



2024

Sustainability / Environmental, Social and Governance Report

Shenwan Hongyuan Group Co., Ltd.



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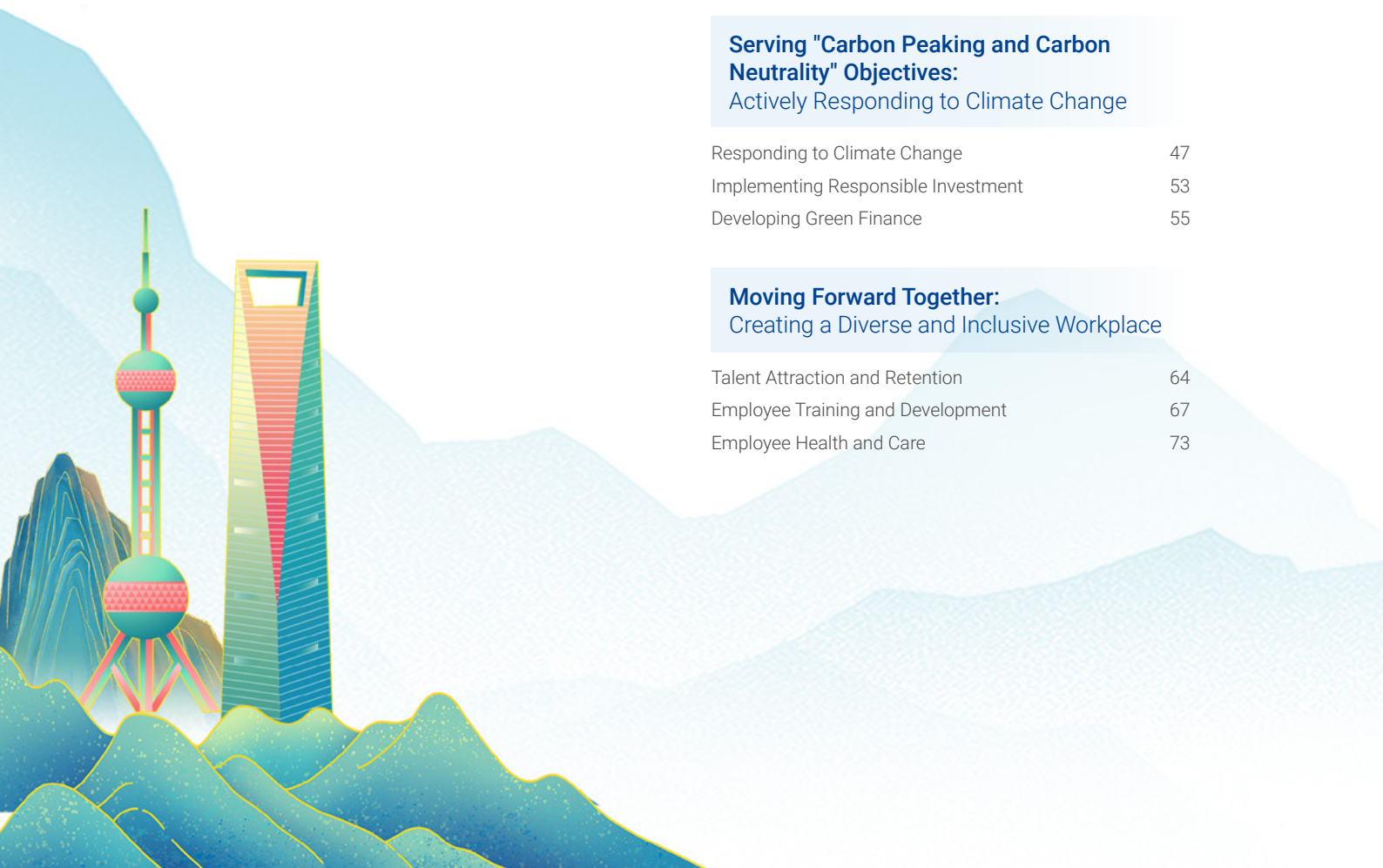
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About this Report

This report is the second *Sustainability/ Environmental, Social, and Governance Report* and the tenth sustainable/ESG-related information disclosure report of Shenwan Hongyuan Group Co., Ltd., aiming to disclose to investors and other stakeholders the concepts, established management approaches, implemented initiatives, and achieved outcomes regarding ESG issues in the Company's operations.

Report Scope

This report covers Shenwan Hongyuan Group Co., Ltd. and its subsidiaries. Unless otherwise specified, the scope aligns with the consolidated financial statements of Shenwan Hongyuan (000166.SZ, 6806.HK) for the same period.

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

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

Reporting Period

The period of this report is from 1/1/2024 to 31/12/2024. The data in this report is for the period unless otherwise stated.

Basis of Reporting

This report is prepared in accordance with the *Self-Regulatory Guidelines No. 17 for Companies Listed on Shenzhen Stock Exchange - Sustainability Report (For Trial Implementation)*, the *Shenzhen Stock Exchange's Guidelines on Self-regulation of Companies Listed on the Shenzhen Stock Exchange No.1 - Standardized Operation of Companies Listed on the Main Board (Revised in December 2023)*, the *HKEX ESG Reporting Guide (Effective on December 31, 2023)*, and has referenced the requirements of *Part D: Climate-related Disclosures* under the *HKEX ESG Reporting Code (Effective January 1, 2025)*. It also aligns with the *Content and Format Guidelines for Annual Reports of Companies Publicly Issuing Securities No.2 (2021 Revision)* issued by the China Securities Regulatory Commission (CSRC) and the *Global Reporting Initiative (GRI)'s Sustainability Reporting Standards (2021)*.

Data Description

The data and case studies in this report are derived from official records of the Company's operations. Financial data in the report is presented in Renminbi (RMB). Where financial data is inconsistent with the Company's annual financial report, the annual financial report shall prevail.

Principles of Report Preparation

Materiality

The Company identifies material issues related to its operations that are of concern to stakeholders, including investors, as the focus of this report. The reporting on material issues in this report considers both industry-specific and regional characteristics of the Company's operations. The analysis process and results of materiality identification are detailed in the "ESG Governance and Strategy" section of this report. The report emphasizes disclosures on environmental, social, and governance matters that may significantly impact investors and other stakeholders.

Accuracy

This report strives to ensure the accuracy of information. For quantitative information, the data scope, calculation methodologies, and assumptions are explained to ensure that potential margins of error do not lead to misleading conclusions. Quantitative data and explanatory notes are provided in the "ESG Data Tables and Notes" section. The Board of Directors guarantees the content of this report, confirming the absence of false statements, misleading information, or material omissions.

Balance

The report reflects objective facts and discloses both positive and negative information about the Company in an impartial manner.

Clarity

This report includes tables, diagrams, and glossaries to complement textual content, facilitating stakeholders' understanding. A table of contents and an ESG standards alignment index are provided for quick access to information.

Quantification and Consistency

The report discloses key quantitative performance indicators and historical data where possible. Consistent statistical and disclosure methods are maintained for the same indicators across reporting periods. Any changes to these methods are fully explained in the report's notes to enable meaningful analysis and assessment of the Company's ESG performance trends.

Completeness

The scope of disclosures aligns with the consolidated financial statements of the Company.

Verifiability

Case studies and data in this report originate from operational records or financial reports. The Company uses the HiESG Performance Management System to manage historical ESG quantitative data, ensuring traceability of disclosed data sources and calculations to support external verification.

Report Access

This report is published electronically on the following platforms:

- Company's official website (<http://www.swhygh.com>)
- Hong Kong Exchanges and Clearing Limited's HKEXnews website (<http://www.hkexnews.hk>)
- Shenzhen Stock Exchange's official website (<http://www.szse.cn>)
- CNInfo website (<http://www.cninfo.com.cn>)

Statement of the Board of Directors on Sustainability Management

In 2024, guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, Shenwan Hongyuan ("Company") thoroughly implemented the spirit of the 20th National Congress of the Congress of the Communist Party of China (CPC), the Second and Third Plenary Session of the 20th CPC Central Committee, the Central Financial Work Conference, and the Central Economic Work Conference, with a comprehensive understanding of the supporting role of finance in the process of Chinese modernization and an accurate grasp of the key tasks of financial system reform. The Company, as a state-owned financial institution and a company listed in both the Chinese mainland and Hong Kong, steadfastly adhered to our functional positioning, maintained strategic resolve, accurately grasped the essence of the 'Three New and One High' initiative, earnestly implemented the political and people-centric principles in financial work, and effectively balanced functionality with profitability," steadily advanced sustainability and environmental, social and governance (ESG) efforts and contributed to the building of China's financial strength.

Effectively enhancing the quality and effectiveness of sustainability governance

The Company continued to improve its three-level ESG management system consisting of the Board of Directors, the Strategy and ESG Committee of the Board of Directors, and the ESG Management Leadership Group. The Company maximized the synergy of the management levels to improve its ESG management capabilities. As the highest decision-making and supervision body for the Company's ESG management, the Board of Directors is responsible for reviewing and deciding on the Company's ESG strategic goals, planning, and major matters. The Strategy and ESG Committee of the Board of Directors is responsible for studying the Company's ESG planning, goals, systems, and major matters, providing ESG strategy consulting advice to the Board of Directors, and inspecting the implementation of ESG work. The ESG Management Leadership Group is responsible for coordinating ESG actions across relevant departments of the Company and its subsidiaries.

Attaching great importance to strengthening strategic leadership

The Company incorporated sustainability into its overall strategic planning, striving to deeply integrate sustainability/ESG concepts with serving national strategies, contributing to rural revitalization, conducting comprehensive risk management, and improving corporate governance. The Company conducted research and formulated the *Action Plan for Sustainability and ESG Management Enhancement* in 2024, which clearly sets out its ideas for sustainability/ESG work and the implementation paths and development goals of its business lines, elevating its sustainability/ESG management capabilities to a new level.

Identifying and establishing priorities for sustainability management

Basing its management on sustainability issues, the Company regularly assessed the dual materiality of issues through a combination of stakeholder questionnaire surveys and expert scoring. The Company identified and assessed relevant impacts, risks, and opportunities through external policy analysis, industry trend judgment, insights into its own business, due diligence, and continuous communication and exchange with stakeholders. Then, based on the likelihood, magnitude, and pathways of these impacts, risks, and opportunities, the Company established key sustainability issues and management priorities. In 2024, the company executed its annual double materiality analysis, systematically identifying and organizing 21 material issues into three core categories: environmental, social, and corporate governance. The assessment process integrated expert-driven impact materiality assessment with financial materiality assessment conducted through structured surveys distributed to board members, senior management, and financial personnel, which culminated in the designation of sustainability issues having both impact materiality and financial materiality as serving national strategy and supporting the real economy, developing green finance, providing quality products and services, responding to climate change, data security and customer privacy protection, staff training and development. The results of the sustainability issue assessment were reviewed and approved by the Company's Board of Directors.

Comprehensively implementing sustainability management measures

The Company comprehensively arranged related work based on the overall framework of "one vision, three pillars, one cornerstone" for Shenwan Hongyuan's sustainability/ESG management enhancement proposed in the *Shenwan Hongyuan Action Plan for Sustainability and ESG Management*. Through continued strengthening of organizational leadership, implementation of job responsibilities, optimization of working mechanisms, deepening of training and education, and enhancement of cultural development and internal and external exchanges, the Company fully advanced the implementation of ESG and sustainability priorities and the achievement of related goals in areas including "serving national strategies and supporting the real economy," "providing high-quality financial services," "empowering green and low-carbon development," and "achieving sustainable corporate operations."

This report with detailed disclosure of the progress and effectiveness of the Company's sustainability and ESG work in 2024 was reviewed and approved by the Strategy and ESG Committee of the Board of Directors on March 21, 2025 and by the Board of Directors on March 28, 2025.

About Shenwan Hongyuan Group

/ Company Profile

Shenwan Hongyuan Group Co., Ltd. is an investment holding group controlled by Central Huijin Investment Ltd. It was formed in January 2015 through the merger of the former Shenyin Wanguo Securities Co., Ltd. and the former Hongyuan Securities Co., Ltd. The Company consistently integrates sustainable development into its philosophy and practices, upholding the core values of "faith, responsibility, integrity, innovation, and pursuit of excellence," defining its mission as "providing professional services, creating value," and envisioning to "becoming a first-class investment bank and investment institution worthy of long-term trust."

/ Company Basic Information



Company Name

申万宏源集团股份有限公司



Headquarters Address

19 Taipingqiao Street, Xicheng District, Beijing
20/F, Dacheng International, 358 Beijing South Road, High-tech Zone, Urumqi, Xinjiang



English Name

Shenwan Hongyuan Group Co., Ltd.



Wholly-owned/Controlled Subsidiaries

Shenwan Hongyuan Securities, Hongyuan Futures, Hongyuan Huizhi, Hongyuan Huifu, Shenwan Hongyuan Industrial Investment, Shenwan Hongyuan Investment

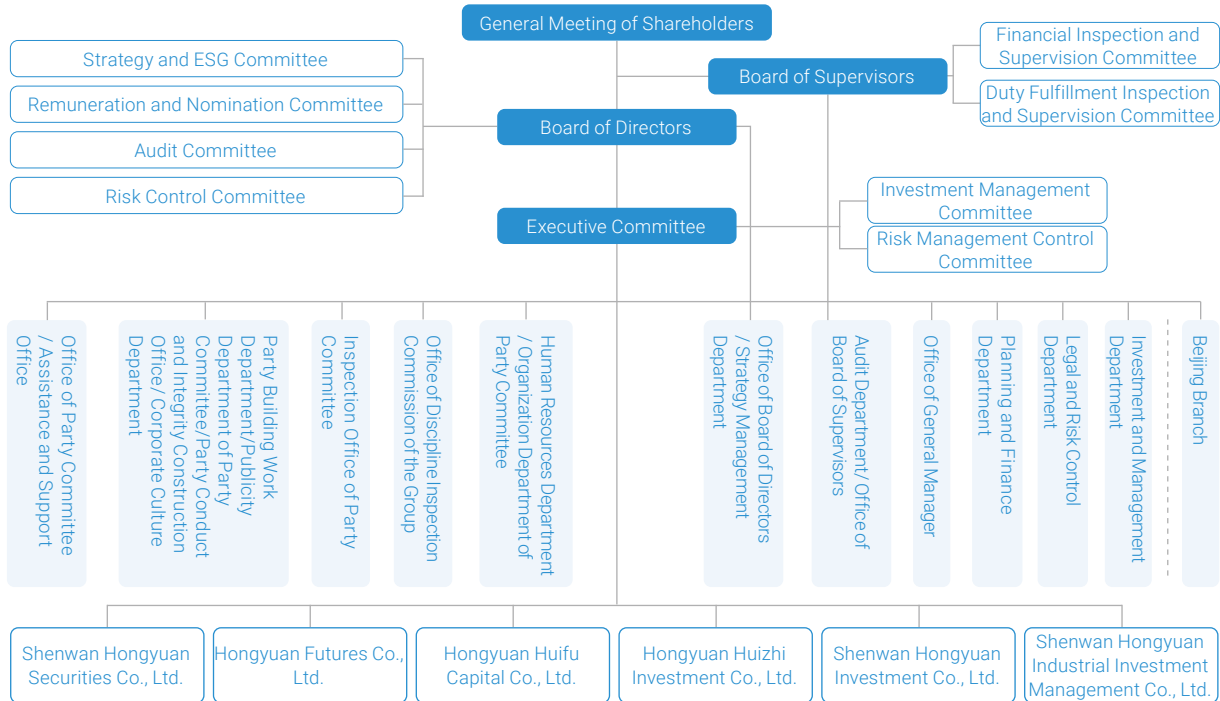


Stock Codes

000166.SZ; 6806.HK



Company Organizational Structure



Business Modules of the Company

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



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

The Company's business outlets comprehensively cover all provinces, municipalities, and autonomous regions across China. It has subsidiaries in Hong Kong and Singapore, as well as overseas branch offices in London, Tokyo, Seoul, and other locations. The Company holds full business licenses in investment banking, wealth management, institutional services and trading, and investment management, and is committed to providing clients with full industry chain integrated financial services centered on the capital market.

Materiality Assessment

// Double Materiality Analysis

In 2024, in accordance with the requirements of *Self-Regulatory Guidelines No. 17 for Companies Listed on Shenzhen Stock Exchange – Sustainability Report (For Trial Implementation)* (hereinafter referred to as the "SZSE Guidelines") and referencing the *SZSE Self-Regulatory Guide for Listed Companies No.3 – Sustainability Report Preparation*, the Company conducted a double materiality analysis for ESG topics. This analysis combined stakeholder questionnaire surveys and expert evaluations to identify material issues.

Shenwan Hongyuan 2024 Double Materiality Analysis Process

Step 1

Understand the Context of Company Activities and Business Relationships

- Analyze the external market environment, business activities, and industry characteristics of the Company.
- Review the Company's strategic plan during the 14th Five-Year Plan period and the *Shenwan Hongyuan Action Plan for Sustainability and ESG Management Enhancement*.
- Identify value chain segments where impacts occur and key affected stakeholders.

Step 2

Establish the Issue List

- The Company identified 21 key issues and formed the sustainability issue list by interpreting the macro policies and industry hotspots of 2024, benchmarking against "SZSE Guidelines", GRI standards, ESG rating agency focuses, peer ESG reports, and stakeholder feedbacks.
- Based on the sustainability issue list, the Company conducted due diligence through qualitative analysis with third-party institutions to analyze actual/potential impacts, risks, and opportunities, with the aim of promptly identifying any negative impacts or risks associated with sustainability.

Step 3

Materiality Assessment and Confirmation

- **Impact Materiality Assessment:** Based on the results of the 2023 stakeholder survey, in 2024, the Company's internal and external experts assessed and calibrated the 21 identified material issues from "severity of impact" (scale, scope, irreversibility) and "likelihood of impact" and formed an impact materiality matrix.
- **Financial Materiality Assessment:** In accordance with the quantitative standards for material misstatements specified in the Company's annual report, a financial materiality threshold has been established. Through a questionnaire survey, communication was conducted with the Company's executive and financial personnel. The assessment was carried out from "likelihood of occurrence" and "degree of financial impact." Additionally, opinions from internal and external experts were taken into consideration to form a financial materiality matrix.
- **Double Materiality Matrix:** After normalizing the calculations of the impact materiality matrix and the financial materiality matrix, a double materiality matrix was formed.

Step 4

Reporting

- After review and confirmation by the Company's Board of Directors and the Board's Strategy and ESG Committee, the report provides detailed disclosure of the material issues with higher significance for the year 2024.

/ Stakeholder Engagement and Due Diligence

Stakeholder Engagement

Stakeholders' views are valuable for the Company's ESG efforts and help identify ESG management priorities. The Company maintains regular communication with stakeholders such as shareholders and creditors, governmental and regulatory authorities, customers, employees, suppliers and partners, and community representatives and NGOs. It focuses on their key concerns, integrates their needs into operations and decision-making, and works towards sustainable development together.

Key Stakeholders	Key Issues	Engagement Methods/Channels
Shareholders and Creditors	<ul style="list-style-type: none"> Enhancing Corporate Governance Compliance and Internal Control Management Business Practice ESG Risk Management Comprehensive Risk Management 	<ul style="list-style-type: none"> Shareholders' Meetings Corporate Governance Mechanism Development Information Disclosure and Investor Communication Roadshows and Research Risk Management System Enhancement ESG Due Diligence for Clients Business Ethics Mechanism Development
Government and Regulators	<ul style="list-style-type: none"> Serving National Strategy and Supporting the Real Economy Driving Reforms and Development of the Capital Market Compliance and Internal Control Management Business Practice Contributing to Rural Revitalization Social Contributions 	<ul style="list-style-type: none"> Information Disclosure Policy Interpretation and Implementation Participation in Government Research Activities
Customers	<ul style="list-style-type: none"> Serving National Strategy and Supporting the Real Economy Providing Quality Products and Services Data Security and Customer Privacy Protection Fintech Empowerment Devoting to Responsible Investment Investor Education 	<ul style="list-style-type: none"> Client Service and Complaint Resolution Mechanisms Investor Education Base Development Client Privacy Protection Policy Releases Responsible Investment Strategy Releases Client Satisfaction Surveys
Employees	<ul style="list-style-type: none"> Staff Training and Development Talent Attraction and Retention Enhancing Employee Care and Benefits 	<ul style="list-style-type: none"> Recruitment Mechanisms Training Programs Compensation and Benefits Systems Employee Representative Congress Cultural Activities
Suppliers and Partners	<ul style="list-style-type: none"> Compliance and Internal Control Management Business Practice Responsible Procurement 	<ul style="list-style-type: none"> Regular Communication Industry Collaboration Bidding Activities Anti-Commercial Bribery Mechanisms
Community Representatives and NGOs (Media, Universities, Industry Associations, Social Organizations)	<ul style="list-style-type: none"> Driving Reforms and Development of the Capital Market Devoting to Responsible Investment Developing Green Finance Responding to Climate Change Promoting Green Operations Social Contribution Contributing to Rural Revitalization 	<ul style="list-style-type: none"> Participation in Government and Industry Research Rural Revitalization Projects Green and Low-Carbon Operations Innovative Green Finance Products Community Volunteering Activities


Due Diligence

The ESG Management Leadership Group conducted due diligence on the identified sustainability issues through qualitative analysis. The process evaluated the significant impacts of each ESG issue on the economy, environment, and society in the short term (0–1 year, including 1 year), medium term (1–5 years, including 5 years), and long term (more than 5 years), as well as the risks and opportunities for the Company's day-to-day operations and business decisions, to identify and mitigate sustainability-related risks promptly. The detailed due diligence results are presented in the main body of the report under each issue.

Materiality Analysis Conclusions

In 2024, the Company identified and screened 21 sustainability issues through standard benchmarking, policy analysis, and peer comparison, which including 4 under environmental dimension, 12 under social dimension, and 5 under governance dimension. Details and changes are shown in the table below.

Shenwan Hongyuan 2024 Sustainability Issues List

Environmental	Society	Governance
 <ul style="list-style-type: none"> • Responding to Climate Change • Promoting Green Operations • Developing Green Finance • Devoting to Responsible Investment 	 <ul style="list-style-type: none"> • Contributing to Rural Revitalization • Social Contribution • Fintech Empowerment • Responsible Procurement • Providing Quality Products and Services • Data Security and Customer Privacy Protection • Staff Training and Development • Enhancing Employee Care and Benefits • Talent Attraction and Retention • Serving National Strategy and Supporting the Real Economy • Driving Reforms and Development of the Capital Market • Investor Education 	 <ul style="list-style-type: none"> • Business Practice • Enhancing Corporate Governance • Comprehensive Risk Management • Compliance and Internal Control Management • ESG Risk Management

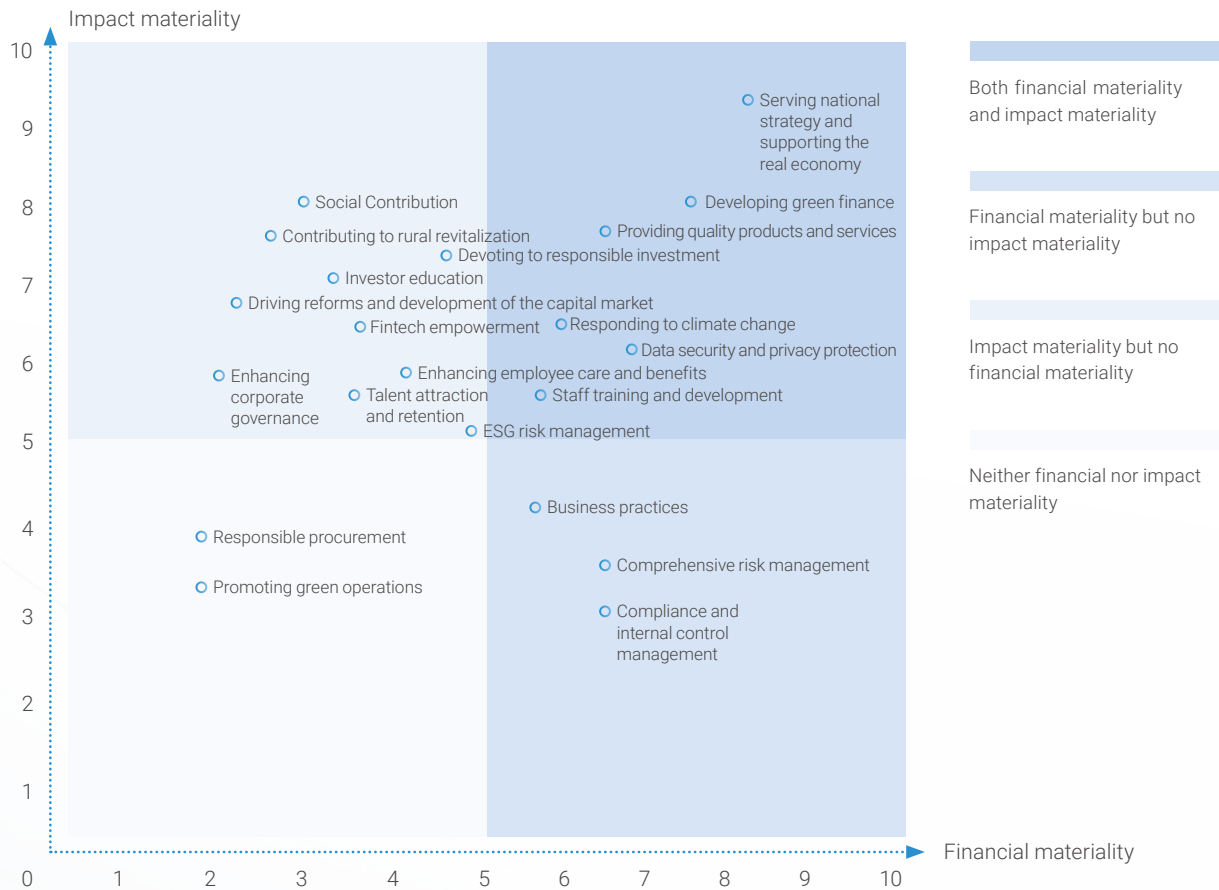
Major Changes in Sustainability Issues of Shenwan Hongyuan in 2024

2023 Sustainability Issues	2024 Sustainability Issues	Changes	Reason for Change
Strengthening Data Security and Privacy Protection	Data Security and Customer Privacy Protection	Wording Adjustment	Renamed to align with the SZSE <i>Guidelines</i> and clarify scope.
Community Engagement and Support	Social Contributions		
Enhancing Employee Care and Benefits	Enhancing Employee Care and Benefits		Combined "Enhancing Employee Care and Benefits" with "Employee Health & Safety" to improve management coherence and reporting consistency.
Ensuring Employee Health and Safety			
Providing Quality Products and Services	Providing Quality Products and Services	Issue Merging	Consolidated "Shareholder & Creditor Rights Protection" to holistically address governance practices.
Protecting Customers' rights and Interests			
Enhancing Corporate Governance	Enhancing Corporate Governance		Consolidated "Shareholder & Creditor Rights Protection" to holistically address governance practices.
Protecting Shareholders' and Creditors' rights and Interests			
Business ethics	Business Practice	Merging & Wording Adjustment	Combined "Commercial Ethics" with "Intellectual Property Protection" and renamed to align with the SZSE <i>Guidelines</i> .
Intellectual Property Protection			



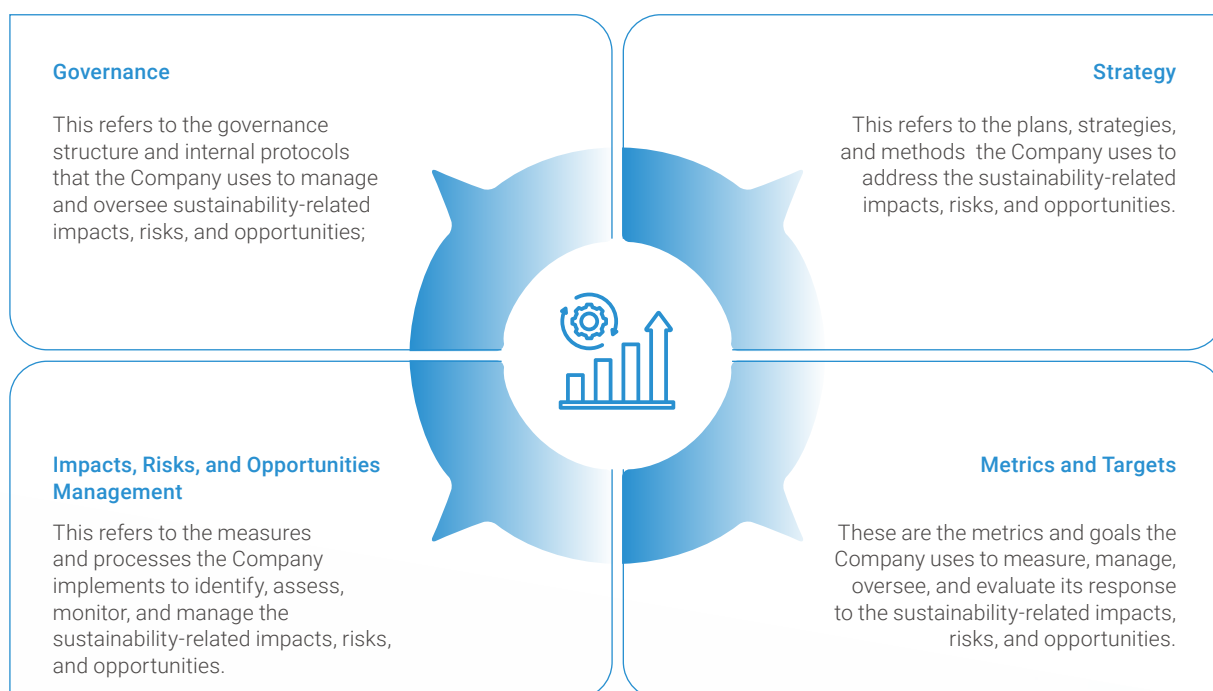
Upon evaluation, among the 21 sustainability issues, 6 are deemed to both financial materiality and impact materiality, 3 have financial materiality only, 10 have impact materiality only, and 2 lack both financial and impact materiality.

