



國泰君安國際
GUOTAI JUNAN INTERNATIONAL

Stock Code 股份代號 : 1788.HK



KEEP
AHEAD
保持領先

ESG

Environmental, Social and
Governance Report
環境、社會及管治報告
2023



將環境、社會、管治 (ESG) 因素融入公司經營管理各個環節，全方位提升綠色金融服務能力，促進經濟社會高質量發展。

Integrate Environmental, Social, and Governance (ESG) factors into all aspects of Company's operations and management, comprehensively upgrade green finance and service capabilities, promote high-quality economic and social development.

CONTENTS

| | |
|---|-----|
| 1. About Guotai Junan International | 004 |
| 2. Message from the Board | 006 |
| 3. Aligning with UNSDGs | 008 |
| 4. ESG Highlights and Milestone | 010 |
| 4.1. Performance Highlights in 2023 | 010 |
| 4.2. ESG Milestone | 012 |
| 4.3. Awards and Achievements | 013 |
| 5. ESG Governance | 015 |
| 5.1. ESG Vision, Objectives and Strategies | 015 |
| 5.2. ESG Governance Structure | 017 |
| 5.3. ESG Risk Management and Internal Controls | 018 |
| 5.3.1. Risk Management Policies and Practice | 018 |
| 5.3.2. Three Lines of Defense | 023 |
| 5.4. Business Ethics | 024 |
| 5.5. Stakeholder Engagement and Materiality Assessment | 028 |
| 5.5.1. Communication with Stakeholders | 028 |
| 5.5.2. Material ESG Issues | 030 |
| 6. Social Responsibility | 032 |
| 6.1. Client-oriented Products and Services | 032 |
| 6.1.1. Digital Transformation to Safeguard Services and Products Responsibility | 032 |
| 6.1.2. Services and Products Integrity | 036 |
| 6.1.3. Investor Education | 038 |
| 6.1.4. Customer Relationship Management | 039 |
| 6.2. Talent Attraction, Retention and Development | 041 |
| 6.2.1. Diversity, Equity, and Inclusion | 041 |
| 6.2.2. Employment Management | 043 |
| 6.2.3. Employee Health and Wellbeing | 045 |
| 6.2.4. Training and Development | 046 |
| 6.2.5. Recognition | 049 |
| 6.3. Sustainable Supply Chain | 050 |
| 6.4. Community Investment and Engagement | 052 |

| | |
|---|-----|
| 7. Environmental Responsibility | 056 |
| 7.1. Environmental Targets | 057 |
| 7.2. Tackling Climate Change | 059 |
| 7.3. Green Office and Operation | 065 |
| 7.4. Environmental Performance Table | 068 |
| 8. Green and Sustainable Finance | 069 |
| 8.1. Responsible Investment Practice | 069 |
| 8.2. ESG Integration into Financial Services | 074 |
| 8.3. Green and Sustainable Finance Performance | 076 |
| 8.4. Case Study | 076 |
| About the Report | 078 |
| Reporting Basis and Principles | 078 |
| Reporting Scope and Period | 078 |
| Feedback | 078 |
| Appendix 1: The Stock Exchange's ESG Reporting Guide Content Index | 079 |
| Appendix 2: Ten Principles of the UN Global Compact | 083 |
| Glossary | 084 |

1. About Guotai Junan International



About Guotai Junan International

Guotai Junan International has been established in Hong Kong for 30 years. In 2010, it became the first Chinese securities company approved by the China Securities Regulatory Commission for listing its shares on the Main Board of the Stock Exchange through IPO.

As one of the world's premier international financial centers, Hong Kong is not only the preferred location for financial services but also home to many large financial institutions. Strategically located in the heart of Asia, Hong Kong is closely integrated with the Mainland China and well-connected to all parts of the world. Its sound legal system, straightforward and low tax regime, free flow of capital, comprehensive range of financial products and services, and abundant financial expertise contribute to long-term competitiveness of Hong Kong as a financial hub. Adhering to the vision of being "based in Hong Kong, supported by the Mainland China and serving the world", the Group expands its business development into the Greater Bay Area and Southeast Asia through subsidiaries in Singapore, Vietnam and Macao, thus serving as a conduit linking high-quality enterprises with capital market in China and the world. Leveraging the strong brand advantage, extensive customer base and robust capital support of GTJA, the parent company, the Company paves the way and plays a pivotal role in the parent company's international development strategy.

Our Business

In recent years, the Company has fully implemented its diversified development strategy, successfully transforming from a “brokerage oriented” securities firm into a large “integrated financial services provider” with a broad range of business sectors. With solid business capabilities and a strong shareholder background, the Group has developed four core business segments: wealth management, institutional investor services, corporate finance services, and investment management.



2. Message from the Board



2023 was a year full of challenges. Despite facing multiple obstacles, Guotai Junan International has bravely forged ahead, pioneering and advancing with determination. We have not only achieved excellent results at the business level, but, more importantly, have taken significant strides in fulfilling our ESG responsibilities. The Board is pleased to share with you the Company's achievements in sustainable development and its vision for the future.

The Company has thoroughly implemented the ESG development concept. With a robust ESG management structure in place (which includes an ESG committee under the Board, and three ESG thematic working groups have been established), the Company continuously enhanced the effectiveness of the Company's ESG management system. This commitment advances our overarching goal of sustainable development and exemplifies our responsibility as a financial institution to protect the environment, contribute to society, and enhance corporate governance.

In addressing the challenge of climate change, we have taken proactive measures to maximize energy conservation and emission reduction at the operational level, resulting in a decrease in total GHG emissions for four consecutive years. Building on this, we achieved carbon neutrality at operational level for the first time through the subscription of carbon credit assets in 2023. This is not only a practical action against climate change but also an indication of our taking commitment and responsibility to shareholders and society.

At the business level, by leveraging our professional expertise, we have played the role of a financial institution in supporting the green transformation of the real economy. We adhere to the concept of responsible investment, vigorously develop green and sustainable products and services, and comprehensively promote the high-quality development of sustainable finance. All business lines of the Company have formulated and implemented ESG policies tailored to their operations, integrating ESG factors into the investment decision-making process. Notably, the coverage rate of asset management and investment business has reached 100%. In terms of financing services, we not only assist clients in completing financing projects related to green industries, but also help them to achieve sustainable development goals by providing ESG-related products. In 2023, we completed 41 sustainable finance business projects, the total issuance scale exceeded HK\$80 billion. Additionally, we have obtained the authority to trade on the carbon market of the Stock Exchange, providing new impetus to support the green and low-carbon transformation of the economy.

2. Message from the Board

The Company strives to practise corporate social responsibilities, actively participating in social welfare activities, focusing on many areas such as education, environmental protection, vulnerable groups, giving back to the society with genuine care and practical actions. Throughout the year, we have consistently engaged in public welfare activities, making active contributions to ecological and environmental protection, material donations, and the care of society.

We firmly believe that fostering an inclusive and diverse work environment is key to corporate success. Therefore, we integrate ESG concepts with corporate culture, striving to create a working environment where everyone can realize their potential regardless of gender, race, religion or cultural background. We encourage diversity and inclusivity, attracting exceptional talents, which we believe that it will make our team stronger, thereby driving the Company sustained rapid development and creating greater value for shareholders.

Looking to the future, we are full of confidence. Guotai Junan International will hold itself to high standards and further strengthen its awareness and execution capabilities of corporate governance, environmental protection and social services. At the same time, we remain steadfast in the philosophy of “finance for the good,” persistently assist high-quality enterprises’ green transformation with professional, efficient, and high-quality financial services, promoting the positive interaction between economic development and ecological civilization, and injecting greater financial vigor into green, low-carbon and sustainable development.

Thank you again for your trust and support in Guotai Junan International. We look forward to walking with you hand in hand to write a new chapter for Guotai Junan International on the road to sustainable development, and to embrace a greener and better tomorrow.





The Board
Guotai Junan International

3. Aligning with UNSDGs

The Group has consistently embraced sustainable business practices. This year, the Group has further strengthened commitment by aligning its ESG-related action plan with UNSDGs. As a responsible corporate citizen, the Group is committed not only to generating financial returns for its shareholders but also to contributing to a sustainable future for all stakeholders in the value chain and the wider community.


| UNSDGs | The Group's Actions/Commitments |
|---|--|
|  <p>Target 3.8</p> | <ul style="list-style-type: none"> • Offering medical insurance packages, life insurance, disability insurance, business travel insurance, annual medical check-ups, and dental benefits to provide quality healthcare services to employees • Organizing health and psychological wellness workshops to support employees' mental and physical health |
|  <p>Target 4.4, 4.7</p> | <ul style="list-style-type: none"> • Offering comprehensive professional training that covers ethics, market knowledge, ESG-related topics and more to ensure employees are up-to-date with the market • Launching an e-learning platform for all employees, covering topics relating to product knowledge, equity instrument, securities lending, IPO placement procedure, best execution policy, credit and market risk management, whistleblowing, as well as topics on corporate social responsibility and ESG investing including green bonds, social bonds, and sustainable investment instruments |
|  <p>Target 5.1, 5.5</p> | <ul style="list-style-type: none"> • Promoting equal employment opportunities and eliminating gender discrimination at workplace • Ensuring gender-equality-related awareness is integrated into daily working practices and corporate culture |
|  <p>Target 7.2, 7.3</p> | <ul style="list-style-type: none"> • Promoting energy savings around the office and initiating renovation programs to improve the energy efficiency of office appliances • Prioritizing sectors that aim to improve energy use, including electric vehicles and renewable energy in investment decisions • Assisting in financing green projects that use renewable or clean energy to support the global rate of improvement in energy efficiency and the significant increase in the use of renewable energy worldwide |
|  <p>Target 8.3, 8.4, 8.6</p> | <ul style="list-style-type: none"> • Supporting sustainable development of the wider economy by investing in high-quality, innovative, and sustainable companies, and assisting clients to finance ESG-related projects • Launching a management trainee program to equip university graduates with the necessary skills and knowledge required for the financial services industry |

3. Aligning with UNSDGs

| UNSDGs | The Group's Actions/Commitments |
|--|--|
|  <p>Target 9.4</p> | <ul style="list-style-type: none"> Assisting clients in raising capital to adopt clean and green technologies for sustainable growth. This year, the Company has supported the fund raising of an enterprise that uses innovative energy technologies to improve heating efficiency and provide an alternative to coal-fired heating systems |
|  <p>Target 12.2, 12.5</p> | <ul style="list-style-type: none"> Implementing a series of water-saving and waste reduction measures within the Company Adopting and promoting green procurement and incorporating ESG factors into the tendering process to better manage environmental and social risks in the supply chain |
|  <p>Target 13.1</p> | <ul style="list-style-type: none"> Identifying climate-related risks and opportunities and taking proactive actions to enhance the Company's climate resilience and reduce environmental impact Exploring green and sustainable finance opportunities to invest in and finance companies committed to making a positive impact on environmental sustainability |
|  <p>Target 16.3, 16.5</p> | <ul style="list-style-type: none"> Establishing a comprehensive and effective risk management and internal control system Conducting business with the highest ethical standards and has zero tolerance towards any form of bribery, corruption, extortion and fraud Requiring all employees to participate in anti-bribery and anti-corruption trainings |

4. ESG Highlights and Milestone

4.1. Performance Highlights in 2023



**Financial
Performance**


| | |
|--|--|
| <p>Revenue HK\$3,217 Million (Increased by 39%)</p> | <p>Profit Attributable to Ordinary Equity Holders HK\$201 Million (Increased by 150%)</p> |
| <p>Dividend Payout Ratio 95%</p> | <p>Cumulative Dividends Since Listing HK\$5.77 Billion</p> |
| <p>Credit Rating by S&P BBB+/A-2 "Stable" Outlook</p> | <p>Credit Rating by Moody's Baa2/Prime-2 "Stable" Outlook</p> |



**Sustainable
Finance
Performance**

GTJA, the Parent Company
(including its subsidiary "Guotai Junan International"),
Became a Signatory of **PRI**

| | |
|--|--|
| <p>Total Number of Sustainable Finance Business Projects 41</p> | <p>Sustainable Finance Business Total Issuance Scale HK\$83.1 Billion</p> |
|--|--|



**Environmental
Performance**

GHG Emissions Dropped
for **FOUR** Consecutive Years

Total Hazardous Waste
1.92 Tonnes
(Decreased by 42%)

Achieved **Carbon Neutrality** at Operational Level for the First Time

| | |
|--|--|
| <p>Total GHG emissions 932.28 Tonnes CO₂e (Decreased by 12%)</p> | <p>Total energy consumption 1,013.05 MWh (Decreased by 28%)</p> |
|--|--|

4. ESG Highlights and Milestone



Social
Performance

Female Staff Percentage

46%

(Increased by 5%)

Employee Total Training

18,193.9 Hours

Total Hours for Volunteer Services

358.5 Hours

Customer Complaint Settlement Rate

100 %

Employee Average Training

30.27 Hours

(Slightly increased)

Staff Satisfaction Rate

89 %

(Increased by 19%)



ESG
Governance
Achievement

Conducted Independent Climate
Change-related Risk Assessment and
Scenario Analysis

Percentage of Female
Directors in the Board

25 %

Annual ESG Issues-related
Stakeholder Survey
Engagement

442 Responses

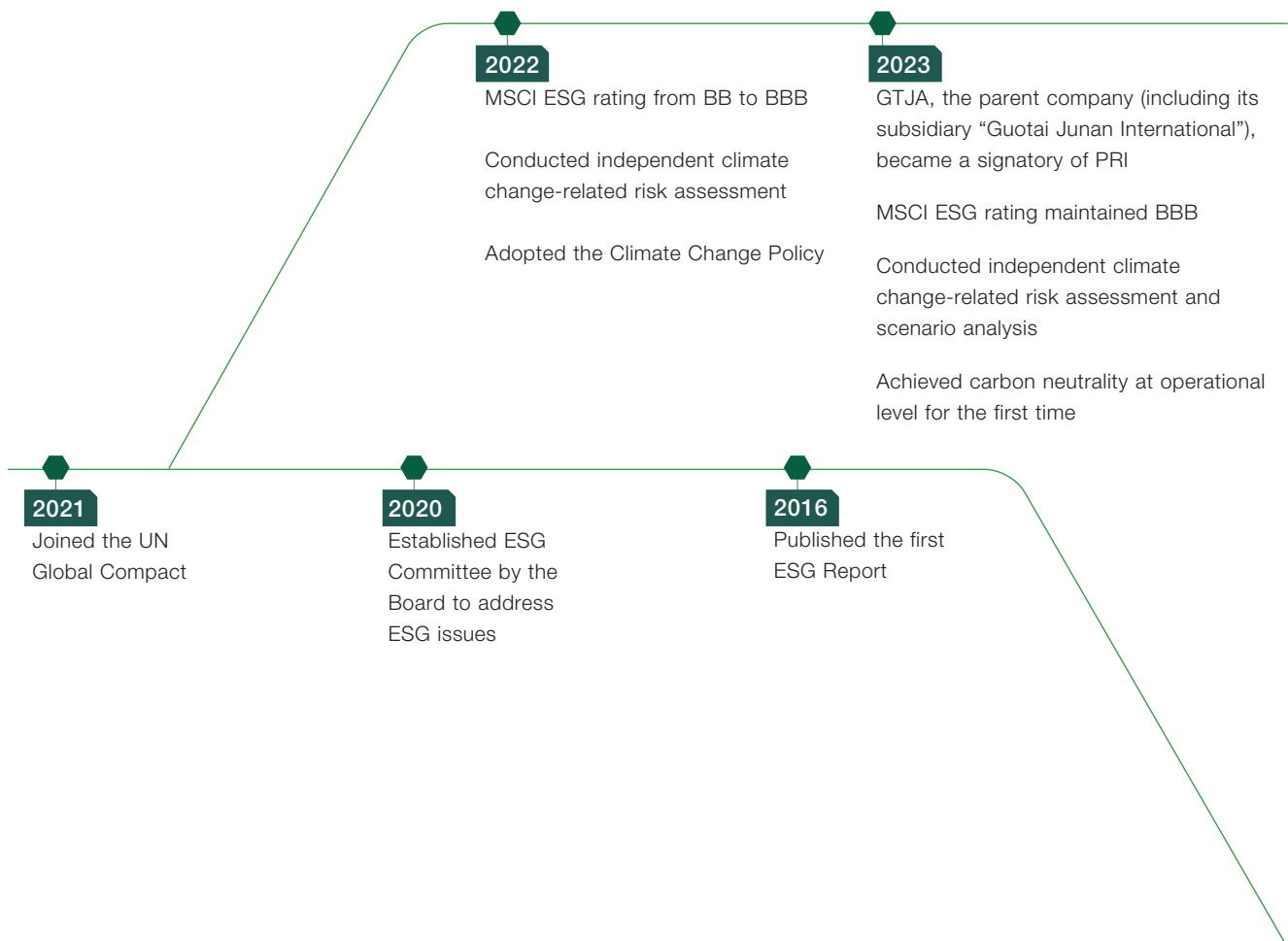
HKQAA Sustainability Rating
Upgraded to

BBB+

4. ESG Highlights and Milestone












4.2. ESG Milestone



4.3. Awards and Achievements

| ESG Rating | Highlights |
|---|---|
|  | <p>In 2023, maintained MSCI ESG rating at “BBB”.</p> |
|  | <p>In 2023, Hong Kong Quality Assurance Agency (HKQAA) Sustainability Rating upgraded to “BBB+”.</p> |
|  | <p>In March 2024, the S&P has rated the Company with ESG score of 31, leading nearly 80% of peers globally.</p> |
| ESG Membership | Highlights |
|  | <p>GTJA, the parent company (including its subsidiary “Guotai Junan International”), became a signatory for PRI in 2023, committing to follow the six principles for responsible investment.</p> |
|  | <p>As the first Chinese securities firm in Hong Kong joined the UN Global Compact, the Group submitted annual Communication on Progress (CoP) again in 2023, disclosing the practical actions it has taken or planned to implement the 10 principles of the UN Global Compact in four areas: Human Rights, Labor, Environment and Anti-corruption.</p> |
|  | <p>As an institution member of Hong Kong Green Finance Association, the Group participates in 1) Green and Sustainable Private Equity Working Group; 2) Green Bonds and Product Innovation Working Group; and 3) ESG Disclosure and Integration Working Group, jointly supporting and promoting the development of green finance and green investment concepts.</p> |

4. ESG Highlights and Milestone

| ESG Awards | Highlights |
|---|--|
|  | <p>“Best Companies to Work for in Asia” and “Diversity, Equity, and Inclusion Awards” awarded by HR Asia in 2023.</p> |
|  | <p>“Best ESG” awarded by Institutional Investor in 2023.</p> |
|  | <p>“ESG Corporate Awards – Gold Award”, “Best Sustainability-linked/ Green Bond”, “Best Green DIM SUM Bond” and “Best Blue Bond and Sustainability Bond” awarded by The Asset in 2023.</p> |
|  | <p>“Outstanding ESG Awards (Listed Company) – Platinum Award” in ESG Achievement Awards 2022/2023 awarded by Institute of ESG & Benchmark.</p> |
|  | <p>“Best Investor Relations Company” awarded by Corporate Governance Asia in 2023.</p> |
|  | <p>“Caring Company” recognized for the 9th consecutive year in 2023.</p> |
|  | <p>“Happy Company Award” for the 6th consecutive year in 2023 awarded by the Promoting Happiness Index Foundation and Hong Kong Productivity Council.</p> |
|  | <p>“Mental Health Workplace Charter” granted by Hong Kong Department of Health, Labor Department, and Occupational Safety and Health Council in 2023.</p> |
|  | <p>“Family-Friendly Employers Award” awarded by Hong Kong Family Council since 2018.</p> |

5. ESG Governance



5.1. ESG Vision, Objectives and Strategies

On the path to becoming a “Well Respected, Comprehensively Leading and Internationally Competitive” financial services provider, the Group steadfastly adheres to its philosophy of “Finance for the Good” and “Finance for the People”. The Group regards sustainability as a fundamental pillar for long-term development, and is proactively integrating ESG principles into its business operations and management.

ESG Vision



The Group’s ESG vision is to enhance long-term returns for its shareholders by adopting responsible business practices. Adhering to the ESG vision, the Group takes social and environmental needs into consideration in its business operations and has set the overall ESG objectives and strategies from the perspective of people, environment, business and community, respectively.

