hongyuan Futures, and the parent company of Shenwan Hongyuan Securities while the statistical scope of Employee Commuting was within the scope of the consolidated financial statements and estimated based on the sample survey of employee commuting. Scope 3 GHG emissions calculated with reference to *GHG Protocol—A Corporate Accounting and Reporting Standard* and *GHG Protocol—Corporate Value Chain (Scope 3) Accounting and Reporting Standard*.

## Water Consumption Performance Indicators<sup>1</sup>

Indicator	Unit	2022	2023
Total water consumption <sup>2</sup>	Tons	133,495.84	242,471.46
Water consumption of the office building in Beijing	Tons	16,571.00	18,703.00
Water consumption per capita	m <sup>3</sup> /person	11.92	23.47

Note 1: [Statistical scope] Statistical scopes for indicators for 2022 included the Headquarters and branches thereunder, but not including the Futures Business Department. For 2023, the Statistical scopes were expanded to cover the Group and its subsidiaries within the scope of the consolidated financial statements. For 2023, the Statistical scopes were expanded to cover the Group and its subsidiaries within the scope of the consolidated financial statements. The water fees of some subsidiaries cannot be counted because they are included in the property fees. Therefore the data on the water consumption of some subsidiaries and branches are estimated.

Note 2: Due to reduced home-based work in 2023 and a more comprehensive reporting scope for water consumption of branches of Shenwan Hongyuan Securities, there has been a significant increase in water consumption.

## Waste Consumption Performance Indicators<sup>1</sup>

Indicator	Unit	2022	2023
Non-hazardous wastes by source: Waste paper	Tons	1.26	7.03
Non-hazardous wastes by source: Kitchen wastes	Tons	152.00	218.80
Non-hazardous wastes by source: Municipal Solid Wastes	Tons	—	6.96
Non-hazardous wastes by source: Toner cartridges	Tons	—	0.05
Non-hazardous wastes by source: Quantity of electronics wastes	Tons	—	0.64

Note 1: [Statistical scope] The statistical scopes for indicators in 2022 covered the headauarters of the Group and its subsidiaries including Hongyuan Huifu, Hongyuan Huizhi, and Hongyuan Futures, while which was expanded to the Group and its subsidiaries in 2023, including Hongyuan Huifu, Hongyuan Huizhi, Hongyuan Futures (excluding branches), and the headquarters of parent company of Shenwan Hongyuan Securities.