Shenwan Hongyuan Materiality Matrix



In this report, the Company discloses information focused on material sustainability issues. For the 9 identified financially material issues, disclosures are structured around the four key aspect "Governance – Strategy – Impacts, Risks, and Opportunities Management – Metrics and Targets" outlined in the *SZSE Guidelines*. For the 6 issues having both financial materiality and impact materiality, detailed and comprehensive disclosures of the Company's management and practices are presented under subheadings of the "Four Key Aspects," with specific content available in the *"Sustainability Practices and Impacts"* section. For the 3 issues having financial materiality only, the Company's management status and outcomes are concisely summarized in tables following the "Four Key Aspects" format, with details provided in the *"ESG Management and Performance"* section.

Definitions of the "Four Key Aspects"



ESG Governance and Strategy

ESG Governance Structure

The Company has a three-level ESG management structure in place, consisting of the Board of Directors, the Strategy and ESG Committee of the Board of Directors, and the ESG Management Leadership Group, which operate efficiently top down from supervision to management to execution, promoting the achievement of ESG management goals with practical actions.

ESG Governance Structure of Shenwan Hongyuan

Board of Directors	Act as the highest decision-making body for the Company's ESG management to perform ESG governance functions according to regulations, continuously improve the governance structure, and promote the Company's continuous enhancement of ESG governance capabilities and levels.
Strategy and ESG Committee of the Board of Directors	Provide ESG strategy consulting advice to the Board of Directors, oversee and evaluate the Company's implementation of ESG strategy and progress toward goals, supervise the Company's enhanced communication with investors, regulators, and other stakeholders, and provide consulting advice for the continuous improvement of the Company's ESG management.
ESG Management Leadership Group	Overall plan and implement the Company's ESG-related work, lead the Company's various departments and subsidiaries to implement its ESG development strategy, guide corporate governance with ESG concepts, and enhance the Company's sustainability capabilities.

In 2024, the Company prepared and released the *Shenwan Hongyuan Group Co., Ltd. Sustainability/Environmental, Social and Governance Report* and promoted ESG management through high-quality information disclosure. The report was reviewed and approved by the Company's Board of Directors' Strategy and ESG Committee and the Board of Directors respectively, and was disclosed to the public in accordance with regulations on March 29, 2024.

Action Plan for Sustainability/ESG Management Enhancement

To implement the spirit of the 20th National Congress of the CPC, the Second and Third Plenary Session of the 20th CPC Central Committee, the Central Financial Work Conference, and the Central Economic Work Conference, and to effectively enhance the Company's sustainability management, the Company developed the *Shenwan Hongyuan Action Plan for Sustainability and ESG Management Enhancement* ("Action Plan") in 2024.

Based on thorough research on the latest sustainability/ESG development policy requirements and industry trends, the *Action Plan* strives to deeply integrate sustainability/ESG concepts with serving national strategies, supporting rural revitalization, conducting comprehensive risk management, and improving corporate governance. The *Action Plan* clearly sets out the Company's ideas for sustainability/ESG work and the implementation paths and development goals of its business lines, elevating its sustainability/ESG management capabilities to a new level.

Aligned with Shenwan Hongyuan's core values of "faith, responsibility, integrity, innovation, and pursuit of excellence," mission and vision of "providing professional services, creating value, and becoming a first-class investment bank and investment institution worthy of long-term trust," and "professional, talent, team, responsibility, customer, risk, innovation, and value consensus," the *Action Plan* proposes the overall framework of "one vision, three pillars, one cornerstone" for Shenwan Hongyuan's sustainability/ESG management enhancement. The *Action Plan* makes "serving national strategies and supporting the real economy," "providing high-quality financial services," and "empowering green and low-carbon development" the three pillars and "achieving sustainable operations" the cornerstone to support the Company's practice of its mission of "providing professional services and creating value" and realization of its vision of "becoming a first-class investment bank and investment institution worthy of long-term trust," thereby meeting the expectations of the country, society, customers, shareholders, employees, and other stakeholders.

Framework of Shenwan Hongyuan Action Plan for Sustainability/ESG Management Enhancement

Becoming a first-class investment bank and investment institution worthy of long-term trust

Adhere to a long-term approach, practice the concept of sustainable development, achieve own sustainable growth by leveraging professional service capabilities, excellent service attitudes, and outstanding social benefits, and become a responsible enterprise worthy of long-term trust from shareholders, customers, and employees.

Serving national strategies and supporting the real economy

Practice the original mission of "financial services for the country and the people," adhere to the general principle of seeking progress while ensuring stability, and fulfill the role as a "gatekeeper" of the capital market; actively serve major national strategies, support China's comprehensive deepening of reforms and building of a modern economic system, and promote the high-quality development of the real economy.

- Deliver good performance in technology finance
- Develop inclusive finance
- Support pension finance
- Serve high-standard opening-up
- Support coordinated regional development
- Contribute to rural revitalization

Providing high-quality financial services

Support China's development of diversified equity financing and multi-level bond markets and promote the healthy and stable development of the capital market through means including boosting capital market reform and development, continuously providing quality financial products and services, applying financial technology innovation, and conducting investor education activities.

- Provide quality financial products and services
- Boost capital market reform and development
- Prevent and defuse financial risks
- Implement digital finance
- Strengthen investor protection

Empowering green and low-carbon development

Focus on building a Beautiful China, deepen the effective combination of carbon peaking and carbon neutrality practices and business, and promote the establishment of green finance development planning and practice of responsible investment; advance ecological priority, conservation and intensiveness, and green and low-carbon development through professional financial services and contribute to China's ecological civilization reform.

- Develop green finance
- Practice responsible investment
- Responding to climate change

Achieving sustainable corporate operations

Establish a solid foundation for robust and sustainable corporate operations through measures including enhancing the independence and diversity of the Board of Directors, improving the expertise of the Board of Directors in ESG (including climate change), ensuring the protection of investor rights, perfecting anti-corruption and clean practice management, attracting and retaining excellent talents, implementing data security and privacy protection management, actively engaging in community communication and support, and strengthening green operations.

E

- Promote green operations

S

- Attract and retain employees
- Strengthen data security and privacy protection
- Engage in community communication and support

G

- Strengthen corporate governance
- Protect investor rights
- Observe business ethics

To further strengthen the quality and effectiveness of its ESG management, the Company has established processes for identifying, assessing, and managing impacts, risks, and opportunities related to ESG issues and incorporated these processes into its comprehensive risk management system. In collaboration with internal and external experts on a regular basis, based on the Company's list of sustainability issues, the ESG Management Leadership Group identifies and assesses relevant impacts, risks, and opportunities through external policy analysis, industry trend judgment, insights into the Company's own business, and due diligence. Then, based on the likelihood, magnitude, and pathways of these impacts, risks, and opportunities, the ESG Management Leadership Group establishes management priorities. The ESG Management Leadership Group develops relevant management mechanisms based on issue management and practical work, dynamically monitors management status, and promptly provides feedback on management results, thereby achieving closed-loop management.

01 Sustainability

Practices and Impacts

Building China into a Financial Power: Actively Serving the National Strategies

Putting Customers First: Enhancing the Quality of Financial Services

Serving "Carbon Peaking and Carbon Neutrality" Objectives: Actively Responding to Climate Change

Moving Forward Together: Creating a Diverse and Inclusive Workplace







Building China into a Financial Power Actively Serving the National Strategies

The China Securities Regulatory Commission (CSRC) issued the *Implementation Guidelines on Advancing the "Five Key Areas of Finance"*, prioritizing support for new quality productive forces and advancing comprehensive reforms in capital market investment and financing, enhancing institutional inclusiveness and adaptability, directing factor resources toward scientific innovation, advanced manufacturing, green and low-carbon transitions, and inclusive social welfare, with targeted support for key strategies and priority areas and underdeveloped sectors.

In 2024, the Company upheld its founding commitment to "Finance Serving the Nation and Benefiting the People", actively advancing the "Five Key Areas of Finance" to strengthen its capacity in serving the real economy and driving high-quality capital market development. Concurrently, it institutionalized mechanisms for rural revitalization and promoted integrated urban-rural development.

Key Issues in this Chapter

- Serving National Strategy and Supporting the Real Economy
- Fintech Empowerment
- Driving Reforms and Development of the Capital Market
- Contributing to Rural Revitalization

© Governance

To optimize the closed-loop management of serving national strategies and strengthen implementation, the Company has established a three-level management structure consisting of the Promotion Committee of "Serving National Strategies", the Working Group of "Serving National Strategies" and the Special Working Group of "Serving National Strategies" for further enhancement of the efforts in serving national strategies. The Company has designated lead units internally to comprehensively connect with China Investment Corporation's seven special working groups for serving national strategies, with a liaison mechanism established and tasks and objectives defined. They continue to promote the implementation of representative cooperation projects and have built a new ecosystem of serving the real economy with diversified financial services.

Management Structure of Shenwan Hongyuan for "Serving National Strategies and Supporting the Real Economy"

Promotion Committee of "Serving National Strategies"

- Overall plan and advance the work of serving national strategies and the implementation of strategic planning and annual business plans, with the Company's Party Committee secretary as the chairperson and Party Committee members as vice chairpersons.

Working Group of "Serving National Strategies"

- Establish the Working Group of "Serving National Strategies" of Group Company and Securities Company, respectively, with the General Manager of the Group/Securities Company serving as the leader and senior executives designated by the Party Committee as deputy leaders.
- Establish lead units/special work teams for the Working Group, responsible for timely formulating annual plans, evaluation rules, and a series of special action plans for serving national strategies, to promote the integration of serving national strategies with the Company's strategy and business plans.

Special Working Group of "Serving National Strategies"

- Set up seven special working groups, including the "Working Group for Inclusive Finance, Service Group for Technological Innovation, Service Group for Coordinated Regional Development and High-Standard Opening-Up, Working Group for Assistance with Relief and Risk Defusing, Service Group for Stable Development of Key Industries, Working Group for Guarantees of People's Livelihood, and Service Group for Green Finance" and establish a multi-party coordination mechanism.

The Company continues to improve the closed-loop management of serving national strategies and has established a closed-loop management mechanism of "communication and learning - arrangements and implementation - results tracking - assessment and evaluation - supervision, accountability, and rewards." The Company formulates annual work plans and evaluation implementation rules of serving national strategies, incorporates serving national strategies into annual performance appraisal indicators, and establishes indicator monitoring and performance supervision mechanisms. The Group's Board of Directors Office/Strategic Management Department and the Securities Company's Office regularly formulate annual summary reports on serving national strategies and report to the Strategy and ESG Committee of the Board of Directors of the Company.

© Strategy

Serving the real economy is the foundation of financial services. Shenwan Hongyuan earnestly implements the country's overall deployment requirements for accelerating the building of China's financial strength and promoting high-quality financial development. The Company focuses on major strategies, key regions, and weak links and puts serving national strategies and supporting the real economy into effect, which helps accelerate the building of China's financial strength, foster a new development pattern, and advance Chinese modernization, thereby enhancing the overall economic vitality of society and the high-quality development of the real economy.

Benefiting from the rapid development of China's multi-level capital market and the gradual improvement of the market ecosystem, the Company has ushered in opportunities for product and service growth. However, with the acceleration of comprehensive deepening of capital market reforms and the State Council's issuance of the new "National Nine Articles" and its supporting documents, the Company also faces policy and regulatory influence in serving national strategies and supporting the real economy.

Analysis of Risks and Opportunities of Shenwan Hongyuan in Serving National Strategies and Supporting the Real Economy

Main Risks and Opportunities	Specific Analysis	Scope of Impact	Financial Impact Analysis
Policy and regulatory influence	<ul style="list-style-type: none"> Changes in national macroeconomic policies, interest rate policies, etc. affect securities market performance and directly and significantly impact securities companies' operations and business development; With the acceleration of comprehensive deepening of capital market reforms, the CSRC and stock exchanges are revising supporting rules in areas including public offering supervision, continuous supervision of listed companies, delisting supervision, securities companies regulation, transaction regulation, mergers and acquisitions, and information disclosure, and the implementation of the "1+N" policy framework for the capital market is being expedited, placing new requirements on securities companies to improve professional service capabilities and risk management capabilities. 	Short, medium, and long term	<ul style="list-style-type: none"> Increase in operating costs Fluctuate in operating income
Product and service opportunities	<ul style="list-style-type: none"> Benefiting from the major opportunities brought by China's fast-growing multi-level capital market, China's securities industry has achieved substantial development. Under the positioning of "better exerting the hub function of the capital market," the reform to establish a registration-based initial public offering (IPO) system has been fully implemented, the wealth management business has accelerated transformation, and high-standard opening-up has expanded. The Company's deep promotion of business development, transformation, and reform and creation of closed-loop comprehensive financial services will help it obtain business opportunities. Documents including the new "National Nine Articles" explicitly require securities companies to "properly handle the relationship between functionality and profitability" and "build first-class modern investment banks and investment institutions." Securities companies that balance functionality and profitability in their business development and put functionality in the first place can better exert the securities industry's functions as a "service provider" for direct financing, a "gatekeeper" for the capital market, and a "manager" of social wealth. 	Short, medium, and long term	<ul style="list-style-type: none"> Increase in operating income

The Company maintains a balance between functionality and profitability, proactively sets the goal of "becoming a first-class investment bank and investment institution worthy of long-term trust," and deeply promotes business management, reform, and transformation. The Company integrates serving national strategies into its development strategy. To this end, the Company has formulated the *Action Plan for Implementing the Spirit of the Central Financial Work Conference, Exerting the Hub Function of the Capital Market, and Enhancing the Quality and Effectiveness of Serving National Strategies* ("Action Plan for Enhancing the Quality and Effectiveness of Serving National Strategies") and has studied and formulated the *2024 Work Plan for Serving National Strategies* to make overall planning, define annual key tasks for serving national strategies, and decompose tasks. These efforts have comprehensively enhanced the quality and effectiveness of Shenwan Hongyuan in serving national strategies and integrally advanced its practice of serving national strategies.

© Impacts, Risks, and Opportunities Management

The Company thoroughly implements the spirit of the 20th National Congress of the CPC, the Second and Third Plenary Session of the 20th CPC Central Committee, the Central Financial Work Conference, and the Central Economic Work Conference, adheres to the general principle of seeking progress while ensuring stability, and persists in the development orientation of returning to the fundamental purpose and focusing on the main business. The Company fully implements the requirements of the new "National Nine Articles" and the "1+N" policy framework for the capital market, effectively plays its functional role, and continues to deepen the comprehensive financial service system of "research + investment + investment banking." The Company proactively meets the country's strategic needs, devotes itself to key areas and industries such as the "five key areas of finance" - technology finance, green finance, inclusive finance, pension finance, and digital finance as well as coordinated regional development and high-standard opening-up, to comprehensively support the stable and high-quality development of the real economy.

For specific measures of the Company to serve national strategies and support the real economy in 2024, please refer to the sections "Advancing the 'Five Key Areas of Finance'" and "Serving Key Regions Development."

© Metrics and Targets

The Company actively serves national strategies and supports the development of the real economy. The Company has set qualitative management targets for aspects of "five key areas of finance," "supporting the accelerated building of China's financial strength and the high-quality development of the real economy," "fully improving comprehensive financial service capabilities and service accuracy in key areas," and "strengthening the security foundation for serving national strategies" and set quantitative targets for key metrics. Furthermore, the Company has studied and formulated the *Sustainability/ESG Indicator Management Manual*, with indicators monitored on a regular basis. Through these efforts, the Company strives to comprehensively enhance the quality and effectiveness of serving national strategies and supporting the real economy.

In 2024, the Company summarized and evaluated the completion of relevant indicators in all business lines, and prepared the *2024 Work Summary of Shenwan Hongyuan for Serving National Strategies*. The Company has effectively completed all work objectives and tasks.

Shenwan Hongyuan's Metrics (Partial) for "Serving National Strategies and Supporting the Real Economy"



Advancing the "Five Key Areas of Finance"

- Number of companies listed on the STAR Market
- Number and scale of sci-tech innovation bonds issued
- Number and scale of Sci-tech innovation enterprises directly/indirectly invested
- Scale and number of small and medium-sized enterprise bonds issued and underwritten
- Number and scale of personal pension financial products issued
- Balance of investment in supporting pension finance
- Scale of green finance business
- Balance of investment in supporting green finance
- Amount of investment in financial technology



Serving key regions development

- Balance of investment and financing in supporting key areas
- Number and scale of relevant bonds issued to support major regional development strategies
- Balance of investment and financing in supporting high-level opening-up to the outside world
- Number and scale of investment in "the Belt and Road" projects

Advancing the "Five Key Areas of Finance"

/ Technology Finance

The Company continuously optimizes the financing ecosystem for technology innovation enterprises and invests in the technology innovation industry. Focusing on new quality productive forces and further strengthening the investments in startup, small and hard technology businesses, the Company enhances financial support for major national sci-tech tasks and technology-based small and medium-sized enterprises, supports the development of strategic emerging industries, and promotes innovation in new fields, such as key common technologies, cutting-edge leading technologies, modern engineering technologies, and disruptive technologies.

Key Practice of Shenwan Hongyuan in Technology Finance in 2024

 <p>Providing financing support</p>	<ul style="list-style-type: none"> The Company provided financing support for various technological innovation and strategic emerging industries through financial services, such as equity financing, debt financing and financial advisory. In 2024, the Company helped the listing of such technology companies as Shengye Electric, Tangxing Technology, QNIU, and Yuejiang Technology. The Company assisted 6 national specialized, refined, differential and innovative (SRDI) enterprises in listing on the New Third Board, 7 national SRDI enterprises in conducting targeted issuance on the New Third Board, and Guoguang Electric (a high-tech enterprise) in completing refinancing. In 2024, the Company assisted Sichuan Development, Sichuan Expressway, SEEI and SDGT in successfully issuing technology innovation corporate bonds.
 <p>Strengthening investment practices</p>	<ul style="list-style-type: none"> By direct equity and debt investments, establishing industrial investment funds, and launching themed financial products, the Company guided more long-term domestic and foreign capitals into the field of technological innovation. In 2024, the Company completed investments in the projects of ORIENSPACE, Infinigence AI, and Galbot, and invest in the projects (e.g. Final Frontier (Shandong) Aerospace Technology Co., Ltd.) through managed funds. In 2024, the Company initially established Liandong Industrial Park Core Fund Project and Jiangxi Xinggan Science and Technology Innovation Equity Investment Fund. Based on Changhong Group - Shenwan Hongyuan Strategic New Industry Mother Fund, the Company initially established the sub-funds in semiconductors, smart homes and other industries. Moreover, the Company launched the SWS MU SSE G60 Strategic Emerging Industry Component ETF.
 <p>Strengthening industrial research</p>	<ul style="list-style-type: none"> The Company released the <i>White Paper of Shenwan Hongyuan for Specialized, Refined, Differential and Innovative Industries in 2024</i>, comprehensively summarized key industries and specialized, refined, differential and innovative support policies in various provinces and cities, and established specialized, refined, differential and innovative development indexes in various provinces and cities, to provide a regional economic perspective and policy reference for accelerating new industrialization, develop new quality productive forces, and improve the modern industrial system in China. The Company has published 171 research reports totally to actively guide investors to explore the investment value of specialized, refined, differential and innovative SMEs. The Company undertook the project of the <i>Study on Empowering the Development of New Quality Productivity by the Beijing Stock Exchange and the New Third Board</i>, and helped promote the active role of the Beijing Stock Exchange as a link on the capital market.

Performance highlights of the Company in "Technology Finance" in 2024

- The underwriting amount of stocks and bonds in the technology finance sector was higher than RMB **40** billion by the end of 2024.



Assisted Sichuan Development in Successfully Issuing the Sci-tech Innovation Corporate Bond in 2024

In December 2024, Sichuan Development Holding Co., Ltd. successfully issued Sci-tech bonds (Stage IV) to professional investors in a non-public manner, with Shenwan Hongyuan as the joint lead underwriter. The successful issuance of this bond made a positive contribution to Sichuan's efforts to accelerate the construction of a nationally influential sci-tech innovation center and a leading innovation-driven development province. It was a powerful measure of the Company to assist Sichuan Province in optimizing its debt structure and accelerating the development of new quality productive forces.



Assisted Hezhong Weiqi in Completing the Listing of the National Equities Exchange and Quotations system for SMEs

Shenwan Hongyuan underwrote and sponsored Beijing Hezhong Weiqi Technology Co., Ltd. (referred to as Hezhong Weiqi) to complete the listing on the National Equities Exchange and Quotations. Based on the new generation of information technology, Hezhong Weiqi was committed to providing comprehensive solutions for information and digital development for customers in power, government affairs, new energy and high-end manufacturing field. In 2024, this Company was successfully selected as one of the sixth batch of national specialized, refined, differential and innovative "little giant" enterprises in Beijing.



Technology Finance Guaranteed Financing for Major Projects in Wuhan East Lake High-Tech Development Zone

Leveraging the effort of "investment + investment banking" and using diverse financial instruments, Shenwan Hongyuan assisted Hubei Science Technology Investment Group Co., Ltd. (referred to as Hubei Science Technology Investment) in successfully issuing bonds and raising RMB 2.5 billion in the volatile bond market. Hubei Science Technology Investment, as an investment entity of Wuhan Donghu High-tech Development Zone (also known as China Optics Valley) – the largest optoelectronic information industry base in China and a national mass innovation and entrepreneurship demonstration base – controls or holds stakes in over 120 companies and has undertaken major scientific and technological innovation industrial investments exceeding 50 billion. This project effectively ensures the construction of major projects in national high-tech development zones and has been publicized and reported by China Central Television (CCTV).



Provided Financial Support for Infinigence AI to Assist in Development of New Quality Productive Forces

Hongyuan Huifu continuously increased its investment in startup projects, supported the development of sci-tech innovation enterprises, and completed its investment in Beijing Infinigence AI Technology Co., Ltd. (referred to as Infinigence AI). Infinigence AI aims to build an MxN algorithm - chip joint optimization platform for large models, improve the deployment efficiency of large models to domestic chip platforms, and achieve "efficient" and "unified" deployment on different domestic chips. This investment in Infinigence AI was another practice of Shenwan Hongyuan's support for development of new quality productive forces.



Assisted Jiangxi in Establishing its First Provincial Sci-tech Innovation Fund

In February 2024, Hongyuan Huifu, together with the Department of Science and Technology of Jiangxi Province, Jiangxi State-owned Capital Operation Holding Group Co., Ltd, Ganjiang New Area and Ganfeng Lithium, jointly initiated the establishment of the "Jiangxi Xinggan Sci-tech Innovation Equity Investment Fund." This fund is the first provincial sci-tech innovation investment fund in Jiangxi Province. It is mainly invested in strategic emerging business areas, such as electronic information, new energy, new materials, and biomedicine, as well as the production - education - research achievement transformation platforms of universities and research institutes. It guides social capital to invest startup, small and hard technology businesses and promotes the formation of a virtuous "technology-industry-finance" cycle.