ESG Policy

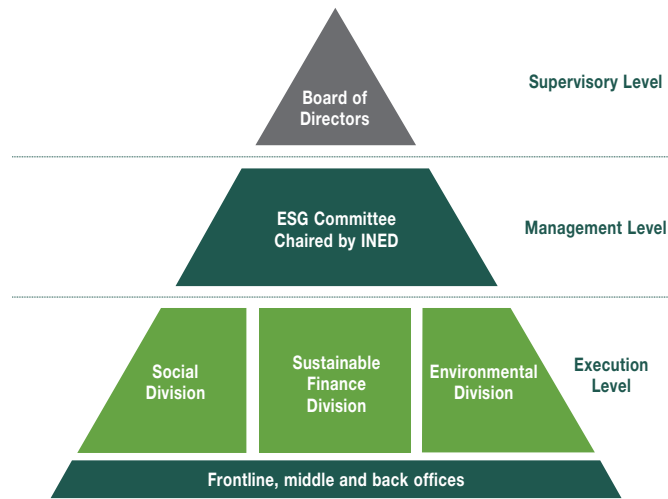
The Group has its ESG Policy in place, setting out specific management measures and strategies to meet its ESG objectives in four focus areas (as set out hereunder) and clarifying the overall direction of the Group’s ESG development in the next few years.

5. ESG Governance

Focuses in ESG Policy

| | |
|---|---|
|  <p>People</p> | <ul style="list-style-type: none"> • Provide equal employment opportunities, foster a supportive and quality working environment, advocate a diverse and inclusive workplace and culture, uphold employees' rights and interests, and facilitate meaningful communications within the Group. |
|  <p>Environment</p> | <ul style="list-style-type: none"> • Address environmental issues and reduce the environmental impact. Going beyond compliance with applicable legal and regulatory requirements, the Group's objective is to assess, avoid and mitigate environmental risks and impacts arising from its activities. |
|  <p>Business</p> | <ul style="list-style-type: none"> • For sustainable finance, the Group adheres to promoting sustainable business practices while improving the risk return profile of the overall portfolio; • For product responsibility, the Group's objective is to gain customer trusts in products and services, and to provide sufficient information to them to make informed investment decisions; and • For supply chain management, the Group's objective is to reduce environmental and social risks along the supply chain. |
|  <p>Community</p> | <ul style="list-style-type: none"> • As one of the integrated financial institutions in Hong Kong, being a part of the society, the Group's objective is to support the community through professional services and a diverse range of initiatives such as providing charity supports and taking part in volunteer activities. |

5.2. ESG Governance Structure



| ESG Governance Structure | Major Duties |
|------------------------------------|---|
| Supervisory Level | |
| The Board | The highest governing body of the Group’s ESG issues and is ultimately responsible for overseeing matters concerning ESG (including climate change issues) of the Group, covering ESG-related risks, material issues, governance, policies, objectives and strategies, performance and reporting. |
| Management Level | |
| ESG Committee | <p>Chaired by INED, members include persons in charge of relevant departments, including corporate governance, legal and compliance, risk management and human resources functions as well as asset management and investment businesses.</p> <p>Established by the Board as a functional committee. Advising and enhancing the Group’s ESG management by setting the sustainability vision and strategy, identifying ESG risks (including climate change risks) and opportunities, and ensuring compliance with ESG policies and regulations. Developing and reviewing ESG policies, engaging with stakeholders, and monitoring ESG trends that may affect the Group’s operations.</p> <p>Please refer to the paragraph headed “ESG Committee” under the “Corporate Governance Report” of the 2023 Annual Report of the Company for details.</p> |
| Execution level | |
| ESG Working Group | <p>For better execution of the ESG policies and plans, ESG Working Group is set up under the ESG Committee and comprised of functional divisions, namely Sustainable Finance Division, Environmental Division and Social Division, members include persons in charge of frontline, middle and back offices.</p> <p>Each functional division is responsible for setting targets and formulating specific work plans according to the Group’s ESG strategies and goals.</p> |
| Frontline, middle and back offices | Integrate ESG considerations into daily operations, implement ESG work plans and achieve ESG targets, gather ESG information and report back to ESG Working Group. |

5. ESG Governance

5.3. ESG Risk Management and Internal Controls

5.3.1. Risk Management Policies and Practice

Risk Management and Control Culture

The Group firmly believes that strong risk management and control culture is critical for sound risk management and the long-term success of the Group. Risk culture defines the norms of behavior for individuals and the Group as a whole that determines the collective ability to respond to various risks faced by the Group currently or in the future.

Risk Management Governance

| Risk Management Structure | Major Duties |
|--------------------------------------|---|
| Supervisory Level | |
| The Board | The Board ensures there is an effective system of risk management and internal control in place and is ultimately responsible for supervising the Group's overall risk policy and management. |
| Risk Committee of the Board | The Risk Committee of the Board is delegated to oversee the management in design, implementation and monitoring of risk management system, and review and approve the Group's risk management strategies, risk appetite, risk tolerance, and material risk limits. The Risk Committee of the Board reviews the effectiveness of the Group's risk management system (including legal and compliance risks which cover anti-bribery and corruption, and AML issues, etc). CRO and CCO are accountable to the Risk Committee of the Board. |
| Management Level | |
| Management and Management Committees | <p>The management and specific committees including but not limited to the Asset Liability Management Committee, Risk Management Committee, Investment Banking Committee, Institutional Business and Trading Committee, Retail and Wealth Management Committee and Investment Committee are responsible for endorsing risk appetite and limits across business units, products, legal entities, and risk categories, in alignment with the enterprise risk appetite. They also approve new products and significant transactions, while conduct regular reviews of all risks.</p> <p>The management shall, regularly and when necessary, report to the Board on material risk issues that may affect the Group's performance.</p> |
| Execution Level | |
| Risk Management Functions | The Risk Management Department and other control functions, namely legal and compliance, settlement/operation, IT, human resources and finance departments, perform independent risk management, oversee the Company's risk-taking activities and assess risks and issues independent of front line units, as well as escalate any risk-related issues to the management and committees appropriately. |

Risk Management Policies and Procedures

The Group has established comprehensive risk management policies and procedures, including Risk Framework. Risk Framework provides a blueprint for establishing risk appetite and associated limits for business activities and sets forth responsibilities for the management of risks by frontline units, risk management, internal audit, and other control functions. It describes the risk management approach and key types of risks the Group are facing, which is consistent with the expectations of the regulatory authorities including the SFC.



The Group has implemented a range of policies and guidelines that include all significant risks, supported by established mechanisms for identifying, measuring, monitoring, and managing these risks. Regular reviews and updates of risk management policies and procedures are conducted to align with market dynamics and evolving business strategies. Furthermore, the Group extends regular guidance to its subsidiaries, along with centralized management at the group level, to enhance their risk management capabilities and ensure compliance with local regulatory requirements in each of their operations.

The Group has integrated ESG risk factors into its Risk Framework, which serves as the cornerstone for consistent and effective management of the risks faced by the Group, with the aim of promoting awareness and strengthening the management of ESG risks across the Group. General escalation requirements and processes are addressed within both the Risk Framework and ESG Risk Management Policy. The scope of the ESG Risk Management Policy (adopted in 2023) covers all activities, including but not limited to credit, investment, corporate finance and asset management activities, formalizing the required practices and processes to manage group-wide ESG related risks in a holistic approach covering all business lines and addressing various types of risks under the ESG framework.

The ESG due diligence practice is conducted as a part of the standard due diligence of credit risk assessment. The credit risk team is involved in the ESG due diligence process for financing activities, where the team should assess clients' various factors relating to their ESG performance, including but not limited to reviewing their ESG scores from independent sources (e.g. Bloomberg, ESG report, credit rating, etc.), which covers comprehensive perspectives of clients' ESG performance. When significant credit risks are found, the Risk Management Department should escalate the issues to the Risk Management Committee for further actions.

5. ESG Governance

Risk Assessment and Actions

The Group has conducted ESG risk assessment in 2022 and updated the ESG risk inventory in 2023 based on the existing risk inventory, and identified the global ESG standards and key ESG risks relevant to the financial services industry. The assessment was carried out through a questionnaire survey responded by the Board, management, and representatives of various business departments. Each ESG risk was assessed from two perspectives, namely “the probability of occurrence of the harm” and “the severity of the harm”, based on which the risk priority numbers were obtained to prioritize and identify the most significant ESG risks related to the Group. Key ESG risks are summarized as follows:

**1. Compliance risk****Potential Impacts**

Failure in complying with the laws, regulations and business ethics may lead to reputational damage and extra financial or legal costs.

Management Measures of the Group

- Establish a comprehensive and effective risk management and internal monitoring system
- Build and maintain a risk culture and standardize the code of conduct of employees
- Establish comprehensive risk management policies and procedures, and include ESG risk factors in the Risk Framework

**2. Corruption and money laundering risk****Potential Impacts**

Financial transactions exposed to the risk of corruption and money laundering could damage the Group’s reputation and cause economic and legal consequences.

Management Measures of the Group

- Formulate AML, anti-bribery and anti-corruption related manuals and establish financial crime compliance working group
- Require all new employees to participate in AML training on a compulsory basis
- Require all employees to complete annual AML refreshment training on a compulsory basis
- Formulate internal complaint handling mechanism and incident reporting procedures for employees to report any suspected misconduct or violation within the Group regarding bribery, corruption and money laundering



3. Information security risk

Potential Impacts

Failure of IT systems due to malicious attacks may result in data leakage or business disruption, causing financial and reputational damage.

Management Measures of the Group

- Formulate internal policies to ensure that the cybersecurity management measures comply with industry standards and regulations
- Update the IT systems and online trading platforms regularly
- Designate committee to monitor the effectiveness of IT systems and online trading platforms
- Appoint external IT experts to conduct annual cybersecurity tests and assessment
- Formulate emergency and recovery plans to respond to cyber attacks
- Provide cybersecurity training for employees regularly



4. Environmental pollution risk

Potential Impacts

The poor environmental performance of the investee companies may lead to higher financial risks or negative impact on sustainable portfolio performance.

Management Measures of the Group

- Actively practice sustainable finance and responsible investment in the investment and financing business and integrate ESG criteria into business decision-making process to avoid and reduce the environmental pollution risk throughout the value chain
- Polish the ESG policies for investment management related business, incorporate ESG issues into the investment decision-making and post-investment procedures, and adopt negative ESG screening, to avoid the industries with higher environmental pollution and other ESG related risks
- Provide training to relevant personnel, improving their awareness of environmental pollution risks among the investment and finance business value chain

5. ESG Governance

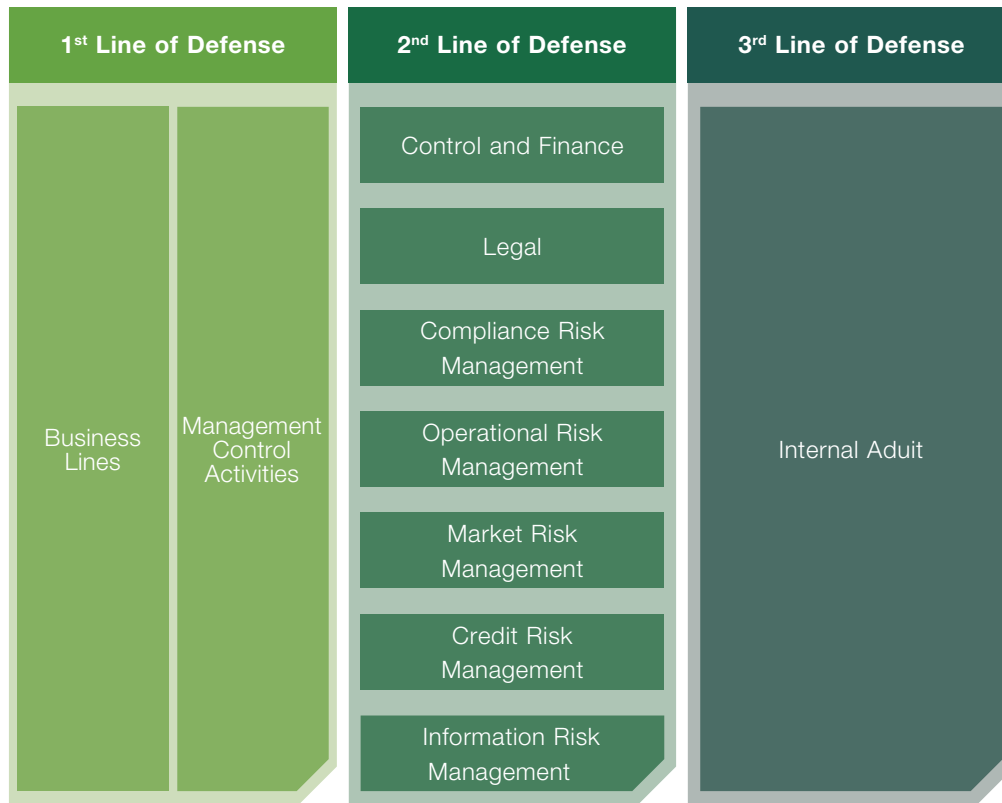
As a financial institution, the Group puts great emphasis on ESG risk management, especially the risks that may cause adverse impacts on the operation and financial conditions of the Group. In 2023, the Group has further incorporated climate-related risks, including physical and transition risks, into its ESG risk assessment by engaging a third-party sustainability consulting firm. Two scenarios were set for assessing physical risks and transition risks under various situation. The scope of the risk assessments together with scenario analysis covered both its Hong Kong and Singapore offices, aiming to act as a foundation to further enhance climate-mitigation measures and thus improve the climate resilience of the Group.

For the frontline businesses, the Group has also implemented specific ESG policies and strategies for different business sectors such as asset management business - Asset Management Proxy Voting Policy and Climate-related Risk Management Policy, private equity business - Guidance on ESG-related Investment, and principal investment business - ESG Sustainable Finance Policy, incorporating the ESG factors into the CDD process to reduce related ESG risks. Designated ESG personnel of the business units should conduct thorough ESG assessment and determine relevant ESG scores of different investments for investment decision. For further information of sustainable finance and investment decision-making, please refer to Section 8: Green and Sustainable Finance of this report.

To better mitigate risks based on business needs, the Group will conduct further ESG risk assessments on the Group's operation in the future when necessary.

5.3.2. Three Lines of Defense

The Group has established the three lines of defense risk management model to prevent and reduce compliance and other operational and business-related risks.



The business lines and management, the first line of defense, develop and implement and embed risk mitigation activities, including approving policies and procedures, providing for training, monitoring and reporting compliance risk related activities. The managers at this level manage compliance risk on a daily basis and bear the consequences of losses.

The compliance function, the second line of defense, partners with other functions to identify relevant compliance risk and keep them in check by advising the business lines and the management on compliance matters. It also assists the management to prepare and enforce the policies and procedures and perform other tasks including enforcing the Internal Disciplinary Policy. CRO and CCO report to and are accountable to the Risk Committee of the Board.

The internal audit function, the third line of defense, provides an independent and objective perspective, scrutinizes the overall effectiveness of the design and operation of internal controls performed by the first and second lines of defense. It is responsible for conducting independent audits and assessments. The audit scope of the internal auditor covers all business operations of the Group, including but not limited to, the effectiveness of the policies and controls of ESG-related and business ethics topics, such as financial crime compliance, privacy policy compliance, information security systems. The head of Internal Audit Department reports to and is accountable to the Audit Committee of the Board.

5. ESG Governance

5.4. Business Ethics

Business Ethics Governance

| Business Ethics Governance Structure | | Major Duties |
|--|--|--------------|
| Supervisory Level | | |
| The Board | The Board is ultimately responsible for the ethics issues. | |
| Risk Committee of the Board | Risk Committee of the Board is delegated to assist the Board to oversee the risk management system of the Group, including legal and compliance risks which cover anti-bribery and corruption, and AML issues, etc. The CRO and CCO are accountable to the Risk Committee of the Board. | |
| Audit Committee of the Board | Audit Committee of the Board is delegated by the Board to assist the Board to oversee (including but not limited to) the internal control system of the Group as well as the whistleblowing mechanism. The head of the Internal Audit Department is accountable to the Audit Committee of the Board. | |
| Management Level | | |
| Financial Crime Compliance Working Group | Financial Crime Compliance Working Group, members include but not limited to CRO, CCO, CFO, heads of HR, operations and relevant business units, is responsible for overseeing the development and implementation of the Group's corruption risk management measures and framework. | |
| Execution Level | | |
| Designated Financial Crime Compliance Team | Financial Crime Compliance Team, under Legal and Compliance Department is responsible for ensuring the Group complies with the anti-bribery and corruption policies, monitoring the execution and implementation of various AML efforts by each department and reporting any incidents to management in a timely manner. | |
| Internal Auditor | Internal auditor audits the anti-bribery and anti-corruption policies and practices independently on all operations, sites and subsidiaries of the Group. | |

Staff Integrity

The Group has adopted the Staff Code of Conduct that applies to all staff, aimed at fostering a culture of integrity and compliance in line with legal and ethical standards. It covers the Group's mission, restrictions on public communication, the protection of client data and assets, prohibition on activities such as insider trading and market manipulation, adherence to the SFC's Code of Conduct, stringent AML practices, policies against bribery and corruption, record-keeping requirements, and mechanisms for reporting and addressing staff misconduct and grievances. Violations of these requirements may result in disciplinary actions, emphasizing the Group's commitment to maintaining high standards of conduct. A summary of the Staff Code of Conduct is available on the website of the Company under the section of "ESG Info".

Anti-Bribery and Corruption Policies

The Group conducts its business with the highest ethical standards and has zero tolerance towards any forms of bribery, corruption, extortion and fraud. The Group has implemented a series of group-wide policies such as the Compliance Manual, Anti-Bribery and Corruption Policy, Staff Dealing and Outside Appointments Policy, as well as other relevant procedures and internal controls to ensure compliance with the Prevention of Bribery Ordinance (Cap. 201 of the Laws of Hong Kong) and other local laws and regulations in the jurisdictions where its operations are located. In accordance with the Anti-Bribery and Corruption Policy, the Board sets the “tone from the top” message to stance against all bribery and corruption behaviors and ensuring the effectiveness of the Group’s anti-bribery and corruption framework.

The Anti-Bribery and Corruption Policy is applicable to all subsidiaries in all locations. All agents (including but not limited to directors, employees, senior management and licensed individuals and account executives) should uphold the highest standards of professional conduct including openness, fairness, honesty and integrity. They should act in a reliable and trustworthy manner, be alert to the ways in which their work and behaviour might affect others and respect the privacy, rights and reputations of other parties and individuals, respect confidentiality, declare conflicts of interest, avoid deception and take steps to prevent or report corrupt practices or professional misconduct and reject bribery and improper influence. In addition, the anti-bribery and corruption framework also includes control on expenses related to entertainment, personal benefits, and thorough due diligence on business partners. Staff Dealing and Outside Appointments Policy is also updated to reduce the potential impact of staff dealing on compliance, such as setting pre-trading approvals requirements and trade details inputting. A summary of the Anti-Bribery and Corruption Policy is available on the website of the Company under the section of “ESG Info”.

During the Reporting Period, the annual review and amendment of relevant policies have been performed.

The Group also requires all of its business partners, including contractors, suppliers, service providers, consultants, representatives, and any other stakeholders performing work or services for or on behalf of the Group, to have relevant policy, program or control in relation to anti-bribery and corruption that is in full compliance with all applicable laws and regulations. The business partners are required to acknowledge the Group’s anti-bribery and corruption standard and promise to full compliance with relevant regulations and policies. Please refer to section headed “6.3. Sustainable Supply Chain” of this report for details.

Conflict of Interest

The Group is committed to placing the interests of the capital markets and its clients at the forefront. According to the Anti-Bribery and Corruption Policy, the Group ensures that conflicts of interest are avoided among the clients, shareholders, the Group and other stakeholders through the identification, prevention and management of conflicts of interest. All staff are required to declare any personal interest that may exist in any significant matter(s) in which he/she is involved in.

For securities ownership, the Group has updated its Guidelines on Restricted List and Watch List, which established restrictions and controls for handling material non-public information and managing actual/potential conflicts of interest. All staff is subject to the restrictions imposed by the Restricted List which apply to all the relevant securities including 1) any securities or equity share capital or depositary receipts; 2) securities carrying conversion or subscription rights; and 3) options, warrants, and other relevant derivatives.