## Honors and Awards

Awarded to	Awarded by	Awards and honors
Shenwan Hongyuan Group	China Listed Companies Association (CLCA)	<ul style="list-style-type: none"> <li>2023 Best Practice Cases of Boards of Directors of Listed Companies in China</li> <li>2023 Best Practice Cases of Directors' Offices of Listed Companies in China</li> <li>Grade 5A in "2023 Evaluation of the Performance of Board Secretaries of Listed Companies in China"</li> </ul>
	Board of Directors Magazine	<ul style="list-style-type: none"> <li>The 18th China Listed Company Board of Directors "Golden Round Table Award"- "Most Innovative Secretary"</li> </ul>
	New Fortune	<ul style="list-style-type: none"> <li>The 6th New Fortune Best IR Hong Kong Stock Company (A+H Shares)</li> </ul>
Shenwan Hongyuan Securities	China Securities Regulatory Commission(CSRC)	<ul style="list-style-type: none"> <li>2022-2023 National Securities and Futures Investor Education Base "Excellent" Grade</li> </ul>
	Urumqi Central Sub-branch of the People's Bank of China, Local Financial Supervision Administration of the Autonomous Region	<ul style="list-style-type: none"> <li>"Business Innovation and Application" award</li> </ul>
	China Financial Futures Exchange (CFFE)	<ul style="list-style-type: none"> <li>"2022 Silver Award for Excellent Market Maker in Stock Index Options"</li> <li>"2022 Award for Outstanding Contribution to the Listing of New Varieties of Stock Index Options Market Maker"</li> <li>"Award for Contribution to the Market Making of New Varieties of Options"</li> <li>"Market Contribution Award for the 10th Anniversary of the Listing of Treasury Bond Futures - Best Contribution Award for Treasury Bond Futures (Self-supporting Category)"</li> <li>Market Contribution Award for the 10th Anniversary of the Listing of Treasury Bond Futures - Award for the Leader of Treasury Bond Futures</li> </ul>
	China Futures Association, China Securities Association and China Securities Investment Funds Association	<ul style="list-style-type: none"> <li>The project "Research and Application Practice of Blockchain-Based Multi-Layer Penetrating Regulatory Model" won the Award of Excellence</li> </ul>
	Securities Times	<ul style="list-style-type: none"> <li>2023 China Securities Industry Institutional Broker Junding Award</li> <li>2023 China Securities Industry All-round Investment Banking Junding Award</li> <li>2023 China Securities Industry Overseas Investment Banking Junding Award</li> <li>2023 China Securities Industry Asset Management Quantitative Team Junding Award</li> <li>2023 China Securities Industry Asset Management Equity Team Junding Award</li> <li>2023 China Securities Industry Service Research Institute Junding Award</li> <li>2023 China Securities Industry Public Equity Product Junding Award (Shenwan Hongyuan Dividend Growth)</li> <li>2023 China Securities Industry Investment Banker Award</li> <li>2023 China Securities Industry Gold Sponsor Representative Award</li> </ul>
China Securities Journal	<ul style="list-style-type: none"> <li>"2023 Golden Bull Awards for Securities Firms" featuring five major categories: Top 10 Golden Bull Securities Firms, Golden Bull Award for Culture Building of Securities Firms, Golden Bull Award for ESG in the Securities Industry, Golden Bull Wealth Management Team, and Golden Bull Investment Banking Team</li> <li>Two awards in the "2023 Golden Bull Award for Collective Management Plans of Securities Companies": One-Year Equity Long Golden Bull Asset Management Plan: Shenwan Hongyuan Good Life Domestic Demand Growth Pooled Asset Management Plan, One-year Hybrid Bond (Level II) Golden Bull Asset Management Plan: Shenwan Hongyuan Shenliangying No. 1 Pooled Asset Management Plan</li> </ul>	
National Business Daily	<ul style="list-style-type: none"> <li>"2023 China Securities Industry Listed Company Brand Value Top 30 (Rank 9)"</li> <li>"The Most Distinctive Brokerage House Mother Fund"</li> </ul>	