// Green Finance

The Company continuously increased its efforts in providing green finance services, and supported the development of green industries by serving green financing, enriching green investment, building carbon finance services and publishing research reports. The specific measures of the Company for green finance in 2024 are detailed in the section of "Developing Green Finance."

// Inclusive Finance

The Company built and improved a multi-level inclusive finance business system based on its own business advantages, and increased its efforts in inclusive finance services by unblocking financing channels, developing inclusive investment, promoting risk management and providing integrated intelligence services.

Key Practice of Shenwan Hongyuan in Inclusive Finance in 2024

Unblocking financing channels for enterprises

- Serving SMEs through the New Third Board and the Beijing Stock Exchange, the Company provided equity financing services for SMEs, actively underwrote various SME bonds, accelerated the assistance to eligible SMEs, especially "specialized, refined, differential and innovative" SMEs, and advanced the embrace of the capital market.
- In 2024, the Company assisted Chuangda Advanced Materials, Hezhong Weiqi, Hengda Technology, and Zhejiang Horizon in listing on the New Third Board, and provided targeted issuance services for SMEs, such as Xinnuo Technology, SANDAOKE and Transn Internet of Languages. The Company released the "China Bond - Shenwan Hongyuan SME Preferred Credit Bond Index" to help activate the SME bond market.

Making inclusive investments

- By conducting equity and themed investments, and participating in REIT-related projects, the Company expanded the breadth and depth of inclusive financial services and strengthened its services to private enterprises, SMEs as well as the enterprises in livelihood security field.
- In 2024, the Company completed equity investments in SMEs, such as Jiangxi Xinhang and Air White Whale, helped small and micro enterprises enter the capital market, and invested in CM Fund Shekou Rental Housing REIT Project, Yizhuang Holdings REITs Sub-project and other projects.

Assisting in risk management

- The Company actively participated in the construction of over-the-counter markets and derivative markets. By designing hedging products, the Company enriched effective ways for enterprises to hedge against cost fluctuations, and helped them avoid cost fluctuations and implement risk management effectively. The Company tried best to become a "risk manager" for development of SMEs.
- The Company helped entities efficiently manage price risks through "insurance + futures".

Providing financial intelligence services

- The Company provided application promotion of innovative financial tools for SMEs through themed conferences and training.

Enhancing National Financial Literacy

- Based on 5 investor education bases and 297 branch offices nationwide, and focusing on the "five key areas of finance" and the "1+N" policy system of the capital market, the Company provided targeted differentiated investor education services to enhance the financial literacy, risk identification and prevention capabilities of the citizens.

Performance highlights of the Company in "Inclusive Finance" in 2024

- Shenwan Hongyuan adheres to a business strategy characterized by Beijing Stock Exchange operations, striving to recommend more outstanding innovative SMEs. Since the opening of the Beijing Stock Exchange, Shenwan Hongyuan has completed a total of **22** issuance and listing projects of Beijing Stock Exchange, and raised more than RMB **4** billion in funds. The number of completed projects and the amount raised remained **2nd** in the industry. Shenwan Hongyuan had **37** mentoring projects in Beijing Stock Exchange, ranking **1st** in the market.
- In terms of New Third Board, Shenwan Hongyuan completed a total of **36** recommended listing and targeted issuance projects throughout 2024, ranking **2nd** in the industry. Moreover, the Company continuously maintained its position as **1st** in the cumulative number of recommended listings and targeted issuance of listed companies on the New Third Board.



Assisted Chuangda Advanced Materials in Listing on the New Third Board and Entering the Innovation Field

In July 2024, Shenwan Hongyuan assisted Wuxi Chuangda Advanced Materials Co., Ltd. (referred to as Chuangda Advanced Materials) in successful listing on the National Equities Exchange and Quotations and entering the innovation field. Chuangda Advanced Materials is a high-tech enterprise, a recognized enterprise technology center and a private technology enterprise in Jiangsu Province. This Company is also a member of the Sealing and Testing Branch of the China Semiconductor Industry Association and a member of the China Advanced Semiconductor Industry Innovation Alliance. This Project is another example that Shenwan Hongyuan practices technology finance and inclusive finance and continuously serves semiconductor material enterprises to enter the capital market.



Assisted Tangxing Technology, an SRDI "Little Giant" Enterprise, in Listing on the New Third Board

In December 2024, Shenwan Hongyuan assisted Anhui Tangxing Equipment Technology Co., Ltd. (referred to as Tangxing Technology) in successful listing on the National Equities Exchange and Quotations. Tangxing Technology is a national specialized, refined, differential and innovative "little giant" enterprise. Against the backdrop of vigorous development of the Beijing Stock Exchange, Shenwan Hongyuan helped Tangxing Technology achieve successful listing, laying a solid foundation for its subsequent listing on the Beijing Stock Exchange.



/ Pension Finance

The Company intensifies its efforts in Pension Finance services. By increasing the supply of pension financial products, enriching service methods, expanding pension financial services model, and conducting education and awareness related to pension finance, it actively engages in pension finance business. It supports the medical and health industry, participates in the construction of a multi-level social security system, and accelerates the development of products and services related to the third pillar of pensions.

Key Practice of Shenwan Hongyuan in Pension Finance in 2024

Increasing the supply of pension financial products

- The Company increased the supply of products meeting safe and stable investment needs of pension funds, and launched over 140 pension fund products.
- The Company provided pension services to residents to preserve and increase the value of their "money bags." As of the end of 2024, SWS MU had 3 existing public pension FOF products. Among others, "Stable Pension FOF" has successfully been shortlisted in the first batch of personal pension products by the China Securities Regulatory Commission, serving over 12,000 customers through public pension FOF services.

Enriching pension financial service methods

- The Company completed its investment in PINS Medical, a leader in the brain pacemaker industry and one of the first "specialized, refined, differential and innovative" enterprises under the Ministry of Industry and Information Technology. Its product - "Pins" 3.0T magnetic resonance compatible and Bluetooth perceptible brain pacemaker" is the first pacemaker of its kind produced in China.
- The Company initiated the establishment of Guangxi Shenhong Zhongheng Health Industry Fund, which focuses on supporting the development of elderly care enterprises in the fields of biological manufacturing, medical devices and services.

Expanding pension financial services model

- Focusing on the needs of customer groups, such as insurance and pension management institutions, the Company provided customized "political research + product research + investment research" services to help customers improve their investment research capabilities and achieve the preservation and appreciation of pension funds.
- SWS Research has constructed a multidimensional product matrix covering overseas pension system comparison, personal pension tracking, pension finance policy research, and pension investment analysis.
- The Company published a total of 9 reports in 2024, including 5 in-depth reports, to promote high-quality development of pension finance in combination with the development model of pension finance.

Conducting education and awareness related to pension finance

- The Company planned and carried out the "5-15 Pension Security Defense Campaign - Investor Protection · Smart Elderly Care · Special Activity," aiming to guide investors to actively prepare for future elderly care and joint build a safer and more harmonious elderly care environment.
- SWS MU was awarded the "Excellent Elderly Care Investment and Education Service of 2023" in the "East Money Financial Ranking."

/ Digital Finance

The Company continuously explores and develops digital finance, accelerates digital construction, digs deep into financial data, and innovates financial products and business models, to gradually build a digital finance ecosystem suitable for its own development and actively create competitive advantages. On the one hand, the Company has formulated the "12349" financial technology plan, strategized company digital transformation initiatives, completed the *Work Plan for the Integrated Planning and Development of Information Systems of Group Company and Its Subsidiaries*, and formulated a sub-plan for the construction of intelligent operation and maintenance "123N." On the other hand, the Company has continuously been exploring innovative digital financial products and business models.

In terms of accelerating digitalization, the Company has built a unified intelligent operation and maintenance construction platform based on data foundation, algorithm support and scenario driving. The Company continuously makes efforts in operational automation, centralized monitoring, business visualization, intelligent operation and maintenance, and data governance to improve the operation and maintenance data flow, connection efficiency and service quality, strengthen its capabilities for guaranteeing and supporting business continuity, and serve the high-quality development of all businesses.

In 2024, the Company deepened its digital transformation efforts, optimized its investment and layout in financial technology, and fully utilized cutting-edge technologies, such as AI, big data and cloud computing, to promote the deep integration of financial technology and business. Moreover, the Company established a digital operation service system, participated in the construction of the digital ecosystem, and actively managed technology ethics during research and development.

Key Practice of Shenwan Hongyuan in Digital Transformation in 2024

Promoting deep integration of technology and business

- The Company energetically built and launched a one-stop service platform for independently developed "Yiwan Qiyuan" derivatives. It is a one-stop service platform for the flow entry of institutional derivatives and the comprehensive trading of equity over-the-counter derivatives. It is built by combining the cloud computing engine, algorithm platform and artificial intelligence of the Company, and integrating multiple critical functional modules.
- The Company officially released the self-developed one-stop digital wealth management platform "Shencai Youdao" APP. With AI algorithm models, big data analysis integration, cloud services and other technological means, the new APP provides intelligent decision-making assistance contents and tools for the "pre-investment, in-investment and post-investment" processes of the customers.
- SWHYHK upgraded the trading system with the help of technology, continuously optimized the functions of "Shenyiyi" APP, and officially launched "Yingjia Wealth Management Startup PC and Web Edition" to provide customers with a new Internet trading platform.

Building a digital operation service system

- The Company built an integrated online/offline digital service system, obtained online customer APP opportunities and key clues by right of big data, and output them to offline customer managers through enterprise WeChat to assist branch offices in efficient and accurate customer service and fully empower branch offices to carry out intelligent and precise customer operation.

Participating in the construction of industrial digital ecosystem

- The Company completed multiple provincial and ministerial financial technology innovation pilot projects, and participated in the formulation of IT-related industry standards for exchanges and securities associations.
- As a major member, the Company participated in the drafting of the national standard - *Information Technology Service - Intelligent Operation and Maintenance - Part 2: Data Governance*.

In terms of innovative digital financial products and business models, the Company established the "Special Asset Support Plan for CCCC Supply Chain Finance No. 2 Phase 2" based on the "Corporate Credit Circulated on CCCC Digital Financial Service Platform" in 2024. SWS Research has released 80 themed reports on AI, cloud computing and other related fields.



Establishment of the "Special Asset Support Plan for CCCC Supply Chain Finance No. 2 Phase 2"

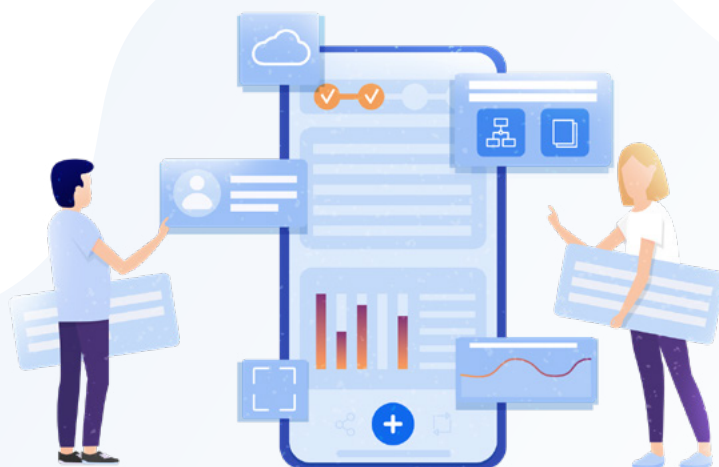
In December 2024, the "Special Asset Support Plan for CCCC Supply Chain Finance No. 2 Phase 2," with Shenwan Hongyuan Securities Asset Management as the manager and sales agent, was successfully established on the Shanghai Stock Exchange. The reserve scale of this Project was RMB 5 billion. This product was Phase 2 under the reserve scale, with an issuance scale of RMB 484 million and the lowest interest rate in the market since 2024 for ABS payable without credit enhancement on the supply chain.

The basic asset of this special plan was CCCC E-Credit Asset, which is the enterprise credit circulated on the CCCC Digital Financial Service Platform. It provided a new settlement method and convenient, low-cost financing channel for upstream and downstream enterprises on CCCC supply chain. It aimed to solve the problem of difficult and expensive financing for SMEs in the upstream and downstream of the industrial chain. This project was one of key actions of Shenwan Hongyuan Asset Management to explore innovative digital financial products and actively serve digital finance.

Performance highlights of the Company in "Digital Finance" in 2024

- The platform "Ultra-Low Latency Options Market Making Based on Multi-Centralized Architecture" has won the second prize of the 2023 Financial Technology Development Award from the People's Bank of China.
- The 'Excellent Service Brand' award was presented to SWS Research at the Golden Wing Award Appraisal during the 5th Financial Technology Application and Service Conference in 2024.

Note: The above awards were obtained in 2024.



Focus on serving the development of key regions

// Promoting Regional Collaborative Development

The Company profoundly implemented major national and regional strategies, such as "Coordinated Development of the Beijing-Tianjin-Hebei Region," "Integration of the Yangtze River Delta," "Guangdong-Hong Kong-Macao Greater Bay Area," "Chengdu-Chongqing Economic Circle," "Western Development," "Development of the Yangtze River Economic Belt," and the deployment of urban agglomeration development in the 14th Five-year Plan. Based on its advantages, Shenwan Hongyuan comprehensively strengthened regional layout and resource investment in key regions, such as Beijing-Tianjin-Hebei, Yangtze River Delta, Guangdong-Hong Kong-Macao, Southwest China, Xinjiang, and Central China, promoted effective mobilization of organizations, mechanisms and personnel, and established and improved regional collaborative service mechanisms, to significantly improve the level of regional comprehensive financial services and assist local economic transformation and upgrading.



SWHYHK Fully Promoted Regional Coordinated Development

SWHYHK energetically implemented multiple investment and financing practices around "Coordinated Development of the Beijing-Tianjin-Hebei Region," "Integration of the Yangtze River Delta," "Development of the Yangtze River Economic Belt," and "Guangdong-Hong Kong-Macao Greater Bay Area," to fully promote regional coordinated development.

By the end of 2024, SWHYHK completed 8 projects in the "Coordinated Development of the Beijing-Tianjin-Hebei Region," with a total underwriting scale of USD 2.824 billion, 15 construction projects in the "Guangdong-Hong Kong-Macao Greater Bay Area," with a total underwriting scale of approximately USD 3.256 billion, and 138 projects in the "Integration of the Yangtze River Delta"/"Development of the Yangtze River Economic Belt," with a total underwriting scale of approximately USD 12.499 billion.



Actively Participated in the Construction of the Guangdong-Hong Kong-Macao Greater Bay Area

SWHYHK actively participated in the construction of the Guangdong-Hong Kong-Macao Greater Bay Area, and the issuance of 5 multi-year offshore RMB bonds, totaling RMB 7.5 billion, by the Guangdong Provincial People's Government and 4 multi-year offshore RMB local government bonds, totaling RMB 7 billion, by the Shenzhen Municipal People's Government. Relevant practice might further broaden the channels for local investment promotion, attract international investors and foreign capital to major infrastructure construction projects in the Greater Bay Area, expand effective investment, and help Shenzhen build a high-quality investment highland. It should be conducive to playing the dual-engine function of driving the construction of the Guangdong-Hong Kong-Macao Greater Bay Area and promote the formation of a new pattern of regional coordinated high-quality development.



Assisted Zhangye Danxia in Successfully Entering the Capital Market

In October 2024, Shenwan Hongyuan Financing Services assisted Zhangye Danxia Cultural Tourism Co., Ltd. (referred to as Zhangye Danxia) to be listed on the National Equities Exchange and Quotations. Relying on Zhangye Colorful Danxia Scenic Spot, Zhangye Danxia is a state-owned tourism enterprise mainly engaged in tourism project development, tourism transportation service, tourism cultural performance, travel agency services, and tourism cultural and creative products. Successful listing of Zhangye Danxia in the capital market was another practice of Shenwan Hongyuan in firm strategic layout and assistance in the development of the western regions.



A Special Asset Support Plan Was Established to Support the Development of the Yangtze River Economic Belt

In July 2024, the "Special Asset Support Plan for Shenwan Hongyuan - CCCC Wuhan-Shenzhen Jiayu North Expressway Infrastructure" was successfully established, of which Shenwan Hongyuan Asset Management was the plan manager and direct sales agent. The underlying infrastructure of the Project is the Jiayu North Section of the Wuhan-Shenzhen Expressway, constructed and franchised by Hubei Zhongjiao Wuhan-Shenzhen Expressway Co., Ltd. The said expressway and related sections together formed a new north-south transportation corridor, effectively improving the layout of the regional expressway network, promoting the economic development of the Wuhan Urban Circle, significantly enhancing the supply capacity and convenience of external transportation in the areas along the route, and playing an important role in driving economic development along the route.



Assisted Sichuan Expressway in Issuing Renewable Corporate Bonds to Promote the Development of the Chengdu-Chongqing Economic Circle

In December 2024, the "2024 Public Issuance of Technology Innovation Renewable Corporate Bonds (Chengdu-Chongqing Economic Circle) (Phase I) to Professional Investors by Sichuan Expressway Construction & Development Group Co., Ltd." was successfully issued, with Shenwan Hongyuan as the lead underwriter and bookkeeper. This bond was the first "renewable + technological innovation + Chengdu-Chongqing Economic Circle" bond issued by the Shenzhen Stock Exchange. This project was another highlight practice for Shenwan Hongyuan to actively leverage its great synergy advantage and promote the development of the Chengdu-Chongqing Economic Circle.

// Serving High-standard Opening-up

The Company further strengthens its international service capabilities, established and improved a cross-border financial service system, and enriched the supply of related financial products and services. Continuously focusing on the high-quality construction of "the Belt and Road," the Company supported the development of free trade ports and zones, promoted high-quality enterprises and high-quality resources to "attract foreign investments" and "go global," help stabilize foreign trade, and highlight their values in the high-quality joint construction of "the Belt and Road" and the promotion of domestic and international double circulation.



Assisted in Issuing the First Sci-tech Innovation and Low-carbon Transformation "Belt and Road" Bond

In January 2024, Shenwan Hongyuan Securities, as the joint lead underwriter, helped China Baowu Steel Group Corporation Limited successfully issue the 2024 sci-tech innovation and low-carbon transformation "Belt and Road" corporate bonds (Phase I) to professional investors in Shanghai Stock Exchange ("24 Baowu K1" for short). With the scale of RMB 10 billion and the rate of 2.45%, 24 Baowu K1 was the first sci-tech innovation and low-carbon transformation "Belt and Road" bond in China, and had the largest issuance scale of central enterprise corporate bonds in recent years and the lowest issuance interest rate of corporate bonds of the same scale.



Participated in the Issuance of Offshore Bonds by the People's Government of Hainan Province to Support the Construction of Hainan Free Trade Port

In October 2024, SWHYHK participated in the issuance of three multi-year offshore RMB bonds, totaling RMB 3 billion, by the People's Government of Hainan Province. This project is to effectively promote the combination of advantages between Hainan and Hong Kong. By leveraging the role of Hong Kong as an international financial center, it enhances the influence of Hainan Province in the international capital market. Relying on unique advantages of Hainan Province in comprehensively deepening the reform and testing the highest opening-up policies, it can drive more high-grade issuers in the Chinese mainland to explore financing channels and support the development of offshore RMB center in Hong Kong.



Boosting the Reform of Capital Market

Deepening financial reform is an inevitable requirement for accelerating the construction of a powerful financial country. Adhering to its role as a state-owned financial enterprise, the Company actively leveraged its professional advantages in the field of financial services. Based on its characteristic "new think tank," Shenwan Hongyuan helped deepen the reform of the financial system and promoted the sound and orderly development of the financial market by strengthening internal reference services for macro policies, providing financial regulatory decision-making support, interpreting policies to guide market expectations, and assisting in promoting local financial reforms.

Key Measures of Shenwan Hongyuan to Promote Capital Market Reform in 2024

Strengthening internal reference services for macro policies

- The Company has submitted nearly 40 reports to important national departments and completed 8 specially commissioned research projects. Many of these reports have been adopted, providing first-hand market information for decision-making.

Providing financial regulatory decision-making support

- The Company established a normalized research and communication mechanism with financial regulatory authorities, continuously strengthened research support services for securities regulatory authorities, industry associations and exchanges, and completed multiple research around mergers and acquisitions, market value management of listed companies, delisting systems, etc.

Interpreting policies to guide market expectations

- The Policy Research Office of SWS Research has published over 30 articles in the media, and released four series of high-quality research reports on Xinhua News Agency and Shanghai Stock Exchange Daily, including 3 studies on new quality productive forces of financial services, 5 studies on interpretation of the Third Plenary Session of the 20th CPC Central Committee to consolidate the foundation of capital market development, 4 studies on stimulating local economic vitality, and 5 studies on new forms and policies of the Chinese economy.

Assisting in promoting local financial reforms

- The Company actively responded to the needs of financial system reform in various regions to provide research support to local governments, continuously created the "Yantai Sample", and provided research and consulting services for the economic and industrial development of Baiyin and Huining.
- Dr. Yang Chengzhang, Chief Economist of SWS Research, has participated in senior political participation and discussion forums for multiple times, providing suggestions and recommendations for the development of local economy and capital markets.



Provided Research and Consulting Services for the Economic and Industrial Development in Baiyin and Huining, Gansu Province

SWS Research actively leveraged the advantages of "investment research + political research + product research" and collaborated with multiple departments to provide local government services. Key measures included

- The Institute conducted comprehensive research on local governments in multiple fields to obtain first-hand information for research consulting services. Led by Chief Economist Yang Chengzhang, 13 analysts from the Policy Research Office and the New Energy Center of the Industry Research Institute participated in field research in Baiyin and Huining, completing field research on over 60 enterprises and industrial sites and conducting over 10 industry symposiums.
- They completed high-quality research consulting service reports and jointly formulated the *Research Report on High-quality Economic and Industrial Development in Baiyin* and the *Research Report on High-quality Economic and Industrial Development in Huining*.
- Focusing on topics of concern to local governments, they conducted themed lectures, participated in the theoretical learning center group learning (expansion) meeting of the Baiyin Municipal CPC Committee, and gave special guidance reports on industrial investment promotion to leaders in Baiyin City and various districts. The online and offline meetings were attended by more than 1,000 participants.

Promoting Rural Revitalization

The Company actively implemented the national rural revitalization strategy, established the assistance leadership group, work group and office, and formulated institutional norms, such as the *Management Measures for Designated Assistance and Temporary Employment*, the *Management Measures for Designated Assistance Funds and Projects* and the *Management Measures for Consumption Assistance*, to ensure effective implementation of poverty alleviation achievements and rural revitalization strategies.

In 2024, the Company improved the long-term mechanism for promoting comprehensive rural revitalization and continuously implemented the "1+2+3+4+N" rural revitalization model. Based on the "Huining Plan," the Company created the Shenwan Rural Revitalization Brand Project and carried out assistance work in Gansu, Xinjiang, Inner Mongolia, Guizhou and other places to help achieve farmer improvement, benefiting and enrichment and promote integrated urban-rural development.

Key Practice of "Firmly Guarding Against Large-scale Poverty-returning" in Huining County in 2024

Comprehensive poverty-returning prevention insurance	<ul style="list-style-type: none"> The Company continuously deepened the implementation of the "comprehensive poverty-returning prevention insurance" and expanded the coverage of the insurance population to five key groups (including "five-guarantee households, low-income households and rural orphans") to cover 190,000 residents in the county. The Company has handled 4,958 cases of poverty prevention insurance, with a total claim amount of RMB 6.7838 million.
Innovative employment assistance	<ul style="list-style-type: none"> The Company innovatively built the "1+N" model of the "Shenwan Hongyuan Love Factory" to carry out processing with supplied materials, and solve the employment difficulties of a large number of "accompanying mothers." Currently, 300 people have been trained and 180 people arranged to work.
Caring for the elderly and young	<ul style="list-style-type: none"> The Company innovatively established the "Shenwan Hongyuan Love Fund," consisting of the Silver Hair Fund and the Budding Fund, to care for the elderly and young people in special difficulties. Currently, the Company has provided visit-based assistance to 302 people in three townships.
Increasing educational assistance	<ul style="list-style-type: none"> The Company continuously carried out "Hand in Hand," "Shenwan Hongyuan Class" and other projects, benefiting 285 students. The Company organized 80 students from Huining to study in Beijing, to broaden their horizons and increase their knowledge.
Promoting medical assistance	<ul style="list-style-type: none"> The Company continuously built remote township health centers and improved medical conditions, benefiting more than 113,600 people.
Creating exemplary models	<ul style="list-style-type: none"> The Company continuously assisted in building typical demonstration villages for rural revitalization, installed 400 supporting streetlights, and developed "smart eggs" and other rural characteristic industries, to increase local income.
Promoting consumption assistance	<ul style="list-style-type: none"> The Company concentratively procured farm products of over RMB 13 million, helped achieve the sales of over RMB 10 million, and successfully created the "Huining Mutton" farm product brand to promote market-oriented sales. The Company assisted in the sales of Huining's farm products through a series of measures, such as conducting e-commerce training, developing key opinion sales, promoting specialized sales of apples and tomatoes, establishing the wholesale "Huining Pavilion" (Pingliang, Gansu), supporting the construction of the "Huining Fragrance and Shanghai Exhibition Center," and participating in the designated assistance product exhibition and sales fair of China Investment Corporation.

Key Practice in Supporting Huining County to "Promote Comprehensive Rural Revitalization" in 2024

Industrial revitalization	<ul style="list-style-type: none"> The Company constructed a 200,000m³ drought-resistant emergency water storage tank, benefiting 15,751 people of 4,097 households and irrigating an area of over 10,000mu. The Company constructed 19.5km-long industrial roads to support production and income increase of pillar industries (e.g. corn) and vegetable gardens. The Company built rural industrial demonstration sites to help the development of dandelion tea industry.
Ecological revitalization	<ul style="list-style-type: none"> The Company introduced assistance funds of Ant Group and planted 4,914mu of new ecological forests to curb soil erosion, improve the ecological environment, and actively assist Huining County in developing carbon sink rights.
Talent revitalization	<ul style="list-style-type: none"> The Company trained current technology leaders and party members at the township and village levels, with a total of 16,112 participants. The Company organized 5 primary school teachers to participate in the "River · Children" training in Shanghai. The Company jointly organized internship activities for college students born in Huining. The Company organized 25 grassroots leaders in Huining to participate in the training activities of China Investment Corporation.
Cultural revitalization	<ul style="list-style-type: none"> The Company organized the appraisal activities for the "Most Beautiful Family" and "Good People in Huining" throughout Huining County. The Company implemented the project of "Art Changes the Countryside" and worked with villagers to create the first "Smiling Village" in China. The Company continuously subscribed to the <i>Qiushi</i> magazine for the entire county to play the role of cultural "soul casting."
Organizational revitalization	<ul style="list-style-type: none"> The Company established 6 village party and mass service centers to effectively enhance the capability of the village party committees to serve the masses, and supervise the management of the village collective party fee and industry fund to ensure the preservation and appreciation of assets.