5. ESG Governance

Whistleblowing Mechanism

The Whistleblowing Policy has been upgraded as a standalone policy from existing policies of the Group in 2023. The Group is committed to achieving and maintaining the highest standards of openness, probity and accountability, encouraging employees and external parties (e.g. customers, suppliers, creditors and debtors) to report any suspected wrongdoing within the Group, including but not limited to suspected improprieties, misconduct, or malpractice within the Group. This policy covers a wide range of serious concerns including non-compliance with legal or regulatory requirements, malpractice related to internal controls, accounting, auditing, and financial matters, endangerment of health and safety, unethical behavior, bribery, corruption, and deliberate concealment of these. The Group commits to protect whistleblowers against retaliation, promises fair treatment and protection against unfair dismissal, victimization, or unwarranted disciplinary action. The Group also assures confidentiality to the maximum extent possible.

This policy specifies distinct reporting channels for different types of concerns:

- **General Concerns:** Should be reported to the CCO by post or email (CCO@gtjas.com.hk).
- **Personnel Affairs:** Should be reported to the Head of Human Resources by post or email (whistleblowing.hr@gtjas.com.hk).
- **If Abovementioned Standard Channels Are Inappropriate:** Sealed reports can be escalated to the Chairman of the Audit Committee of the Board through the Company Secretary by post.

While anonymous reporting is accepted, the Group prefers reports that are not anonymous to facilitate thorough investigations. This policy outlines that investigation and handling procedures, however the scope and duration of investigations may vary and may involve internal departments, external auditors, or regulatory bodies, depending on the nature of the report. The cases accepted would be ultimately reported to the Audit Committee of the Board. False reports made maliciously or for personal gain may result in disciplinary action against the whistleblower, including potential dismissal. The detailed policy is set out on the website of the Company under the “ESG Info” section.

Training on Anti-bribery and Corruption

To improve the awareness of anti-bribery and anti-corruption, all employees are required to participate in mandatory annual anti-bribery and anti-corruption training. The Company invites Independent Commission Against Corruption (ICAC) regularly to provide seminars to employees, management and the Board about the latest anti-bribery and corruption requirements. In 2023, such seminars were arranged and required all employees to join. In addition, a mandatory refresher e-training course namely “Anti-bribery and Anti-corruption (Asia Pacific)” is available on the Group’s e-learning platform for all employees to attend. The courses aim to provide all employees with updated information on the relevant rules and requirements.

AML/CFT

The Group commits to proactively preventing money laundering and terrorist financing and to complying with applicable laws and regulations in respect of AML/CFT in relevant jurisdictions during the course of business, such as the Anti-Money Laundering and Counter-Terrorist Financing Ordinance (Cap. 615 of the Laws of Hong Kong). It also continuously assumes various AML obligations.

Policies on AML

The Group established the AML/CFT Manual and the CDD Manual, which expressly define money laundering actions, the roles, and responsibilities of different functions and requirements regarding various AML efforts, including institutional risk assessment, customer risk assessment, CDD, continuous monitoring (e.g. transaction monitoring, regular review), suspicious transaction reporting, employee training, and record keeping.

In addition, the Group utilizes advanced monitoring systems to identify suspicious transactions to avoid the risk of the Group being used for money laundering and terrorist financing.

Training on AML

To raise staff awareness regarding AML issues, all employees are required to attend AML/CFT training annually.

During the Reporting Period, the Group is not aware of any material breach of laws and regulations relating to bribery, extortion, fraud and money laundering that would have a significant impact on the Group.

Internal audit on Key Ethics Topics

To evaluate the internal control effectiveness over the Group's ethics, relevant audit programs on anti-corruption, anti-bribery, AML, and handling conflicts of interest are covered audits of all operations, site and subsidiaries to examine the operations and activities, detect misconduct, and review compliance with the Group's ethics-related requirements. A risk-based audit approach has been adopted and all operations, sites, and subsidiaries are audited at least once every three years.

Regular audits have covered the following topics:

- Governance structure, internal control measures, and the reporting line
- Adequacy of policies and procedures includes high-level guidelines regarding ethics and compliance risk areas, implementation, and compliance of these policies and procedures
- Advantages received from (including referral fee and rebate) or offered to (including cash, gifts, or entertainment) clients and third party's controls
- Staff personal dealing and outside appointment's controls
- Best execution and restricted information flow controls
- Quotations for procurement from different suppliers or service providers and proper approval before engagement
- IT systems and policies

Besides, these thematic audits have also been conducted in the last three years:




- On top of the regular audits on all operations, sites and subsidiaries, internal auditor conducted AML audit and procurement audit
- An external professional firm was engaged to conduct IT systems audit to assess the controls regarding IT threats and vulnerabilities the Group exposed to, including but not limited to information security and data privacy, such as third-party risk management, data leakage protection and data encryption, etc.

5. ESG Governance

5.5. Stakeholder Engagement and Materiality Assessment

5.5.1. Communication with Stakeholders

The Group attaches great importance to the opinions and concerns of key stakeholders and actively communicates with them through different channels. The Group has established a comprehensive stakeholder communication mechanism and is committed to improving its ESG performance in response to the feedback and expectation of its key stakeholders.

| Key Stakeholder Groups | Main Concerns | Engagement Channels |
|---|---|---|
|  Shareholders and Creditors | <ul style="list-style-type: none"> • Compliance and Operations • Community Investment and Engagement • Customer Services • Diversity, Equity, and Inclusion • Employee Health and Wellbeing • Intellectual Property Right Protection • Internal Control and Risk Management • Investor Relation • Sustainable Supply Chain • Talent Attraction, Retention and Development | <ol style="list-style-type: none"> (1) General meetings (2) Information disclosure on website of the Stock Exchange (3) Results conferences (4) Investor meetings and calls (5) Social media and company website (6) Telephone and email communications |
|  Government and Regulatory Authorities | <ul style="list-style-type: none"> • Compliance and Operations • Internal Control and Risk Management • Business Ethics | <ol style="list-style-type: none"> (1) Information disclosure (2) Policy implementation (3) Participation in government surveys (4) Cooperation with regulatory authorities in inspection and review |
|  Customers | <ul style="list-style-type: none"> • Investor Relation • Business Ethics • Information Security and Privacy Protection • Customer Services • Internal Control and Risk Management | <ol style="list-style-type: none"> (1) Customer service hotline (2) Customer service chatbot (3) Email and mobile applications (4) Customer satisfaction surveys (5) Social media and company website |

| Key Stakeholder Groups | Main Concerns | Engagement Channels |
|---|---|---|
|  Employees | <ul style="list-style-type: none"> • Compliance and Operations • Diversity, Equity, and Inclusion • Employee Health and Wellbeing • Information Security and Privacy Protection | <ol style="list-style-type: none"> (1) Orientation and training sessions (2) Performance appraisals (3) Questionnaire surveys (4) Internal messengers and emails |
|  Suppliers and Business Partners | <ul style="list-style-type: none"> • Business Ethics • Compliance and Operations • Internal Control and Risk Management • Investor Relation | <ol style="list-style-type: none"> (1) Meetings (2) Tendering activities (3) Supplier assessments (4) Questionnaire surveys |
|  Community/the Public | <ul style="list-style-type: none"> • Compliance and Operations • Diversity, Equity, and Inclusion • Employee Health and Wellbeing • Internal Control and Risk Management | <ol style="list-style-type: none"> (1) Community investments (2) Volunteer activities (3) Donations and sponsorships (4) Environment-friendly operations (5) Responsible investments |

Communications Policy and Channel

The Group is always promoting a deeper understanding of its financial performance, strategic plan, ESG-related initiatives, and growth prospects among shareholders and other stakeholders. The Group stringently complies with its Shareholders Communication Policy and Dividend Policy which are published on the Group’s website. The investor relations team, which is under the supervision of the Company Secretary, is responsible for managing inquiries from investors and the media, as well as organizing meetings and interactions with them. Shareholders and other stakeholders may send their written inquiries at any time to the Board through the Company Secretary. Additionally, the Group offers multiple communication channels to shareholders and other stakeholders, ensuring accessibility and facilitating effective engagement.

To contact the Group’s investor relations team and visit the dedicated webpage, please refer to:

Investor Relations Contact: ir@gtjas.com.hk

Company Secretary Contact: comsec@gtjas.com.hk

Investor Relations Page on Website: https://www.gtjai.com/en/investor_relations

5. ESG Governance

5.5.2. Material ESG Issues

Material ESG issues impose relatively significant impacts on both the Group and its stakeholders and reflect on the issues that stakeholders pay the most attention to. The Group has identified and prioritized the material ESG issues of the year and made disclosure specifically on such issues in this report. In 2023, a third-party sustainability consulting firm has been engaged to conduct a comprehensive annual materiality assessment.

1. Assess relevant ESG issues

- Taking the latest ESG trends, industry best practices, and other relevant standards and frameworks from external sources into consideration, the Group has identified 20 pertinent issues including Environmental, Green and Sustainable Finance, Social, and Governance aspects. The list of identified material issues have been further categorised under Environment, Green and Sustainable Finance, Social and Governance.

**2. Identify internal and external stakeholders**

- The Group has identified and invited groups of internal and external stakeholders for its engagement survey, including but not limited to Board members, employees, suppliers and customers.

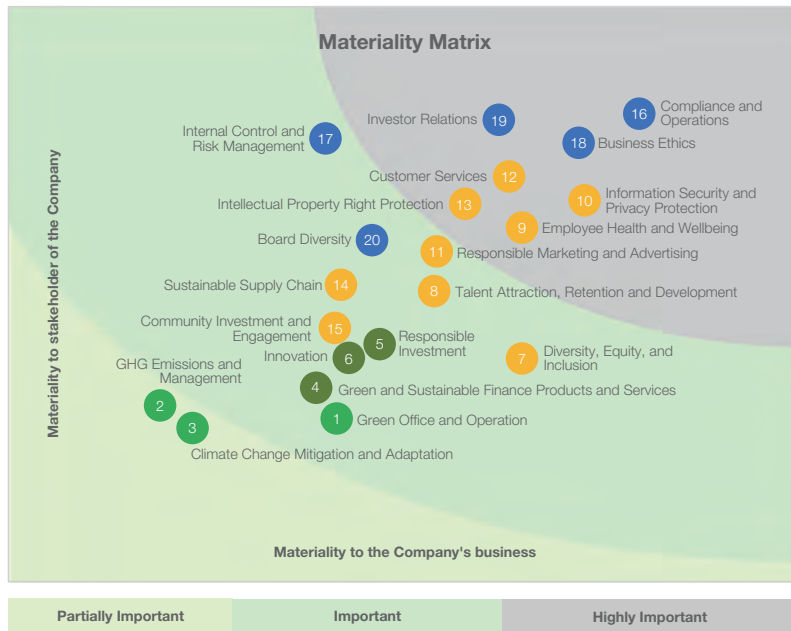
**3. Gather key information and integrate research findings**

- The Group carried out the materiality assessment to gain insights into the primary concerns of key stakeholders and to understand their evaluation of the Group's ESG performance. Additionally, the Group sought their perspectives and recommendations regarding its ESG practices and future plans.
- Materiality matrices were generated with issues being examined under two dimensions, which are "Materiality to the Group's business" and "Materiality to stakeholder of the Group"
- Seven issues have been identified as highly important including three governance issues and four social issues: Compliance and Operations, Business Ethics, Information Security and Privacy Protection, Investor Relations, Customer Services, Employee Health and Wellbeing, Intellectual Property Right Protection

**4. Analyze and generate recommendations**

- By analyzing the responses of stakeholders in the questionnaire, the Group sought to understand the interconnectedness of the key issue list and provide disclosure recommendations for enhancing the scope of the sustainability report. The results of the materiality assessment were reviewed and endorsed by the ESG Committee and reported to the Board.

5. ESG Governance



| Category | # | Material Topic | Corresponding Section |
|-------------------------------|----|---|--|
| Environment | 1 | Green Office and Operation | 7.3. Green Office and Operation |
| | 2 | GHG Emissions and Management | 7.1. Environmental Targets |
| | 3 | Climate Change Mitigation and Adaptation | 7.2. Tackling Climate Change |
| Green and Sustainable Finance | 4 | Green and Sustainable Finance Products and Services | 8. Green and Sustainable Finance |
| | 5 | Responsible Investment | 8.1. Responsible Investment Practice |
| | 6 | Innovation | 6.1.1. Digital Transformation to Safeguard Services and Products Responsibility |
| Social | 7 | Diversity, Equity, and Inclusion | 6.2.1. Diversity, Equity, and Inclusion |
| | 8 | Talent Attraction, Retention and Development | 6.2.2. Employment Management |
| | 9 | Employee Health and Wellbeing | 6.2.3. Employee Health and Wellbeing |
| | 10 | Information Security and Privacy Protection | 6.1.1. Digital Transformation to Safeguard Services and Products Responsibility |
| | 11 | Responsible Marketing and Advertising | 6.1.2. Services and Products Integrity |
| | 12 | Customer Services | 6.1.4. Customer Relationship Management |
| | 13 | Intellectual Property Right Protection | 6.1.2. Services and Products Integrity |
| | 14 | Sustainable Supply Chain | 6.3. Sustainable Supply Chain |
| Governance | 15 | Community Investment and Engagement | 6.4. Community Investment and Engagement |
| | 16 | Compliance and Operations | 5. ESG Governance 6. Social Responsibility 7. Environmental Responsibility |
| | 17 | Internal Control and Risk Management | 5.3. ESG Risk Management and Internal Controls |
| | 18 | Business Ethics | 5.4. Business Ethics |
| | 19 | Investor Relations | 5.5.1. Communication with Stakeholders |
| | 20 | Board Diversity | 6.2.1. Diversity, Equity, and Inclusion |

While focusing the reporting efforts on material ESG issues, the Group has been continuously managing all ESG issues that affect its business and stakeholders and integrating ESG considerations into various dimensions of its operations. For issues that are not identified as material this year, we will regularly monitor and assess the relevance and importance of the unlisted issues and adjust our ESG material topic list when necessary.

6. Social Responsibility



6.1. Client-oriented Products and Services

6.1.1. Digital Transformation to Safeguard Services and Products Responsibility

The Group has promoted digital transformation in a comprehensive manner, to empower overall business development and meet client needs more effectively. By establishing an effective IT Governance framework, the Group aims to enhance technological innovation capabilities, data management, and digitalization across its core businesses. By engaging customer service internet-based, product analysis visualized, and customer experience intelligentized, the Group strives to deliver optimal services and experiences to clients while driving digital transformation.

In 2023, the digital transformation strategy plan of the Group continues to be implemented and gained good achievements, practicing the strategies such as modern reconstruction of front-middle-back applications and mobile-first, and continuously enhancing the functions of mobile application and online customer service platform. Also, the online account opening platform was incorporated visually appealing design elements and streamlined the account opening process, resulting in a more efficient and user-friendly experience. Moreover, the Group has comprehensively upgraded the digital intelligent wealth management platform and launched a new investment mobile application “Junhong Global”. By precisely identifying the needs of clients through intelligent means, “Junhong Global” provides clients with safe and efficient one-stop global investment services and continuously upgrades to optimize service efficiency and user experience.

In 2023, the Group has further enhanced institutional customer services and product experience. The OTC product booking system has been upgraded in terms of overall functionality and capacity. Meanwhile, multiple platforms have been launched, including a brand-new quantitative trading management system, Investor Identification and OTC Securities Transactions Reporting System, Dual Counter Trading Model and Market-Making Project. Data value mining and business empowerment have garnered greater attention, and an enterprise data platform has been launched to support the analytic capabilities.

Information Security and Privacy Protection

The Group is committed to integrating data security management into all aspects of the Group’s business, strictly ensuring the Group’s management and technical standards, and providing customers with a safe and high-quality experience. The Group strictly abides by the relevant laws, regulations and other regulatory requirements, in order to strengthen and standardize network, data security management and personal information protection, escort the Group’s various businesses, and protect the rights and interests of customers’ personal information.

The Group stringently complies with the Personal Data (Privacy) Ordinance (Cap. 486 of the Laws of Hong Kong) and all other applicable relevant laws, regulations, and guidelines. The Group has included the Information System Security Management Regulation and Office Network Use Safety Regulation in the Office Network Information Security Management Procedures (for Trial Implementation), and Data Control Policy in the IT Operation Manual as the guidance for proper cybersecurity and privacy protection measures in business operations.

Management Structure and Framework

The Group has established a top-down management organizational structure in order to oversee and manage data and cybersecurity related matters as follows:

| Information Security and Privacy Governance Structure | | Major Duties |
|--|---|--|
| Supervisory Level | | |
| IT Governance Committee | Chaired by Chairman of the Board, members include (but not limited to) CEO, CRO, CCO, CFO, Head of IT, Head of Operations and other management members. | It has a direct and functional responsibility for privacy and data security, supported by the Data Governance Working Group, is responsible for overseeing data privacy and related matters. |
| Management Level | | |
| Electronic trading, Tech risk and Fintech Steering Committee | It reports to the IT Governance Committee and holds the responsibility for overseeing various aspects related to fintech, electronic trading and corresponding technology risk, including monitoring the progress of strategic planning, development and significant changes to the system and infrastructure, addressing infrastructure security and cybersecurity risks, ensuring protection and mitigation measures are in place for electronic trading. | |
| Data Governance Working Group | Established by IT Governance Committee in 2023, the Data Governance Working Group is responsible for strengthening the Group's data governance framework. Its responsibilities include setting data governance policies, guidelines, and strategic plans. It promotes and provides data risk and security management training throughout the Group, fostering a culture of data security awareness among all employees. Additionally, it reports data governance initiatives and significant issues related to data governance, risk, and security management to the IT Governance Committee. | |
| IT Risk Working Group | Directly reporting to the IT Governance Committee, IT Risk Working Group oversees the progress of IT risk management and related issues, including but not limited to policy development, risks identification, assessment and monitoring, protection, training and mitigation. IT risks being overseen cover a broad range of areas, such as cybersecurity, threats in physical or logical IT resources, software and infrastructure failures and human errors. | |
| Execution Level | | |
| All Departments | Each department is responsible for the specific implementation of data security work. In the process of business development, it is responsible for the security management of the data of its unit, and implements the data security management requirements and control strategies involved in the business, systems and processes. | |

6. Social Responsibility

Specific policies and procedures are formulated and applicable to all employees, departments and subsidiaries where to codify the objectives, requirements, protective measures and other key points of the Group's data and cybersecurity framework, including but not limited to protection requirements on data lifecycle and data classification, aiming to prevent data leakage and improper use of personal information.

An external professional firm was engaged by internal auditor during the year to conduct IT systems audit, including but not limited to information security and data privacy, such as third-party risk management, data leakage protection and data encryption, etc.

Cybersecurity Management

The industrial standard cybersecurity measures such as network segmentation and segregation have been deployed to continuously strengthen the Group's IT system and prevent the loss or misuse of sensitive information. Data transmitted between client's devices and the Group's online trading platforms are encrypted according to industrial standards, such as using TLS 1.2 or above for transmission encryption. The IT systems and online trading platforms are not only set on multiple layers of control on cybersecurity, but also monitored by a designated committee, and maintained and tested by the designated IT professionals on a regular basis. To defend the IT systems and online trading platforms from potential cyber-attacks, the Group sets and updates contingency and recovery plans, conducts annual cyber-attack drills, engages third-party professional firms to audit the Group's cybersecurity annually, and holds regular work meetings to review its cybersecurity performance. Besides, the Group sends cybersecurity tips to employees and clients on a regular basis and provides annual staff cybersecurity training and guidance, with invitations sent to clients, business partners and service providers, so as to raise employees', clients' and other related parties' awareness of cybersecurity.

The Group has implemented and periodically reviewed the internal policies and guidelines regarding customer privacy and information protection, such as Data Governance and Management Procedures, IT Risk and Security Policy, IT Operation Manual and etc., which all departments and subsidiaries are required to stringently obey. Furthermore, the Group has setup IT Governance Committee and working groups to manage and monitor data usage and protection within the Group. Besides, the Company's website and main online customer service APPs (including **Junhong Global**) have clearly disclosed and informed customers and the public of the Group's privacy policies. The Group also has designated Data Protection Officer in charge of data privacy security and responsible for handling related issues.

Data Privacy Protection

The Group has implemented and periodically reviewed the internal policies and guidelines regarding customer privacy and information protection, such as IT Operation Manual, Office Network Information Security Management Procedures (for Trial Implementation), and IT Department Data Center Access Management Procedures, which all departments and subsidiaries are required to stringently obey.