Awarded to	Awarded by	Awards and honors
Shenwan Hongyuan Securities	Beijing Stock Exchange, National Stock Transfer Corporation	• First place in the second quarter of the evaluation of the quality of practice of securities firms
	China Association of Insurance Asset Management Industry	• Most Promising Futures Company
	Shanghai Financial Working Committee of the Communist Youth League	• Third Prize of "Striving Cup" Third Shanghai Youth Skill Competition - Youth Financial Business Innovation Competition
SWS MU	China Listed Companies Association	• Best Practice Cases of Listed Companies Utilizing Futures Markets to Manage Risks
	People's Bank of China	• "Key Assumptions Platform KAP" won the third prize of the Central Bank's Financial Technology Development Award.
	China Fund News	• Partner of China Fund News Investment Education Alliance • Shen Wanlingxin New Energy Vehicle Yinghua Award 25 Years of Public Equity Fund Demonstration Cases
Shenwan Investment	Xinhua Finance	• Golden Advice Award for Emerging Fund Advisors
	Shanghai Equity Investment Association	• "PEAS 2022 Equity List" 2022 "Mother Fund of the Year" Award
Shenwan Hongyuan Financing Services	The Securities Times	• 2023 China Venture Capital Golden Eagle Award "Outstanding PE Organization of the Year".
	WIND	• Six awards such as "Wind Best Investment Bank - Best A-share Equity Underwriter"
SWS Research	New Fortune	• Nine awards such as "Rank 8th among Best Local Investment Bank" and "Most Creative Project"
	Shanghai Stock Exchange (SSE)	• Excellent underwriter serving national strategy
	Shanghai Municipal Government	• Nominee for the 2021-2022 Shanghai Financial Innovation Award Achievement Prize
	Shanghai Municipal Committee of the Communist Youth League	• Third Prize of 2022 Strive Cup Shanghai Youth Financial Business Innovation Competition
	New Fortune	• Twenty-five awards such as "Best Analyst Selection Group Award - 1st Place Best ESG Practice Research Organization"
	Shanghai Securities News	• Two awards such as "Best Analyst Selection - Best Institute Director"
Hongyuan Futures	China Securities Journal	• Golden Bull Award for Best Analyst-Third Place for Most Popular and Influential Research Institution
	China Financial Futures Exchange (CFFE)	• Four awards such as "Outstanding Member Platinum Award"
	Shanghai Futures Exchange (SFE)	• Five awards such as "Outstanding Member Award" "First Prize of Natural Rubber "Insurance + Futures" Pilot Project, "Diamond Award for Market Making Business" "First Prize for Enhancing the Operation Quality of the Options Market"
	Securities Times	• 2023 China Futures Industry Juding Award-China Futures Company Leader Juding Award
	China Listed Companies Association	• Outstanding Practice Cases of "Listed Companies Using Futures Market to Manage Risks" and cases of exploratory practice

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A1.2	ESG Quantitative Performance Indicators	Operating Practices	
A1.3	ESG Quantitative Performance Indicators	<b>B5. Supply Chain Management</b>	
A1.4	ESG Quantitative Performance Indicators	B5.1	Responsible procurement
A1.5	Waste management	B5.2	Responsible procurement ESG Quantitative Performance Indicators
A1.6	Waste management	B5.3	Responsible procurement
A2. Use of Resources	Environmental Issues ESG Quantitative Performance Indicators	B5.4	Responsible procurement
A2.1	ESG Quantitative Performance Indicators	<b>B6. Product Responsibility</b>	
A2.2	ESG Quantitative Performance Indicators	Pursuing Progress while Ensuring Stability: Providing High-Quality Financial Services Protecting customers' rights and interests	
A2.3	ESG Quantitative Performance Indicators	B6.1	The Company's products are financial products which are not applicable for this indicator
A2.4	Water resources management	B6.2	Pursuing Progress while Ensuring Stability: Providing High-Quality Financial Services Protecting customers' rights and interests
A2.5	The Company's products are financial products which are not applicable for this indicator	B6.3	Compliance management
A3. The Environment and Natural Resources	Environmental Issues	B6.4	The Company's products are financial products which are not applicable for this indicator
A3.1	Environmental Issues	B6.5	Strengthening data security and privacy protection
A4. Climate Change	Responding to climate change	<b>B7. Anti-corruption</b>	
A4.1	Responding to climate change	B7.1	ESG Quantitative Performance Indicators
<b>B. Social</b>		B7.2	Business ethics
Employment and Labour Practices		B7.3	Business ethics
B1. Employment	Protecting customers' rights and interests	Community	
B1.1	ESG Quantitative Performance Indicators	<b>B8. Community Investment</b>	
B1.2	ESG Quantitative Performance Indicators	B8.1	Community communication and support ESG Quantitative Performance Indicators
B2. Health and Safety	Deepening employee care	B8.2	Community communication and support ESG Quantitative Performance Indicators
B2.1	ESG Quantitative Performance Indicators		
B2.2	ESG Quantitative Performance Indicators		
B2.3	Deepening employee care		
B3. Development and Training	Empowering staff development		
B3.1	ESG Quantitative Performance Indicators		
B3.2	ESG Quantitative Performance Indicators		



GRI Content Index

Statement of use Shenwan Hongyuan Group has prepared this report with reference to the GRI Standards, covering the period between January 1 and December 31, 2023.