Performance highlights of the Company in "promoting rural revitalization" in 2024

- The Company invested the free assistance fund of RMB **30** million in Huining in Gansu Province and introduced the assistance fund of over RMB **26.8** million in Gansu, Xinjiang, Inner Mongolia and other places, benefiting more than **200,000** people, such as five-guarantee households, low-income households and rural orphans;
- The Company assisted in the sales of farm products for more than RMB **12** million and concentratively procured farm products from poverty-stricken areas for more than RMB **13** million;
- The Company assisted Huining County in increasing **3,595** employment posts, driving income growth of over RMB **15** million. Attracted RMB **163** million in investment and introduced **20** various assistance projects;
- The Company helped the assisted area achieve the training attendance of **16,112** times and held the science popularization training with the student attendance of **54,175** person times in Huining.



Implemented the "Carbon Peaking and Carbon Neutrality" strategy and Exploring New Models for Increasing Carbon Sink Revenue in Huining

In response to current conditions of insufficient vegetation, land desertification, fragile ecology and low family income in Huining, the Company increased efforts to protect and restore the ecological environment of Huining and helped to strengthen the ecological barrier of the Yellow River Bay Area. Since 2021, the Company has been promoting the construction of artificial afforestation projects in Huining County. By the end of 2024, the Company has coordinated accumulative investment of RMB 30 million and artificial afforestation of 13,800mu, bringing ecological, economic and social benefits to the local area.

- In terms of ecological benefits, 4,914mu of soil and water conservation forest land has been increased in 2024, significantly improving the ecological service function of the ecosystem.
- In terms of economic benefits, about 300 local farmers could be employed, and the project could directly increase the economic income of local farmers by about RMB 600,000, improving their living standards. After completion of the Project, 4 forest rangers should be dedicated to maintenance and management of soil and water conservation forests. Efforts should be made to promote income growth for low-income groups according to the principle that the number of low-income workers should not be less than 30% of total number of employees.
- In terms of social benefits, the Company promoted the enthusiasm of the whole society to participate in ecological environment governance, and enhanced the comprehensive participation awareness of community farmers, contributing to the construction of beautiful rural areas in the project area.



Implemented the Project of "Art Changes the Countryside" and Created the First "Smiling Village"

In May 2024, the Company invited 9 artists to settle in Qingjiangyi Village in Huining County to implement the project of "Art Changes the Countryside" and work with villagers to create the first "Smiling Village" in China.

- Numerous smiling faces of villagers were drawn on 39 rural walls and gates selected as artistic transformation carriers based on the concept of "we, our gate." Then, paintings were created in combination with the characteristics of the "join-forces" culture, agriculture and animal husbandry industry, greatly changing the dull atmosphere in the villages and presenting a positive, bright and inspiring cultural landscape.
- Multi-themed and multi-type rural large-scale paintings were created together with villagers to create the first "smiling village" in China, which has been widely spread on media platforms. The increase in cultural popularity has made the village a popular check-in spot, attracting over a hundred tourists inside and outside the province daily.
- The initial attempt of artistic transformation of rural areas has triggered new ideas for local industries to break through. The local industry leaders have conducted in-depth discussions on product brand stories, artistic packaging, and culture-tourism integration.



Large Painting of "Smiling Village"



Assisted in the Rise of Jujube Industry

In 2024, under the support of the assistance funds from Shenwan Hongyuan, Hongyuan Futures and Shenwan Futures jointly launched the jujube "insurance + futures" project of Zhengzhou Commodity Exchange in relevant areas in Xinjiang Province providing price insurance for 5,482 jujube farmers. The total premium of this Project was RMB 17.8342 million, providing price insurance for nearly 81,900mu of jujube trees worth approximately RMB 404 million planted by more than 5,482 jujube farmers in local areas.

Banks and leading enterprises were introduced in the project. On the basis of "insurance + futures," the innovative model of "order + bank + over-the-counter options" was successfully piloted, including introducing local Rural Credit Cooperative to provide agricultural loans to solve the problem of "jujube planting difficulty" for jujube farmers, introducing the enterprise orders to solve the problem of "jujube selling difficulty" for jujube farmers, and giving call options to solve the problem of "selling price difficulty" for jujube farmers.

In 2024, "rural revitalization assistance" honors awarded to the Company

- "Insurance + Futures + N" in Xinjiang - Shenwan Hongyuan Collaborates with Multiple Parties to Help Farmers in Western China Reduce Poverty and Become Prosperous was awarded the "Best Case of Global Poverty Reduction in 2024" at the 5th Global Poverty Reduction Case Collection Event organized by relevant United Nations agencies and included in the South-South Cooperation Poverty Reduction Knowledge Sharing Website - Sino-Foreign Poverty Reduction Case Database and Online Sharing Platform.
- A New Chapter in Rural Revitalization: Firmly Leveraging the Advantages of Financial Enterprises to Serve the National Rural Revitalization Strategy was awarded the first prize of the "2024 National Strategy Service Award" in the 2024 Employee Merit Competition of Shanghai Financial System
- "Shenwan Hongyuan Plan" to Leverage Securities Advantages and Empower Rural Industrial Revitalization was awarded the honor of "Top 10 Classic Cases in China" at the "Third National Conference on Social Work Supporting Rural Revitalization & Release Ceremony of Innovative Practice Cases for Rural Development in 2023" organized by the China Association of Social Workers.
- Bravely Shouldering the Responsibility of a State-owned Enterprise - New Rural Revitalization Plan of Shenwan Hongyuan was awarded the "Excellent Case of Financial Support for Rural Revitalization in 2023" issued by the Financial Times Press under the People's Bank of China.
- Driving High-quality Development of Rural Revitalization with "Financial Innovation" was awarded the "Outstanding Case of Rural Revitalization in 2023" from Xinhua News Agency.
- Hongyuan Futures was awarded the Exemplary Organization of Annual News Publicity and Report on Rural Financial System and the "Financial Service - Propaganda and Research Base for Comprehensive Promotion of Rural Revitalization."
- Shenwan Futures was awarded the "Junding Award for China Excellent Rural Revitalization Futures Company in 2024" from the Securities Times.

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"Top Social Responsibility Award of 2023"



"Top 10 Classic Cases in China"



First Prize of "2024 National Strategy Service Award"



"Excellent Case of Financial Support for Rural Revitalization in 2023"

Note: The above honors were obtained within the year 2024.



Putting Customers First

Enhancing Quality of Financial Services

In response to the development goals of building a financial powerhouse, financial institutions are required to comprehensively improve long-term risk management mechanisms, enhance the quality of financial practices, and fulfill the "gatekeeper" role of capital markets.

In 2024, the company continued to optimize customer service mechanisms, strengthen customer complaint management, conduct regular customer satisfaction surveys, safeguard data security and customer privacy protections, and prevent and resolve major financial risks to contribute to the stable development of the financial system.

Key Issues in this Chapter

- Providing Quality Products and Services
- Data Security and Customer Privacy Protection

Optimizing Financial Services

Relying on the capital market and focusing on securities business, the Company has created a business system integrating corporate finance, personal finance, institutional services, and trading and investment management services, to provide comprehensive financial services for corporate customers, professional institutional customers, individuals, and non-professional institutional customers.

◎ Governance

In line with the "customer-centric" business philosophy, the Company has established a comprehensive business management system. Each business department has been continuously providing customers with high-quality and personalized financial products and services. In order to optimize the quality and efficiency of financial service management, the Company has established the Strategic Customer Headquarters, the Institutional Customer Headquarters and other departments to coordinate and take charge of special customer services. Moreover, the Company has formulated and continuously updated internal management systems and standards, such as the *Customer Classification and Grading Method of Shenwan Hongyuan (Trial)*, the *Key Customer Service Regulations of Shenwan Hongyuan (Trial)*, the *Management Rules for Sales Services for Key Customers of Institutional Customer Headquarters*, the *Detailed Rules for Attendance Management of Institutional Customer Headquarters (Revised in 2024)*, etc.

◎ Strategy

The Company has been effectively fulfilling its responsibilities as the "gatekeeper" of the capital market and the "manager" of social wealth, to provide high-quality and personalized financial services to corporate customers, professional institutional customers, individuals, and non-professional institutional customers. The Company continuously assists the capital market in optimizing resource allocation, promoting value investment, rational investment and long-term investment, which not only helps customers achieve wealth appreciation and obtain excess returns, but also has a positive effect on the construction of the capital market and economic development.

In the context of strict supervision and increasingly fierce competition in the securities industry and continuous increase in industry concentration, continuous optimization of financial services can effectively help companies gain market competitive advantages, enhance brand value, and usher in market and business opportunities. However, the Company should also focus on the standardization and service capacity building of practitioners in the process of financial product services, to avoid compliance risks caused by improper practice and insufficient customer service capabilities.

Analysis of Risks and Opportunities Related to Optimizing Financial Services of Shenwan Hongyuan

Main Risks and Opportunities	Specific Analysis	Scope of Impact	Financial Impact Analysis
Compliance risk for practitioners	The non-compliance of the practitioners (e.g. brokers) in customer solicitation and service processes may pose compliance risks to the Company.	Medium and long term	Increase in compliance cost
Market and business opportunities	High-quality financial services are an important factor for the Company to gain market competitiveness. It is helpful to retain existing customers and develop new ones, and seize market and business opportunities.	Short, medium and long term	Increase in operating income

Fully utilizing the advantages of the dual structure of "investment holding group + securities subsidiary" and focusing on customer needs, such as enterprise finance, personal finance, institutional services and trading, investment management, etc., the Company has been continuously enriching the securities business field, optimizing asset allocation structure, accelerating various business collaborations, and striving to create a comprehensive financial service loop. The Company has been continuously strengthening customer grading and classification management, improving the major customer service system, and implementing detailed classification management for investment institutions, government and enterprise customers, and retail customers.

© Impacts, Risks, and Opportunities Management

The Company has integrated risk assessment, analysis and management related to high-quality financial services into its comprehensive risk management system. Each business line, as the first line of defense for business risk management, should implement the identification, assessment and management of business risks. In 2024, various business lines and departments of the Company continuously provided customers with high-quality individualized financial products and services, and further improved the customer grading and classification management mechanism to properly achieve customer communication and feedback and optimize the quality and efficiency of financial services.

The Company implemented the graded and classified management for different customers, established a major customer service system, and carried out detailed classification management for investment institutions, government and enterprise customers, and retail customers. Internally, the Company promoted in-depth exploration of customer needs and collaborative business development among various departments. Externally, the Company enhanced the satisfaction of institutional customers and improved its position and influence on the institutional business market.

Key Practice of Shenwan Hongyuan in "Graded and Classified Customer Management" in 2024

Graded and Classified Customer Management	Main Contents
Major customers (strategic customers, key customers)	<ul style="list-style-type: none"> The Company continuously improved the customer service system for major customers, implemented the "1+1+1+X" customer manager responsibility system for strategic customers, formed a comprehensive financial service team, jointly provided comprehensive financial services for strategic customers, established a new target list of strategic customers, and energetically promoted the professional investment of potential customers. The Company organized collaborative system research, improved the customer service system and supporting system construction of the Company, promoted a customer empowerment system centered on digital transformation, and built an empowerment platform to enhance collaborative efficiency and innovate collaborative service methods. The Company continuously promoted the construction of a training system for key customer managers under the "Rongjin School" brand, continuously cultivated the team of key customer managers through online and offline professional training systems, and mainly enhanced the professional service capabilities of key customers.
Refined classification management	<p>For investment institution customers:</p> <ul style="list-style-type: none"> The Company provided rich customized product solutions for institutional customers, formed a product and service system with full customer coverage, 24/7 investment and full-cycle configuration, and continuously coordinated internal and external resources to steadily promote services for public insurance, banking, and non-licensed financial institution customers. The Company efficiently promoted the construction of the "Yiwan Qiyuan" integrated service platform for institutional customers, to enhance the satisfaction of institutional customers externally and promote departments to deeply explore customer needs and collaborate in business development internally. The Company refined customer service process management, promoted the updating and improvement of multiple management systems, and comprehensively regulated professional behaviors of employees, to ensure compliance and efficiency of business operations and strengthen the management of sales incentive and constraint mechanisms. <p>For government and enterprise customers:</p> <ul style="list-style-type: none"> The Company gave full play to the professional advantages of "research + investment + investment banking," continuously strengthened collaborative cooperation between departments of securities companies, and enhanced customer loyalty and service value through professional services, to provide customers with comprehensive financial services in all aspects. The Company quickly responded to market changes and policy guidance, based on long-term professional accumulation to enrich the ways and methods of serving government and enterprise customers, and coordinatively launched the Value Management Service Matrix of Shenwan Hongyuan, to continuously deepen state-owned asset services, assist the development of technology enterprises, and fully improve the quality and efficiency of financial services for the real economy. The Company identified the customers in multiple dimensions and developed personalized, end-to-end service plans by conducting in-depth investigation for customers' business models, development strategies and financial needs. <p>For retail customers:</p> <ul style="list-style-type: none"> The Company established a "6+1" business hierarchical system (focusing on high-quality service contents and consisting of supporting systems, teams, production, sales, operation and training), to form the standardized investment advisory service products and the "investment advisory +" service model for one-on-one investment advisory signing. The Company made efforts in the aspects of concept output, strategy supply and product supply and continuously increased the supply of high-quality financial products, to provide rich financial products and tool support for personal fund conversion, and continuously improve the capability and effectiveness of adapting to differentiated wealth management needs of the residents. The Company have created three major series of investment advisory services: "Shencai, Youdao and Peiban," and continuously optimized and iterated investment strategies in terms of public investment advisory services. The currency portfolio and low fluctuation portfolio have formed a reputation effect among investors.

The Company adhered to the "customer-centric" philosophy and attached great importance to customer communication and feedback work. On the one hand, the Company made efforts from multiple dimensions to comprehensively facilitate customer communication channels, including optimizing online customer service platforms, adding offline service outlets, and establishing telephone hotlines. On the other hand, the Company based on problems to continuously improve the customer complaint management mechanism, promote the standardization of complaint handling processes and effectively solve actual customer problems.

The Company has established a comprehensive survey system for customer satisfaction surveys. Focusing on overall company services, customer manager services, and other aspects, the system can conduct customer satisfaction surveys through such channels as APP, PC, and WeChat.

Customer communication channels

- The Company established customer service hotline 95523, online customer service, company website, mobile app and PC transaction client, email, various business outlets and other online and offline communication channels to directly handle customer complaints.
- The Company has included the site and personnel of the investment education base in the diversified resolution mechanism for securities disputes, and established a "dispute mediation area" to build an investor complaint communication platform.

Customer complaint mechanism

- The Company developed and released relevant systems, such as the *Guidelines for Handling Investor Complaints*, and established a graded mechanism for handling investor complaints, to standardize the complaint handling process.
- The Company established a special interdepartmental working group to handle investor complaints and guide the work related to customer complaint handling.

© Metrics and Targets

In order to optimize financial services, various business lines and departments of the Company have set management targets around "improving customer service satisfaction" and continuously monitored customer satisfaction metric.

Customer satisfaction survey results of the Company in 2024

- The annual customer satisfaction rate of customer service hotline 95523 and online customer service was up to **99.14%**
- When the satisfaction survey was conducted for existing customers who have received follow-up visits, the proportion of customers "satisfied" or "very satisfied" with the overall service of the Company was **88.50%**

Preventing and Defusing Financial Risks

As a state-owned financial institution, the Company deeply studied and implemented General Secretary Xi Jinping's important statement that preventing and resolving financial risks was the fundamental task of financial work. From a strategic perspective and overall height, the Company effectively enhanced its sense of responsibility and urgency to prevent and resolve major risks, coordinated development and security, and actively assisted in the stability and high-quality development of the financial system.

Main Measures of Shenwan Hongyuan for Preventing and Resolving Financial Risks

Improving the long-term risk management mechanism

- The Company implemented prudent and moderate risk policies, promoted the improvement of risk management systems, optimization of models, and innovation of means, and comprehensively enhanced the forward-looking, penetrative and collaborative nature of risk management, to effectively prevent and resolve various risk challenges.
- The Company actively played the role of a "gatekeeper" in the capital market, effectively improved the quality of practice, fulfilled duties conscientiously, and never push "sick" projects into the market.

Assisting in the steady and high-quality development of the financial system

- The Company actively participated in risk resolution work in key areas, such as small and medium-sized financial institutions, local government debt and real estate market, to make contribution to the overall financial stability.
- Combining its capabilities and professional advantages and strengthening internal collaboration and external cooperation, the Company actively worked hard to create a specialized and excellent "Shenwan Hongyuan Risk Avoidance" brand, to leverage the risk management capabilities both on and off the market, at home and abroad, and across multiple assets, and provide powerful risk management and mitigation tools to the customers.



Assisted Enterprises in Providing Risk Management Services with New Models

Hongyuan Futures was committed to assisting enterprises in improving its risk management capabilities with new risk management models. Using cross-border income swaps, trading with options and other tools, Hongyuan Futures helped Shandong Anyuan Industrial Co., Ltd. and Jiangsu Baosheng Precision Conductor Co., Ltd. lock in costs and avoid market volatility risks in 2024, providing more comprehensive and professional support for stable development of the enterprises.

Hongyuan Futures promoted successful implementation of cross-border income swap projects for Shandong Anyuan Industrial Co., Ltd., a subsidiary of Shandong Energy Group, effectively avoiding international market volatility risks and increasing direct economic benefits.

Hongyuan Futures, together with Hongyuan Hengli, provided specialized hedging and pricing services for Baosheng Precision Conductor Co., Ltd., offering a new quality supply chain channel service based on futures and derivatives pricing and procurement, in addition to the traditional long order pricing model. This helped the Company lock in and reduce costs, control risks, and achieve returns.

Data Security and Privacy Protection

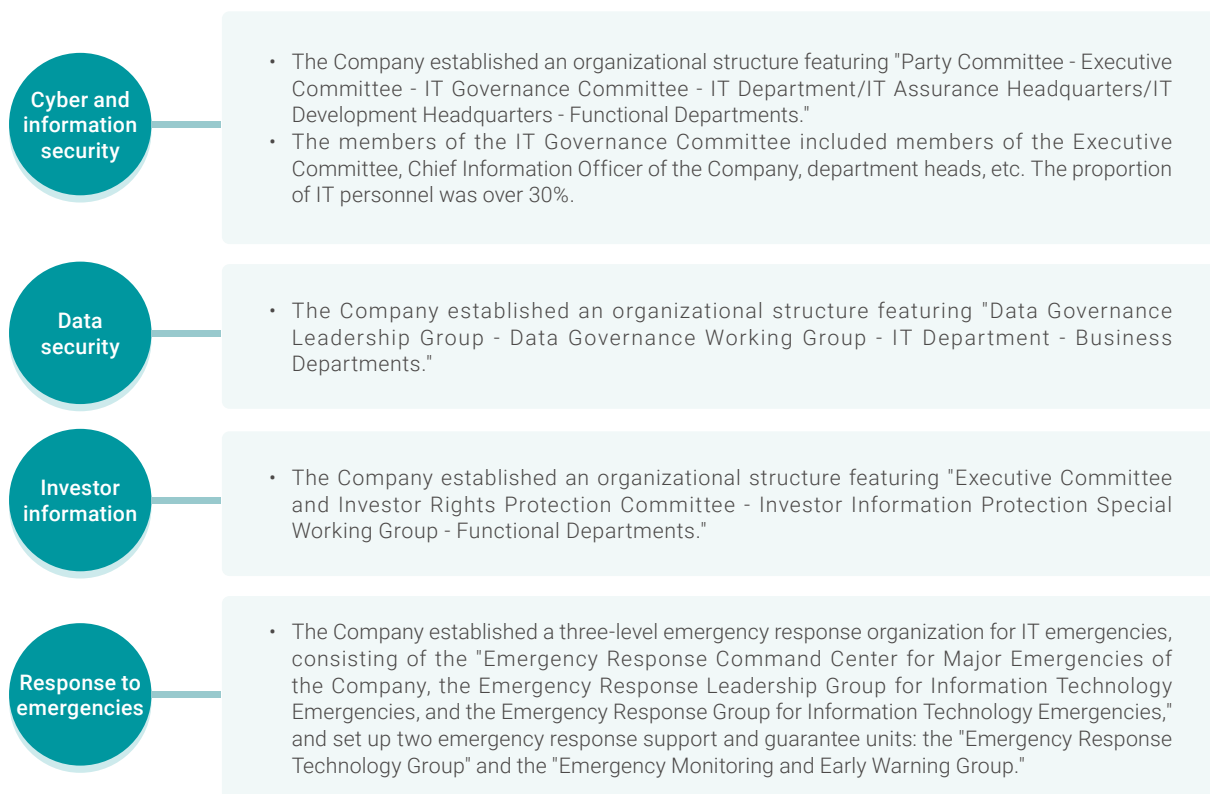
The Company attached great importance to data security and privacy protection and regarded them as the cornerstone of business development and the key to winning customer trust. Conscientiously following laws, regulations and management measures, such as the *Securities Law of the People's Republic of China*, the *Cybersecurity Law of the People's Republic of China*, the *Data Security Law of the People's Republic of China*, and the *Measures for the Management of Information Technology of Securities Fund Management Institutions*, the Company was committed to strengthening data protection mechanisms, improving information security levels, and becoming a first-class comprehensive financial service provider through standardized and refined management measures.

Main operational processes of the Company involving data security and customer privacy protection mainly included data collection, data storage, data processing, data transmission, data sharing, data destruction, etc. The categories of data and customer privacy information included personally identifiable information (PII), financial records, etc.

◎ Governance

In 2024, the Company continuously improved its data security and customer privacy protection management system, established and improved the data security and privacy protection management architecture, and developed a series of internal management standards and regulations. The Company has formulated various systems, such as the *Procedures for Management of Investor Information Inquiry Service (Trial)*, the *Measures for Management of Internet Applications (Trial)*, the *Response Plan for Information Technology Emergencies*, and the *Working Rules for Data Governance Working Group* to ensure the safe operation of its network and information system. The Company revised the *Working Rules of IT Governance Committee* to standardize its IT governance, promote the secure and compliant operation of the information systems, and comprehensively enhance its IT management and application capability. The policy applied to Shenwan Hongyuan Securities and its subsidiaries.

Data Security and Privacy Protection Management Framework of Shenwan Hongyuan



◎ Strategy

By establishing and improving data security and privacy protection management systems, the Company has effectively prevented data and customer information leakage, accordingly enhanced its reputation and customer trust, and boosted public confidence in personal information security in the financial system, to promote the healthy development of the digital economy and cause a positive impact on the overall network security and data protection of the society.

The Company analyzed risks and opportunities related to data security and privacy protection to clarify the main risks and opportunities faced by the Company in implementing data security and privacy protection management, including policy risks, technological risks and market opportunities. The Company formulated relevant management strategies to strengthen risk and opportunity management, including initiating a series of systematic and forward-looking strategic deployments, strengthening data security and customer privacy protection management systems, and building a more robust security protection network, to lay a solid foundation for long-term development.

Analysis of Risks and Opportunities in Data Security and Privacy Protection of Shenwan Hongyuan

Main Risks/ Opportunities	Specific Analysis	Scope of Impact	Financial Impact Analysis
Policy risk	<ul style="list-style-type: none"> Laws and regulations regarding data protection and privacy are becoming increasingly strict all over the world. Failure to update internal policies timely to comply with the latest regulatory requirements may result in legal sanctions and fines. 	Medium and long term	Increase in operating costs Decrease in operating income
Technological risks	<ul style="list-style-type: none"> With the development of network attack methods and technologies, financial institutions face increasing security threats, including but not limited to hacker attacks, phishing software, etc. These threats may lead to the leakage of customer personal information, damage the reputation of the Company and cause a decrease in customer trust, ultimately affecting business development. 	Medium and long term	R&D cost increase Decrease in operating income
Market opportunities	<ul style="list-style-type: none"> Enhanced data protection measures may help to strengthen customers' trust in the products and services of the Company, and establish long-term stable customer relationships. It can not only enhance its own competitiveness, but also promote cooperation with other enterprises and research institutions to jointly explore the best practices and technological solutions for data protection. 	Short, medium and long term	Increase in operating income

◎ Impacts, Risks, and Opportunities Management

According to the *Data Security Management Measures*, the *Measures for Management of Investor Information Protection (Trial)* and other documents, the Company classified and graded data assets and investor information in products and services, identified data with different security levels, and took corresponding management measures. Moreover, the Company conducted risk assessments and continuous monitoring and management of data processing activities to ensure the comprehensiveness and effectiveness of data security and customer privacy protection.

By establishing and improving data security and privacy protection mechanisms, enhancing independent R&D capabilities, improving security levels by new technologies, and strengthening talent team building, the Company has taken a series of comprehensive and in-depth management measures to address potential information and privacy breaches and prevent potential risks in the data security protection mechanisms.

Data Security Management Measures of Shenwan Hongyuan

Proactive/reactive measures

Proactive measures

- The Company closely integrated the network and information security monitoring resources of public security, cyberspace, communication management and securities regulatory departments to timely obtain network and information security monitoring and early warning information and improve the capability to prevent network attacks, virus intrusions, network theft, etc.
- The Company established prevention and warning mechanisms and conducted regular and irregular network and information security inspections and evaluations, to form inspection and evaluation reports and rectify existing problems within a specified time limit.

Reactive measures

- The Company revised the *Response Plan for IT Emergencies of Shenwan Hongyuan Securities Co., Ltd.* to improve the organizational structure for response to emergencies.
- At the beginning of each year, the Company may formulate a detailed emergency drill plan according to the *Network and Information Security Management Measures (Trial) of Shenwan Hongyuan Securities Co., Ltd.* and the *Response Plan for IT Emergencies of Shenwan Hongyuan Securities Co., Ltd.* According to the emergency measure and plan, the Company may conduct security drills and actively participate in the annual industrial joint emergency drills of network security. Other parts of the drills include desktop drills, process drills, technical drills, backup center drills, etc.

Security system certification

- In 2024, the Company actively promoted the certification of the information security system. Its information security management system has been certified by the ISO27001 Information Security Management System. The service scope of the information security management system of the Company covers information security management activities carried out by the IT Assurance Headquarters and the IT Development Headquarters for the planning, design, development, implementation, operation and maintenance of critical trading system, customer service system and internal control management system of the Company. The certification coverage ratio is up to 100%.