The Group has published several important documents on the official website to highlight its focus on customer data and privacy protection. These include PICS, Anti-fraud Tips, Cybersecurity Tips, and a comprehensive Privacy Policy. In 2023, the Group further demonstrated commitment to maintaining trust with its clients by launching the Customer Data and Privacy Protection Policy Principles, which covers the Company and all subsidiaries. These documents serve as a testament to its commitment to safeguarding customer data, promoting transparent and lawful data collection and processing practices and upholding compliance. They outline the specific measures it takes to protect data, individuals' rights in controlling data, requirements for third-party handling of personal data, and its efforts to minimize data collection and retention. By complying with the Personal Data (Privacy) Ordinance (Cap. 486 of the Laws of Hong Kong) and providing clear options for individuals to manage their data preferences, the Group aims to enhance customers' trust to the Group. The Customer Data and Privacy Protection Policy Principles is available on the website of the Company under the section of "ESG Info".

6. Social Responsibility

The Group has also taken a series of measures to safeguard customer privacy and prevent data leakage. Its IT Operation Manual provides guidelines on the control of accessing client's data from internal request and the encryption procedures of clients' data. All sensitive information such as password, trading data should be encrypted during the transmission in public internet. All data storage devices, including storage area networks, servers, and computer hard disks, should be degaussed to ensure that all data has been completely deleted prior to disposal. The disposal of these data storage devices requires management's approval, a clear record of the disposal date, and other relevant information for future track.

The Group has also formulated Supplier Sustainable Policy and Outsourcing Policy to ensure privacy and protection of data obtained by suppliers based on business needs. The Outsourcing Policy stipulates the procedures to evaluate relevant suppliers in respect of customer data and privacy protection compliance. Physical safeguards such as access control and surveillances are in place to ensure the data storage room is protected. The Compliance Manual also serves as a guidance to ensure any information/data that is required to be provided to affiliated companies and any third parties should follow guiding principles to keep confidentiality and encryption, and provide the minimum level of data that serves the purpose, unless authorized by the law enforcement department. If the customers request to remove their personal data, the Group will initiate the process and inform the customer that the requested data has been permanently removed from the database no later than certain period, depending on the scale and nature of the data.

To raise awareness and strengthen the knowledge of the value chain on data and privacy protection, an e-training course namely "Data Privacy (APAC)" is available on the Group's e-learning platform for all employees to enroll. During the year, the Group also invited external cybersecurity professionals to conduct a webinar regarding cyber threats and data privacy for its employees and business partners, sharing the latest trends and preventive measures regarding various cybersecurity incidents.

國泰君安國際
GUOTAI JUNAN INTERNATIONAL

Sharing webinar by Deloitte.

“Recent Cyber Threat in Hong Kong & Practical Tips for Protecting Data Privacy”

Date: October 19 (Thursday), 2023
Time: 16:30 – 17:30
Online via Teams Meeting

For Internal Training Only

Part I. Threat Intelligence (Language: English)

- Prominent cyber threat and trends in Hong Kong
- Recent critical security incidents

Nick Houghton
Manager
Risk, Compliance
Deloitte Advisory (Hong Kong) Limited

Nick has extensive experience in cyber threat intelligence projects and tools in addition to leading in several incident response cases for corporations in the APAC region spanning a variety of different industries from to other Deloitte. He has been working in the information technology and cybersecurity sector for 11 years, working with another top 4 firm as the Senior Cyber Threat Intelligence Expert as well as the largest systems integration company in Macao, as a Solutions Specialist & Network Engineer.

Part II. General Cyber and Privacy Awareness (Language: Chinese)

- Phishing and its preventive measures
- Tips for protecting data privacy and cybersecurity

Timure Chai
Associate Director
Risk Advisory
Deloitte Advisory (Hong Kong) Limited

Timure has over 11 years experience in information security and higher education sectors. He specializes in generative AI risks, cyberattacks assessment, incident response, DevSecOps, IT security and IT security training. His experiences cover across a number of industries, including Banking, Insurance, Telecom, Manufacturing, Retail, Gaming, Luxury, Theme Park, Utility and Government.

Cyber Threats and Data Privacy Webinar

As for the customers and public, the Group regularly published posters about cybersecurity and anti-fraud reminders on the Group's official social media accounts and official website to promote data privacy and safety education.

The Group has become a member of the Data Protection Officers' Club since February 2024. The Data Protection Officers' Club, established by The Office of the Privacy Commissioner for Personal Data, aims to provide data protection officers with a platform for advancing the knowledge and practice of data privacy compliance through experience sharing and training. The Group will utilize the expertise to ensure the privacy measures are up to the market standards.

6. Social Responsibility

Handling Inside Information

In order to uphold the integrity of the capital market and safeguard the interests of clients and shareholders, the Group has been taking all necessary measures to prevent its management and staff from engaging in trading or facilitating trades based on insider information (material non-public information) relating to the Group.

The Group has formulated the Policy on Disclosure of Inside Information, which defines the inside information and regulatory requirements and lists the guiding principles, practices, and procedures to ensure that all inside information pertaining to the Group is disseminated to the public in a fair, equitable, and timely manner, in strict compliance with relevant laws and regulations, including but are not limited to, the SFO, the Listing Rules, and the industry best practices. Meanwhile, the Group has stringent proprietary trading procedures to prohibit staff who possess inside information about the Group from trading the Group's securities.

In the event that there is evidence indicating potential insider dealing, the Legal and Compliance Department will initiate an investigation and undertake necessary follow-up actions. These actions may include, but are not limited to, reporting the incident to regulatory/enforcement bodies such as the SFC or other relevant authorities.

6.1.2. Services and Products Integrity

The Group strictly complies with the SFO and its subsidiary legislation, and actively takes social responsibility for product quality assurance, legal marketing and advertising, the proper response to customer feedback, and intellectual property right protection, to guarantee the benefits of customers and the public. In 2023, the Suitability Policy has been enhanced for offering money market fund and listed virtual asset related products on our online trading platform.

Services and Products Quality

The Group has a strong focus on customer rights and has implemented various measures to ensure customer protection and satisfaction. To fulfill regulatory requirements, the Group has established Suitability Policy aligned with the codes set by the SFC. This policy mandates that salespersons conduct thorough assessments of clients, including verification of identity and understanding of investment objectives, knowledge, and experience. Salespersons are required to make appropriate recommendations and solicitations based on individual client circumstances.

In addition, the Group has implemented Wealth Management Manual to guide best execution practices, enabling the Group to provide high-quality investment products and services while complying with all regulatory obligations. The Group's internal control framework further assures the quality of products and services provided to customers.

To comply with ever-evolving regulations, the quality assurance team in the Group's wealth management business focuses on fostering compliance culture and enhancing salespersons' awareness. The key duties involve delivering current training and guidelines, addressing irregularities identified in transaction checks, and improving the Group's procedures, which streamline wealth management processes to support daily sales operations while ensuring regulatory compliance.

Responsible Marketing and Advertising

The Group places a strong emphasis on strict compliance with laws and regulations pertaining to marketing, advertising, and labelling. It strictly prohibits any forms of dishonesty and deceptive statements in its advertisements, marketing materials, and public announcements. To ensure adherence to these standards, the Group has formulated and implemented the Guidance on Advertisement Management, setting out the standards and procedures of internal advertising management. Besides, numerous measures have been taken to ensure the accuracy and correctness of the advertising and marketing information, as well as compliance with relevant codes, guidelines, guidance notes and circulars issued by the SFC.

As the digital age approaches, the Group has also gradually adopted new policies to make sure the published content through social media or other channels is accurate and reflects the true image of the Group, such as the Social Media Management Guideline and Official Website Management Guideline. During the year, the Group tightened the control over the approval process for social media accounts and advertisement in order to perform responsible marketing and advertising better.

Intellectual Property Right Protection

The Group places great importance on compliance with intellectual property laws, and other relevant regulations. To strengthen intellectual property rights protection, the Group has implemented the Procedure on Managing Intellectual Property. This framework ensures that the Group is equipped to safeguard its own intellectual property rights from infringement and take appropriate legal actions when necessary. Additionally, the Group prioritizes the confidentiality of proprietary information entrusted to it, employing measures to maintain high levels of secrecy.

In advertising and marketing activities, the Group strictly uses authorized materials only, adhering to intellectual property guidelines. It follows a diligent approach by utilizing libraries that possess the necessary licenses or operate under the General Public License (GPL) or Lesser General Public License (LGPL) for open-source software, in accordance with legal requirements. These practices ensure that the Group upholds the integrity of intellectual property regulations and fosters a culture of responsible intellectual property management.

During the Reporting Period, the Group is not aware of any incidents of non-compliance with relevant laws and regulations in relation to health and safety, advertising, labelling and privacy matters relating to the products and services provided by the Group that could have a significant impact on the Group.

6. Social Responsibility

6.1.3. Investor Education

The Group prioritizes effective communication with investors, with a particular focus on educational initiatives. To cater for its diverse investor base, the Group has established various communication channels, such as online webinars, live discussions with internal and external financial experts, and physical investor seminars. These initiatives are designed to provide investors with market insights, deepen their knowledge, and facilitate valuable networking opportunities.

Investor Education Initiatives

For online activities, the Group held various online webinars and live sessions and attracted investors from Hong Kong and the Mainland China during the year:

Topics: Comprehensive Interpretation of HKD-RMB Dual Counter Model

Guest: Representatives from the Stock Exchange

Topics: Global Market Investment Outlook for the Second Half of the Year

Guest: Structured Products Professionals from Guotai Junan International

Topics: Analysis of the Advantages of Hong Kong Family Offices Businesses

Guest: Directors of The Chinese General Chamber of Commerce and Hong Kong Federation of Overseas Chinese Associations



Online Webinar "Comprehensive Interpretation of HKD-RMB Dual Counter Model"

In terms of offline activities, the Group successfully hosted one of the largest offline investor seminars in Hong Kong in 2023, with representatives from 37 listed companies and over one hundred representatives of financial institutions as participants. During the stage of event planning, the Group had fully considered the needs of all stakeholders, providing listed companies with an opportunity to showcase their strengths while offering investors a platform to gain in-depth insights into these enterprises. Through various interactive forms such as group discussion, panel discussion and knowledge exchange, exhibitions etc., the Group has successfully broken the traditional one-way transmission of information and achieved a comprehensive and interactive communication with all participants.

6. Social Responsibility

During the event, the Group not only had in-depth discussions on hot topics in the financial market, but also had in-depth exchanges on industry trends, investment opportunities, etc. This high-quality interaction facilitates participants' actions, not only promoting closer cooperation between listed companies and investors, but also enhancing market participants' in-depth understanding of Hong Kong's financial market. The Group's event has been positively received by both listed company representatives and investors, reflecting its broad appeal and effectiveness.



Group seminar between representatives of listed companies and financial institutions

6.1.4. Customer Relationship Management

Mutual trust with customers is one of the cornerstones for the Group to achieve long-term and sustainable development. The Group cares about the feedback from its customers and is committed to maintaining a good relationship with its customers.

- **Handling Customer Complaints**

The Group has established a group-wide system of customer complaints receipt and handling. Customers can report their complaints through multiple channels such as emails, phone calls, or by post.

Fill in Customer
Feedback Form
(Website)

Customer Services
(852) 2509 7524
customer.service@gtjas.com.hk

Complaint Hotline and Email
(852) 2509 5432
complaint@gtjas.com.hk

The Legal and Compliance Department is responsible for customer complaints handling and ensuring all complaints can be handled and investigated in strict confidentiality and in a timely and appropriate manner.

6. Social Responsibility

| Complaint Handling Stage | Handling Measures |
|---|--|
| Prompt response and acknowledgment | Upon receipt of a complaint by a customer, the Group promptly acknowledges receipt within 7 working days to demonstrate its commitment to addressing customer concerns in a timely manner. The assessment of the allegations in the complaint is carried out by knowledgeable staff members who possess professional backgrounds and sound industry expertise. This selection of experienced personnel ensures that the evaluation process is conducted with fairness and prioritizes the protection of customers' interests throughout. |
| Investigation of the concerning issues | All customer information and feedback are thoroughly reviewed and investigated by the Legal and Compliance Department to identify potential issues. The department follows up with customers, providing updates on their concerns and potential solutions, ensuring maximum customer satisfaction. Identified issues are reviewed, and relevant procedures and systems are updated and enhanced as needed to improve the Group's overall service quality. |
| Follow-up actions based on investigation results | The Group is committed to delivering timely and transparent communication with customers. As part of this commitment, the department promptly provides customers with the results of the investigations conducted on their complaints. This ensures that customers are informed of the outcomes and any relevant findings in a timely manner. Moreover, the department takes appropriate subsequent measures to address the issues raised by customers, aiming to fulfil their expectations and ensure their satisfaction. By providing clear and timely feedback and taking necessary actions, the Group strives to maintain strong customer relationships and uphold service excellence throughout the resolution process. |

During the year, there were 7 complaints and all of them are about terms of services. 100% of complaints were duly resolved with satisfactory results.

- **Customer Satisfaction Survey**

The Group highly values its customers and strives to continually enhance their experience. In 2023, the Company took significant steps to improve customer service quality by conducting a comprehensive customer satisfaction survey. The survey received feedback from 1,678 customers. The results of the survey were highly positive, with an overall customer satisfaction rate of over 98.98% across key areas such as service quality, problem-solving ability, and phone conversation quality, reflecting the Group's commitment to delivering outstanding customer service.

To further enhance customer service quality, the Company plans to expand the coverage of the customer satisfaction survey in the future. By gathering a broader range of customer opinions and feedback, the Group aims to gain a deeper understanding of customer needs and preferences. This valuable insight will enable the Group to continually improve its customer service strategies and provide an even better customer experience.

6.2. Talent Attraction, Retention and Development

6.2.1. Diversity, Equity, and Inclusion

Adhering to the business philosophy of “Talent as the First Resource” and pursuing the talent concept of “People-oriented, Collaborative Cooperation”, the Group considers employees as its core asset and has always been devoted to creating an inclusive and healthy working environment, improving employee welfare, and providing adequate resources to support employees’ growth and development. Competitive remuneration packages are offered to employees with reference to the prevailing market level and individual merits, as well as other incentives linked to the market conditions, and the Group’s and individual’s performance of each year.

During the year, the Group continuously made efforts to attract quality talents, building and maintaining a diverse and inclusive team. As of 31 December 2023, the Group’s total staff number has slightly decreased due to the macro-economic environment change. Both the overall percentage of female employees and the percentage of female employees among the management and managers slightly increased as compared to the last year, indicating the Group’s efforts in building a gender-balanced and equal working environment. Among new employees, those below 35 years old take up 78%, showing the competitive attractiveness of the Group among young talents.

In 2024, the Group will continue to seize the opportunities to attract and retain more professionals and talents by providing more competitive remuneration packages and fringe benefits.

Equal Opportunity

As an equal-opportunity employer, the Group is firmly devoted to promoting and implementing equal opportunity in employment and eliminating all forms of discrimination against its employees. During the assessment process, all candidates are evaluated solely based on job requirements, relevant aptitudes, skills, and abilities, without any consideration of factors such as sex, pregnancy, marital status, disability, family circumstance, or race.

The Group’s diversity policy fosters an environment of respectful communication and collaboration among all employees. Any employee found to have engaged in inappropriate conduct or behavior towards others may face disciplinary action.

Workforce Diversity

As of 31 December 2023, the Group experienced a slight increase in the percentage of female employees, reaching 46%. Moreover, female Directors accounted for 25% of the Board, this proportion surpasses the industry average, which stands at 18% according to the Stock Exchange official website.

The Group recognizes the significance of the female workforce and is dedicated to promoting gender equality within the workplace. It spares no efforts in ensuring that gender-related awareness is integrated into daily work practices and corporate culture.

6. Social Responsibility

Human Capital Statistics

| Key Employees Statistics | 2023 | 2022 |
|--|--------|--------|
| Number of Total Employees | 601 | 625 |
| New Employee Rate ¹ | 20% | 25% |
| Employee Turnover Rate ² | 24% | 35% |
| Percentage of Male Employees | 54% | 56% |
| Percentage of Female Employees | 46% | 44% |
| The Ratio of Total Remuneration of Males to Females | 1.48:1 | 1.55:1 |
| Percentage of Female Employees Among the Management and Managers | 39% | 39% |

| Total Employee Analysis | 2023 | 2022 |
|------------------------------|------|------|
| Gender | | |
| Male | 324 | 348 |
| Female | 277 | 277 |
| Position Grade | | |
| Management | 110 | 156 |
| Manager | 152 | 192 |
| General Staff | 339 | 277 |
| Age Group | | |
| 18-25 | 26 | 34 |
| 26-35 | 279 | 293 |
| 36-45 | 187 | 189 |
| 45-55 | 91 | 86 |
| Above 55 | 18 | 23 |
| Employment Type | | |
| Full-time | 601 | 625 |
| Part-time | – | – |
| Geographical Location | | |
| Hong Kong | 576 | 605 |
| Singapore | 21 | 20 |
| Macao | 4 | – |

| New Employee Analysis | 2023 | | 2022 | |
|------------------------------|--------|-------------------------|--------|-------------------------|
| | Number | Proportion ³ | Number | Proportion ³ |
| Gender | | | | |
| Male | 55 | 17% | 88 | 26% |
| Female | 67 | 24% | 67 | 24% |
| Age Group | | | | |
| 18-25 | 14 | 54% | 24 | 71% |
| 26-35 | 81 | 29% | 92 | 31% |
| 36-45 | 19 | 10% | 31 | 16% |
| 45-55 | 5 | 5% | 9 | 10% |
| Above 55 | 3 | 17% | – | – |
| Geographical Location | | | | |
| Hong Kong | 113 | 20% | 151 | 25% |
| Singapore | 5 | 24% | 5 | 25% |
| Macao | 4 | 100% | – | – |

| Employee Turnover Analysis | 2023 | | 2022 | |
|------------------------------|--------|----------------------------|--------|----------------------------|
| | Number | Turnover rate ⁴ | Number | Turnover rate ⁴ |
| Gender | | | | |
| Male | 79 | 24% | 127 | 36% |
| Female | 67 | 24% | 92 | 33% |
| Age Group | | | | |
| 18-25 | 15 | 58% | 21 | 62% |
| 26-35 | 74 | 27% | 115 | 39% |
| 36-45 | 35 | 19% | 46 | 24% |
| 45-55 | 14 | 15% | 27 | 31% |
| Above 55 | 8 | 44% | 10 | 43% |
| Geographical Location | | | | |
| Hong Kong | 142 | 25% | 214 | 35% |
| Singapore | 4 | 19% | 5 | 25% |
| Macao | – | – | – | – |

¹ The calculation formula of new employee rate is: new employee rate = number of total new employees joined in the year / the total number of employees by the end of the year × 100%.

² The calculation formula of employee turnover rate is: employee turnover rate = the number of employees who left the Group during the year / the total number of employees by the end of the year × 100%.

³ The calculation formula of new employee portion for each category is: new employee portion in the specified category = the number of new employees in that category joined in the year/the total number of employees in that category by the end of the year × 100%.

⁴ The calculation formula of employee turnover rate for each category is: employee turnover rate in the specified category = the number of employees in that category who left the Group during the year/the total number of employees in that category by the end of the year × 100%.

6.2.2. Employment Management

The Group has consistently been compliant with the Employment Ordinance (Cap. 57 of the Laws of Hong Kong), the Employees' Compensation Ordinance (Cap. 282 of the Laws of Hong Kong), anti-discrimination-related ordinances, and other applicable laws and regulations related to employment. The Group has formulated the Staff Handbook including a series of policies to protect employees' basic rights in aspects of compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare. The Internal Audit Department will also audit to prevent any relevant legal violations.

Prohibit Child Labor and Forced Labor

The Group maintains a strict prohibition on all forms of child and forced labor, and comprehensive measures have been implemented to prevent such practices, as outlined in the Staff Handbook. The Group aligns itself with recognized practices and principles concerning the employment of young individuals, as mandated by local legislation.

During the recruitment process, the Human Resources Department conducts thorough verification of the identity documents of all candidates to prevent any potential violations related to child labor. The Group is committed to ensuring that employees are not subjected to forced labor and are afforded reasonable freedom of movement within their roles.

In the event of any violation being identified, the Group promptly initiates appropriate remedial actions to address the issue.

During the Reporting Period, the Group is not aware any incident that had a significant impact relating to the use of child or forced labor.