GRI 1 used GRI 1: Foundation 2021

GRI Standard	Disclosure	Section
<b>General Disclosures</b>		
GRI 2: General Disclosures 2021	2-1	About Shenwan Hongyuan Group
	2-2	About this Report
	2-3	About this Report
	2-4	About this Report
	2-5	The Third Party Independence
	2-6	About Shenwan Hongyuan Group
	2-7	Putting People First: Building a Tier-one Talent Team Employees' rights, interests, and benefits
	2-8	Employees' rights, interests, and benefits
	2-9	ESG Governance and Management
	2-10	Corporate governance
	2-11	Corporate governance
	2-12	ESG Governance and Management Corporate governance
	2-13	ESG Governance and Management Corporate governance
	2-14	ESG Governance and Management
GRI 3: Material Topics 2021	2-22	ESG Governance and Management
	2-28	Honors and Awards
	2-29	ESG Governance and Management
GRI 3: Material Topics 2021	3-1	ESG Governance and Management
	3-2	
<b>Economy</b>		
GRI 201: Economic Performance 2016	201-1	ESG Quantitative Performance Indicators
	201-2	Being Result-oriented and Innovative: Developing a Sustainable Development Ecosystem
GRI 203: Indirect Economic Impacts 2016	203-1	Strengthening Responsibility: Implementing and Serving National Strategies
	203-2	Pursuing Progress while Ensuring Stability: Providing High-Quality Financial Services
GRI 205: Anti-corruption 2016	205-1	Business ethics
	205-2	
	205-3	

GRI Standard	Disclosure	Section
<b>Environment</b>		
GRI 302: Energy 2016	302-1	Energy and carbon emission management ESG Quantitative Performance Indicators
	302-2	
	302-3	
	302-4	
GRI 303: Water and Effluents 2018	303-1	Water resources management ESG Quantitative Performance Indicators
	303-2	
	303-3	
GRI 305: Emissions 2016	305-1	Energy and carbon emission management ESG Quantitative Performance Indicators
	305-2	
	305-3	
	305-4	
	305-5	
GRI 306: Waste 2020	306-1	Waste management ESG Quantitative Performance Indicators
	306-2	
<b>Society</b>		
GRI 401: Employment 2016	401-1	ESG Quantitative Performance Indicators
	401-2	
GRI 403: Occupational Health and Safety 2018	403-1	Deepening employee care ESG Quantitative Performance Indicators
	403-2	
GRI 404: Training and Education 2016	404-1	Empowering staff development ESG Quantitative Performance Indicators
	404-2	
	404-3	
GRI 405: Diversity and Equal Opportunity 2016	405-1	Employees' rights, interests, and benefits ESG Quantitative Performance Indicators
GRI 406: Non-discrimination 2016	406-1	Employees' rights, interests, and benefits
GRI 408: Child Labor 2016	408-1	Employees' rights, interests, and benefits
GRI 409: Forced or Compulsory Labor 2016	409-1	Employees' rights, interests, and benefits
GRI 417: Marketing and Labeling 2016	417-1	Protecting customers' rights and interests
	417-2	
	417-3	
GRI 418: Customer Privacy 2016	418-1	Strengthening data security and privacy protection ESG Quantitative Performance Indicators

## Independent Assurance Report

*English Translation for Reference Only*

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### Independent practitioner's assurance report

To the Board of Directors of Shenwan Hongyuan Group Co., Ltd.

We have been engaged to perform a limited assurance engagement on the selected 2023 key data as defined below in the 2023 Sustainability/Environmental, Social and Governance Report ("ESG report") of Shenwan Hongyuan Group Co., Ltd. (the "Company").