Internal and external inspection, evaluation and audit

- According to the *IT Management System of Shenwan Hongyuan Securities Co., Ltd.*, the Company conducts a special audit of IT management work every year, and entrusts an external professional institution to conduct a comprehensive audit of IT management every three years. The audit contents include IT governance, IT security management, IT operation and maintenance management, etc. The system developed by the Company covers all self-developed codes in the audit. For outsourced systems, it is determined whether to pass a security code audit or request the supplier to provide a code audit report based on whether the system is delivered with the source code.
- The company invites qualified third-party entities to conduct annual external certification audits of its information security management system. The audit scope includes information technology security management activities related to the planning, design, development, implementation, and operation/maintenance services provided by the IT Security Assurance Headquarters and IT Development Headquarters for the company's core trading systems, customer service systems, and internal control systems.

The Company processes customer information in the principles of legality and legitimacy, clear purpose, selective consent, minimum sufficiency, full-process control, dynamic control, and consistency of rights and responsibilities. The Company has developed the *Privacy Policy of Shenwan Hongyuan Securities*¹, clarifying management requirements for customer information collection, management permissions and processing. The Company continuously protects sensitive customer data and implements customer privacy protection management in products and services.

Note 1: The *Privacy Policy of Shenwan Hongyuan Securities* applies to various products or services provided by Shenwan Hongyuan Securities, including but not limited to business premises, APP, enterprise WeChat, specific links or installation toolkits and other channels.

Privacy Protection Management Measures of Shenwan Hongyuan

Collecting customer information

Clearly explain how to collect, use, store and protect customers' personal information, and take measures to minimize data collection and retention. Promise to delete data after the specified usage period and never collect personal data from third parties.

Granting customer permissions

Clarify the rights of customers in information management and the ways to realize these rights, including querying, copying, transferring, correcting and updating, deleting personal information, changing or revoking consent authorization, canceling securities/fund accounts, etc.

Processing customer information

Standardize customers' personal information entrusted for processing, provision, transfer and public disclosure. It is explicitly stipulated that Shenwan Hongyuan Securities only provides personal information necessary for entrusted services to third parties and never use this information for any other purpose. Shenwan Hongyuan Securities may conclude strict confidentiality agreements with third parties entrusted to process customers' personal information, clarifying the responsibilities, processing matters, processing periods, processing nature, and processing purposes of both parties. The third party is required to process personal information only in accordance with the requirements of Shenwan Hongyuan Securities and any other relevant confidentiality and security measures

Sensitive data protection

The Company strengthens access control and protection measures for sensitive data. The *Data Security Management Measures* clearly stipulates:

- **Data collection:** Establish comprehensive technical security measures during the collection process, including authentication, monitoring and logging.
- **Data transmission:** Adopt verification technology, password technology, secure transmission channel and other measures to ensure the trustworthiness and controllability of the data transmission process. Authentication (user or device authentication) and auditing mechanisms should be set up for information systems involving data transmission.
- **Data storage:** Manage access permissions for IT infrastructure, such as servers, databases and terminals used to save data. The minimum permissions required for daily work should be allocated for the personnel needing to access infrastructure according to the principle of "minimum permissions."
- **Data usage:** Data should be accessed in the principle of "minimum permissions." It is required to strictly control data access permissions and prohibit unauthorized access and use. Data access is granted a read-only permission. The information system should save access information for trace auditing.

Product and service protection

The *Measures for Management of Investor Information Protection (Trial)* stipulates that the Company should incorporate investor information protection requirements into the design, development, testing and operation stages of relevant information systems. During system construction, it is required to synchronously plan, construct and use investor information security protection measures, and conduct the security test and issue security test reports before the launch of the information system.

The effective data security management of the Company is not limited to internal operations, but also extends to cooperation with suppliers, ensuring that data interacting with the Company has undergone strict security checks and processing to reduce uncertainty caused by external factors.

Specific Measures of Shenwan Hongyuan for Supplier Data Security Management

Policy compliance

- In the cooperation agreements with suppliers and partners, it is explicitly required to comply with the data protection policy of the Company and conduct regular data security reviews, including data integrity, confidentiality, availability and other aspects.

Admission inspection

- Strictly establish admission requirements for third-party service agencies, such as external intermediaries and IT service agencies, comprehensively examine the personnel, qualifications, technology, and reputation of relevant agencies, and consider their capabilities to protect investor information as an important evaluation indicator.

Supervision and inspection

- Supervise the performance of third-party service agencies in protecting investor information. If it is found that third-party service agencies illegally store or use the investor information of the Company, these agencies are ordered to immediately correct and destroy the obtained investor information. If the third party refuses to cooperate with the rectification, the Company can immediately cease cooperation with it and take measures to safeguard its own and investors' legitimate rights and interests.

© Metrics and Targets

To effectively advance the management of data security and privacy protection, the company has established clear and measurable management indicators and objectives, such as "all employees must undergo data security training at least once annually" and "complete the certification of apps filed with the Securities Association." Regular reviews of the performance of these metrics and progress toward goals are conducted to help the company better monitor the implementation of management measures, ensuring steady progress toward building a safer and more reliable digital environment. In 2024, all management targets have been achieved.



Actively Conducting Training on Information Security and Customer Privacy Protection

In 2024, the Company conduct comprehensive training on information security and customer privacy protection, including all employees. The training contents cover basic knowledge of information security, data protection laws and regulations, privacy policies and other aspects.



Screenshot of Network Security Awareness Training



Serving "Carbon Peaking and Carbon Neutrality" Objectives

Actively Responding to Climate Change

In recent years, escalating extreme weather events driven by climate change have heightened global attention to sustainable development. In 2024, guided by the "Governance-Strategy-Impacts, Risks, and Opportunities Management-Metrics and Targets" framework, the company is advancing mechanisms to identify, analyze, and manage climate-related impacts, risks, and opportunities. Proactive actions are being taken across both internal operations and financial services to accelerate the establishment of a robust system for mitigating and adapting to climate change.

Key Issues in this Chapter

- Responding to Climate Change
- Developing Green Finance
- Devoting to Responsible Investment

Responding to Climate Change

In response to the national "carbon peaking and carbon neutrality" strategy and the strategic deployment, the Company has established a climate change management framework of "governance - strategy - impacts, risks, and opportunities management - metrics and targets" in accordance with the disclosure framework and recommendations of the *IFRS Sustainability Disclosure Standard 2 – Climate-related Disclosures (IFRS S2)*, and carries out practical activities around its operations and financial business to actively respond to climate change.

◎ Governance

Environmental and climate risk management is an important component of the ESG governance system. The Company has been continuously improving and perfecting its environmental and climate risk management framework. In 2024, the Company formulated and released the *Measures for Management of Environmental and Climate Risks of Shenwan Hongyuan Group Co., Ltd. (Trial)*, clarifying the responsibilities of the board of directors, executive steering committee and operational units regarding environmental and climate risk management.

Management Structure of Shenwan Hongyuan for Climate Change

Board of Directors



- To assume the ultimate responsibility for the Company's environmental and climate risk management, and have decision-making authority on ESG strategic goals, plans and major issues, including the issue of "Responding to climate change."
- To review the Sustainability/Environmental, Social and Governance Report every year, including climate-related policy development and progress in achieving targets.

Executive Committee



- To assume the primary responsibility for environmental and climate risk management.
- To develop environmental and climate risk management practices and other management systems, and clarify their respective responsibilities, so that environmental and climate risk management requirements are effectively communicated, conveyed and implemented within the Company.

Operational Departments



- To assume the direct responsibility for environmental and climate risk management.
- To be responsible for the daily risk control of environmental and climate risks, implement risk management requirements in the process, identify and assess the extent and likelihood of environmental and climate risks affecting the relevant business, report and resolve relevant risks in a timely manner.

© Strategy

In 2024, the Company carried out climate-related risk identification, assessment and analysis. With reference to the classification and definition of climate risks by external authoritative institutions, the Company has sorted and ranked the risks and opportunities related to climate change, formed a matrix of climate-related risks and opportunities, and confirmed that policy and legal risks, market risks, as well as market opportunities, product and service opportunities, are climate-related risks and opportunities posing a high impact on the Company.

Climate-related Risks and Opportunities Matrix of Shenwan Hongyuan



The Company has fully understood the profound impact of climate change and the necessity and urgency of response measures. Based on the operation and financial business development, the Company mainly analyzed 2 climate-related risks and 2 climate-related opportunities to evaluate their potential financial impact on the operations and business of the Company and implement targeted management.

Analysis of Climate-related Risks and Opportunities of Shenwan Hongyuan

Main Risks	Specific Analysis	Scope of Impact	Financial Impact Analysis
Policy and legal risks	<ul style="list-style-type: none"> With continuous promotion of the "carbon peaking and carbon neutrality" strategy in China, stricter requirements have been put forward for financial enterprises to disclose climate-related information and launch sustainable financial products. In 2024, the SZSE issued the <i>Self-Regulatory Guidelines No. 17 for Companies Listed on Shenzhen Stock Exchange — Sustainability Report (For Trial Implementation)</i> and supporting guidelines for preparation of sustainability reports, clarifying disclosure requirements for the issue of "response to climate change." The HKEX has added <i>Part D: Climate-related Disclosures under the ESG Reporting Code</i> to regulate corporate climate change management and information disclosure. With the introduction of industrial environmental protection policies, e.g. "high pollution, high energy consumption and overcapacity" industry, the invested enterprises or customers may face violations, penalties, or lawsuits due to their inability to meet policy and regulatory requirements, which may affect their business qualifications, once relevant policies will become stricter in the future. 	Short, medium, and long term	<ul style="list-style-type: none"> Increase in operating costs Higher compliance cost Decrease in operating income Lower portfolio value
Market risk	<ul style="list-style-type: none"> The transition to a low-carbon economy may affect the supply and demand structure of the market, resulting in a decrease in demand for high carbon products and services, stranded brown assets, issuer defaults and other risks. All these may further lead to a decrease in customers' debt repayment capability or deterioration of the operating conditions of invested enterprises, posing an impact on the financial business of the Company. If the Company cannot meet the market demand for climate-friendly products, e.g. green financial products, it may lead to a decline in market competitiveness of the Company. 	Short, medium, and long term	<ul style="list-style-type: none"> Decrease in operating income Lower portfolio value
Main Opportunities	Specific Analysis	Scope of Impact	Financial Impact Analysis
Market opportunities	<ul style="list-style-type: none"> With the introduction of policies and standards related to green finance, the green finance has ushered in a new round of development opportunities in China. Following the development trend of the green finance market, the Company has timely increased the top-level design of green finance and explored new markets for green investment/financing and carbon finance business, which may be conducive to increasing the revenue generated by green finance business. 	Short and medium term	<ul style="list-style-type: none"> Increase in operating income Increasing portfolio value
Products and services	<ul style="list-style-type: none"> Regarding climate investment, financing and carbon finance, China has issued relevant policies, such as the <i>Notice on Launching Pilot Projects for Climate Investment and Financing</i> and the <i>Interim Regulations on the Management of Carbon Emission Trading</i>, and the climate-related investment, financing and carbon finance businesses have gained greater and more orderly development space. If seizing the opportunity of climate-related products and services and actively creating climate finance and carbon finance-related products and services, the Company may bring greater development opportunities for the related finance business. 	Short and medium term	<ul style="list-style-type: none"> Increase in operating income Higher portfolio value

The Company has incorporated climate change and other issues in the *Action Plan*, developed strategic plans for the aforementioned risks and opportunities, and established a sound climate risk management system.



Improving the environmental and climate risk management system

- In 2024, the Company formulated the *Environmental and Climate Risk Management Measures (Trial)* of Shenwan Hongyuan Group Co., Ltd., which incorporates environmental and climate risks into the comprehensive risk management system and clarifies the environmental and climate risk management principles of "comprehensiveness, foresight, prudence, and cost-benefit matching."
- Shenwan Hongyuan Securities has been continuously improving its climate risk and opportunity management system, established management processes for climate-related risks and opportunities, and required relevant organizations to closely monitor the climate-related risk management of invested enterprises and customers and incorporate the inclusion of climate-related factors in the risk management process of investment and financing business.



Continuously promoting green and low-carbon operations

- The Company developed the *Emergency Management Measures for Sudden Events* to respond to extreme weather events properly.
- The Company gradually incorporated Scope 3 GHG Emissions in information disclosure and considered substantive category identification work for Scope 3. Combined such factors as availability and reliability of statistical data to gradually carry out accounting and disclosure around the category of substantive Scope 3.
- The Company further improved the corporate carbon management system and exploratively established quantitative goals for energy conservation and carbon reduction management.
- The Company actively carried out green and low-carbon office practices and planned to promote measures, such as replacement of green and clean energies and digital transformation of energy applications, in the future.



Refining green and climate finance systems

- Focused on dimensions, such as research, products, financing, investment, trading, cross-border, and risk control to build a comprehensive carbon finance service system. Relying on the self-operated carbon emission trading qualification and taking carbon emission trading business as the starting point, the Company has been actively expanding carbon trading business, and promoting the formation of a carbon finance business model with Shenwan Hongyuan characteristics.



© Impacts, Risks, and Opportunities Management

In order to better cope with the risks brought by climate change and seize the opportunities related to climate change, the Company has incorporated environmental and climate risks into its comprehensive risk management system, and clarified the climate-related risk management process of "risk identification and assessment - risk monitoring and warning - risk response and reporting" in the *Measures for Management of Environmental and Climate Risks (Trial)*, to effectively identify, assess, monitor, warn, respond and report the environmental and climate risks faced by the Company and related businesses, and ensure that all risks are measurable, controllable and tolerable.

Climate-related Risk Management Process of Shenwan Hongyuan

Risk identification and assessment

- Establish an environmental and climate risk identification mechanism to proactively identify and promptly recognize environmental and climate risks faced by the Company and related businesses.
- All business divisions should incorporate the contents related to environmental and climate risks in the scope of due diligence based on the characteristics of business risks, to fully assess the level of environmental and climate risks faced by the business.
- To prevent traditional financial risks, such as market risk, credit risk, liquidity risk, operational risk, legal compliance risk, reputation risk, etc. caused by environmental and climate risks through transmission, each division should fully evaluate the correlation with other types of risks and strengthen collaborative management of various risks to achieve the unity of overall risk management objectives.

Risk monitoring and warning

- Each business division dynamically monitors environmental and climate risks faced by related businesses based on their scale, nature, complexity, risk preferences and other factors.
- Environmental and climate risk factors related to relevant business should be incorporated into risk management tools, such as negative lists and internal rating systems. In accordance with their respective responsibilities for risk management in investment business, the Legal Risk Control Department and the Investment and Management Department mainly concern and independently monitor the environmental and climate risks faced by the existing investment business of the Company and provide timely alerts and warnings for risk information and events (if any).

Risk response and reporting

- Relevant business divisions should promptly report the environmental and climate risks faced by the business, develop risk response plans, and take the measures of early withdrawal and business scale reduction, when necessary, to promptly resolve and process the risks.
- When environmental and climate risk events occur in related businesses, each division shall report them in accordance with the risk event reporting and disposal management regulations of the Company.

In response to the identified climate-related risks and opportunities, the Company actively takes action measures from the perspective of green finance and its own operations to further address climate-related risks and seize climate-related opportunities.

In terms of green and carbon finance businesses, the Company actively engages in green financing, green investment, carbon finance, green research and other businesses to continuously deepen the effective integration of "carbon peaking and carbon neutrality" practice and business. (For specific details, please refer to the Sections of "Implementing Responsible Investment" and "Developing Green Finance")

In promoting green and low-carbon operations, the Company, as a financial institution, mainly utilizes energy sources, such as natural gas, fuel consumption for official vehicles, and purchased electricity in its daily operations. The Company conscientiously observes laws and regulations, such as the *Environmental Protection Law of the People's Republic of China* and the *Energy Conservation Law of the People's Republic of China*, and makes efforts in energy conservation, paperless office, low-carbon travel and green building certification to achieve energy conservation and emission reduction.

Key Practice of Shenwan Hongyuan in Energy Management

Energy and power saving	<ul style="list-style-type: none"> The entire building lighting of the Company is controlled by a building automation system. The lighting is normally open during working hours on weekdays, and only basic and emergency lighting is retained during other times and holidays. LED energy-saving lamps are gradually used to replace old and high-consumption lamps. Regional power-off measures are adopted and all other electrical appliances are turned off during weekends and holidays, except for safeguarding trading, data and other equipment. In architectural design, efficient and energy-saving design principles and technologies should be adopted as much as possible, such as environmentally friendly materials, efficient insulation materials, intelligent control systems etc.
Paperless office	<ul style="list-style-type: none"> The Company fully uses video, phone and other methods to promote online conference applications and reduce paper usage.
Low carbon transportation	<ul style="list-style-type: none"> The Company actively promotes green and low-carbon travel for employees and encourage the use of public transportation. Based on the <i>Interim Measures for Vehicle Management</i>, the management mechanism for use of public vehicles has been established, including application and approval processes, cost accounting rules, and standards for phasing out old vehicles, to reduce unnecessary use of vehicles.
Green building certification	<ul style="list-style-type: none"> The Company has renovated the the office building in Beijing in accordance with international and domestic green building standards and passed LEED certification, comprehensively promoting energy conservation and emission reduction in the office space.

© Metrics and Targets

In order to strengthen the management quality and efficiency of the response to climate change, the Company starts from both the business and operational aspects, establishes qualitative management targets such as "improving energy use efficiency" and "reducing greenhouse gas emissions", and continuously monitors such metrics as "green finance scale," "proportion of sustainable related product revenue to the operating revenue," "green bond/climate bond/sustainable bond related investment scale and growth rate," "total carbon emissions," "per capita carbon emissions," "electricity consumption," etc. For details, please refer to "Developing Green Finance" and "ESG Data Table and Notes."

- SWHYHK has set a total management target of power consumption control as **756,630** kWh in 2025. The power consumption of SWHYHK was **702,722** kWh in 2024. The power consumption has shown a downward trend year by year. So, it is smoothly advancing the goal.

Implementing Responsible Investment

Responsible investment refers to the investment strategies and practices that incorporate factors related to Environmental, Social, and Governance (ESG) into investment decision-making and active ownership. In recent years, the concept of responsible investment has gradually emerged. It encourages investors and companies to concern the factors affecting the long-term transformation and sustainable development capabilities of enterprises, and helps them achieve long-term value.

The Company actively promotes the establishment of responsible investment management policies or guidelines for its business lines, and applies responsible investment strategies to expand the investment categories and scale covered by responsible investment principles, mainly promoting responsible investment practices in the green and low-carbon fields. In response to the call of the Company, various investment divisions and subsidiaries have incorporated the concept of responsible investment into the formulation of relevant institutional norms, established dedicated positions to manage ESG related matters, and conducted ESG-related training for investment researchers to effectively enhance their ability in responsible investment.

In terms of the application of responsible investment strategies, the Company fully utilizes positive screening strategies, negative elimination strategies, ESG integration strategies and other responsible investment strategies in equity investments, fixed income investments, private equity investments and other investments, and considers ESG factors throughout the entire investment process.

Application of Responsible Investment Strategy in Shenwan Hongyuan

Responsible Investment Strategy	Equity Investment	Fixed Income Investment	Private Equity Investment
Screening	✓	✓	✓
ESG integration	✓	✓	-
Thematic investment	✓	✓	✓
Impact investment	-	✓	-
Active ownership	✓	✓	-

In the fixed income investment business of self-owned funds, Shenwan Hongyuan Securities has established a dedicated position in the credit research team to manage and coordinate ESG-related matters, incorporate responsible investment practices into the responsibility scope of the industry investment research team, and build an ESG investment research system. SWS MU, a subsidiary, attached great importance to the deep cultivation of green finance investment and research capabilities, and set up investment and research personnel related to low-carbon and new energy sectors.





Building an ESG investment research system

In the fixed income investment business of self-owned funds, the Credit Research Team has integrated ESG evaluation into the fundamental investment research framework, and incorporated ESG scores into valuation models and investment decision-making considerations, achieving continuous tracking before and after the investment process. Once the ESG rating of a certain entity is too low, restrictions or quota management should be implemented to assist in improving investment decisions.

The industry-specific management is adopted in the ESG investment research system, focusing on ESG issues of concern to different industries. It is required to select the indicators related to ESG policies to form ESG policy strength factors and increase investment in industries with good ESG performance. For entities in the same industry, the ESG assessment results may be used as the basis for adjusting the ranking of credit entities.

In the specific fixed-income investment practice of self-owned funds, for investments in high ESG risk areas, such as coal, unconventional oil and gas, relevant divisions have further formulated restrictions on business development, clarifying that only those who comply with relevant industrial policies, such as the *Guiding Catalogue for Industrial Structure Adjustment (2024)* and the *Petrochemical Industry Planning and Layout Scheme*, and meet relevant standards and requirements in terms of safety production, environmental protection, energy consumption, etc., can obtain business development permits.

As a signatory of the UN Principles for Responsible Investment (UN PRI), SWS MU is committed to complying with PRI requirements, integrating the concept of responsible investment into its investment research system in all aspects, formulating the *Action Plan for SWS MU Fund Management Co., Ltd. on Fully Practicing ESG Concepts and Improving ESG Management Capabilities and the ESG Investment Management Measures*, and establishing a responsible investment management framework. SWS MU has an ESG committee, which promotes the integration and implementation of ESG concepts in investment research, product creation and management work. An ESG working group has been established for implementing various work arrangements of the ESG committee. The research center is responsible for building an ESG research system, conducting ESG scoring and classification, continuous tracking and research support of investment targets, and fully implementing responsible investment management.



Conducted ESG Investment Training

In June 2024, SWS MU held the "Research Excellence Lecture" for all cadres of the Company, with the training theme of the *Value Investment Road 2025 - Practical Sharing*. External trainers shared investment frameworks, including practical application experience in ESG investment methodology, and conveying the concept of responsible investment to attendees.

In post-investment management, the investment divisions and subsidiaries of the Company fully exercise active ownership, and represent the Company and shareholders to actively exercise voting rights, improve the ESG management capabilities of the invested company and protect the legitimate rights and interests of shareholders/creditors. During fixed income post-investment management of self-owned funds, the Company daily inquires and collects announcement information from bond issuers through various channels, and actively exercises creditor rights by participating in bondholder meetings. The Credit Research Team studies and judges whether the decisions made by bond issuers harm the interests of creditors and comply with the ESG concepts of the group company and departments, and initiates relevant processes to participate in bondholder meetings.

Developing Green Finance

◎ Governance

The Company firmly fulfills its responsibilities as a large state-owned financial enterprise and the role of a "gatekeeper" in the capital market, fully implements the concept of green finance, and continuously improves the working mechanism for serving the "carbon peaking and carbon neutrality" goals, to help enrich the green ecological development of the capital market.

In response to the "carbon peaking and carbon neutrality" strategy proposed by the Central Committee of the Communist Party of China and the State Council, the Company has incorporated green finance into its service national strategy and key sustainable development work, clarified the work focus, key indicators and objectives, responsible departments of green finance business, and established a Service Group for Green Finance. All business departments and subsidiaries are responsible for implementing green finance work and regularly reporting work progress to the Company. Shenwan Hongyuan Securities has established a "carbon neutrality" business team in its fixed income financing department to promote the implementation of policies related to green, low-carbon and circular development of the economic system.

◎ Strategy

Based on its own business development and in combination with macroeconomic policies and industry development trends, the Company has identified significant risks and opportunities on green finance, including policy change risks, market risks, market demand growth opportunities and revenue stability opportunities. Accordingly, the Company conducts financial impact analysis and formulates corresponding strategies.

Risk and Opportunity Analysis of "Developing Green Finance" in Shenwan Hongyuan

Main Risks	Specific Analysis	Scope of Impact	Financial Impact Analysis
Policy change risk	The policies related to green finance are still being continuously improved and adjusted. The standards for recognizing green projects may be changed by the government/regulatory agencies. If the project supported by bond investment initially meets green standards, but is no longer recognized as a green project due to policy adjustments, it may be affected in terms of tax incentives, subsidies and others.		<ul style="list-style-type: none"> • Increase in operating costs • Decrease in operating income
Market risk	The market value of green projects is influenced by various factors. For example, price fluctuations in the carbon trading market may affect the value of green finance bonds based on carbon emission rights. If the carbon quota price drops significantly, the returns of bonds invested in carbon reduction projects may decrease. Changes in environmental policies may also lead to fluctuations in the market value of green projects. For example, the adjustment of subsidy policies for renewable energy may change the market value of projects, such as wind power and PV projects.	Medium and long term	<ul style="list-style-type: none"> • Lower portfolio value

Main Opportunities	Specific analysis	Scope of Impact	Financial Impact Analysis
Market demand growth opportunity	<p>With the increasing emphasis on environmental protection in the society, more and more investors are concerning green investment. Institutional investors, such as pension funds and sovereign wealth funds, are gradually increasing their investment in green bonds.</p> <p>In order to adapt to the trend of low-carbon economy and sustainable development, the enterprises actively seek green transformation. The green bond, as an important financing tool, has also seen an increase in market demand.</p>	Short, medium and long term	<ul style="list-style-type: none"> • Increase in operating income • Higher portfolio value
Revenue stability opportunity	<p>Many green projects are characterized in long-term stable revenue. For example, once being completed and put into operation, urban sewage treatment and centralized heating projects may have stable cash flow income for a long time, providing investors with relatively stable returns and to some extent resisting the risk of economic cycle fluctuation.</p>		<ul style="list-style-type: none"> • Increase in operating income

The Company has been continuously assisting the capital market in serving high-quality economic development, conducting green finance business with high-quality financial services, increasing efforts in green finance services, vigorously developing new areas of green finance, serving the green development strategy and the "carbon peaking and carbon neutrality" strategy, and supporting the development of green industries through assisting green enterprise financing and optimizing green investment directions. Every year, the Company formulates an annual key work plan, clearly requiring increasing investment and financing in the field of green finance and regarding the implementation of business as a performance evaluation indicator for relevant teams.

© Impacts, Risks, and Opportunities Management

To manage the risks and opportunities related to green finance, the Company has established a comprehensive risk management process. In accordance with the requirements of the Central Committee of the Communist Party of China and the state on sustainable development, and with reference to domestic and international standards, the Company identifies risks and opportunities related to green finance, evaluates their likelihood, magnitude and impact ways, and studies and formulates the *Action Plan for Enhancing the Quality and Effectiveness of Serving National Strategies* and *Action Plan*, to regularly monitor the quality and efficiency of actions and strengthen process management.