Internal Complaint Procedures

The Group has demonstrated unwavering compliance with a range of employment-related laws and regulations. To safeguard employees' fundamental rights, the Group has formulated the Internal Complaint Procedures that stipulates a comprehensive set of grievance channels and escalation procedures. The Internal Complaint Procedures are available on the intranet system of the Group.

To ensure adherence to these policies and prevent any legal violations, the Internal Audit Department conducts audits to monitor and assess compliance measures within the organization. This proactive approach enables the Group to maintain a solid framework that upholds employees' rights and protects them from any potential infringements.

Employee Satisfaction Survey

In 2023, the Group conducted an anonymous employee satisfaction survey with all employees to understand the level of their satisfaction with the Group in regard to the sense of belonging, career development, supervisor and job satisfaction, and formulated solutions for improvement to create a more harmonious working environment with a high level of satisfaction.

6. Social Responsibility

During the year, the employee satisfaction survey was distributed to all employees with 404 valid questionnaires collected, representing a response rate of 67% (2% higher than 2022), and the overall staff satisfaction rate reached 89% (14% higher than 2022). The results of the survey showed that:

- For corporate identity and sense of belonging, the majority of employees taking part in the survey have a sense of pride in the corporate brand, and highly recommend the Group as a good place to work which reflect the high satisfactory rate of employees.
- For career development, 67% of the respondents agreed that the Group offered sufficient professional opportunities for employee’s development.
- For supervisor performance and motivation, 87% (Chart 1) of the respondents taking part in the survey believed that they could easily get help from their supervisors at work.
- For the job satisfaction of work, 84% (Chart 2) of the respondents taking part in the survey believed that they had good communication with their colleagues; and 86% of the respondents found them getting along well with colleagues and team members.

The Group conducts the employee satisfaction survey annually and will be committed to gradually improving the response rate and satisfaction of employees.

Chart 1 Get help from the supervisor

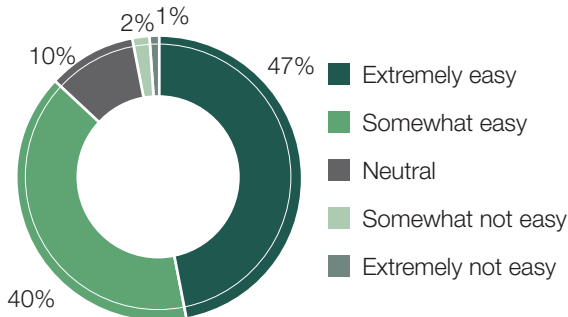
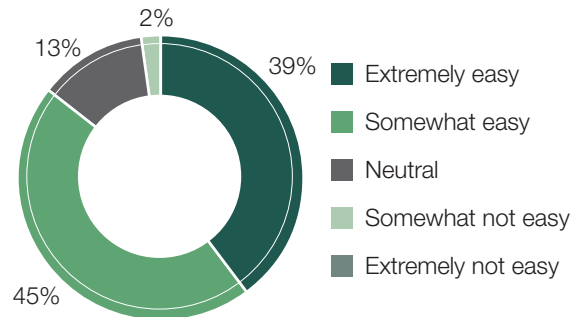


Chart 2 Communicate with colleagues



6.2.3. Employee Health and Wellbeing

The Group places great importance on occupational health, safety, and well-being, striving to establish a safe and comfortable working environment for employees. To ensure compliance with the Occupational Safety and Health Ordinance (Cap. 509 of the Laws of Hong Kong) and other applicable laws and regulations, the Occupational Safety and Health Policy of the Group provides for the daily management of occupational safety and health.

During the Reporting Period, the Group is not aware of any material non-compliance with laws and regulations relating to employment and labor practices, occupational health and safety that could have a significant impact.

Employee Care and Benefits

The Group has implemented various measures to safeguard employees from occupational diseases and prioritize their well-being. Within the Group's offices, provisions such as adjustable working chairs and blue-light-cut screens are made available to promote the health of employees' necks, backs, and eyes. Additionally, air purifiers have been installed to enhance indoor air quality. The Group's offices in Hong Kong are situated in office towers that have been awarded the "Excellence Class" certification for Indoor Air Quality Objectives by the Environmental Protection Department.

To ensure comprehensive employee benefits, the Group offers a range of fringe benefits including a competitive medical insurance package, life insurance, disability insurance, business travel insurance, annual physical check-ups, and dental benefits to all employees.

The Staff Handbook details special work arrangements, including safety protocols for adverse weather conditions and fire control measures. It is important to note that these benefits apply to all employees.

In 2023, to further provide support for employees' physical and mental health and assist them in alleviating pressure, the Group has organized workshops for physical and mental health and cooperated with Chinese medicine clinics to provide course discounts for its employees.

There were no reported work-related fatalities and injuries during the year nor the previous two financial years.

6. Social Responsibility

6.2.4. Training and Development

Comprehensive Training Opportunities

The Group places a high priority on the development and self-achievement of its employees and is devoted to providing employees with a promising career path and sufficient training and supporting resources for their occupational development.

Every year, the Group provides various occupational training for all employees covering product management, occupational ethics, compliance, marketing knowledge, and other professional topics.

To ensure employees can access training resources more conveniently, the Group has established an e-learning platform and launched various kinds of online training courses. Among the online courses, numerous courses are compulsory for all staff (including contractors) to attend, including the courses regarding AML/CFT, information security and cyber risk awareness, notification to the SFC – paragraph 12.5 of Code of Conduct, anti-bribery and corruption and client complaint handling. Other than the above, a series of courses are provided for new employees, such as new staff compliance training and AML new staff training, etc. Employees can also choose to take other online courses based on their needs freely. For the avoidance of doubt, the Group does not have any part-time staff.

In 2023, over 30 online courses were available on the e-learning platform for all employees, covering topics relating to product knowledge, equity instrument, securities lending, IPO placing procedure, best execution policy, credit and market risk management, whistleblowing, as well as topics on corporate social responsibility and ESG investing including green bonds, social bonds, and sustainable investment instruments.

The Group places a profound emphasis on talent development and provides tailored training for different groups. During the year, the Group invited an external employee services consultant to provide managerial and leadership development training for different grades of employees, including one training for all employees: “Communication Navigation – Persuasion and Influence Training”, one training for young management: “Problem-Solving Skills and Decision-making Skills”, and two trainings for management: “Employee Management and Work Performance” and “Effective Management and Communication with Young Employees.” These training sessions help enhance employees’ professional market knowledge and develop their hard and soft skills, which are vital for fostering effective leadership, improving team dynamics, and driving organizational success.

6. Social Responsibility

The Group's total training hours of employees in 2023 amounted to 18,193.9 hours, the average training hours of employee slightly increased by 0.2% to 30.27 hours, compared to 30.21 hours in 2022. In 2023, the overall training sessions of various kinds covered 100% of the Group's employees. The details of training statistics are as below:

| Trained Employee by Gender and by Position Grade | 2023 | | 2022 | |
|--|--------|-------------------------|--------|-------------------------|
| | Number | Proportion ¹ | Number | Proportion ¹ |
| Gender | | | | |
| Male | 324 | 54% | 348 | 56% |
| Female | 277 | 46% | 277 | 44% |
| Position Grade | | | | |
| Management | 110 | 18% | 156 | 25% |
| Manager | 152 | 25% | 192 | 31% |
| General Staff | 339 | 56% | 277 | 44% |

| Training Hours by Gender and by Position Grade | 2023 | | 2022 | |
|--|----------------------|-------------------------------------|----------------------|-------------------------------------|
| | Total training hours | Average training hours ² | Total training hours | Average training hours ² |
| Gender | | | | |
| Male | 9,792.60 | 30.22 | 10,972.25 | 31.53 |
| Female | 8,401.30 | 30.33 | 7,911.25 | 28.56 |
| Position Grade | | | | |
| Management | 3,387.00 | 30.80 | 4,977.50 | 31.93 |
| Manager | 4,575.90 | 30.10 | 5,781.25 | 30.11 |
| General Staff | 10,231.00 | 30.18 | 8,124.75 | 29.33 |
| Total | 18,193.90 | 30.27 | 18,883.50 | 30.21 |

¹ The calculation formula of trained employee proportion for each category is: trained employee proportion in the specified category = the number of trained employees in that category / the total number of trained employees of the Group × 100%.

² The calculation formula of average training hours for each category is: average training hours in the specified category = total training hours in that category / the total number of employees in that category by the end of the year.

Training Reimbursement

The Group encourages its employees to further develop their professional knowledge and skills to enhance its overall competitiveness. All employees, upon completion of probation, are welcomed to apply for reimbursement for work-related courses, examinations, licenses, and professional membership fees. Meanwhile, the Group offers study leaves to employees who are taking job-related examinations. Work-related professional memberships including but not limited to Certified Public Accountants, Chartered Financial Analyst and Financial Risk Manager.

6. Social Responsibility

Talent Pipeline Development Strategy

As a leading financial institution, the Group actively upholds the business philosophy of “Talent as the First Resource”. The Group’s talent development pipeline strategy primarily focusses on attracting high-quality talents and providing comprehensive training to help them in advancing their career.

During the year, the Group actively develops new talent pools, forging partnerships with institutions like The University of Hong Kong and The Hong Kong University of Science and Technology to deliver career talks and promote its management trainee program. These talks have received positive responses, with over 120 attendees benefiting from industry information and insights, as well as work experiences shared by supervisors and staff from various departments.



Career Talk in The University of Hong Kong

In the future, the Group would continue to fulfill its responsibility of nurturing young talents, exploring potential talent recruitment channels and providing ample career development prospects for employees.

Management Trainee Program

As one of the top-tier financial institutions in Hong Kong, the Group has launched a management trainee program to foster more potential talents in the new generation to be future leaders. This two-year program offers a holistic development scope for the talented trainees to maximize exposure to essential job-related knowledge and skills through rotations in core departments including both frontline and back office, which allows them to gain solid work exposure for long-term development. Upon successful completion of the two-year program, management trainees will be placed in a designated department, taking into consideration of their professional knowledge, competencies, career objective, as well as the Group’s business plan and development. Excellent performers with high potential will be promoted to senior positions.

The Group has successfully recruited numerous management trainees after competitive selection procedures, and they commenced work in 2022. The Group has also assigned mentors to management trainees and provided guidance and support to them. With the experienced advice and up-to-date market insights from the mentors, the Group hopes management trainees can grow up quickly and equip themselves as professional personnel in the future.

Performance Appraisal

The Group conducts annual performance appraisals using the management by objectives approach. This evaluation process facilitates employees in gaining a comprehensive understanding of their needs, while concurrently assisting them in identifying their strengths and areas for improvement. This enables the Group to tailor customized training programs and allocate relevant study resources based on individual positions and developmental preferences.

The performance appraisal procedures are set out as follows:

| 1. Goals and KPIs setting: | 2. Annual review: |
|--|---|
| Assist subordinates in setting relevant goals by supervisors. Help employees to align their goals with organizational goals to achieve multiple positive outcomes. | Employees shall be evaluated on Goals/KPIs, job competencies and other work-related requirements. Supervisors provide adequate feedback to employees which encourage further development and recognize their accomplishments. |

6.2.5. Recognition

The Group’s consistent endeavors to enhance employee well-being and professional growth have garnered wide recognition from numerous organizations and government departments.

In 2023, the Group received prestigious accolades for its commitment to creating an exceptional work environment. HR Asia, a renowned global publication in the realm of human resources, once again recognized the Group as “Best Companies to Work for in Asia” and awarded the “Diversity, Equity and Inclusion Award”. Additionally, the Group has been consecutively honored with the “Caring Company” award by the Hong Kong Council of Social Service, the “Happy Company Award” by the Promoting Happiness Index Foundation and Hong Kong Productivity Council, among others, over the years.



These recognitions highlight the Group’s dedication to fostering employee well-being and promoting a positive workplace culture. All these recognitions encourage the Group to further reinforce its unwavering commitment to prioritizing the health, safety, well-being, and development opportunities of its employees. These acknowledgments serve as a catalyst for the Group to persistently enhance its efforts in creating a supportive working environment with a high level of satisfaction for its workforce.

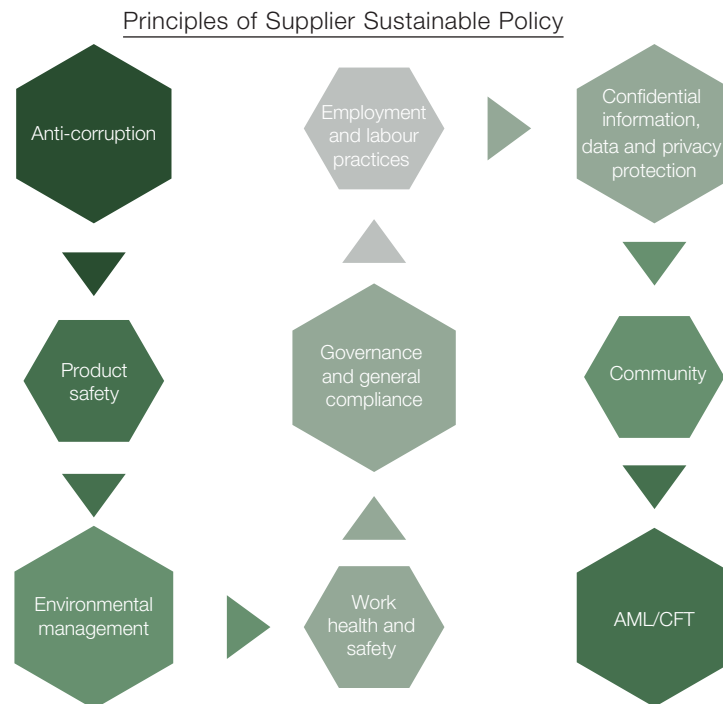
6. Social Responsibility

6.3. Sustainable Supply Chain

The Group believes that sustainable management of its suppliers is an important part of successful ESG practices.

Supplier Evaluation Integrated with ESG Concepts

To ensure the integration of sustainability principles throughout its entire supply chain, the Group has implemented the Supplier Sustainable Policy. This policy includes various principles related to ESG issues and risks. These principles, which include aspects, such as **employment and labor practices, anti-corruption and confidential information, data and privacy protection**, are taken into consideration during the selection, review, engagement, and contract renewal processes of all suppliers. Ongoing supplier ESG risk assessments are conducted throughout the contract term. The Supplier Sustainable Policy is available on the website of the Company under the section of “ESG Info”.



When selecting suppliers, relevant departments consider their ESG performance, including factors such as governance failures and political influence. In the event of any significant negative news or concerning behavior from an engaged supplier, the relevant departments promptly assess the situation and determine appropriate follow-up actions.

Key suppliers are required to sign a confirmation indicating their commitment to adhere to the ESG principles outlined in the Supplier Sustainable Policy before engagement. If a key supplier refuses to sign the confirmation, an assessment of the ESG risks associated with engaging that supplier is conducted before formal engagement.

The ESG Policy outlines the assessment criteria and due diligence process for supplier engagement, ensuring the quality of services and products provided. The Group conducts annual reviews and maintains open communication with suppliers to mitigate risks along its supply chain.

6. Social Responsibility

Green Procurement

The Group actively promotes the procurement of products and services that demonstrate higher environmental friendliness and possess a lower carbon footprint. In early 2024, the Procurement Management Policy has been updated to further incorporate ESG factors into procurement process. Suppliers should be assessed based on their expertise, capabilities, as well as their performance. Priority should be given to suppliers with green and sustainable philosophies, and those adhere to the Company's Supplier Sustainable Policy. The Procurement Management Policy also sets out the detailed assessment procedure for suppliers to ensure service quality.

Supply Chain Management

To further enhance the sustainability of supply chain and procurement, the Group has also incorporated ESG factors into its scoring mechanism for tendering process to better manage the environmental and social risks in the supply chain. For example, the Group's anti-bribery and corruption policy requires its business partners including external agencies, to acknowledge the Group's anti-bribery and corruption standard and promise to full compliance with relevant regulations and policies or incorporate anti-bribery and corruption terms in the relevant contracts. Moreover, name screening for all business partners must be performed against internal and external data sources, for screening money laundering, bribery and corruption and other financial crime, etc. so as to verify and mitigate such potential risks of the involved business partners. In 2023, the business partner due diligence processes have been further enhanced regarding the anti-bribery and anti-corruption, social and governance failure and emissions.

Additionally, the Outsourcing Policy clearly outlines the evaluation process of relevant suppliers on areas regarding, including but not limited to compliance, reputation, AML/CFT, information security, internal control, disaster recovery arrangements and other ESG related performances.

| Geographical Location of Suppliers | Number of Suppliers in 2023 |
|---|------------------------------------|
| Hong Kong | 203 |
| Mainland China | 40 |
| Singapore | 21 |
| United States | 11 |
| Cayman Islands | 6 |
| Europe | 10 |
| Vietnam | 4 |
| Macao | 24 |
| Other Regions | 7 |
| Total | 326 |

6. Social Responsibility

6.4. Community Investment and Engagement

The Group has been striving to contribute to community beyond the provision of financial services. The Group has strong local relationships and an unwavering commitment to supporting communities through community initiatives and community investment.

To fulfil the commitment to ‘Serving the Community’, the Group contributes time, resources and expertise to local communities in need. The Group’s efforts include participating in volunteer services and charitable activities, making financial donations to charities and educational institutions, and championing environmental and social causes. In line with its corporate culture and belief, the Group’s philanthropic initiatives focused on various key areas in 2023: **supporting vulnerable communities, including low-income groups, the elderly, and children with SEN, and promoting environmental conservation.**

The Group demonstrated its commitment to corporate social responsibility through various initiatives. During the year, a total donation of HK\$50,344 was made, while its volunteers contributed a remarkable 358.5 hours of their time.

Supporting Vulnerable Communities

The Group demonstrated significant efforts to support various vulnerable communities, placing particular emphasis on several key areas.

One of its primary focuses was the well-being of the senior citizens individuals living alone. The Group recognized the unique challenges they faced and implemented programs and initiatives to address their needs, ensuring they received the support and care necessary for their overall well-being.

In 2023, a volunteer team, formed by the Group’s staff, collaborated with Hong Kong Christian Service to organize a visit to the senior citizens. Also, staff in Singapore organized a visit to the senior citizens to demonstrate its care to community. During the visit, the volunteer team not only provided essential items but also expressed genuine care and concern towards the senior citizens through personal interactions. These visits allowed the Group to gain insights into the seniors’ daily lives and health conditions and helped the Group identify potential needs for designing future community initiatives.



Senior Citizens' Visiting Activities

6. Social Responsibility

Another primary focus of the Group was the low-income groups, who may face scarcity in daily necessities and groceries. Partnered with The Salvation Army, the Group organized the “Love and Share” Donation Campaign in 2023. Within the office premises, donation collection points were set up to receive heartfelt contributions, including books, clothing, toys, computer accessories, stationery, and other essential items. The donation drive received enthusiastic response and participation from employees. In total, the Company collected 20 boxes of various supplies, which were fully contributed to the “The Salvation Army Recycling Programme”, an initiative aimed at providing assistance to individuals in the community who are facing challenging circumstances.



Poster of the Donation Campaign



Supplies Collected for donation



Thank-you Letter from The Salvation Army

6. Social Responsibility

Apart from groceries donation, the Group also participated in food rescue and donation program. In 2023, the Group joined forces with Food Angel again to co-organize the “Food Cherishing Volunteering Day”. With the volunteers’ hard work, 2,100 loving dinners were prepared for the community.



Food Cherishing Volunteering Day

Additionally, the Group extended its assistance to SEN children. In 2023, the Group sponsored and participated in the “Blissful Christmas Party” organized by Hong Kong Christian Service. Led by the Group’s CEO, Ms. QI Haiying, the volunteer team organizing a holiday party for SEN children. The team’s involvement aimed to not only raise societal awareness about SEN children but also deliver warmth and care to their families.



Blissful Christmas Party

“ We are very pleased to have participated in this Christmas event, which has allowed us to gain a deeper understanding of the SEN community and bring them some festive joy. Our hope is to raise societal attention towards the issues faced by SEN children and provide them with more care and inclusivity. ”

— Ms. QI Haiying, CEO

6. Social Responsibility

Protecting Environment and Biodiversity

As a responsible and industry-leading financial institution, the Group actively adopts its crucial role in promoting sustainable development in society and remains committed to regional conservation and ESG initiatives.