#### Selected key data

The selected key data in the Company's 2023 ESG Report that is covered by this report is as follows:

- Total number of employees (exclude subsidiaries of Shenwan Hongyuan Securities)
- Total number of female employees (exclude subsidiaries of Shenwan Hongyuan Securities)
- Total number of new employees (exclude subsidiaries of Shenwan Hongyuan Securities)
- Electricity consumption of the Company's headquarters in the office building in Beijing
- Total assistance funds

Our assurance was with respect to the year ended 31 December 2023 information only and we have not performed any procedures with respect to earlier periods or any other elements included in the 2023 ESG Report.

#### Criteria

The criteria used by the Company to prepare the selected key data in the 2023 ESG Report is set out in the definitions of the key data on the Appendix of Basis for Key Data Collection in the 2023 ESG Report (the "basis of reporting").

#### Management's Responsibilities

Management of the Company is responsible for the preparation of the selected key data in the 2023 ESG Report in accordance with the basis of reporting. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation of the selected key data in the 2023 ESG Report that is free from material misstatement, whether due to fraud or error.

#### Our Independence and Quality Management

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

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

#### Practitioner's Responsibilities

It is our responsibility to express a conclusion on the selected key data in the 2023 ESG Report based on our work.

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

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently the level of assurance in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Accordingly, we do not express a reasonable assurance opinion about whether the Company's 2023 selected key data in the 2023 ESG Report has been prepared, in all material respects, in accordance with the basis of reporting. Our work involves assessing the risks of material misstatement of the selected key data in the 2023 ESG Report whether due to fraud or error, and responding to the assessed risks. The extent of procedures selected depends on our judgment and assessment of the engagement risk. Within the scope of our work, we have performed the following procedures in the Headquarter of the Company. We have not conducted work on other locations.

- 1) Interviews with relevant departments of the Company involved in providing information for the selected key data within the 2023 ESG Report; and
- 2) Analytical procedure;
- 3) Examination, on a test basis, of documentary evidence relating to the selected key data on which we report;
- 4) Recalculation; and
- 5) Other procedures deemed necessary

#### Inherent Limitation

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

#### Conclusion

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the 2023 selected key data in the 2023 ESG Report is not prepared, in all material respects, in accordance with the basis of reporting.

#### Restriction on Use

Our report has been prepared for and only for the board of directors of the Company and is not to be used for any other purpose. We do not assume responsibility towards or accept liability to any other parties for the content of this report.

#### PricewaterhouseCoopers Zhong Tian LLP

Shanghai, China

28 March 2024

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## Basis for Key Data Collection

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

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

### Total number of female employees (exclude subsidiaries of Shenwan Hongyuan Securities)

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

### Total number of new employees (exclude subsidiaries of Shenwan Hongyuan Securities)

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

### Total assistance funds

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

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

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

## About this Report

This is the 10th *Corporate Social Responsibility Report/Environmental, Social and Corporate Governance Report*, the 9th *first Sustainability Report/ Environmental, Social and Corporate Governance Report* of Shenwan Hongyuan Group Co., Ltd. for the purpose of disclosing to stakeholders the Company's concepts, management methods, key efforts and achievements in economic, social and environmental aspects.

### Scope of Reporting

The scope of this report covers Shenwan Hongyuan Group Co., Ltd. and its subsidiaries (the "Company", "Shenwan Hongyuan" and "Shenwan Hongyuan Group"). Unless otherwise stated, it is consistent with the scope of the consolidated financial statements of Shenwan Hongyuan (000166.SZ, 6806.HK) for the same period.