The Company promotes green finance business from various aspects, such as green financing, green investment, carbon finance and green research, continuously deepens innovative business models, and promotes green and low-carbon development through professional finance.

/ Green financing

Actively responding to the national strategy of supporting carbon peaking and carbon neutrality through green finance, the Company deeply develops the bond market of central and high-quality local state-owned enterprises, supports the upgrading of traditional industries for energy conservation and carbon reduction, and the innovation of green and low-carbon technologies. By exporting professional advantages, the Company enhances the supply capacity and market competitiveness of green financial products, and assists related enterprises in financing.



Issued "Shenenergy 2024 Renewable Corporate Bonds of Carbon Neutrality, Green Technology Innovation and Rural Revitalization for Professional Investors (Phase I)"

In March 2024, Shenenergy 2024 Renewable Corporate Bonds of Carbon Neutrality, Green Technology Innovation and Rural Revitalization for Professional Investors (Phase I) was successfully issued by Shenwan Hongyuan Securities acting as the joint lead underwriter. This bond had the issuance scale of RMB 1 billion, the maturity of 2+N years and the coupon rate of 2.50%. It had the lowest coupon rate for renewable corporate bonds in China since 2023, and also the first carbon neutrality and green/technological innovation/rural revitalization renewable bond nationwide.



Issued "ICBC 2024 First Green Financial Bond (Bond Connect)"

In December 2024, the "ICBC 2024 First Green Financial Bond (Bond Connect)," with Shenwan Hongyuan Securities as the lead underwriter, was successfully issued. The current bond had the scale of RMB 20 billion, the maturity of 3 years and the coupon rate of 1.68%. It was the first green financial bond of ICBC in 2024, setting the lowest coupon rate ever for domestic commercial bank financial bonds in China. The funds raised by this bond would be used for green industry projects as specified in the *Catalogue of Green Bond Support Projects (2021)* in accordance with applicable laws and regulatory approvals.

/ Green investment

The Company is committed to promoting deep integration of financial services with national sustainable development goals, participating in multiple green investment projects and contributing to economic green transformation.



Subscribed to Huaxia TBEA New Energy REITs

In June 2024, Hongyuan Huizhi, as a strategic investor, invested in the Huaxia TBEA New Energy REITs Project, the first private clean energy REITs in China and the first new energy public REITs in Xinjiang Uygur Autonomous Region. This Project not only connects the investment and financing chain of the new energy industry to promote the development of the PV power generation industry, but also expands new financing channels for clean energy development in Xinjiang. It is of great significance for supporting Chinese energy structure adjustment, serving the national "carbon peaking and carbon neutrality" goals, and doing well in green finance.



Invested in Xinhua Power Generation Clean Energy Project

In July 2024, Hongyuan Huizhi invested in the Xinhua Power Generation Clean Energy Project. This project assists a subsidiary of China National Nuclear Corporation in acquiring a 1,000MW PV and wind power project located in Zhangbei Area. The 100MW Advanced Compressed Air Energy Storage Project (one of the projects) is the first high-efficiency and technologically advanced 100MW compressed air energy storage power station over the world. It is of great significance for promoting green energy transformation, ensuring energy security, promoting high-quality energy development, achieving the "carbon peaking and carbon neutrality" goal, and building a new power system.



Invested in Changhong New Materials Project

In 2024, the Group Company completed the investment decision for Sichuan Changhong New Materials Technology Co., Ltd. (referred to as "Changhong New Materials"). Changhong New Materials is mainly engaged in the R&D, production and sales of silicon carbon cathode materials, which is incubated by the New Energy Laboratory, one of three major lighthouse laboratories of Changhong Group, and is an important strategic deployment for Changhong Group's transformation in the field of new energy.



Invested in XCMG Auto

In 2024, Shenyin & Wanguo Investment invested in Xuzhou XCMG Auto Manufacturing Co., Ltd. (referred to as "XCMG Auto") through managed funds. XCMG Auto is mainly engaged in the R&D, production, and sales of new energy, fuel and hydrogen energy heavy and light trucks. Driven by the dual goals of "carbon peaking and carbon neutrality targets and clean energy applications" guided by national policies, the Company has taken the lead in developing new energy commercial vehicles and promoting the green and low-carbon transformation of its products.

/ Carbon finance

As an important product for activating the carbon market, carbon finance plays a role in the sound operation of the carbon market. After obtaining the qualification for independent participation in carbon emission rights business in early 2023, the Company has been actively expanding its carbon finance business, assisting in the high-quality development of the carbon finance market, playing the role of finance in promoting the development of green and low-carbon economy, and actively carrying out training related to carbon finance to enhance the professionalism of the team.



Completed Shanghai Carbon Quota Forward Trading

In 2024, Shenwan Hongyuan Securities successfully completed the Shanghai Carbon Emission Quota Forward Straddle Portfolio Trading. In this trading, the latest portfolio margin mechanism launched by the Shanghai Clearing House, was adopted, effectively reducing participation costs and helping to further enhance market liquidity. It was the first carbon emission derivative trading after the no objection letter was received for carbon emission trading, completing the expansion from carbon emission spot trading to derivative trading. The completion of this trading was an important manifestation of Shenwan Hongyuan's continuous development of carbon finance business and the implementation of the national "carbon peaking and carbon neutrality" strategy.



Implemented the First Swap Transaction Linked to the "Selected Credit Bond Index Supported by CFETS Carbon Emission Reduction Tool"

In 2024, Shenwan Hongyuan Securities reached the First Swap Transaction Linked to the "Selected Credit Bond Index Supported by CFETS Carbon Emission Reduction Tool" with Galaxy Securities through the G-SWAP platform of the local currency trading system of the Foreign Exchange Trading Center. This transaction has leveraged dual advantages of green finance and financial markets, increased the activity and diversification of the carbon finance derivatives market.



Held Multiple Carbon Finance Training Sessions to Enhance Operation Professionalism of the Team

In 2024, FICC Business Department held an internal training on carbon finance - *Progress in Construction of Chinese Carbon Market and Carbon Finance Business Practice*. The training mainly popularizes the contents related to the construction of the national carbon emission quota market, the construction of the national voluntary GHG emission reduction market, as well as carbon finance practices and case studies to employees of FICC Business Department. The Fixed Income Financing Headquarters, in collaboration with Shenwan Hongyuan Financing Services conducted a training on "Development and Trading of Voluntary Carbon Reduction Projects" to enhance the professional level and business sensitivity of the business team in the field of green carbon finance, and exploring more business opportunities in the green finance sector.

/ Green research

SWS Research responds to the call for green finance, actively supports green and low-carbon development, and energetically strengthens research services in green manufacturing, energy, electricity, energy conservation and other fields. It promotes green researches by launching an independent ESG rating system for central enterprises and releasing research reports related to sustainable development.



Launched an Independent ESG Rating System for Central Enterprises

In January 2024, SWS Research released the *White Paper on ESG Evaluation System for Central Enterprises*, which built a Chinese characteristic ESG evaluation system from 0 to 1 based on listed central enterprises, and independently rated nearly 200 central enterprises. The book contains 16 reports, over 160 pages, consisting of three major chapters covering seven industries - transportation, real estate, petrochemicals, coal, construction, non-ferrous metals, and automobiles. It provides a detailed interpretation of the ESG evaluation index system and evaluation results of central enterprises.



White Paper on ESG Evaluation System for Central Enterprises



Released Research Reports Related to Sustainable Development

In 2024, SWS Research released multiple carbon market series research reports, which have been highly concerned by the investors. Key reports include the *EU Carbon Market: From Opponents to Leaders*, the *Chinese Carbon Market: Nine Regional Pilots Lead Future Development* and the *Chinese Carbon Market: Who is the Next Carbon Seller?* They introduce the development history and future trends of the international carbon market and the EU carbon market, analyze the development conditions and pilot effects of Chinese carbon market, and summarize Chinese companies with carbon emission trading revenue or assets.

SWS Research has published multiple tracking reports on ESG hot events, including the draft for comments on the release of sustainable development reports by the *Exposure Draft for Unified Requirements for ESG Reports in A-shares - Comments on Information Disclosure for Sustainability Reports Released by Shanghai Stock Exchange, Shenzhen Stock Exchange and Beijing Stock Exchange*, the *Hong Kong Monetary Authority Issued New ESG Regulations to Classify and Restrict Greenwashing Behavior - Comment on Release of the Hong Kong Sustainable Finance Classification Catalogue by the Hong Kong Monetary Authority*, etc.

© Metrics and Targets

Starting from the financing line and investment lines, the Company has formulated management targets related to green finance and set quantitative metrics, such as "green finance scale of the Company" and "number of ESG/green development theme research reports released by the Company," to regularly monitor the achievement of the objectives. The 2024 targets have been achieved positively.

Green Finance Targets and Progress of Shenwan Hongyuan

Business Line	Targets	Progress in 2024
Financing line	<ul style="list-style-type: none"> Develop and strengthen green and low-carbon business teams, continuously cultivate or introduce industry experts in related fields, and optimize the talent structure. Actively participate in green bond issuance and green equity financing. 	<ul style="list-style-type: none"> In 2024, the Company issued a total of RMB 80.4 billion in relevant sustainability bonds (including green bonds and rural revitalization bonds), of which 19 green bonds have been issued and underwritten, with a total issuance amount of RMB 62.7 billion and an underwriting amount of RMB 29.8 billion.
Investment line	<ul style="list-style-type: none"> Promote sustainable (ESG) investment with high quality and standards and orderly carry out sustainable investment in the public market. Gradually reduce investment in high-consumption and high-emission industries and gradually expand the proportion of green investment. Shenwan Hongyuan Securities sets an annual expectation target for its proprietary fixed-Income investment business to achieve a growth rate of no less than 15% in investment scale related to green bonds. 	<ul style="list-style-type: none"> As of the end of 2024, the Company had invested RMB 18.69 billion in the field of green finance.





Moving Forward Together

Creating a Diverse and Inclusive Workplace

Talent is the priority. Attracting and cultivating high-quality talent serves as the foundation for the development of financial institutions. The company consistently adheres to a people-centric approach, upholding the employment philosophy of "integrity and competence, merit-based appointments, and maximizing individual potential." We continuously refine our human resources development system, centered on market-oriented mechanisms.

In 2024, the company will actively foster an equitable and diverse workplace environment, strengthen protections for talent rights and interests, enhance the coordination mechanisms for labor relations, conduct thorough statistics and analysis of employee turnover rates, and persistently carry out employee satisfaction surveys.

Key Issues in this Chapter

- Staff Training and Development
- Enhancing Employee Care and Benefits
- Talent Attraction and Retention

◎ Governance

The Company places great emphasis on human capital management and is committed to cultivating talent for the Chinese securities industry. It continuously drives the sustainable operation of the company and the future development of the industry.

The Company has established a multi-level talent management structure with hierarchical authorization and overall management in accordance with organizational personnel regulations and other requirements. The Company strengthens the effectiveness of HR management from the aspects of talent development, organizational control and brand building, establishes an information reporting and feedback mechanism in line with the development requirements and internal and external system requirements of the Company, and fulfills relevant supervision and management procedures in accordance with rules and regulations. Among them, the Board of Directors has established a Compensation and Nomination Committee; the Company establishes an Enterprise Annuity Management Committee. the Party Committee Organization Department, the Human Resources Department of the Group Company, and the Human Resources Headquarters of the Securities Company are responsible for related organizational and human resources affairs, and conduct professional operations in aspects such as cadre management, supervision and accountability, talent recruitment, compensation and benefits, employee management, training and development, organizational structure, and performance assessment.

Conscientiously abiding by laws and regulations, such as the *Labor Law of the People's Republic of China* and the *Labor Contract Law of the People's Republic of China*, the Company has formulated a series of systems around employee recruitment and dismissal, salary and benefits, promotion and development.

Main Management Systems Related to Employees

Employee recruitment	<i>Recruitment and Allocation Management Measures (Revised in 2022), Recruitment Management Details (Revised in 2022), Administrative Measures for Recruitment and Reallocation (Revised in 2022), Administrative Rules for Reallocation (Revised in 2022), and Administrative Rules for Recruitment (Revised in 2023)</i>
Employee dismissal	<i>Measures for Management of Labor Contracts (Revised in 2022) and Administrative Rules for Labor Contracts (Revised in 2024)</i>
Equal opportunities, diversity	<i>Administrative Rules for Foreign Employees (Trial)</i>
Working hours and holidays	<i>Measures for Attendance and Holiday Management (Revised in 2021)</i>
Remuneration	<i>Remuneration Management System (Revised in 2024)</i>
Promotion and development	<i>Job Management Measures (Trial) and other regulations</i>

◎ Strategy

The Company has built a high-quality workforce through a comprehensive talent attraction and retention mechanism, employee welfare and care measures as well as training and development plans. Moreover, the Company has created more job opportunities for society, cultivating and delivering more outstanding talents, enhancing social employment stability, and promoting social employment and economic development.

In 2024, the Company identified that employee training and development issues have a significant impact on reputation risk and market opportunities in the short, medium and long term. Accordingly, the Company conducted a financial impact analysis and developed targeted strategies.

Analysis of Risks and Opportunities Related to Employees of Shenwan Hongyuan

Main Risks and Opportunities	Specific Analysis	Financial Impact Analysis
Reputation risk	Any problems in talent management, such as unfair promotion mechanisms or poor working environments, may damage the brand image of the Company and affect its ability to attract and retain talent.	<ul style="list-style-type: none"> Increase in operating costs
Market opportunity	A high-quality talent team may help the Company better adapt to market changes, seize new business opportunities, and respond to rapidly changing financial market demands.	<ul style="list-style-type: none"> Increase in operating income

Adhering to the principle of human orientation and the employment philosophies of emphasizing both moral integrity and professional competence, appointing people on their merits, and tapping full potential of talents, the Company creates an open, equal, competitive, merit-based and applicable employment environment and continuously improves the human resources development system based on the market-oriented mechanism to promote the sharing of interests among the Company, shareholders and employees, and provides lasting and solid career security for employees' long-term development and self-value realization.

The Company has formulated a sub-strategy (2021-2025) for the construction of the manager and talent teams, to mainly "lead high-quality development with high-quality talents." Focusing on main ideas of "optimizing the overall quantity, adjusting the structure, improving capabilities and strengthening mechanisms," the Company cultivates high-quality manager and talent teams with tough political quality, outstanding profession and excellence pursuit, and selects competent managers and talents to create a good political ecology and provide strong organizational and talent support for the Company to achieve its strategic development goals in the next five years.

© Impacts, Risks, and Opportunities Management

Thanks to regular talent review, the Company seeks a strategic human resource management system suitable for the corporate development direction through continuous research and analysis. The Company develops the appropriate talent strategy and planning for a comprehensive talent layout in investment, investment banking, research, integrated finance, and fintech to support the economic development of real industries. By continuously evaluating the internal and external impact of talent strategy, the Company continues to improve recruitment, talent training planning, and talent development channels. In line with the law of diversified and professional talent development, the Company leverages training, talent, recruitment, performance, salary, organization and other tools to carry out macro- and micro-control of human resources, to improve the return on human capital, and to attract and retain the talented people. See the section "Talent Attraction and Retention," "Employee Training and Development," "Employee Health and Care." for detailed measures.

© Metrics and Targets

The Company set employee-related management goals, including "strengthening the protection of talent's rights and interests," "strengthening the construction of coordination mechanism for labor relations," "improving the mechanism for promoting fair opportunities," "actively building an equal and diverse workplace environment," "doing the statistics and analysis of employee turnover rate," and "continuously conducting employee satisfaction surveys." The Company focused on performance indicators like employee satisfaction, the proportion of female employees, and per capita training time.

Progress in achieving the goal of "improving mechanisms to promote equitable opportunities" by 2024

- In the recruitment process, the company improves the mechanism of promoting equal opportunities and adheres to employment equality. The company strictly abides by the Labor Law and other laws and regulations, flexibly promotes various recruitment work according to the overall needs of the company and the actual situation of the employer, continuously improves the gender structure and ethnic structure of employees, and there is no violation of equal employment, gender or ethnic discrimination.
- Shenwan Hongyuan Securities treats female candidates fairly, adheres to equal recruitment standards for both men and women, and implements management goals such as the "proportion of women in urban unit employment reaching around 40%" as stipulated in the Outline for the Development of Chinese Women (2021-2030). In 2024, the proportion of female employees among new hires of Shenwan Hongyuan Securities was **47.3%**.

Talent Attraction and Retention

Talent is the cornerstone and source of corporate development and innovation. The Company upholds the philosophy of "emphasizing both moral integrity and professional competence, appointing people on their merits, and tapping full potential of talent," and follows the basic principles of "fairness, equality, ability-duty matching, inside before outside, and efficiency orientation." The Company sets out clear rules on the employee recruitment and dismissal, equal opportunity, working hours, vacations and other benefits, and prohibits the use of child and forced labor. The Company stands firm against violations related to workplace harassment and adopts a zero tolerance attitude towards workplace discrimination. In the *Measures for Accountability for Employees' Violations*, the Company specifies the complaint reporting mechanism of incidents and the measures taken to pursue accountability to resolutely resist relevant violations.

As a financial institution, the Company mainly adopts the form of labor contract, supplemented by labor dispatch. During the reporting period, there were neither confirmed violations of the Company's employment and labor standards, nor instances of child labor and forced labor.

// Employee Recruitment and Employment

The Company emphasizes the basic principles of fairness and impartiality in the recruitment process, and clearly states that the values of fairness and impartiality shall be upheld to secure a level playing field for selection and to design procedures for fair selection.

The Company developed the *Administrative Measures for Recruitment and Reallocation (2022 Revision)*, the *Administrative Rules for Reallocation (2022 Revision)*, and the *Administrative Rules for Recruitment (2023 Revision)* to define the Company's recruitment process and the basic conditions of recruitment candidates. The Company prepared the *Management Rules for Foreign Employees (Trial)*, and implements a positive, open, and effective talent policy. The recruitment of employees is free from discrimination based on race, faith, gender, nationality, ethnicity, age or marital status.

The Company has formal talent development strategies. At the end of each year, all subsidiaries and branches submit their recruitment needs and plans for the next year, which are reviewed by the Human Resources Headquarters and then reported to the Party Committee of the Company for deliberation before execution. The Company seeks new high-quality talent through talent search and headhunting supplier MAPPING. In 2024, the Company organized each line to make an annual recruitment plan, and proactively interviewed and communicated with key lines about their talent allocation needs according to the *Sub-strategy of Shenwan Hongyuan for Talent Development (2021-2025)*. The Company expanded recruitment channels and actively searched for excellent talent to lay the foundation for high-quality recruitment throughout the year by combining with the situation of the existing human resources, the organizational structure, and the forecast of personnel turnover.



Key Practice of Shenwan Hongyuan in Talent Attraction in 2024



- In 2024, the Company recruited **718** new employees through campus recruitment and social recruitment.
- Shenwan Hongyuan Securities was the recipient of the "Outstanding Employer Award by the Chinese University of Hong Kong Shenzhen Finance Institute," "Employer Excellence of China 2024," and "Model for Talent Attraction and Retention 2024."

// Employee Remuneration and Benefits

The Company attaches great importance to the protection of employees' legitimate rights and interests. Specifically, the Company develops a series of management systems for the payment of remuneration and benefits, and establishes a fair and competitive remuneration system by taking the compensation distribution system as the core featuring guarantee and incentive for all employees.

The Company formulated the *Administrative Measures for Total Wage* and other internal systems to standardize the management of total wages. In 2024, the Company revised and issued the *Remuneration Management Policy (2024 Revision)* to further build a scientific remuneration management system in line with the Company's development needs. The system can motivate employees to continuously improve their job performance, and attract and retain the best people the Company needs. The Company revised and issued the *Rules of Procedure of the Enterprise Annuity Management Committee of Shenwan Hongyuan Securities (2024 Revision)* to clarify the composition and changes of the members of the Enterprise Annuity Management Committee, to further standardize its proceedings, and to improve the quality and efficiency of enterprise annuity management.

The Company provides employees with a variety of welfare guarantee projects to comprehensively promote their sense of belonging and happiness, and to enhance corporate cohesion.

Shenwan Hongyuan's Measures to Protect Employee Rights and Benefits

Working hours and leaves



- The Company practices a standard working hours system of eight hours per day and 40 hours per week.
- Where employees are required to work overtime, the Company shall go through the approval procedures, and arrange compensated leave or pay overtime wages in accordance with the law.
- After working for a certain period of time, employees are entitled to paid annual leave for a corresponding period, and to various vacations according to national regulations.
- The Company provides employees with paid parental leave or other paid family care leaves in accordance with the laws and regulations of the state and the place of work.

Remuneration



- The remuneration includes base salary, annual performance pay, allowances and subsidies, benefits, and long-term incentives.
- The monthly performance pay reflects the incentive and constraint functions of the base salary, and is paid monthly according to the performance assessment. The annual performance pay is an incentive-based income based on the overall efficiency of the Company and the results of employee performance assessment.

Statutory benefits



- The Company provides employees with social insurance, housing provident fund and other statutory benefits in accordance with the law.

Non-statutory benefits



- The Company provides employees with supplementary commercial insurance, payment of enterprise annuity, periodic physical examination, staff canteen, and transportation and communication subsidies, covering all full-time employees under labor contract.
- The Company has prescribed working hours. For departments with special work needs, working hours can be adjusted flexibly according to the actual situation.

Employee Training and Development

Empowering Staff Development

With a view to continuously promoting the scientific, institutionalized and standardized education and training, and cultivating a loyal, clean and responsible team of high-caliber personnel, Shenwan Hongyuan Securities formulated and released the *Employee Education and Training Work Plan 2024*, which focused on political capacity building, professional capacity building, training system construction and other aspects to promote the work of talent team building center.

The Company keeps improving the talent development system covering all employees. The existing talent training programs of Group Company includes "Starshine Program," "Venus Program," and "Morning Star Program." The hierarchical training system of Shenwan Hongyuan Securities mainly includes "Sail-related" series of development programs and "Shenwan Hongyuan Lecture." Specifically, the "Sail-related" series include Flagship Program, Voyage Program, and Sailing Program.

Talent Training System of Shenwan Hongyuan

Target Group	Program	Description
Cadres and Party members	Party school study	<ul style="list-style-type: none"> A series of lectures on Party discipline learning and education Special Training on Spirit of the Central Financial Work Conference Thought on Socialism with Chinese Characteristics for a New Era and the intensive training courses on the spirit of the Third Plenary Session of the 20th CPC Central Committee
Middle and senior management	"Starshine Program"	<ul style="list-style-type: none"> Special training course of Dalian Senior Management College, China "Starshine Program" Management Personnel Ideals, Beliefs and Leadership Improvement – Training Course of China Executive Leadership Academy Yan' an
	"Flagship Program"	<ul style="list-style-type: none"> "New Financial Global Flagship Program" course Special training course on "Accelerating the Building of a Strong Financial Country" CIC special seminar on Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era
Key staff and specialists	"Venus Program"	<ul style="list-style-type: none"> Investment business ability improvement – Special training on valuation modeling Group company youth backbone Huining cadre College training course
	"Voyage Program"	<ul style="list-style-type: none"> Training course for young and middle-aged cadres Management Excellence Empowerment Camp Training Course on Management Capacity Improvement of Business Team Leaders Training Course on Fintech Management Capacity Improvement Training of new cadres and personnel in temporary posts Fortune Star training camp
New hires	"Morning Star Program"	<ul style="list-style-type: none"> New employees compliance risk control honesty and self-discipline should be aware of the system training The administration system of going abroad is well publicized
	"Sailing Program"	<ul style="list-style-type: none"> 2024 orientation training to new employees recruited on campus featuring "Sailing Program · New Force for SWS" Centralized training of new employees by social recruitment The Second Youth Growth Training Camp
All employees	"Shenwan Hongyuan Lecture"	<ul style="list-style-type: none"> Targeted business empowerment training, such as Thematic Learning Month Lecture series titling "Business Opportunities and Challenges under the '1+N' Policy System"

In terms of encouraging continuing education, the Company provides special training and examination for employees, and to give appropriate subsidies to the acquisition of vocational qualifications, vocational skill levels, and certificates of higher continuing education. The subsidy is oriented to all employees who have formally signed labor contracts with the Company. In 2024, group companies and securities companies continued to carry out more than 30 special training examinations, e.g., "compliance managers," "risk managers," "internal audit position," and "Pledge Financing Specialist Qualification Certificate." The Company completed the follow-up education of more than 7,400 employees in securities qualification, more than 5,200 employees in fund qualification, more than 1,300 employees in futures qualification, and more than 270 accounting practitioners.



Centralized Training Course on Studying and Implementing the Spirit of the Central Financial Work Conference for Headquarters-level Cadres

In 2024, Shenwan Hongyuan Securities carried out a centralized training course for headquarters-level cadres together with the School of Continuing Education of Renmin University of China. The training course covered the interpretation of the spirit of the Central Financial Work Conference, upholding and strengthening the Party's centralized, unified leadership of financial work, etc. The training was designed to promote the headquarters-level cadres to further understand and practice the spirit of the Central Financial Work Conference, thus improving their political judgment, political understanding, and political execution. The training attracted more than 280 participants, all of whom received the certificates of completion.



Centralized Training Course of Shenwan Hongyuan Securities
Headquarters-level Cadres



The first training course for youth backbone will be held

In order to help young employees deeply understand the national conditions and social conditions, help the company's fixed-point assistance work, and enhance the Group Company's strategic ability to serve the country, the Group Company organized more than 20 outstanding young employees to carry out a four-day youth backbone training in Huining, Gansu Province. The training adopts a combination of classroom teaching and on-site teaching, expert guidance and learning exchange, and experiential teaching and student interaction, to strengthen the ideal, belief and practical ability of young employees in an all-round way, and help young employees better grasp the political and popular nature of financial work.



Outstanding young employees went to Huining, Gansu Province to carry out youth backbone training



Launch the "Starshine Program" - a training course for managers' ideals, beliefs and leadership development

In order to improve the political ability, party spirit cultivation and management ability of the Group Company's management personnel, and cultivate a team of high-quality talents who are loyal, clean and responsible, the Group has organized the "Xingyao Program" -- training course on the improvement of ideals, beliefs and leadership of management personnel by relying on China Executive Leadership Academy Yan 'an, using red educational resources in the holy Land of revolution. Through classroom teaching, on-site teaching, experience teaching, social practice and other innovative ways to improve the ideals and beliefs of managers and leadership ability, a total of 28 people participated in the training.