In 2023, the Group organized the “Soap Cycling and Arts Workshop” with the aim of recycling and repurposing discarded but still usable soap from hotels, which were then donated to those in need. The Group has consistently encouraged its employees to adopt sustainable and environmentally friendly lifestyles in their daily lives. Through small acts of kindness, the Group aims to positively impact the community and raise public awareness of waste reduction by promoting the reuse of materials.



Soap Cycling and Arts Workshop

During the year, the Group successfully completed the “Mikania Clearance” activity at the Hong Kong Mai Po Nature Reserve managed by World Wide Fund Hong Kong. Building upon previous initiatives such as the “Tree Planting Challenge” in 2021 and the “Coastline Recovery Activity” in 2022, the Group continues to fulfill its responsibility for nature conservation. During the activity, Dr. Fu Tingmei, chairman of the ESG Committee and INED, led the Group’s team in removing Mikania and other invasive climbing plants in the nature reserve. The team also experienced exploring the wetland ecosystem and observing daily conservation practices. Through the activity, the Group aimed to preserve the ecological balance and biodiversity within the conservation area while raising awareness of environmental protection and social responsibility of its employees.



“Mikania Clearance” activity



Volunteers removing mikania

The Group firmly upholds the principle of “Finance for the Greater Good” and actively organizes and participates in social welfare activities. The Group also strives to enhance its commitment to environmental protection, energy conservation, and community engagement to contribute to the creation of a green and sustainable future for society.

7. Environmental Responsibility



The Group actively takes the responsibility to contribute to environmental sustainability and thrives to minimize the adverse impacts of its business on the environment and ecology. The Group stringently complies with the Waste Disposal Ordinance (Cap. 354 of the Laws of Hong Kong) and other applicable environment-related laws, regulations, and industry requirements in the place where its business is located. There are multiple policies and measures of the Group in place to improve its environmental impact management by eliminating and mitigating environmental pollution, reducing waste disposal, saving energy and natural resources, as well as strengthening employee training on environmental protection.

7.1. Environmental Targets

In 2023, the ESG Committee approved the environmental targets and plans, and reported to the Board.

Air Pollutants and GHG

| Aspect | Metrics | Specific targets and plans | Target time | Progress |
|-----------------------|---|--|-------------|---|
| Overall GHG emissions | | Reduce operational GHG emissions by 50% as compared with 2023 as the baseline year | 2030 | On-track |
| Scope 1 Emissions | Vehicle petrol and fugitive emissions (refrigerant) | Replace traditional-fuel vehicles with cleaner alternative-fuel vehicles on demand | 2030 | On-track |
| | | Closely monitor fuel consumption to avoid wasting resources | 2023 | Completed |
| | | Discard FM-200 (a waterless fire suppression system) after server room relocation from office | 2023 | Completed |
| | | Adjust indoor room temperature within the control range of the Group to over 25°C | 2023 | Completed |
| Scope 2 Emissions | Electricity and cooling consumption | Post power-saving signs near the switches to raise employees' awareness | 2023 | Completed |
| | | Enable power saving mode for monitors | On-going | Completed |
| | | Reduce office's cooling consumption by relocating computer servers to data center | 2023 | Completed, cooling consumption reduced by approximately 36% |
| | | Reduce electricity and cooling consumption by adopting more cloud services | On-going | Almost completed. Demand for VMs may increase depending on business need. |
| Scope 3 Emissions | Air business travels and disposal of paper waste | Promote office digitalization to reduce paper consumption by continuously enhancing online account opening process and launching more internal e-workflows | On-going | On-track |

7. Environmental Responsibility

Waste Emissions

| Aspect | Metrics | Specific targets and plans | Target time | Progress |
|---------------------|---|--|-------------|----------|
| Hazardous waste | Waste toner, cartridge, light tubes, computers, and servers | Return waste toners and cartridges to supplier for proper handling | On-going | On-track |
| | | Return waste light tubes to the premise management office for proper handling | On-going | On-track |
| Non-hazardous waste | Household waste, office consumables and paper use | Recycle 100% wastepaper through qualified vendors | On-going | On-track |
| | | Conduct paperless customer satisfaction surveys | On-going | On-track |
| | | Continuously enhance online account opening platform so as to reduce the paper consumption | On-going | On-track |
| | | Launch online subscription function for money market funds | 2024 | On-track |
| | | Recycle 100% used coffee capsules | On-going | On-track |

Energy Consumption Efficiency

| Aspect | Metrics | Specific targets and plans | Target time | Progress |
|--------------------|--------------------------|---|-------------|---|
| Energy consumption | Energy utility intensity | Implement virtual desktop infrastructure (VDI) services and expand the adoption of Virtual Private Network (VPN) that support both normal operations and BCP to facilitate the implementation of hot desking initiatives and minimize the total number of PCs | 2023 | Completed. Reduced around 350 desktop computers during the year |
| | | Adopt VMs and containerization to improve the utilization of physical servers, thereby reducing the total number of servers | On-going | Almost completed. VMs increased by around 170 units while physical servers decreased by around 30 units during the year |
| | | Reduce the number of server racks by approximately 40% used at external data centers | 2024 | On-track |
| | | Switch to 100% LED lighting to minimize electricity usage | 2030 | On-track |
| | | Reduce electricity consumption by 10% as compared with 2023 as the baseline year | 2030 | On-track |

Water Consumption Efficiency

| Aspect | Metrics | Specific targets and plans | Target time | Progress |
|-------------------|---|----------------------------|-------------|----------|
| Water consumption | Not applicable as there is no individual water meter installed by the premise management office | | | |

7.2. Tackling Climate Change

Climate change has emerged as a significant issue in recent years, with the increasing frequency of extreme weather events leading to catastrophic losses and impacts. The Group recognizes the importance of the changing climate and is committed to enhancing its climate resilience and promoting decarbonization in the economy alongside its clients.

The framework of TCFD, which is structured around four thematic areas: governance, strategy, risk management, and metrics and targets, acts as a tool to systematically highlight the Group's efforts in managing climate-related risks and capitalizing on climate-related opportunities.

Governance

The Group is committed to considering climate change throughout its business activities. Under the oversight of the Board and leadership of its management, the Group aims to build an effective and efficient corporate culture to manage climate-related risks and opportunities.

The Board is the highest governing body of the Group's ESG issues and is ultimately responsible for overseeing matters concerning ESG, including climate change issues, of the Group, covering climate-related risks and opportunities monitoring and management, strategies and policies establishment, metrics and targets setting. Given the interdisciplinary nature of the ESG issues, the Board carries out its oversight of these issues directly, as well as through its committees, particularly the ESG Committee.

The ESG Committee has been established under the Board to advise and assist the Board to formulate climate strategies and plans, identify, assess, manage and review of climate-related issues, risks and opportunities, targets and progress. Currently, the ESG Committee is chaired by an INED and is comprised of management and heads of relevant departments as members.

The ESG Working Group, formed by the ESG Committee, comprised of three functional divisions, namely Sustainable Finance Division, Environmental Division and Social Division. Members of the ESG Working Group include persons in charge from frontline, middle and back offices. It is responsible for implementing climate strategies, policies and other measures, formulating specific work plans, and reporting to the ESG Committee on a regular basis so that the ESG Committee could keep up to date the latest information on climate change in the industry.

7. Environmental Responsibility

Strategy

Climate change presents a wide range of impacts, from physical risks to business operations and supply chains, to challenges associated with transitioning to a lower carbon economy. The Group recognizes climate change may cause significant impacts to its operations and the financial landscape, affecting the growth potential, profitability, cash flows, and balance sheets of entities it invests in and finances. This, in turn, directly impacts the Group's ability to generate long-term value for investors.

Understanding the importance of climate considerations, the Group is committed to integrating these into its investment and financing ethos, recognizing both the risks and opportunities that climate change presents. The Group adheres to promoting sustainable business practices while improving the risk return profile of the overall portfolio. In align with its clients' investment objectives, the Group aims to address climate-related risks and seize opportunities by financing and investing with priority in companies that are on a path towards low GHG emissions and climate-resilient development.

The Group has defined and implemented its sustainable finance strategy, incorporating the following activities into its business operations:

- **Screening:** Select or exclude investments through negative, positive, or norms-based screening approaches
- **ESG Integration:** Incorporate ESG factors into financial analysis systematically
- **Thematic Investing:** Invest in themes and assets related to sustainability
- **Impact/ Community Investing:** Direct investments to address social or environmental challenges, supporting underserved areas
- **Corporate Engagement and Shareholder Action:** Leverage shareholder power to guide corporate practices through direct engagement

Please refer to Section 8. Green and Sustainable Finance of this report for details.

In addition to working with clients and business partners to facilitate the transition to a greener economy, the Group identifies risks posed by climate change on its business and operations and develop strategies to mitigate its impacts and act on opportunities.

As the first step, the Group has identified a list of climate-related risks that are material to its businesses and value chain, including physical risks and transition risks. This risk identification process is based on extensive market research and surveys conducted with its internal industry experts.

Physical Risks

Physical risks, including both acute and chronic risks, represent the direct financial risks associated with a changing climate. Acute physical risks stem from extreme weather events, such as typhoons and floods, while chronic physical risks arise from long-term shifts in the climate, such as rising sea levels, gradual changes in precipitation levels, and increases in average temperature. These risks can lead to direct damage to physical assets, disrupt operations and supply chains, and ultimately affect human safety and asset valuations.

7. Environmental Responsibility

Transition Risks

Transition risks, including policy and legal risks, technology risks, market risks and reputation risks, are the financial risks associated with the shift towards a low-carbon economy. These financial risks arise from evolving investor preferences towards greener alternatives, potential decreases in brand value for companies that fail to adapt, challenges related to adopting new sustainable technologies, and the impact of new regulations and laws promoting sustainability. Transition risks underscore the financial and operational challenges companies encounter as they navigate the shift to sustainable practices.

After identifying climate-related risks, the Group conducted scenario analysis to assess the potential impacts of both physical and transition risks and identified the Group’s potential vulnerabilities. The results form the basis for integrating climate-related risks into its risk management processes.

The Group adopted the Turquoise and Brown Scenarios for its analysis of physical and transition risks, drawing on publicly available data from the IPCC and the NGFS. These scenarios include a wide range of factors (political, environmental, economic, and social) using open-source data and models. They provide projections to evaluate climate change’s potential impacts from the short to medium term (2030) and into the long term (2050). The IPCC’s scenarios are further broken down into RCP scenarios, outlining GHG emissions trajectories, and SSP scenarios, offering socioeconomic contexts to refine these emissions projections, thereby enhancing the accuracy of climate projections. Both IPCC and NGFS scenarios incorporate assumptions about climate policy changes, as well as economic and demographic developments.

| | Turquoise Scenarios | Brown Scenarios |
|--|--|--|
| Scenario Referenced | <ul style="list-style-type: none"> • RCP 2.6 • SSP 1 – 2.6 • NGFS orderly pathways (Below 2°C) | <ul style="list-style-type: none"> • RCP 8.5 • SSP 5 – 8.5 • NGFS hot house world pathways (current policies) |
| Global Average Temperature Projection | 1.5°C to 2°C by 2100 compared to pre-industrial level | Above 3°C by 2100 compared to pre-industrial level |
| Scenario Description | Envision a sustainable, net-zero world by 2050, driven by robust climate policies, renewable energy transition, and strong corporate commitment to decarbonization, highlighting a relatively low physical but high transition risks | Reflect a reliance on fossil fuels, limited climate action, and economic growth prioritizing short-term gains over sustainability, leading to a relatively high physical risks and minimal transition challenges |

7. Environmental Responsibility

Physical Risk Scenario Analysis

The Group has worked to evaluate and understand the potential physical risks to the Group's major operations by conducting a location-based quantitative risk assessment in Hong Kong and Singapore, which includes its significant human capital and physical assets.

Utilizing the IPCC scenarios – SSP1-2.6 and RCP2.6 as baseline scenarios, and SSP5-8.5 and RCP8.5 as stressed scenarios, the Group assessed the impact of climate change across two distinct climate futures. The Group's analysis focused on projections from climate models regarding the severity of various weather events at its selected locations in future periods.

Transition Risk Scenario Analysis

As the first step to analyze the Group's potential transition risk, the Group examined its value chain as a Chinese securities company and conducted a mixed-method risk assessment using the NGFS scenarios.

The NGFS scenarios offer flexibility in evaluating climate-related risks within the financial sectors, providing a baseline scenario (NGFS current policies) and a stressed scenario (NGFS below 2°C). Its evaluation of the value chain's transition risks involved analyzing quantitative data from the NGFS database to understand changes in the macroeconomic environment under different scenarios. Additionally, the Group conducted qualitative research on policies and regulations and gathered opinions from business functions on its resilience to climate change. This qualitative assessment, designed to complement the quantitative data, provides narrative insights for a more comprehensive understanding of the transition risks and assesses the actual climate risks to the Group's operations.

7. Environmental Responsibility

Climate-related Risks and Opportunities

The Group has identified material physical and transition risks and opportunities, along with their corresponding business and financial impacts, as well as responses and measures. The details are listed in the table below:

| Risk Category | Risk Type | Potential Risk Impact and opportunities |
|---|---|--|
| Physical Risks | | |
| Acute Risk | Extreme Hot and Cold | <ul style="list-style-type: none"> Increased energy costs for offices Deteriorated employee health, lower employee productivity and increased absenteeism |
| | Rainfall Flood | <ul style="list-style-type: none"> Increased risk of flood damage and operational/service disruptions Risk of infrastructure damage impacting data centers and trading Higher risk of loss of information and record Potential disruptions of services provided by the third parties |
| Chronic Risk | Increase in Annual Average Temperature | <ul style="list-style-type: none"> Increased extreme weather events and business disruptions Increased maintenance costs for facilities, diverting funds from other business areas |
| | Increase in Annual Precipitation | <ul style="list-style-type: none"> Increased insurance premiums |
| | Sea Level Rise | <ul style="list-style-type: none"> Required relocation diverts funds and disrupts operations |
| | Decrease in Average Wind Speed | <ul style="list-style-type: none"> Lower long-term renewable energy production, raising local market prices |
| Transition Risks and Opportunities | | |
| Policy and Legal Risk | Tightened Financial Products and Services Requirements | <ul style="list-style-type: none"> Spawned innovative financial products and investment opportunities Increased operational costs for compliance |
| | Stringent Disclosure Requirements | <ul style="list-style-type: none"> Enhanced transparency boosts accountability and investor confidence Increased due diligence and reporting costs |
| | Adoption of Carbon Taxes | <ul style="list-style-type: none"> Tax savings and credit sales from low carbon emissions Increased expenditures for compliance |
| | Increased Legal Risk Exposure | <ul style="list-style-type: none"> Increased expenditures and human resources for compliance Damaged reputation and client trust |
| Technology Risk | Low-Carbon Solution Implementation | <ul style="list-style-type: none"> Presented opportunities through growth in green technology investments Reduced energy costs and operational expenses over time |
| | Low-Carbon Investment | <ul style="list-style-type: none"> Provided long-term gains as green investment market matures Enhanced brand image through low-carbon project financing |
| Market Risk | Shift in Consumer Preferences Towards Sustainability | <ul style="list-style-type: none"> New eco-friendly market segments offer growth opportunities Failed to adapt to sustainability-focused markets led to client loss risk |
| | Increased Systemic Financial Risk Due to Climate Change | <ul style="list-style-type: none"> Increased market volatility Enhanced resilience through climate consideration integration |
| | Market Reorientation Due to Climate Change | <ul style="list-style-type: none"> Required adjustments for investment portfolios Increased demand for financial research to inform strategies |
| | Competition in Green Financial Innovation | <ul style="list-style-type: none"> Increased client demand for green products Reduced revenue due to market oversaturation |
| Reputation Risk | Higher Market Expectations for Sustainable Practices | <ul style="list-style-type: none"> Increased scrutiny from public on sustainability practices Strengthened client relationships through sustainable practices |

7. Environmental Responsibility

Climate Risk Management

After conducting a thorough climate risk identification and assessment, the Group has engaged internal stakeholders to understand the implications of the assessment findings. This engagement enables key personnel to understand the potential challenges presented by climate change and to take proactive action in response to these risks. In accordance with the materiality of the risks, the Group develops targeted strategies, management measures, and controls to enhance the Group's risk management proficiency and resilience. In particular, leveraging the insights gained from the risk assessment, the Group has been working on integrating climate considerations into the overall risk appetite assessment of all business units and departments. In 2022, the Group established the Climate-related Risk Management Policy, outlining the management of climate-related risks in governance, investment management, and risk management for both public funds and private funds managed by the Company's asset management business.

These initiatives underscore the Group's commitment to embedding climate awareness into the core of its risk management strategy, ensuring a proactive and informed response to climate-related challenges across the Group.

BCP

In response to acute physical risks, the Group has developed BCPs within a comprehensive framework, focusing on the critical processes and support functions of each core business. In 2023, the Group further revised the staff handbook to provide clearer guidance to its employees on working arrangements when an "extreme condition" weather warning is issued, ensuring that its BCP remains up-to-date and clear.

The Group facilitates operational continuity during extreme weather events by enabling remote access systems, allowing employees to work from any location. Additionally, they are prepared to relocate to designated disaster recovery office sites if needed, ensuring uninterrupted business operations.

The BCPs, designed to prevent significant disruptions and ensure operational continuity during disasters, are regularly designed, tested, reviewed, and updated. The Group also has a complete mechanism for regularly updating the BCPs to ensure their validity and robustness. In November, the Group successfully completed a BCP drill test involving numerous systems used in daily work and a call tree test to ensure the BCP's effectiveness in real-life scenarios.

Metrics and Targets

The Group has identified metrics and targets to monitor its efforts in combating climate change. In addition to tracking scope 1, 2, and 3 GHG emissions, as well as energy and water usage, the Group has set a short to medium-term target for significant carbon emission reduction by 2030, with accompanying action plans. Regarding vehicle emissions, the Group prioritizes energy-efficient vehicles in procurement to control and reduce emissions. Similarly, efforts are underway to phase out FM200 fire extinguishing agents, which have a high global warming potential. The Group also monitors progress on replacing FM200 in outsourced data centers.

In 2023, the overall GHG emissions decreased by approximately 12% from the previous year due to the reduction in electricity consumption from the operations, with the rise in Scope 3 emissions, primarily due to increased air business travel post-pandemic, being balanced out by a reduction in Scope 2 emissions from decreased electricity use in its Hong Kong office.

For Scope 1 and 2 emissions details, please refer to Section 7.4 Environmental Performance Table of this report.

7. Environmental Responsibility

For scope 3 GHG emissions, the Group currently monitors and reports in air business travels and waste disposal figures. Moving forward, the Group aims to expand the scope 3 emissions coverage to include its value chain, enhancing the disclosure of its carbon footprint.

In the future, the Group strives to establish more detailed metrics and targets in response to the identified climate-related risks to better track the Group's efforts in combating climate change.

For Scope 3 emissions details, please refer to Section 7.4 Environmental Performance Table of this report.

7.3. Green Office and Operation

The Group strives to operate in a green and sustainable way, despite its operational emissions not being significant as a financial institution. The Group has established the ESG policy guiding the reduction and mitigation of environmental impacts arising from its business activities, which includes climate change management, energy and waste reduction, low-emission business travel, and biodiversity protection. In line with its commitment to reducing environmental footprint, the Group focuses on improving the management of energy use, water consumption, air emissions, and waste generation.

Energy Management

Electricity consumption is the major source of carbon emissions of the Group's daily operations. To address this issue, the Group has implemented various energy-saving and emission reduction measures.

To enhance energy efficiency, the Group has placed power-saving signs around the office and launched a renovation program to replace T5 and T8 incandescent tubes with energy-efficient LED lamps in the office area. As of 2023, offices are now installed with 30% LED lights, with plans to transition to 100% LED lights by 2030. Going forward, the Group will continue to explore suitable energy-saving measures, such as motion sensors, zone timers, and open-plan layouts, to further achieve energy savings.

In addition, the Group is also aware of the air emissions produced by its operations. To minimize these emissions, the Group will prioritize the procurement of new energy vehicles for future vehicle replacements, encourage staff to utilize video conferences through virtual meeting platforms to reduce business travels and select low-emission transportation options for business trips. These measures aim to further curb unnecessary air emissions and energy consumption.

For details about energy consumption and air pollutant, please refer to Section 7.4 Environmental Performance Table of this report.

Water Management

The Group primarily uses water for office-related activities and cooling for the data servers, with water sourcing not considered a significant concern due to its business nature and operating locations. Nonetheless, the Group actively promotes water conservation in its daily operations. To this end, leakage sensors have been installed, and water-saving signs placed near faucets and dispensers to raise employee awareness.