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

Term	Definition
"Company", "Shenwan Hongyuan", "Shenwan Hongyuan Group", "We"	Shenwan Hongyuan Group Co., Ltd. and its subsidiaries
"Group Company"	Shenwan Hongyuan Group Co., Ltd.
"Shenwan Hongyuan Securities"	Shenwan Hongyuan Securities Co., Ltd.
"Hongyuan Huifu"	Hongyuan Huifu Venture Capital Co., Ltd.
"Hongyuan Huizhi"	Hongyuan Huizhi Investment Co., Ltd.
"Hongyuan Futures"	Hongyuan Futures Co., Ltd.
"Shenwan Hongyuan Investment"	Shenwan Hongyuan Investment Co., Ltd.
"Shenwan Hongyuan Industrial Investment"	Shenwan Hongyuan Industrial Investment Management Company Limited
"Shenwan Hongyuan Financing Services"	Shenwan Hongyuan Financing Services Co., Ltd.
"SWS Research"	SWS Research Co., Ltd.
"Shenyin & Wanguo Investment"	Shenyin & Wanguo Investment Co., Ltd.
"SWS MU"	SWS MU Fund Management Co., Ltd.
"Shenyin & Wanguo Alternative Investment"	Shenyin & Wanguo Alternative Investment Co., Ltd.
"Shenwan Hongyuan Securities (Western)"	Shenwan Hongyuan Securities (Western) Co., Ltd.
"SWHYHK"	Shenwan Hongyuan Securities (H.K.) Limited
"Shenwan Hongyuan Asset Management"	Shenwan Hongyuan Securities Asset Management Co., Ltd.

### Reporting period

The period of this report is from 01/01/2023 to 31/12/2023. The data in this report is for the period unless otherwise stated.

### Basis of Reporting

This report has been prepared in accordance with the the Shenzhen Stock Exchange's *Guidelines on Self-regulation of Companies Listed on the Shenzhen Stock Exchange No.1 - Standardized Operation of Companies Listed on the Main Board (Revised in December 2023)*, the *HKEX ESG Reporting Guide (Effective on December 31, 2023)* while referencing the *Global Reporting Initiative (GRI)'s Sustainability Reporting Standards (2021)*.

## Data description

All the data in this Report is from the official documents and statistical reports of Shenwan Hongyuan Group Co., Ltd. The financial data in this Report are in RMB. In case of any inconsistency a financial report, the financial report shall prevail.

## Principles of report preparation

### Materiality

The Company identifies material issues related to its operations that are of interest to investors and other stakeholders and focuses on them in this report. The reporting of material issues in this report also focuses on the characteristics of the industries in which the Company operates and the regions in which it is located. The process of analyzing material issues and the results are detailed in the "ESG Governance and Management" section of this report. 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 quantitative information has been measured by stating the caliber of the data, the basis of calculation and assumptions to ensure that the margin of error of the calculation will not have a misleading effect on the users of the information. The quantitative information and note information are detailed in the sections of this report.

The Board of Directors guarantees that the contents of the report do not contain false information, misleading statements or material omissions.

### Balance

The content of this report reflects objective facts and dispositive and negative information involving the company.

### Clarity

This report is published in simplified Chinese. Tables, model diagrams, and a glossary of terms are included as a supplement to the text in this report to facilitate stakeholders' understanding of the text. In order to facilitate faster access to information by stakeholders, this report provides a table of contents and an index of ESG standards.

### Quantification and consistency

This report discloses the key quantitative performance indicators and, where possible, historical data. The statistics and disclosure of the same indicator in this report are consistent across different reporting periods; if there are changes in the statistics and disclosure, they are 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 level.

### Integrity

The scope of this report's disclosures covers the scope of the company's consolidated financial statements in a manner consistent with the scope of the company's consolidated financial statements.

### Verifiability

The cases and data in this report are from the original records or financial reports of the company's actual operation. The Company adopts the HiESG performance 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 and used to support the inspection of external forensic work.

## Access to the e-report

This report is released in electronic form on the platform:  
Website of Shenwan Hongyuan Group Co., Ltd. ([www.swhygh.com](http://www.swhygh.com))  
Official website of HKEXnews ([www.hkexnews.hk](http://www.hkexnews.hk))  
Official website of Shenzhen Stock Exchange ([www.szse.cn](http://www.szse.cn))  
The China Securities Information Network ([www.cninfo.com.cn](http://www.cninfo.com.cn))



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