Management ideals and leadership training courses



Carry out special training on improving investment capacity

In order to improve employees' investment business ability, cultivate practical skills, and better serve the high-quality development of the real economy, the Group Company collaborates with the Securities Company to carry out special training on valuation modeling. For the relevant investment personnel of the Group Company and Securities Company, the general financial modeling and valuation methods of domestic and foreign capital markets were systematically taught, and the in-depth analysis of enterprise cases was carried out to comprehensively improve the students' valuation and pricing ability. A total of 30 business personnel participated in the training.



Investment capacity improvement special training site



"Shenwan Hongyuan Lecture" Series Training for Serving the Real Economy

In 2024, "Shenwan Hongyuan Lecture" offered a series of "serving the real economy" training with business lines to serve strategy, empower talent, and support business. In combination with the endowment and demand of Xinjiang, Beijing-Tianjin-Hebei Region, and the Greater Bay Area, the FICC Department and the Financial Innovation Headquarters jointly conducted four sessions of regional empowerment training on OTC commodity options and financial innovation tools on a quarterly basis. The training adopts customized courses, actual combat simulation, case study and other forms to deeply empower regional business backbone, with 50-100 trainees per session.



Shenwan Hongyuan Securities Series Training for Serving the Real Economy



Fintech Management Capacity Improvement Training

With the further advances of the Company's digital transformation and the requirements for technical organization empowerment, the Human Resources Headquarters organized the "Fintech Management Capability Improvement" training course on November 10-17 with the Information Technology Development and Assurance Headquarters to cultivate interdisciplinary professionals skilled in business, technology, and management. Combined with talent review, capability assessment, and questionnaire survey of pain points, the training was done by online reading club and offline workshop, involving more than 60 secondary technical managers and core backbone.



Fintech Management Capacity Improvement Training of Shenwan Hongyuan Securities



"Voyage Program": 2024 Training Course for Young and Middle-aged Cadres

With the purpose of improving the financial capabilities and skills of young and middle-aged cadres in the new era, the 2024 training course for young and middle-aged cadres adopted the form of six curriculum modules, action learning, and internal case study to enhance the trainees' learning and practical abilities in political power, strategic power, leadership, execution, and innovation. A total of 73 young backbones from the Group Company and Securities Company had four weeks of massed learning. The Company carried out all-round and multi-angle training of talent by means of course teaching, study seminar, business exchanges, cultural and sports activities, etc.



"Voyage Program" of Shenwan Hongyuan: 2024 Training Course for Young and Middle-aged Cadres



Training on Management Capacity Improvement of Business Team Leaders in "Investment and Investment Banking"

In 2024, Shenwan Hongyuan Securities held the "Voyage Program · HIPO-M Training Course on Management Capacity Improvement of Business Team Leaders" to focus on three management pain points of "management by objectives, incentive and authorization, and performance and output" based on the research and analysis of the capability model. In content design, the training adopted the form of situational case teaching to integrate practical problems into the course. The coaching sand table simulation exercise facilitated trainers to analyze the business environment and make business plans. The trainees mastered the skills to analyze economic situation and interpret financial regulatory policies. The training was designed to build a personnel training model integrating "culture, ability, and management." A total of 50 business team leaders from headquarters, subsidiaries, and branches participated in the training.



Shenwan Hongyuan Securities Training Course on Management Capacity Improvement of Business Team Leaders

Employee Assessment and Promotion

In terms of employee promotion, the Company formulated the *Administrative Measures for Job Positions (Trial)* and other systems, and built a managing director (MD) position system focused on competencies and a dual-channel (with management and specialist pipelines in parallel) career development system. Each position has clear qualification requirements that reflect the demands for experience and capability, creating opportunities and an environment where those who are willing to work, capable of working, and able to achieve results can rise to the occasion.

The Company establishes a *performance assessment and evaluation system for all employees*, including the formulation of programs, confirmation of objectives, preparation of assessment data, regular evaluation, determination of assessment results and feedback, application of assessment results, and performance counseling. The Company formulates the *Measures for the Performance Assessment and Evaluation of All Employees* to regularly review and evaluate the performance level of all employees, and to provide necessary tracking and counseling for the performance improvement of all employees.

Employee Performance Assessment Management System of Shenwan Hongyuan

Performance assessment and evaluation of all employees	<ul style="list-style-type: none"> Key performance assessment: With the main purpose of target guidance and performance tracking, the Company uses the key performance evaluation method to assess monthly/quarterly/semi-annually the process-based and key performance of employees by stage. Annual comprehensive assessment and evaluation: With the main purpose of comprehensive evaluation and performance improvement, the Company carries out annual assessment and evaluation of the outcome-based and comprehensive performance of employees by using comprehensive evaluation and 360-degree evaluation methods.
Feedback on assessment results and counseling	<ul style="list-style-type: none"> After the assessment results are confirmed, each unit shall adopt a certain form of feedback to the employees on their assessment results. For the employees with poor performance, each unit needs to carry out performance counseling in a targeted manner according to the actual situation.
Grievance mechanism	<ul style="list-style-type: none"> The company has established a grievance mechanism for employee assessment and position evaluation results. An employee who challenges the assessment results and the results of position evaluation may submit a petition to his/her unit within a certain time limit. If not satisfied with the handling result, the employee may submit a second petition to the Human Resources Department.

Employee Health and Care

The Company is a financial enterprise with fewer occupational safety and health hazard factors. The Company strives to ensure workplace safety and protect the health of employees and their related rights and interests by earnestly implementing the *Labor Law of the People's Republic of China*, the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases*, the *Regulations on Work-related Injury Insurance* and other laws and regulations. During the reporting period, the Company was not penalized for violating occupational health laws and regulations.

In 2024, the Company implemented occupational health and safety management, strengthened employee health and care, and created a warm workplace by securing the physical and mental health of employees, helping employees in difficulty, and caring for female employees.

Employee Health and Care Measures of Shenwan Hongyuan in 2024

Protecting physical and mental health

- **Handling supplementary medical insurance:** On the basis of basic medical insurance, the Company expands the coverage, including critical illness insurance, and reimbursement for special diseases in outpatient service, so that those in need can receive comprehensive economic support in case of diseases. Mental health services are planned to be added in the insurance plan, including psychological counseling services like a 24-hour hotline and face-to-face counseling.
- **Organizing employee physical examination every year:** The Company adjusted some physical examination items by considering the physical examination requirements of personnel of different ages and levels, and seeking professional advice from the physical examination institutions. The Company carried out 5 offline physical examination report interpretation activities in Shanghai and Beijing with the help of the "Health Hut" platform. The Company organized 4 offline physical examination report interpretation services in some branches.
- **Conducting special training on mental health:** The Company conducted special training on stress management and mental health for all employees, including "Caring for Physical and Mental Health for a Better Life," "Sunshine Mentality and Stress Management," and "Mental Health and Psychological Adjustment of Leading Cadres." The knowledge from stress to mental health helped employees work and live actively with a healthy attitude.
- **Carrying out the special work on first aid capacity building:** Through the synergy of "broadening the coverage, building up the volunteer team, and improving the degree of sharing," the Company continued to promote the new provision of AED equipment, the expansion, training and retraining exercise of the first-aid volunteer team, and joint construction activities for the society. With 20 AED equipment available in the existing office buildings and investor education bases in Shanghai and Beijing, the Company distributed 20 new AED equipment successively in some provincial capitals and large-volume sales offices, and integrated them into the unified management of the Company's digital life first-aid system. The Company expanded the "Shen Yuan Xia" team and completed the "1,000 First-aid Volunteers Certification Program." For the 350 first-aid volunteers who were trained and obtained their rescue certificates in 2023, the Company organized the re-training and actual combat exercise activities in 12 batches to achieve the maximum efficiency of man-machine cooperation with the help of the digital life first-aid collaborative response platform.
- **Building better "Health Hut":** In terms of hardware configuration, the Company upgraded the self-service health detector, allocated "Mobile Detection Station" with such detectors as oximeter and sphygmomanometer. In terms of medical equipment, the Company allocated the "First Aid Kit" including cardiotonic pills and quick-acting heart reliever. The "Health Hut" saw about 3,700 uses throughout the year.
- **Building an "Employee Gym":** The Company set up an aerobics exercise area, a ball game area, and a fitness area to enrich the employees' fitness places in spare time.

Helping employees in difficulty

- **Routine support efforts:** The Company further revised and improved the *Implementation Rules for the Management Measures of Shenwan Hongyuan Securities Co., Ltd. for Income and Expenses of Labor Union Expenditure (2022 Revision)* to refine the criteria for "Five Interviews (i.e., employee marriage and childbirth, blood donation, retirement, birthday, and major hardship)" and "Five Visits (i.e., critical illness or accidental injury in employees, an accident in the employees' family, death of employees, critical illness or accidental injury in the employees' immediate family members, and death of the employees' immediate family members)." The Company expressed sympathy and solicitude for nearly 390 employees throughout the year.
- **Carrying out special help to key groups:** The Company carried out the special activity "Sending Support to the Needy" during the New Year's Day and the Spring Festival, and gave relief subsidies to 148 employees in need due to illness. The Company assisted Shanghai Financial Union in helping 115 persons in need and expressing sympathy and solicitude for them.

Caring for female employees

- The Company relocated and renovated "Mom's Room" in Shanghai to create a comfortable and considerable work environment and to provide people-oriented services for pregnant and lactating workers.
- The Company provided maternity allowances for female employees.

Employees fully enjoy the right to know, participate, express and supervise in corporate governance. In accordance with the *Interim Regulations on the Employees' Congress of Shenwan Hongyuan Securities Co., Ltd.*, the Company established the democratic management system with the Employees' Congress as the basic form. The Company organized employees to participate in the democratic management on schedule and by procedure through the Employees' Congress and the Workers' Representative Congress to enable them to listen to important reports on corporate operation and management, and to deliberate on and adopt matters of employees' vital interests, including "review of the leading body," election of "employee supervisors," and adoption of the remuneration management system. 100% of the full-time employees joined the Trade Union.

In October 2024, the Third Session of the Second Employees' Congress of Shenwan Hongyuan Securities Co., Ltd. was held, where 160 representatives listened to the *Report on the Performance of Duties of the Employee Supervisors of the Second Board of Supervisors of Shenwan Hongyuan Securities Co., Ltd.*, and elected the employee supervisors of the third Board of Supervisors.

02 ESG

Management and Performance

Governance Responsibility

Social Responsibility

Environmental Responsibility





Governance Responsibility

/ Strengthening Corporate Governance

Leadership by Party Building

The Company upholds the centralized, unified leadership of the CPC Central Committee over financial work, improves political stance, and studies and implements Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era as a major political task. The Company maintains high consistency with the CPC Central Committee with Comrade Xi Jinping at its core, and adheres to high-quality Party building to lead the Company's high-quality development.

The company continues to promote the integration of the Party's leadership into corporate governance, strengthen the political check of the Party's leadership and the company's major operation and management matters, and deeply practice the political and popular nature of financial work. Specifically, the Company revised the *Measures of the CPC Shenwan Hongyuan Group Co., Ltd. and Shenwan Hongyuan Securities Co., Ltd. Committees on Implementing the Eight-point Decision of the CPC Central Committee on Improving Party and Government Conduct and Their Implementation Rules (2024 Revision)* and the *Implementation Opinions of the CPC Shenwan Hongyuan Group Co., Ltd. and Shenwan Hongyuan Securities Co., Ltd. Committees on Strengthening the Prevention and Control of Overseas Integrity Risks (2024 Revision)*. The Company issued the *Learning Rules for Theoretical Learning Center Group of the CPC Shenwan Hongyuan Group Co., Ltd. and Shenwan Hongyuan Securities Co., Ltd. Committees* and the *Notice on Issuing Guidelines on the Procedure of the Committee of the Party Branch (General Party Branch) of the Branch Directly under the Headquarters (Trial)* (SWHYDBF [2004] No. 11) to build a solid foundation for Party building and development.

In 2024, the Company continued to strengthen the construction of Party conduct and integrity, ideological and political construction, and the building of grassroots Party organizations, and executed the primary responsibility of rigorous Party self-governance. The Company gave full play to the guiding role of Party building assessment, earnestly implemented the assessment system for Party building, and organized special training and exchanges for Party committees and general Party branches of secondary units, providing personalized guidance and learning support.

Corporate Governance

In line with the *Company Law*, the *Securities Law*, the *Code of Corporate Governance for Listed Companies* and other laws and regulations, the Company establishes a standardized, complete, and robust corporate governance structure. The Shareholders' Meeting, Board of Directors, Board of Supervisors and management perform their respective duties and have effective checks and balances. Independent directors give full play to their roles in decision-making, supervision and balance, and professional consultation. On the basis of the *Articles of Association*, the Company have formulated the *Rules of Procedure of the Shareholders' Meeting*, the *Rules of Procedure of the Board of Directors*, the *Rules of Procedure of the Board of Supervisors* and the working rules of special committees of the Board of Directors. The Company operates in strict accordance with the rules and regulations to continuously improve the level of corporate governance.

The Company formulates the *Policy for Diversity of the Board of Directors*, which considers the diversity of board members in terms of gender, age, cultural and educational background, region, professional experience, skills, knowledge, and tenure of service. The Board of Directors is composed of members of different genders and ages, who have experience, skills and knowledge in economics, finance, accounting, management, law and other fields. As at the end of 2024, the Board of Directors had 11 directors, including 2 executive directors, 5 non-executive directors, and 4 independent non-executive directors. There were 2 female directors, accounting for 18.18% of the total directors.

In 2024, the Company implemented the *Opinions of the General Office of the State Council on the Reform of the Listed Company Independent Director System* and the *CSRC Measures on the Administration of Independent Directors of Listed Companies*, and completed the revision of the *Articles of Association*, *Rules of Procedure of Shareholders' Meetings* and other basic corporate governance systems. According to the regulatory requirements and the performance needs of independent non-executive directors, the Company established a special meeting mechanism for independent non-executive directors and formulated the *Working Rules for Special Meetings of Independent Non-executive Directors*, providing support for giving better play to the active role of independent directors in the standard operation and the improvement of governance efficiency.

- In 2024, the Company was awarded the "Outstanding Practice of the Board of Directors," "Best Practice of the Board of Directors Office" and "Best Practice in Investor Relations Management" by the China Association for Public Companies (CAPCO), the New Fortune "IR Hong Kong Listed Company," the "Best Innovation Practice Award" and "Best Capital Market Communication Award" at the 7th China Excellent IR Awards.

In accordance with the work policy of "true monitoring and supervision, comprehensive coverage, collaboration and professional improvement," the Company has steadily promoted the progress of various tasks of the Board of Supervisors. In 2024, the Board of Supervisors held 6 meetings of the Board of Supervisors, at which 12 proposals were deliberated on and adopted.

The Board of Supervisors has 5 supervisors, including 2 employee supervisors. Female supervisors account for 60% of the total number of supervisors. Most of the supervisors have professional experience in risk management. In 2024, they actively participated in training on "The Influence of the Revision of the New *Company Law* on State-owned Listed Companies" and "Directors' Responsibilities, Information Disclosure and Regulatory Ideas of Hong Kong Listed Companies."

The company continues to improve the performance assessment and salary management of senior managers, establish an effective positive incentive and restraint mechanism, and guide the company to steady growth, prevent risks, and achieve high-quality development. The Company stipulates that employees violate laws and regulations, departmental rules and normative documents, industry norms and self-discipline rules, professional ethics and code of conduct generally observed by the industry, or violate the company's rules and regulations, decisions and resolutions; If the company fails to do its due diligence and leads to risk events that cause loss of company assets or other adverse consequences, or violates social order and good customs, moral ethics, or involves other situations that should be held accountable, the Company has the right to deduct the annual performance salary (including deferred performance salary) and order the return of performance salary (project bonus, etc.) according to the accountability measures.

Information Disclosure

The Company earnestly complies with the *Administrative Measures for Information Disclosure by Listed Companies* of the China Securities Regulatory Commission (CSRC) and formulates corporate policies and rules, including the *Management System for Information Disclosure*, the *Investor Relations Management System*, the *Accountability Policy for Material Errors in Information Disclosure of the Annual Report*, the *Guidelines on Information Disclosure Reporting*, and the *Management Measures for Confidentiality*. These efforts are made to continuously improve the quality of information disclosure, protect the right to know and other legitimate rights and interests of investors, especially minority investors, and promote the refinement and effectiveness of investor relations management.

In 2024, the Company completed a total of over 400 interim reports in A and H shares in simplified Chinese, traditional Chinese, and English. The Company's disclosure of significant matters was truthful, accurate, complete, timely, and impartial.

Communication with Investors

The Company earnestly implements relevant laws and regulations and the *Investor Relations Management System*. Upholding the philosophy of "respecting investors, holding investors in awe and protecting investors," the Company standardizes and efficiently carries out investor relations management. The Company receives investor consultation through convenient communication platforms such as website, investor hotline, email, and Shenzhen Stock Exchange's interaction platform and listens carefully to investors' opinions and suggestions. In 2024, the Company answered 14 investors' questions on Shenzhen Stock Exchange's interaction platform, with a response rate of 100%.

In 2024, the Company held 2 results briefings, and participated in the online collective reception day for investors of listed companies in Xinjiang once. The annual results briefings were done by a combination of live video streaming and text interaction. Nine leaders, including Chairman, independent directors, Chief Financial Officer, and heads from the business management lines of Shenwan Hongyuan Securities, attended the briefings to interpret the annual performance. The Company effectively transmitted the corporate value and enhanced the investors' recognition of corporate value by proactively strengthening communication with the market, actively participating in the strategy meeting of securities brokerages, and receiving investors for research.

Investor Returns

The Company attaches great importance to investor returns and enhances investors' sense of acquisition through continuous and stable dividends. Taking into account the return to shareholders and the needs for business development, the Company formulated a profit distribution plan for 2023 and an interim profit distribution plan for 2024. In August 2024, the Company implemented the profit distribution for 2023, and paid a total cash dividend of RMB 1,402 million at RMB 0.56 (tax inclusive) per 10 shares to the A-share and H-share shareholders registered on the share registration date. An interim dividend for 2024 will be paid in December 2024, the Company paid a total cash dividend of RMB 426 million at RMB 0.17 (tax inclusive) per 10 shares to the A-share and H-share shareholders registered on the share registration date. The two cash dividends added up to RMB 1,828 million, fully demonstrating the Company's emphasis on shareholder returns.

The Company had fully redeemed the principal and paid interest on matured bonds and fully paid interest incurred on unmatured bonds, effectively protecting the interests of creditors.

/ Comprehensive Risk Management

The Company issued the *Guiding Opinions on Strengthening the Effectiveness of Risk Management to Write a New Chapter in Comprehensive Risk Management Reform*, which made clear the overall principle of the effectiveness of risk management, and promoted the construction of a "1+N+X" comprehensive risk management reform framework centering on the effectiveness of risk management. The Company firmly established the risk management philosophy of "Preparedness for potential dangers and operational risks for the creation of value," and strengthened the diversified publicity of risk culture by holding special training and issuing case manuals etc. To consolidate the whole chain risk management system, the Company built a clear, organic and collaborative organizational structure for risk management, and established the risk management policy that fit in with the corporate strategy and adjusted dynamically according to the external environment and situation. With the management measures available for early warning, effective identification, prevention, control and resolution of risks, the Company built an efficient one-stop comprehensive risk management platform with corporate characteristics, and strengthened the construction of professional and compound risk management talent. The Company established a continuously optimized group-wide and penetrative risk management system featuring "all employees, all aspects, whole process and full coverage," providing strong guarantee for the steady and sustainable corporate development.

Comprehensive Risk Management System of Shenwan Hongyuan

Governance	<ul style="list-style-type: none"> Formulate the <i>Risk Management System</i> and other internal systems, builds the organizational structure for risk management, and improves the three lines of defense mechanism for risk management. With clear division of labor, each level fully implements their responsibilities for risk management.
Strategy	<ul style="list-style-type: none"> Based on the analysis of macroeconomic situation, industry development trend, regulatory environment and the company's own situation, major risk factors facing the company mainly include market risk, credit risk, liquidity risk, etc. For the specific risk types, please refer to the <i>2024 Annual Report of Shenwan Hongyuan Group Co., LTD.</i> Following the prudent and sound management and long-term principles, the Company establishes a group-wide risk management system featuring "all employees, all aspects, whole process, and full coverage" to strengthen the integration of risk management and business management. The Company constantly improves its risk policy, optimizes risk identification and response measures, and effectively controls operational risks.
Impacts, Risks, and Opportunities Management	<ul style="list-style-type: none"> The Company establishes a risk management process of "risk identification, risk assessment, risk monitoring, and risk response." For the identified risks, the Company formulates appropriate control measures to continuously improve the risk management capabilities. Detailed measures for enterprise-wide risk management can be found in the <i>Annual Report 2024 of Shenwan Hongyuan Group Co., Ltd.</i> Detailed measures for ESG risk management can be found in the "ESG Risk Management" section.
Metrics and Targets	<ul style="list-style-type: none"> The Company formulates risk management targets; specifically, under the premise of measurable, controllable and tolerable risks, the Company creates value to maximize risk-adjusted returns by taking appropriate risks, proactively managing risks, and seeking the best balance point between risks and returns, thus facilitating the sustainable, stable and healthy development. The Company dynamically monitors core risk control metrics such as risk coverage ratio, capital leverage ratio, liquidity coverage ratio, and net stable funding ratio. The above metrics for 2024 were better than regulatory standards.

Risk Management

The Company constantly improves a group-wide and penetrative risk management system, as exemplified by a multi-level organizational structure for risk management and the "three lines of defense" mechanism, to enhance the awareness of first-line risk responsibility, to strengthen the front-end risk control, and to keep risk management responsibilities in place.

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

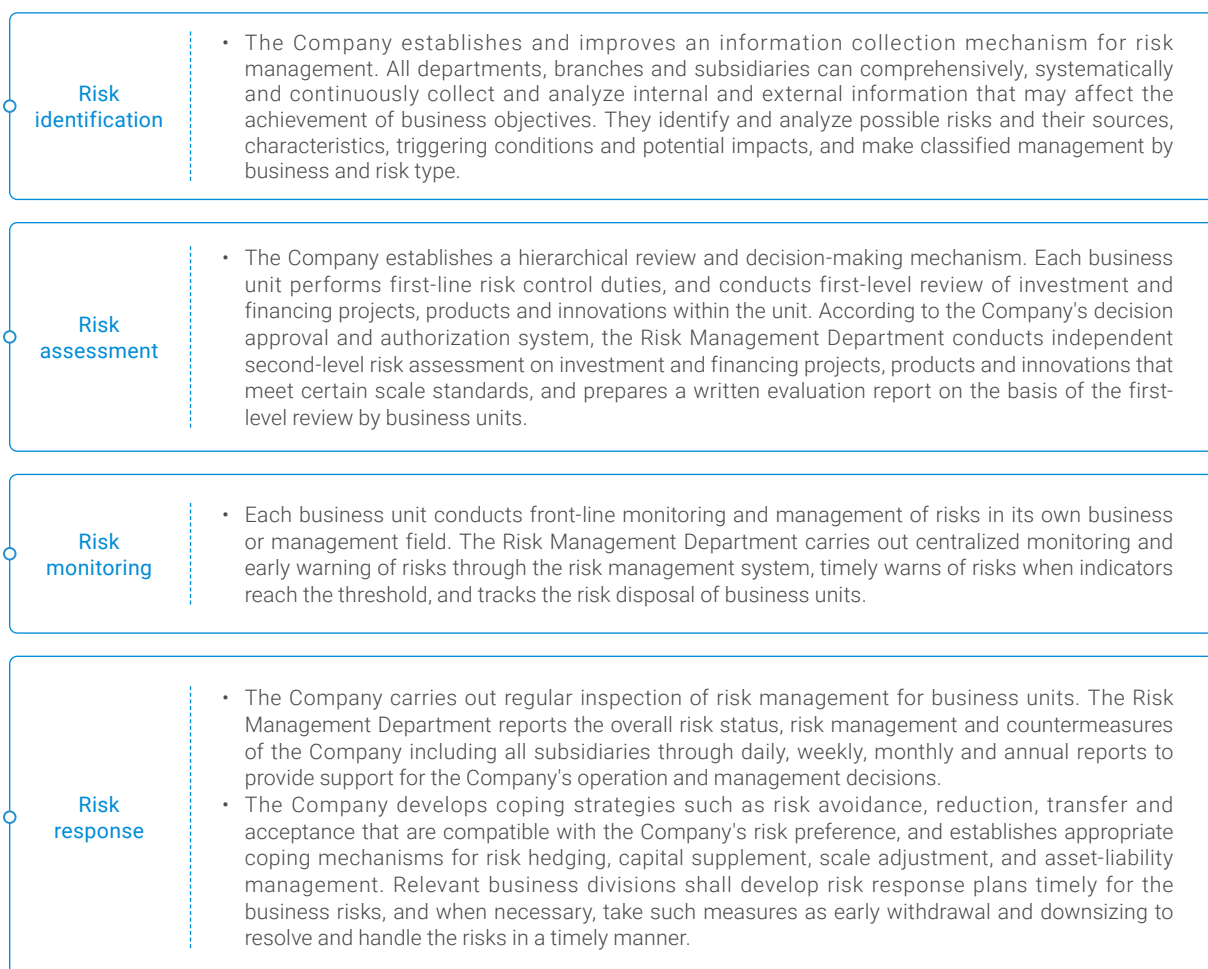


The Company establishes a risk management system with the *Risk Management System* as the underlying policy, supplemented by management measures and operating procedures at the business level for market, credit, liquidity, operational and reputational risks, to strengthen the overall risk management. In combination with the market situation, strategic objectives, and actual business development, the Company constantly improves the indicator system of "risk preference - risk tolerance - risk limit" to refine the operational aspects of risk management.

The Company establishes a sound risk management process, covering four stages of risk identification, assessment, monitoring, and response. In this way, the Company maintains a good risk perception in all aspects of business development, and effectively prevents and defuses risks and challenges to achieve long-term and stable development.



Shenwan Hongyuan's Risk Management Process



Shenwan Hongyuan's Priorities for Risk Management in 2024

Building a team of risk management talent

- The Company regularly publicizes the corporate risk management culture to all employees in the form of emails and live presentations. In 2024, the Company carried out a series of special training on risk management for risk managers in all business departments, business headquarters and subsidiaries. The Company improved the effectiveness of comprehensive risk management by means of work meetings on comprehensive risk management, presentations on risk cases, and warning education of typical risk cases.
- Chief Risk Officer evaluates the performance of risk managers in the business units every six months to ensure the independence of the front-line risk managers in performing their duties.