As water consumption data is uniformly recorded by the management office and individual water meters are not installed in its offices, the Group can only provide data on separately purchased chiller water supply. Office water consumption data is not available for disclosure at this stage.

For water consumption details, please refer to Section 7.4 Environmental Performance Table of this report.

7. Environmental Responsibility

Waste Management

Most of the waste generated by the Group's business operations is non-hazardous, such as household waste, office consumables, and paper use. To manage waste consumption effectively, the Group has implemented various measures through cross-departmental cooperation.

In promoting paperless services and operations, various initiatives were introduced in 2023. For instance, promotional offers for online account opening customers encouraged paperless account creation. In addition, systems and processes were optimized, such as launching online reactivation of dormant accounts and introducing PICS e-forms. Furthermore, online forms, including applications for fee waivers and account closures, were enhanced to minimize paper waste. Customer satisfaction surveys were also conducted without paper this year, showcasing the Group's commitment to reducing environmental impact through digital initiatives.

In addressing household waste, the Group provides reusable utensils in pantry rooms and encourages employees to bring their own food containers for takeout to reduce disposable plastic consumption. Furthermore, the Group has also planned to fully recycle used coffee capsules in 2024.

Efforts to reduce hazardous waste generation include promoting paperless operations to minimize cartridge usage and transitioning to LED light tubes with longer lifespans. Hazardous waste, including used toners and cartridges, light tubes, and electronic devices, is handled by professional vendors. Toners and cartridges are returned to suppliers for proper disposal, while light tubes are managed as chemical waste by the building management office. Electronic devices are disposed by vendors approved by the Hong Kong Government for electronic waste disposal.

In June 2023, the Group successfully offset the greenhouse gas emissions generated during operation in 2022 by subscribing for the Verified Carbon Unit-certified carbon assets from a forestry project in the Mainland China, and achieved operational carbon neutrality for the first time. This endeavor, which is aimed at transforming barren terrains into flourishing forests, illustrates the Group's dedication to efforts in carbon reduction, as well as its intention to support biodiversity and ecosystem enhancement. The Group will actively respond to the national "dual carbon" goals and continue to explore ways to reduce its GHG emissions, including energy efficiency, water conservation, and waste minimization, reinforcing its holistic approach to environmental responsibility and climate action within its ESG framework.

For waste details, please refer to Section 7.4 Environmental Performance Table of this report.

During the Reporting Period, the Group has not identified any material non-compliance with laws and regulations concerning air and GHG emissions, discharges into water and land, or the generation of hazardous and non-hazardous waste that would have a significant impact on the Group.

7. Environmental Responsibility

Green Awareness Promotion

During the year, the Company has also introduced a series of activities to promote green awareness and to encourage employees to adopt green practices at work and in their daily lives.

In June 2023, the Company introduced a green awareness activity, “GTJAI•e Month”. This initiative included six significant ESG-related observances, namely World Environment Day, World Oceans Day, China Population Day, National Low Carbon Day, World Refugee Day and National Land Day. Throughout the month, eight posts were shared internally through the intranet platform and externally on the official social media accounts, aiming to educate employees about ESG-related knowledge and highlight the Company’s achievements in the ESG domain.



“GTJAI•e Month” Theme Photos

Beginning in July 2023, the Company initiated a new themed activity called “GTJAI • Go Green!”. This initiative sought to engage “Green Ambassadors” within the Company to share their eco-friendly practices in five key areas: clothing, food, housing, transportation, and daily consumption. In addition to colleague-led sharing sessions, regular low-carbon challenges were introduced to inspire all employees to adopt a greener lifestyle. The activity received overwhelmingly positive responses from employees, with nearly 50 “Green Ambassadors” participating.



“GTJAI • Go Green!” Theme Photo

In the future, the Group will continue its commitment to green awareness promotion by hosting various activities to build a greener office and achieve a more environmentally friendly operation.

7. Environmental Responsibility

7.4. Environmental Performance Table

| Performance Indicator | Unit | 2023 | 2022 |
|--|-----------------------------------|----------|----------|
| GHG Emissions¹ | | | |
| Scope 1 emissions ² | tonnes CO ₂ e | 12.11 | 12.00 |
| Scope 2 emissions ³ | tonnes CO ₂ e | 642.23 | 956.40 |
| Scope 3 emissions ⁴ | tonnes CO ₂ e | 277.93 | 90.30 |
| Air Business Travel | tonnes CO ₂ e | 237.78 | 86.22 |
| Waste Disposal | tonnes CO ₂ e | 39.95 | 4.04 |
| Water Consumption | tonnes CO ₂ e | 0.20 | N/A |
| Total GHG emissions | tonnes CO ₂ e | 932.28 | 1,058.70 |
| GHG emission intensity | tonnes CO ₂ e/employee | 1.55 | 1.70 |
| GHG emission intensity | tonnes CO ₂ e/sq.ft. | 0.01 | 0.01 |
| Energy Use⁵ | | | |
| Petrol ⁶ | Liters | 4,554.64 | 3,518.60 |
| Electricity | MWh | 933.91 | 1,141.30 |
| Cooling (Electricity) ⁷ | MWh | 35.00 | 232.00 |
| Total energy consumption | MWh | 1,013.05 | 1,407.30 |
| Intensity of energy consumption | MWh/employee | 1.69 | 2.30 |
| Intensity of energy consumption | MWh/sq.ft. | 0.01 | 0.02 |
| Air Emissions⁸ | | | |
| Nitrogen Oxides (NOx) | kg | 2.21 | 0.88 |
| Sulphur Oxides (SOx) | kg | 0.07 | 0.05 |
| Particulate Matter (PM) | kg | 0.16 | 0.02 |
| Water Consumption⁹ | | | |
| Water Consumption | m ³ | 310.00 | N/A |
| Intensity of water consumption | m ³ /employee | 0.52 | N/A |
| Intensity of water consumption | m ³ /sq.ft. | 0.00 | N/A |
| Waste | | | |
| Total hazardous waste | tonnes | 1.92 | 3.30 |
| Intensity of hazardous waste | tonnes/1,000 employee | 3.20 | 5.30 |
| Intensity of hazardous waste | tonnes/1,000 sq.ft. | 0.02 | 0.04 |
| Total non-hazardous waste ¹⁰ | tonnes | 19.66 | 13.10 |
| Intensity of non-hazardous waste ¹⁰ | tonnes/1,000 employee | 32.72 | 21.00 |
| Intensity of non-hazardous waste ¹⁰ | tonnes/1,000 sq.ft. | 0.24 | 0.16 |

¹ GHG emissions are calculated with reference to the GHG Protocol published by the World Resources Institute and the World Business Council on Sustainable Development, the Global Warming Potential Values from the IPCC Fifth Assessment Report published by the IPCC, the Guidelines to Account for and Report on GHG Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong, published by the Environmental Protection Department and the Electrical and Mechanical Services Department, the United Kingdom Government GHG Conversion Factors for Company Reporting published by the Department for Business, Energy and Industrial Strategy in the United Kingdom, and other national and local grid emission factors. Emission factors are updated on an annual basis, in order to reflect the actual situation regarding emissions.

² Scope 1 emissions include combustion of unleaded petrol and fugitive emissions from refrigerant.

³ Scope 2 emissions include indirect emissions from electricity.

⁴ Scope 3 emissions include emissions from business air travel, waste disposal and water consumption.

⁵ The conversion factor adopted is sourced from the Energy Statistics Manual issued by the International Energy Agency.

⁶ Petrol usage is now reported in liters instead of MWh to enhance reader comprehension. Conversion factors from the International Energy Agency's Energy Statistics Manual are applied, including 1,350 liters per tonne and a gross calorific value of 47.1 GJ/T, with 1GJ equaling 277.778 kWh.

⁷ The Group has further enhanced the accuracy of its data on energy use for cooling in this year.

⁸ Refer to combustion of fuels by vehicles for commercial use. The emission factors used were based on Hong Kong Environmental Protection Department's EMFAC-HK Vehicle Emission Calculation model and the United States Environmental Protection Agency's Vehicle Emission Modelling Software – MOBILE6.1.

⁹ The water consumption data disclosed includes only the chiller water supply provided by its building management office.

¹⁰ Starting this year, non-hazardous waste data now include paper use as part of its efforts to enhance transparency.

8. Green and Sustainable Finance



In recent years, green and sustainable finance have become a key driver in the shift towards a low-carbon economy. Acknowledging its importance, as a financial institution, the Group is committed to incorporating ESG considerations into its investment and financing activities. The Group will follow the requirements of its parent’s “Guotai Junan Comprehensive Action Plan to Enhance Green Financial Service Capabilities (2023-2025)”, to implement new development concepts fully, accurately, and comprehensively, and actively seize the opportunities from green transformation and development, integrate ESG factors into all aspects of its operations and management, comprehensively enhance the level of green financial services, support the realization of the “dual carbon” strategic goals, and promote high-quality economic and social development.

The Group has implemented ESG policies and strategies throughout its entire range of investment and financing businesses, which include but not limited to asset management business, investment business, wealth management business and corporate finance business (debt capital market, equity capital market, and IPO sponsor business). Each business line has established its own ESG policies, these policies outline the ESG criteria and screening principles for investment and financing projects, and integrate ESG factors into the risk assessment and decision-making process, aiming to raise the share of green and sustainable investment and financing within its portfolio and avoid controversial sectors. Each head of businesses is responsible for the oversight of ESG risk management (including climate-related risks) in respective investment and financing activities and is accountable to the CEO. By taking this approach, the Group aims to promote and assist on clients’ low-carbon transformation, generating enduring value for clients and foster positive environmental and societal effects.

8.1. Responsible Investment Practice

Responsible investment practice is the Group’s effort to operationalize our commitment to sustainability within our investment portfolio. Through incorporating ESG considerations into our investment process, the Group aims to go beyond traditional financial analysis by systematically evaluating potential investments for their ESG performance. This approach enables the Group to identify opportunities that are not only financially viable but also capable of driving long-term, sustainable value creation for ourselves, the clients and the community, leading us to achieve responsible investment goals. On 27 December 2023, GTJA, the parent company, including its subsidiary “Guotai Junan International”, became a signatory to PRI with the category of “investment manager”. This milestone signifies our solid commitment to responsible investment, and we will adhere to the six Principles from the PRI.

8. Green and Sustainable Finance

The Six Principles of PRI:

- 1) Incorporating ESG issues into investment analysis and decision-making processes;
- 2) Being active owners and incorporate ESG issues into its ownership policies and practices;
- 3) Seeking appropriate disclosure on ESG issues by the entities in which the Group invests;
- 4) Promoting acceptance and implementation of the Principles within the investment industry;
- 5) Working together to enhance its effectiveness in implementing the Principles; and
- 6) Reporting on its activities and progress towards implementing the Principles.

The Group integrates ESG considerations into the full investment process of group-wide investment businesses, which may include but not limited to equity investments in listed companies and emerging markets, fixed-income investments for both corporate and non-corporate clients, private equity investments and equity investment in alternative investment business. The relevant businesses have incorporated ESG considerations into their respective investment policies and pursue active stewardship. For the avoidance of doubt, the Group does not invest in any real estate projects.

In managing potential ESG risks in investing activities, the Group has tasked the Investment Committee, chaired by CEO, with overseeing risk management. Their major duties include:

| ESG Financing Risk Management Governance Structure | Major Duties |
|--|--|
| Investment Committee | <p>Chaired by CEO, members include the Chairman of the Board, CFO, CRO, and department heads of whom oversee investment businesses.</p> <p>Investment Committee is authorized to oversee the Group's investments and risk tolerance in primary and secondary markets. Investment assets include, but are not limited to:</p> <ol style="list-style-type: none"> 1. Stocks, bonds, hybrid investments, and other investments 2. Asset allocation and investment implementation 3. Capital and funds management 4. Ongoing performance review of investments |

The Group has incorporated ESG risk factors into credit risk management model, to more effectively control and manage ESG risks at the operational level. The Credit Risk Policy has been updated in 2023 to formally incorporate ESG factors into CDD for credit rated matters. Enhanced CDD should be conducted on higher ESG risk clients, e.g. significant part of revenue of clients generated from tar sand, shale oil and gas, arctic oil and gas, liquefied natural gas, and ultra-deep-water oil and gas would be considered as high ESG risk. Risk Management Department is responsible for credit exposure monitoring and ongoing compliance with this policy through the review of client exposure details during the credit approval process.

In 2024, the Group is planned to further update its Credit Risk Policy to guide our ESG screening and due diligence processes for specific sectors, including agriculture, biodiversity, energy use, mining and oil and gas sectors. For the time being, the Risk Management Department, in collaboration with the relevant business departments, is in the process of analyzing the ESG risk characteristics of clients operating in these industries. This analysis will support the development of tailored due diligence and risk audit processes specifically designed to address the unique ESG risks of these clients.

Asset Management Business

The asset management business offers diversified asset management services to corporate, institutional, and individual investors, products include public funds, private funds, investment advisory, and integrated fund services for equity, fixed income, and alternative asset classes.

The asset management business of the Group adopted the Climate-related Risk Management Policy to guide all the public funds and privates funds under its management on ESG factors incorporation when making investment decisions, which covers investments in both emerging and developed markets, and applies to all investment stages including preliminary screening, investment research, portfolio selection and risk management. The dedicated staff in the investment team is required to take into consideration of various ESG factors affecting their investment. The Climate-related Risk Management Policy is available on the website of the Company under the section of “ESG Info”.

The investment team uses climate-related risk ratings from a third-party ESG rating institute to assess potential investments and monitor the ESG performance of their portfolio quarterly. The team also promotes better ESG practices among investee companies and discloses the portfolio’s carbon footprint annually, following the GHG protocol. The risk management team utilizes external scoring to monitor each fund’s overall ESG risk, including GHG emissions and carbon risks, and review these risks. The risk management team alerts the investment team of any significant ESG risk downgrades or if there is a material decline in ESG performance, for further follow-up actions.

It is the Group’s duty to safeguard out client’s interest and put their needs as our first priority. Hence, the Group closely monitors and engages with companies on a regular basis to ensure their corporate behaviors aligns with the current best practices. Through the active stewardship engagements, we aim to encourage investee companies to adopt more sustainable business practices over time, thereby fostering further value-creation. Some examples of the active engagement include:

- 1) Thematic engagement – focusing on emerging ESG issues that the Group identify as significant
- 2) Event-drive engagement – focusing on recent ESG-related incidents and the investee company’s plans to address and manage these risks in the future
- 3) Proxy-voting – focusing on communicating with board and management regarding proxy voting motivations. The Group will object to management decisions if they entail adopting ESG-unfriendly strategies.

Furthering on the proxy-voting, in 2023, the Group published the Asset Management Proxy Voting Policy, detailing the systematic and proper approach to exercising proxy voting to safeguard the interests of client investors or shareholders of the portfolios, and to address ESG issues where applicable. This policy clearly outlines our position on specific ESG issues, including, directorship, executive compensation, distribution, auditors, and other corporate matters. The investment team within the Group’s asset management business is primarily responsible for implementing this policy, while the compliance team of asset management business periodically reviews its execution to ensure alignment with our commitment to investor interests and ESG standards. The Asset Management Proxy Voting Policy is available on the website of the Company under the section of “ESG Info”.

8. Green and Sustainable Finance

Investment Business

PIM is responsible for the Group's proprietary investments across different asset classes, its investment scope currently covers listed equity and fixed income products.

The Group has established the PIM ESG Sustainable Finance Policy to govern and articulate PIM's overarching ESG objectives, ensuring that our proprietary investments comply with all applicable internal ESG requirements. This policy applies to all asset classes and trading disciplines under PIM's investment mandate.

At present, PIM incorporates ESG factors into the portfolio review framework and investment management process.

In the portfolio review process, PIM has established a trigger mechanism and reporting mechanism for ESG risks on portfolio holdings. In our ESG risk monitoring exercise, we monitor the MSCI ESG rating of the underlying positions with a notification signal activated for ratings at "CCC" or below. When this threshold is triggered, PIM reports to portfolio managers and department head. Portfolio managers may then adjust positions accordingly after discussing with department head, if deemed reasonable.

Where applicable, the ESG factors assessed in PIM's investment process include, but are not limited to:

1. **Environmental factors** including climate change considerations involving emissions reduction and carbon tax, as well as energy and water consumption.
2. **Social factors** including employee engagement of the target investments; and
3. **Governance factors** including target investments' ESG policies, committees and board independence.

In investment management process, PIM employs a 3-step process: strategy formulation, fundamental analysis, and portfolio management, incorporating ESG in the Group's investment activities. In strategy formulation, the Group aims to prioritize the allocation of industries and companies with high ESG scores within the same category by formulating sustainable investment strategies and referring to relevant standards. In fundamental analysis, the Group makes best effort to integrate ESG factors into industry- and company-level analyses and company due diligence as part of investment approach. Lastly, in portfolio management, the Group monitors ESG risk exposures and rating changes in our holdings, reporting them to portfolio managers and department head. They then adjust their positions if necessary, for the benefit of our Group.

PIM closely monitors the ESG performance of the investee companies and integrate the regularly updated ESG considerations in the investment process. PIM conducts scheduled reviews of its investment portfolios based on a quantifiable matrix referencing market indices for individual investment, and the results of the ESG assessment are to be presented to the Investment Committee as part of its investment performance discussions. In general, whilst the number of investment positions have increased in the past year, the weighted average ESG rating for those investment portfolios remain consistent.

With the Group's core investment demographic located in Asia, PIM continues to adapt our ESG approach as our portfolios evolve, creating a nimble, tailored strategy that best suits our unique and advancing needs.

Private Equity

The private equity business has consistently focused on investing in high-quality, innovative, and sustainable companies, incorporating ESG consideration in our selection process. With this approach, the Group targeted sectors that include artificial intelligence, autonomous driving and freight, green and sustainable development, the internet, and biotechnology.

8. Green and Sustainable Finance

The Group has established the ESG Policy for Private Equity Management, which guides the incorporation of ESG factors into the identification of potential investees, the investment decision-making process, and post-investment management. In addition, this policy is aimed at fostering ESG-related training for both our employees and the companies we invest in.

When making the investment decision, we screen our potential investee through negative, positive and norms-based screening approach with the following details:

- **Negative Screening:** Avoiding high-risk industries like gambling and highly polluting or highly controversial sectors
- **Positive Screening:** Giving priority to sectors endorsed by ESG principles, such as electric vehicles, renewable energy, ESG big data analytics, plant-based or lab-grown meat, and low-carbon trading systems
- **Norms-based Screening:** Assessing potential investees' adherence to basic ESG standards, evaluating internal governance and risk mitigation practices

Furthermore, considering the risk characteristics of primary market, the private equity business has developed an ESG factor evaluation system, focusing on a total of 13 key ESG issues covering environment, society, and governance aspects. Utilizing quantitative analysis, ESG factor assessment, and interviews, we conduct thorough due diligence on target companies to effectively manage risks and identify investment opportunities with long-term sustainable growth potential.

ESG issues considered:



8. Green and Sustainable Finance

To oversee the performance of invested companies, in private equity investments where we hold board seats, our nominated directors will diligently assess their ESG performance during board deliberations. In instances where board representation is absent, we utilize observer seats or publicly available information sources to monitor investee companies for significant ESG risks. Should these risks affect investee companies' values and performance, prompt escalation to the Investment Committee is crucial for informed decision-making.

To enhance our employees' understanding of ESG principles, we encourage their engagement in ESG-related forums, review of past business cases, and discussions on rational judgment criteria. Moreover, we also advocate for the adoption of core ESG management principles among our invested companies, inviting them to actively participate in ESG-themed events organized by our firm. Specifically, for ESG due diligence staff, the Group continues to organize various trainings for the employees to keep updated of the latest ESG trend and requirements.

Wealth Management

The Group actively promotes ESG-related products and services to clients. Our fund platform offers a selection of 52 ESG funds for clients to consider, including 12 funds with specific themes such as global climate change, water resources, carbon reduction, energy transformation, renewable energy, low-carbon transportation systems, circular economy (recycling), elderly care, healthcare, and food security (enhancing agricultural practices, natural resource efficiency, and food quality). Bloomberg's ratings for the 52 ESG funds reveal an average score of 81 points for the environmental aspect (E), 75 points for the social aspect (S), and 70 points for governance (G), indicating compliance with ESG standards. Furthermore, the Company has entered into a fund distribution agreement with HuaAn Fund and will actively collaborate to enhance the availability of HuaAn's publicly offered ESG-related funds.

8.2. ESG Integration into Financial Services

The Group acknowledges the significance of capital in driving the growth of the low-carbon economy. Through debt capital market and equity capital market businesses, the Group facilitates clients in accessing necessary capital through various channels to advance their sustainable development goals.

Following the development of an ESG system by our parent company, we will integrate ESG risk assessment, measurement, monitoring, mitigation, and reporting into our current comprehensive risk management framework in 2024. This integration could further enhance our work efficiency and efficacy.

Debt Capital Market Business

The Group's debt capital market business provides a full range of customized services from project origination, execution, syndication to sales for corporate clients in both the Mainland China and Hong Kong. In 2023, we updated the "Statement on ESG Integration In GTJAI Debt Capital Market Business", further clarifying the ESG strategy for debt capital market business.

In line with our commitment to integrating ESG into our operations, we have undertaken the following service offerings:

ESG Bond Issuance and Consultancy Service

In ESG bond issuance, our team will serve as an ESG advisor, assisting the issuer in selecting green or social projects, preparing documentation, and liaising with external reviewers for accreditation. To provide better financing channels for issuers, the Group has always been monitoring the risks and policy changes of ESG bonds.

8. Green and Sustainable Finance

Provide ESG Training to Issuers and Investors

We offer sustainable finance training and advisory to both issuers and investors, enhancing their ESG awareness. At the same time, we encourage and assist companies to issue ESG-related debt securities products, and make issuance plans for eligible issuers. In response to the green investment needs of international investors, we offer them with ample resources of quality green bond assets.

Diversify ESG Products and Expand Industry Coverage

The Group continues to explore and introduce additional ESG products such as sustainable bonds and social bonds to further cultivate market potential. The Group has a diversified portfolio of ESG bond issuers. Other than traditional sectors like utilities and real estate, there is a considerable number of eligible ESG bond issuers in infrastructure development industries. Moving forward, we aim to explore new issuers in more diversified sectors.

Being a member of the Hong Kong Green Finance Association, we remain committed to actively engaging in discussions on green bonds and product innovation with other professional institutions. We closely monitor and adjust business development to ensure alignment with evolving market dynamics.

Cultivate Green Workforce

To enhance client services, we conduct internal training sessions on ESG bonds for our coverage, execution, and sales teams. At the same time, we remain abreast of green finance policies and regulations, maintain long-term cooperation with relevant institutions, encourage team involvement in green finance activities, and foster our Group's engagement and competitiveness in the field of green and sustainable finance.

Equity Capital Market Business

The Group underwrites IPO projects in the stock markets in Hong Kong and other jurisdictions as part of an underwriting syndicate and facilitates secondary market share issuances as a placement agent. In 2023, we updated the "Statement on ESG Integration In GTJAI Equity Capital Market Business", further clarifying the ESG strategy for equity capital market business.

For unlisted clients, ESG assessments will be conducted using reference information from the Sustainability Accounting Standards Board (SASB) Materiality Map and MSCI ESG Industry Materiality Map. One screening and evaluation criterion for underlying stock targets is to determine whether the issuer pursues economic benefits while accounting for ESG factors. Corporate clients that prioritize ESG can achieve better resource utilization and employ innovative management models. Enterprises with outstanding ESG performance are given priority as project participants.

For listed clients, the ESG performance of companies can be assessed using public resources from reputable ESG rating agencies. Meanwhile, the annual ESG reports and ratings, if any, of listed clients will be examined to ensure alignment with ESG standards for sustainable business development. Furthermore, the Group will also actively explore the needs of companies to raise funds in the capital market in terms of ESG and their business development.

8. Green and Sustainable Finance

8.3. Green and Sustainable Finance Performance

The Group has always adhered to the principles of serving the real economy with financial services, actively supporting and promoting the green transformation of corporate clients. In 2023, the Group has completed 41 sustainable finance business projects, including green bonds, sustainable bonds, green and sustainable industries IPO projects and others, the total issuance scale of sustainable finance business amounted to over HK\$80 billion. Meanwhile, the private equity business maintained a high level of engagement in ESG and sustainable industries, with 50% investment position in ESG related industries.

| | 2020 (HK\$ billion) | 2021 (HK\$ billion) | 2022 (HK\$ billion) | 2023 (HK\$ billion) |
|---|------------------------|------------------------|------------------------|------------------------|
| Total Issuance Scale of Sustainable Finance Business* | 20.9 | 70.3 | 84.0 | 83.1 |

* Refers to corporate finance services under debt capital market and equity capital market business

8.4. Case Study

During the year, the Company has engaged in numerous notable green and sustainable bond and IPO projects:

Green and Sustainable Bond Issuance Projects

Corporate client

- Assisted Fujian Zhanglong Group Limited in pricing US\$500 million bonds, the Group acted as the joint global coordinator and joint green structuring advisor.
- Assisted Guangzhou Development Zone Holdings Group Limited in pricing US\$500 million bonds, the Group acted as the joint global coordinator and exclusive green structuring advisor.
- Assisted Zhangzhou Jiulongjiang Group Limited in issuing the Free Trade Zone Bond ((the largest bond issuance in Fujian Province's history) and the dim sum bond (the nations' first UNSDGs bond).
- Assisted Fujian Zhangzhou Urban Investment Group Co. in issuing approximately RMB4 billion offshore sustainable bond, the Group acted as the lead underwriter and sustainable structuring advisor. The issuance stands as the largest RMB bond issuance by an urban investment issuer to date.
- Assisted New Hope Group Limited in issuing RMB1 billion offshore sustainable-linked bond, the Group acted as the joint global coordinator. This transaction is the first corporate sustainable-linked offshore bond issuance nationwide and the first dim sum bond issuance by a private enterprise in nearly three years. Additionally, it sets a record for the largest dim sum bond issuance by a private enterprise.

Government

- Assisted Guangdong Provincial Government in issuing RMB2 billion offshore government bond in Macao. Net proceeds will be allocated to finance eligible projects according to green finance frameworks.
- Assisted Shenzhen Municipal Government in issuing RMB5 billion offshore government bond in Hong Kong, in which the 3-year bond is classified as green bond and the 5-year bond is classified as social responsibility bond.

Green and Sustainable Industries IPO Projects

- As the lead sponsor, joint global coordinators, joint bookrunners and joint lead managers, the Group successfully assisted Beijing Sinohytec Co., Ltd, a leading provider of fuel cell systems in the Mainland China, to be listed on the Stock Exchange. The company focuses on design, development and manufacture of fuel systems and stacks (a key component of the system) mainly for the commercial vehicles, such as buses and trucks. Echoing the Mainland China's goals of "carbon peak" and "carbon neutrality", and following the Medium and Long-term Plan for the Development of Hydrogen Energy Industry (2021-2035) (《氢能产业发展中长期规划(2021-2035年)》) issued by National Development and Reform Commission, The company is committed to promoting a sustainable fuel usage and offering diversified hydrogen energy applications (including fuel cell systems) to the customers.
- As the sole sponsor, overall coordinator, sole global coordinator, joint bookrunner and joint lead manager, the Group successfully assisted Wise Living Technology Co., Ltd to be listed on the Stock Exchange. The company focuses on utilizing new energy technologies, such as Cogeneration, waste heat recovery and geo-thermal energy heating to optimize the heating efficiency and act as a substitute of coal-fired heating, ultimately promoting the development of clean heating.

About the Report

This ESG report provides stakeholders with information regarding the efforts made by the Group to improve its management and performance on ESG issues and advance to a more sustainable future. Both the ESG Committee and the Board have reviewed and approved this report. This report is available on the websites of the Company and the Stock Exchange.

Reporting Basis and Principles

This report has fully complied with the mandatory disclosure requirements and the “comply or explain” provisions of the ESG Reporting Guide contained in Appendix C2 to the Listing Rules and based on four fundamental reporting principles set out in the ESG Reporting Guide as follows:

| Reporting Principles | Application in the Preparation of the Report |
|----------------------|---|
| Materiality | The Group has conducted a comprehensive stakeholder survey in 2023 to identify the most significant ESG issues. The survey engaged both internal and external stakeholders and the issues of the most significance to both the Group’s business and stakeholders have been identified as material ESG issues. The Group focuses on these material issues in this report and ensures a sufficient disclosure of the related information. |
| Quantitative | The Group discloses KPIs in quantitative terms whenever possible and clarifies the standards, methodologies, assumptions, and/or calculation tools used, and source of conversion factors used in this report for a thorough evaluation of the effectiveness of its ESG policies and management. |
| Balance | This report aims to provide stakeholders with an unbiased picture of the Group’s sustainability performance by sticking to a high standard of integrity and transparency. |
| Consistency | Unless stated otherwise, the methods and KPIs used, or any other relevant factors in this report keep consistent with the historical disclosures to allow a meaningful comparison of the Group’s ESG performance over time. |

Besides, TCFD Recommendations, UNSDGs, and the ten principles of the UN Global Compact have also been referred to during the preparation of this report.

Reporting Scope and Period

This report covers the Group’s major operations in Hong Kong, Macao and Singapore, which accounted for approximately 99% of the total revenue of the Group.

The reporting period is from 1 January 2023 to 31 December 2023. In order to enhance the integrity of this report, certain information may be disclosed up to 26 March 2024, being the date of this ESG report, as appropriate.

Feedback

The Group highly values the opinions and feedback of various stakeholders and is committed to continuously improving its ESG management and performance, as well as optimizing the level of ESG information disclosure. Should there be any suggestions or opinions, please contact us in the following ways:

Department: Office of the Board

Telephone: 2509-9118

Email: esg@gtjas.com.hk

Mailing address: 27/F, Low Block, Grand Millennium Plaza, No. 181 Queen’s Road Central, Hong Kong

Appendix 1: The Stock Exchange’s ESG Reporting Guide Content Index

| Mandatory Disclosure Requirements | | |
|-----------------------------------|---|--|
| Item | Description | Relevant Section and Remarks |
| Governance Structure | A statement from the board containing the following elements: | 5.2 ESG Governance Structure |
| | (i) a disclosure of the board’s oversight of ESG issues; | |
| | (ii) the board’s ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer’s businesses); and | |
| | (iii) how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer’s businesses | |
| Reporting Principles | A description of, or an explanation on, the application of the following Reporting Principles in the preparation of the ESG report: | Reporting Basis and Principles |
| | Materiality: The ESG report should disclose: (i) the process to identify and the criteria for the selection of material ESG factors; (ii) if a stakeholder engagement is conducted, a description of significant stakeholders identified, and the process and results of the issuer’s stakeholder engagement | |
| | Quantitative: Information on the standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors used, for the reporting of emissions/energy consumption (where applicable) should be disclosed. | |
| | Consistency: The issuer should disclose in the ESG report any changes to the methods or KPIs used, or any other relevant factors affecting a meaningful comparison. | |
| Reporting Boundary | A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change. | Reporting Scope and Period |
| “Comply or explain” Provisions | | |
| General Disclosures and KPIs | Description | Relevant Section and Remarks |
| A. Environment | | |
| Aspect A1: Emissions | | |
| General Disclosure | Information on: | 7.1 Environmental Targets 7.3 Green Office and Operation 7.4 Environmental Performance Table |
| | (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. | |
| KPI A1.1 | The types of emissions and respective emissions data. | |
| KPI A1.2 | Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility). | |
| KPI A1.3 | Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility). | |
| KPI A1.4 | Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility). | |
| KPI A1.5 | Description of emissions target(s) set and steps taken to achieve them. | |
| KPI A1.6 | Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them. | |

Appendix 1: The Stock Exchange's ESG Reporting Guide Content Index

| "Comply or explain" Provisions | | |
|---|--|---------------------------------------|
| <i>General Disclosures and KPIs</i> | <i>Description</i> | <i>Relevant Section and Remarks</i> |
| A. Environment | | |
| Aspect A2: Use of Resources | | |
| General Disclosure | Policies on the efficient use of resources, including energy, water and other raw materials. | |
| KPI A2.1 | Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility). | 7.1 Environmental Targets |
| KPI A2.2 | Water consumption in total and intensity (e.g. per unit of production volume, per facility). | 7.3 Green Office and Operation |
| KPI A2.3 | Description of energy use efficiency target(s) set and steps taken to achieve them. | 7.4 Environmental Performance Table |
| KPI A2.4 | Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them. | |
| KPI A2.5 | Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced. | |
| Aspect A3: The Environment and Natural Resources | | |
| General Disclosure | Policies on minimising the issuer's significant impacts on the environment and natural resources. | 7.3 Green Office and Operation |
| KPI A3.1 | Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them. | |
| Aspect A4: Climate Change | | |
| General Disclosure | Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer. | 7.2 Tackling Climate Change |
| KPI A4.1 | Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them. | |
| Social | | |
| Employment and Labour Practices | | |
| Aspect B1: Employment | | |
| General Disclosure | Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare. | 6.2.1 Diversity, Equity and Inclusion |
| KPI B1.1 | Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region. | |
| KPI B1.2 | Employee turnover rate by gender, age group and geographical region. | |
| Aspect B2: Health and Safety | | |
| General Disclosure | Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards. | 6.2.3 Employee Health and Wellbeing |
| KPI B2.1 | Number and rate of work-related fatalities occurred in each of the past three years including the reporting year. | |
| KPI B2.2 | Lost days due to work injury. | |
| KPI B2.3 | Description of occupational health and safety measures adopted, and how they are implemented and monitored. | |

Appendix 1: The Stock Exchange's ESG Reporting Guide Content Index

| "Comply or explain" Provisions | | |
|--|---|--|
| <i>General Disclosures and KPIs</i> | <i>Description</i> | <i>Relevant Section and Remarks</i> |
| Social | | |
| Employment and Labour Practices | | |
| Aspect B3: Development and Training | | |
| General Disclosure | Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. | 6.2.4 Training and Development |
| KPI B3.1 | The percentage of employees trained by gender and employee category (e.g. management, middle management). | |
| KPI B3.2 | The average training hours completed per employee by gender and employee category. | |
| Aspect B4: Labour Standards | | |
| General Disclosure | Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour. | 6.2.2 Employment Management |
| KPI B4.1 | Description of measures to review employment practices to avoid child and forced labour. | |
| KPI B4.2 | Description of steps taken to eliminate such practices when discovered. | |
| Operating Practices | | |
| Aspect B5: Supply Chain Management | | |
| General Disclosure | Policies on managing environmental and social risks of the supply chain. | 6.3 Sustainable Supply Chain |
| KPI B5.1 | Number of suppliers by geographical region. | |
| KPI B5.2 | Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored. | |
| KPI B5.3 | Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored. | |
| KPI B5.4 | Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored. | |
| Aspect B6: Product Responsibility | | |
| General Disclosure | Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress. | 6.1.1 Digital Transformation to Safeguard Services and Products Responsibility 6.1.2 Services and Products Integrity 6.1.4 Customer Relationship Management Due to the Group's business nature, issues related to products sold or shipped subject to recalls for safety and health reasons are not applicable. |
| KPI B6.1 | Percentage of total products sold or shipped subject to recalls for safety and health reasons. | |
| KPI B6.2 | Number of products and service-related complaints received and how they are dealt with. | |
| KPI B6.3 | Description of practices relating to observing and protecting intellectual property rights. | |
| KPI B6.4 | Description of quality assurance process and recall procedures. | |
| KPI B6.5 | Description of consumer data protection and privacy policies, and how they are implemented and monitored. | |

Appendix 1: The Stock Exchange's ESG Reporting Guide Content Index

| "Comply or explain" Provisions | | |
|--|--|--|
| <i>General Disclosures and KPIs</i> | <i>Description</i> | <i>Relevant Section and Remarks</i> |
| Social | | |
| Employment and Labour Practices | | |
| Aspect B7: Anti-corruption | | |
| General Disclosure | Information on: | 5.4 Business Ethics No concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period. |
| | (a) the policies; and | |
| | (b) compliance with relevant laws and regulations that have a significant impact on the issuer | |
| | relating to bribery, extortion, fraud and money laundering. | |
| KPI B7.1 | Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases. | |
| KPI B7.2 | Description of preventive measures and whistleblowing procedures, and how they are implemented and monitored. | |
| KPI B7.3 | Description of anti-corruption training provided to directors and staff. | |
| Community | | |
| Aspect B8: Community Investment | | |
| General Disclosure | Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests. | 6.4 Community Investment and Engagement |
| KPI B8.1 | Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport). | |
| KPI B8.2 | Resources contributed (e.g. money or time) to the focus area. | |

Appendix 2: Ten Principles of the UN Global Compact

| Principles | Relevant Section |
|---|---|
| Human Rights | |
| 1. Business should support and respect the protection of internationally proclaimed human rights; and | 6.2.2 Employment Management 6.2.3 Employee Health and Wellbeing 6.3 Sustainable Supply Chain 6.4 Community Investment and Engagement |
| 2. make sure that they are not complicit in human rights abuses. | |
| Labour | |
| 3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; | 6.2.2 Employment Management |
| 4. the elimination of all forms of forced and compulsory labour; | |
| 5. the effective abolition of child labour; and | |
| 6. the elimination of discrimination in respect of employment and occupation. | |
| Environment | |
| 7. Business should support a precautionary approach to environmental challenges; | 7.2 Tackling Climate Change 7.3 Green Office and Operation |
| 8. undertake initiatives to promote greater environmental responsibility; and | |
| 9. encourage the development and diffusion of environmentally friendly technologies. | |
| Anti-corruption | |
| 10. Businesses should work against corruption in all its forms, including extortion and bribery. | 5.4 Business Ethics |

Glossary

In this report, unless the context requires otherwise, the following expressions have the following meanings:

AML • anti-money laundering

BCP(s) • business continuity plan

Board • the board of directors of the Company

CEO • the chief executive officer of the Company

Company or **Guotai Junan International** • Guotai Junan International Holdings Limited, incorporated in Hong Kong with limited liability, whose shares are listed on the Main Board of the Stock Exchange (stock code: 1788.HK)

Company Secretary • the company secretary of the Company

CCO • the chief compliance officer of the Group

CDD • customer due diligence

CEO • the chief executive officer of the Group

CFO • the chief financial officer of the Group

CFT • counter-financing of terrorism

CRO • the chief risk officer of the Group

Director(s) • the director(s) of the Company

ESG • environmental, social and governance

GHG • greenhouse gas

Group • the Company together with its subsidiaries from time to time

GTJA or **parent company** • Guotai Junan Securities Co., Ltd., a joint stock limited company incorporated in the PRC with limited liability, whose A-shares are listed on the Shanghai Stock Exchange (stock code: 601211.SH) and H-shares are listed on the Main Board of the Stock Exchange (stock code: 2611.HK), and the ultimate controlling shareholder of the Company

Hong Kong • The Hong Kong Special Administrative Region of the PRC

HK\$ or **HKD** • Hong Kong Dollars, the lawful currency of Hong Kong

IPO(s) • initial public offering(s)

IPCC • Intergovernmental Panel on Climate Change

IT • information technology

INED • Independent Non-executive Director

KPI(s) • key performance indicator

LED • light-emitting diode

Listing Rules • the Rules Governing the Listing of Securities on the Stock Exchange

Macao • The Special Administrative Region of Macao of the PRC

Mainland China • the PRC, for the purpose of this report, does not include Hong Kong, Macao and Taiwan

NGFS • Network for Central Banks and Supervisors for Greening the Financial System

PIM • principal investment management team

PICS • Personal Information Collection Statement

PRC or **China** • The People's Republic of China

PRI • The Principles for Responsible Investment

RCP • Representative Concentration Pathway

Reporting Period • for the year ended 31 December 2023

RMB • Renminbi, the lawful currency of the PRC

SEN • special educational needs

senior management • has the same meaning as defined in the Listing Rules

SFC • the Securities and Futures Commission

SFO • the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

SSP • Shared Socioeconomic Pathways

Stock Exchange • The Stock Exchange of Hong Kong Limited

TCFD • Task Force on Climate-related Financial Disclosures

UN Global Compact • The United Nations Global Compact

UNSDGs • The United Nations Sustainable Development Goals

US\$ • United States Dollars, the lawful currency of the United States

VM • virtual machine

% • per cent



國泰君安國際
GUOTAI JUNAN INTERNATIONAL

www.gtjai.com

Find us 關注我們



GTJAI1788



GTJAI1788



GTJAI1788



Guotai Junan
International



Guotai Junan
International