Linking risk management to employee performance

- The Company establishes a total performance assessment system covering the effectiveness of risk management. The Company establishes and improves an economic capital management mechanism, and gradually implements an asset allocation and performance evaluation mechanism based on risk-adjusted returns.
- The Company incorporates risk management into the performance assessment of all departments, branches and subsidiaries, and links their rewards and punishments and the remuneration of employees to the assessment results of risk management.

Strengthening the risk penetration management of subsidiaries

- The Company revises the implementation rules for risk management of subsidiaries, deepens the risk penetration management of subsidiaries, especially for overseas subsidiaries, and further strengthens the management from the aspects of risk culture publicity, risk limits, and closed-loop management mechanism.
- The Company strengthens the hierarchical review, supervision and inspection, and conducts regular risk checks.
- The important business data system is directly acquired and daily centralized for unified monitoring.

Conducting audit examination

- The Company employs an external third-party audit institution to conduct financial audit every year, covering the corporate risk management.
- Shenwan Hongyuan Securities regularly carries out comprehensive risk management audits to review and evaluate the adequacy and effectiveness of the enterprise-wide risk management independently and objectively.

Developing a risk management system

- Based on independent development, the Company matches the Risk Metrics, internal rating system and other external systems, covering brokerage, investment, asset management, credit, investment banking as well as the main business of each subsidiary. The Company builds an integrated risk management technology system, and establishes a consolidated risk control index monitoring subsystem to realize automatic data acquisition and to lay a solid foundation for the penetrative risk management data.

Managing new business risks

- The Company sets up an innovative business (product) review institution, revises and improves the relevant system, and incorporates the new business, model and products of subsidiaries into the hierarchical review and decision-making system. Based on the first-level assessment of the subsidiary, the Risk Management Department conducts the second-level assessment and review.
- The Company integrates the risk monitoring and early warning of innovative business (products) into the daily risk management, and adjusts the control threshold dynamically according to the service operation.
- The Company regularly carries out innovative business (product) tracking management, and evaluates retrospectively the risk-return profile and the effectiveness of risk control measures.

ESG Risk Management

The Company continues to establish and improve the ESG risk management system, and considers ESG factors in the development of investment banking business, stock-pledged repurchase transaction, agreed buy-back securities trading, margin trading and securities lending, and other financing business to effectively control ESG risks in the business.

Shenwan Hongyuan's Key Measures for ESG Risk Management

Strict control of risk access

- For industries with high environmental and climate risks, the Company develops the report titled *Industry Risk Analysis under Carbon Neutrality*. The report analyzes the impact of policies on the macro economy, industries, and key enterprises, and focuses on the upgrading and transformation pressure that traditional high-carbon industries (thermal power, coal, non-ferrous metals, and petrochemical engineering) may be confronted with in the process of transformation toward green and low-carbon development. The Company puts entities with violations of laws and regulations, or subjected to serious penalties from regulators, integrity problems, etc., in the negative list of special attention or restrictions.
- For issuers in the coal industry, new coal production capacity projects in violation of relevant policy requirements, projects that fail to resolve coal overcapacity in accordance with relevant policy requirements, and related projects with unsafe production/illegal construction/inferior coal shall be rejected.
- The Company conducts an outlook analysis of credit risks in various industries, setting the credit risk outlook of the planting industry, fishery, forestry, paper-making, cement, plain carbon steel and other high ESG industries as "prudent" or "avoided," and applying them to the internal rating.
- For fixed-income securities underwriting, projects with high ESG risk (including but not limited to agriculture, biodiversity, energy use, mining, oil and gas and other industries) will not be approved, unless reasonable explanations are made and relevant negative factors have been eliminated.

ESG due diligence

- The Company develops the *Environmental and Climate Risk Management Measures*, clarifying the responsibilities of the three lines of defense for environmental and climate risk management. In the process of investment and financing development, business units shall include environmental and climate risk-related content in the scope of due diligence based on business risk characteristics, and fully assess and monitor the levels of such environmental and climate risks.
- For the fixed-income securities underwriting, the Company develops ESG due diligence policies. The Quality Control and Compliance Department under the Fixed Income Financing Headquarters is responsible for project review, and takes the ESG due diligence evaluation results as one of the influencing factors of customer credit risks.

Risk triggering and reporting

- The Company formulates the *Guidelines for Reporting Risk Events* to incorporate ESG risk factors into risk management tools such as internal rating system and negative list. When the monitoring finds that the business entity has major environmental safety accidents, continuous environmental penalties and other circumstances, which seriously affects the credit level of the main entity, the Company shall downgrade its internal rating when necessary, or include it in the negative list.
- All business units should strictly implement the relevant management policy and process requirements to ensure the effective use of risk monitoring. In case of an environmental and climate risk event, the relevant unit shall strictly follow the reporting procedures in accordance with the *Guidelines for Reporting Risk Events*.

The Company initially establishes an ESG due diligence system to closely track policy trends including environmental and climate risks, and to further deepen the ESG due diligence for credit and investment banking business.

Shenwan Hongyuan's Key Points in ESG Due Diligence

Stock pledge

The Company shall perform due diligence on the financing objects involved, the use of proceeds, and whether the listed companies in which the underlying securities are located conform to the national strategy and industrial policy.

Bond underwriting

The Company shall perform due diligence on the approval of the project by the relevant authorities (feasibility approval, land, planning, environmental assessment, stability risk assessment, etc.), and the integrity of the issuers and their controlling shareholders.

Stock IPO

The Company shall perform due diligence on the issuers' work safety, environmental protection, corporate governance and independence, investor protection, etc.



Conduct ESG Due Diligence on Bond Issuers

In 2024, Shenwan Hongyuan Securities conducted ESG due diligence on the public issuance of Renewable Corporate Bonds of Carbon Neutrality, Green Technology Innovation and Rural Revitalization. The project team inquired about the credit standing and integrity of the issuer's controlling shareholders and important equity investment companies, and about major violations of laws and rules by the issuer's directors, supervisors and senior executives, and obtained the issuer's internal control audit report during the reporting period. The project team verified the issuer's major violations and penalties during the reporting period by interviewing the issuer, obtaining his credit report, and conducting an integrity inquiry. Shenwan Hongyuan Securities issued a detailed assessment report on the above content. Since no serious problems or risks were found, the Company agreed to the project approval.



Compliance and Internal Control Management

The Company earnestly implements regulatory requirements such as the *Measures on Compliance Management of Securities Companies and Securities Investment Fund Management Companies* and the *Guidelines on Compliance Management for Securities Companies*. Combined with the actual situation of operation and management, the Company continuously improves the compliance management system and the organizational structure of compliance management, and deepens the corporate compliance management to ensure the sustainable and standardized business development. In 2024, the Company had no major compliance risk events and the overall compliance status continued to be good.

Shenwan Hongyuan's Compliance and Internal Control Management System

Governance	<ul style="list-style-type: none"> The Company establishes an organizational system for compliance management composed of the Board of Directors, the Board of Supervisors, the Executive Committee, the Chief Compliance Officer/leaders with specific duties, the compliance department, departments, branches and subsidiaries. The Company formulates the <i>Basic Compliance Management System</i>, the <i>Measures for the Administration of Compliance Management</i>, the <i>Measures for the Administration of Legal Affairs</i>, the <i>Measures for the Administration of Rules and Regulations</i>, the <i>Measures for Accountability for Employee Violations</i> and other internal management systems to be the basic norms and fundamental requirements of business development, specifying disciplinary actions for violations.
Strategy	<ul style="list-style-type: none"> The Company identifies risks with greater impact in the short and medium term as policy risks. The regulatory policy may change, increasing the Company's compliance cost and management difficulty. The Company needs to pay close attention to the changes in relevant laws and regulations to ensure that the compliance and internal control measures meet the latest requirements. In order to address the compliance and internal control risks, the Company adheres to the compliance culture concepts such as proactive compliance, compliance creates value, compliance starts from the management, compliance is everyone's responsibility, and compliance is the foundation of the Company's survival. The Company follows the principles of comprehensiveness, compliance independence, and proactive compliance by all employees to improve compliance management.
Impacts, Risks, and Opportunities Management	<ul style="list-style-type: none"> The Company identifies the risks related to compliance and internal control management through the tracking of laws and regulations and the compliance review. The Company assesses and ranks the risks through compliance monitoring, and actively carries out compliance risk disposal and compliance management effectiveness evaluation to monitor the effectiveness of compliance management. The Company strengthens compliance advocacy and training to effectively implement the compliance and internal control strategy.
Metrics and Targets	<ul style="list-style-type: none"> For compliance and internal control management, the Company sets relevant targets, i.e., compliance inspection and compliance training every year, and regularly monitors the number of implementation and other quantitative indicators. In 2024, the Company conducted more than 40 annual compliance audits or special inspections of relevant units. The Company organized internal compliance training or assigned key employees to participate in over 40 regulatory training sessions, with a total duration of 206 hours. The training target was attained.

In 2024, the Company continued to strengthen the promotion of compliance culture, and prepared advocacy documents such as *Legal Compliance Information Newsletter*, *New Regulation Express*, and *Regulatory Cases* to give professional compliance advice for new products and businesses. The Company strengthened compliance audits of key business and management areas in investment banking, asset management and branch offices. The Company improved the performance ability of compliance personnel by carrying out the certification qualification examination for compliance personnel, organizing special training like compliance officer training, branch compliance management, related party transaction management, follow-up training for certification personnel, and assigning business backbone to participate in professional training organized by regulatory bodies.

/ Regulated Business Practices

The Company attaches great importance to the management of business conduct issues, and continues to strengthen the efforts in anti-corruption, anti-money laundering, whistleblower protection, anti-unfair competition, intellectual property protection and other aspects.

Business Behavior Management System of Shenwan Hongyuan

Governance	<ul style="list-style-type: none"> The Company establishes a sound governance structure and system for anti-corruption, anti-money laundering, whistleblower protection, anti-unfair competition and other aspects.
Strategy	<ul style="list-style-type: none"> Any irregularities or improper operations in the business conduct will increase the risk of legal action and regulatory penalties, and may also lead to reputational damage. If not properly managed, the risk may have the financial impact such as an increase in the Company's operating costs and financing costs. With a view to preventing risks related to business conduct, the Company establishes the concept of clean practice for all employees, implements the management responsibility of clean practice, and forms a risk prevention and control mechanism focusing on prevention, comprehensive policies, addressing both the symptoms and root causes of corruption, and overall planning and coordination. The Company earnestly performs its anti-money laundering duties, continuously optimizes the working mechanism for anti-money laundering, and perfects the functions of anti-money laundering system to constantly improve the quality of anti-money laundering. The Company establishes and improves a whistleblower protection and anti-unfair competition management system.
Impacts, Risks, and Opportunities Management	<ul style="list-style-type: none"> For anti-corruption management in business practices, the Company focuses on the development of risk management processes, and organizes a comprehensive review and assessment of the integrity risk points and prevention and control mechanisms of all units every year. By taking into account the harm degree and possibility of integrity risks, the Company determines the integrity risk points and risk levels, and analyzes and evaluates the soundness and effectiveness of the appropriate risk prevention and control measures. The Company strengthens the management of anti-corruption, anti-money laundering, whistleblower protection, anti-unfair competition and other aspects to regulate business practices.
Metrics and Targets	<ul style="list-style-type: none"> For the management of business practices, the Company sets up a number of qualitative management objectives in anti-corruption, anti-money laundering, anti-unfair competition, intellectual property protection and other aspects. The Company regularly monitors quantitative indicators such as the number of anti-corruption training sessions, the number of training hours, and the number of participants to evaluate the attainment of targets. Quantified performance is detailed in the "Anti-Corruption Performance Indicators."

Anti-corruption

In strict accordance with the requirements of regulators and higher authorities, the Company establishes the concept of clean finance in employees, improves their awareness of clean practice, and continuously strengthens the supervision and management of clean practice to build a long-term mechanism for the prevention and control of clean risks.

The Company implements the *Supervision Law of the People's Republic of China* as well as regulatory provisions of securities and futures business institutions and listed companies on clean practice, and formulates the *Clean Practice Management Policy*, the *Implementation Rules for the Clean Practice Management* and other policies to promote clean practice and compliance in employees and to prevent conflicts of interest between the Company and employees. The Company prohibits corruption and bribery in all forms, including kickbacks. In 2024, there were no closed corruption lawsuits against the Company or employees, nor conflicts of interest.

The Company builds an integrity risk prevention and control system under the unified leadership of the Party committee, the joint administration of the Party committees and governments, the special supervision of the discipline inspection commission, and the organization and coordination of functional departments, with each unit performing their own functions and duties. The Board of Directors assumes the ultimate responsibility for integrity risk management and the Executive Committee is the first responsible body for the implementation of clean practice management responsibilities. The Company establishes and improves three lines of defense composed of business departments, functional departments and audit departments, constantly improving the organizational structure for integrity risk prevention and control.

The Company continues to promote the value concept of "Clean Practice, No Corruption" to all employees through special sessions, compliance training, warning education and other forms, and advocates a culture of integrity and compliance. The Company holds semi-annual and annual meetings on Party building and Party style and clean government construction to strengthen the integrity and discipline awareness in managers and employees. All employees are required to sign the *Employee Commitment to Compliance Practice, Clean Practice, and Honest Practice* to establish their standardized practice awareness. In 2024, the Company organized all employees (including dispatched workers) to receive training on "Honesty, Integrity, Professional Ethics - Interpretation of Violation Cases in the Securities Industry," with more than 11,000 participants. The Company held a warning education conference for all employees (including dispatched workers), where the typical cases of violations of rules and discipline were notified to strengthen the role of correction and governance.

The company has established and improved a hierarchical internal supervision and inspection mechanism for clean employment. The units to which the employees belong shall carry out daily supervision over the practice behaviors of their own employees. Relevant functional departments such as legal compliance shall include the clean employment of the employees in the inspection and self-inspection to carry out functional supervision. Audit and Party committee inspection will incorporate the integrity of employees into the scope of audit and inspection for duty performance supervision, and discipline inspection will conduct "supervision and re-supervision". On this basis, the Company systematically organizes annual special inspections and self-checks to ensure integrity in professional conduct.

Anti-money Laundering

In accordance with the *Law on Anti-money Laundering*, the *Guidelines for the Management of Money Laundering and Terrorist Financing Risks of Corporate Financial Institutions* and other laws and regulatory requirements, the Company formulates anti-money laundering regulations, including the *Management System on Money Laundering and Terrorist Financing Risks*, the *Management Measures for Money Laundering and Terrorist Financing Risks*, the *Operating Procedures for the Assessment of Money Laundering and Terrorist Financing Risks of Customers and Businesses*, and the *Procedures for Self-Assessment of Money Laundering and Terrorist Financing Risks*, as the case may be. The Company has established an anti-money laundering risk management structure composed of the Board of Directors, the Board of Supervisors, the business management, business headquarters and branches, the Legal Compliance Department, and other functional management departments to fully implement the responsibilities for money laundering risk management.

In 2024, the Company had no negative incidents related to anti-money laundering.

In order to improve the effectiveness of money laundering risk management, the Company adopts a "risk-based" method for money laundering risk management, and establishes and improves the money laundering risk assessment system. The Company periodically assesses the money laundering risk profile and develops appropriate risk management systems and processes. The Company does a good job of customer due diligence, suspicious transaction monitoring, anti-money laundering publicity and training, etc., to keep anti-money laundering measures commensurate with money laundering risks.

Key Practice of Shenwan Hongyuan in Anti-money Laundering in 2024

Self-assessment of money laundering risks

- The Company conducts the assessment of inherent risks, effectiveness of control measures, and residual risks. The Company's inherent risk level of money laundering risks is assessed to be medium, the evaluation rating of effectiveness of control measures to be very effective, and the residual risk level is low to medium.



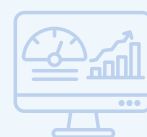
Customer risk rating

- The Company establishes an anti-money laundering system and sets an indicator threshold. The Company calculates the customer risk level based on the customer information, transaction and fund data pushed by the data warehouse to the anti-money laundering system. The Company conducts centralized audits on the risk rating, adjustment and regular audit process of customers with higher risks and above.
- The results of risk classification shall be applied to anti-money laundering efforts such as customer due diligence and suspicious transaction monitoring.



Suspicious transaction monitoring

- With respect to quantifiable criteria for suspicious transactions, the Company establishes a monitoring index system, and carries out the monitoring and screening of suspicious transaction through the anti-money laundering system. In case of unquantifiable criteria for suspicious transactions, the Company embeds suspicious transaction monitoring standards into the business process, and strengthens attention to exceptions in the business development to identify and report suspicious transactions in a timely manner.



Publicity and training of anti-money laundering

- The Company organized 15 internal training sessions on anti-money laundering, with a total of 6,129 participants. The Company took an active part in the training and exchanges organized by the People's Bank of China and the trade association to accurately grasp the new requirements for anti-money laundering, and to improve the anti-money laundering performance abilities of senior executives, anti-money laundering full-time and part-time staff and business line workers.
- The Company strengthens the anti-money laundering publicity in branches through banners, information desks, investor education machines at business premises, SMS, emails, etc.



Whistleblower Protection

The Company formulated internal systems such as the *Administrative Measures for Petitions*, the *Measures for the Administrative Measures for Petitions and Whistleblowing to Discipline Inspectors (Trial)*, and the *Measures for the Acceptance and Handling of Petitions and Whistleblowing to Discipline Inspectors (Trial)* to standardize the procedures and management mechanism for petitioning, and to safeguard the legitimate rights and interests of petitioners and whistleblowers and the petition and whistleblowing order.

To keep the whistleblowing channels smooth and effective, the Company made due efforts to protect whistleblowers. The *Measures for the Acceptance and Handling of Petitions and Whistleblowing to Discipline Inspectors (Trial)* clearly stipulates that the discipline inspection staff shall "observe the rules on confidentiality, neither disclosing the names of the petitioners and whistleblowers and the content, acceptance and handling of the petitions and whistleblowing, nor disclosing or spreading the content that the petitioners and whistleblowers request for confidentiality and may cause damage to the rights and interests of the petitioners and whistleblowers" and "No departments (units) or individuals shall, for any reason, suppress, discriminate against or create obstacles against petitioners."

Anti-unfair Competition

The Company develops a complete range of management systems to prevent unfair competition, including but not limited to the *Administrative Measures for Financial Marketing and Promotion*, the *Administrative Measures for Securities Brokerage Business*, and the *Administrative Measures for the Protection of Investors' Rights and Interests*. The systems specify the relevant rights enjoyed by investors, such as the right to know, the right to choose independently, and the right of fair trade. These systems list relevant prohibited behaviors for the financial marketing publicity and securities brokerage business, for example, the Company shall neither carry out financial marketing publicity in a way that harms fair competition, nor use unfair competition methods such as denigrating other securities companies to solicit investors, and define specific control measures.

In 2024, there were no lawsuits or major administrative penalties due to the act of unfair competition.

Protection of Intellectual Property Rights

In compliance with the *Trademark Law of the People's Republic of China*, the *Patent Law of the People's Republic of China*, the *Copyright Law of the People's Republic of China*, and the *Administrative Measures for Internet Information Services*, the Company has formulated internal management standards such as the *Model Provisions on Information Security* and the *Model Provisions on Attribution of Intellectual Property Rights* to clarify the ownership and protection of intellectual property rights, and to protect the intellectual property rights of the Company, customers, and third-party partners.



Social Responsibility

/ Responsible Marketing

Responsible Marketing

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

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

In 2024, the Company committed neither violations regarding product or service information or marks, nor any marketing non-compliances.

Suitability Management

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

/ Investor Education

The Company attaches great importance to the deployment of investor education in serving the national strategy. Adhering to the concept of "meeting the growing wealth management needs of investors" and "growing with the value of client assets," the Company, based on the physical investor education base, establishes an investor education mode featuring "coordination of headquarters and branches, combination of online and offline channels, and collaboration between the Company and external organizations" to further expand the breadth and depth of investor education.

In 2024, the Company built a "1+4+N" matrix (i.e., one investor education base at the national level, four investor education bases at the provincial level, and N investor education stations in branches across China) for investor protection by relying on the state-level investor education base in Shanghai. Around the priorities of "infrastructure public offering REITs, fixed closed-end investment and ETF, prevention of illegal financial activities" in the major capital market reforms and regulatory requirements (e.g., new "National Nine Articles"), the Company held special investor education activities for individuals and families to publicize securities financial knowledge and to enhance residents' ability to fight against risks by financial means. The Company organized 3,557 universal investor education activities for individuals and families who are willing to understand the capital market, benefiting a total of 42,020,789 minority investors.

Key Practice of Shenwan Hongyuan in Investor Education in 2024

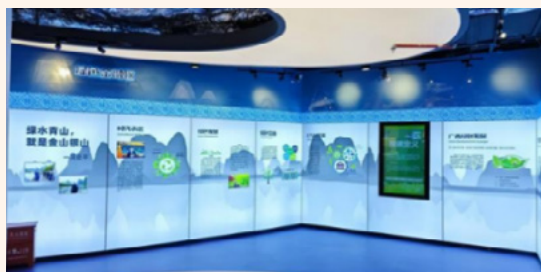
Building and operating investor education bases

- Focusing on the new "National Nine Articles" and their supporting system, five key areas of finance, pension and "third anniversary of STAR Market," "Opinions on Building a High-quality Beijing Stock Exchange" and other universal business and product knowledge, Shanghai National Investor Education Base carried out both online and offline investor education activities, and produced various forms of original investor education products.



Shanghai National Investor Education Base of Shenwan Hongyuan Securities

- Provincial Investor Education Base in Urumqi, Xinjiang promoted investor education to economically underdeveloped areas. The Base launched more than 80 investor education activities of "Inclusive Financial Train" series to deliver professional and formal investor education information to border areas. In active response to the call of "enriching the people and thriving border areas," the Base set up a bilingual investor education team to achieve extensive coverage of cross-linguistic and cross-regional investor education.
- With a view to actively publicizing the development results of capital market, the Investor Education Base in Changchun, Jilin launched more than 100 special investor education programs of Shenwan Hongyuan over the "Jilin Changchun Business Radio," covering 25 million listeners.
- Around the "green finance," the Investor Education Base in Guilin, Guangxi initiated thematic activities covering the interpretation of sustainable development policies, green bonds, and ESG investment philosophy in the context of "Carbon Neutrality, Carbon Peaking." The Base regularly held green finance lectures and environmental protection exhibitions online and offline, where the listed companies and financial institutions in Guangxi were invited to promote the "green finance" by analyzing green finance project cases.
- Huangshi (Hubei) aims to build a provincial investor education base featuring "national education." By taking advantage of building a strong education system in Hubei, the Base, sited at Huangshi University for the Aged, carried out publicity for "protecting residents from illegal securities activities" to actively promote the "elderly-oriented" transformation of financial work.



Provincial Investor Education Bases of Shenwan Hongyuan Securities in Urumqi (Xinjiang), Changchun (Jilin), Guilin (Guangxi), and Huangshi (Hubei)

Innovating communication channels for investor education

- Thanks to new media channels, the Company innovates investor education and service models, and produces electronic investor education products with diverse content and novel and interesting forms, including micro-lectures, animated films, and melodramas.
- Keeping up with market hot topics and investor concerns, the Company launches a series of creative videos advocating rational investment, value investment, and long-term investment, such as "Investor Education Intelligence Service," "Under Siege from ETFs," and "A Glimpse of Stock History."
- In 2024, the Company released a total of 1,210 investor education videos, gaining more than 157,077,400 clicks. The Douyin account "Shenwan Hongyuan Investor Education Base" cultivated more than 460,000 loyal followers. The Company integrated the investor education mascot Little Zhuge into the high-quality investor education videos, fostering a recognizable brand that is loved by investors.

Striving to make investor education included in the national education system

- The Company continues to carry out the activities of "Investor Education and Financial Intelligence into Schools and Universities," bringing systematic and professional financial knowledge to primary and secondary school students and college students, in an effort to cultivate young students to establish a correct sense of financial management.
- The Company developed financial literacy courses "If Wealth Is a Mountain" and "Secrets of the Kingdom of Money" for primary and secondary school students. The investor education bases and branches brought financial education to 59 primary and secondary schools, educating a total of 5,063 students with basic financial knowledge.
- The Company has established cooperative ties with 107 universities, including Shanghai Jiao Tong University, Xinjiang University, and Hubei Polytechnic University. The Company organized 336 investor education activities, involving a total of 35,711 college students.

Building the Digital Investor Education Station

- The Company designed and developed an online integrated management platform of "Digital Investor Education Station," which standardized the professional investor education information produced by the Company's headquarters, and was uniformly distributed to the national business outlets. The platform produces "readable" works and outputs "useful" knowledge through short videos, picture-text, interactive games, etc. The information can be updated from one place to another synchronously, realizing the standard information sharing and intensive resource management.
- The Company promotes investor protection, especially minority investors. By promoting "Digital Investor Education Station" to branches across China, the Company expands intelligent and professional investor education services to 70% of the provincial and regional outlets in China, thus enhancing the coverage and universality of investor education.



Healthy Running against Illegal Securities Propaganda of Shenwan Hongyuan Securities

Shenwan Hongyuan Securities organized the 13th station of the public benefit campaign themed at "Running across China · 2024 SAC Online Healthy Running against Illegal Securities Propaganda" to further strengthen the communication and cooperation with the Securities Association of China (SAC), to shape a healthy industry culture, and to build a multi-level position against illegal securities propaganda with wide coverage. Starting from September 2, 2024, the campaign lasted 21 days, covering 271 cities in 31 provinces, municipalities, and autonomous regions. A total of 15,008 running enthusiasts entered for the event, with a cumulative mileage of 71,318 kilometers. The Company distributed 1,380 propaganda packages online. Designed to protect the rights and interests of investors, the event enhances public awareness of illegal securities activities through innovative and sustainable development, so that investors can receive investment education in a relaxed and pleasant atmosphere, and better understand and practice the right investment philosophy.

In 2024, awards won by the Company for investor education

- Shenwan Hongyuan Securities Investor Education Base was graded as "Excellence" by the China Securities Regulatory Commission (CSRC) in the 2023-2024 assessment of securities and futures investor education bases in China
- The original picture-text "Meeting on the Magpie Bridge: She Disappeared" and the video "Blooming Flowers Series: Insider Trading" were awarded the excellent publicity works of Shanghai 2024 to prevent and crack down on illegal financial activities
- The *Partner of Time* was awarded the Silver Prize at the investor protection video contest "Investor Guardian · Friend of Time" under *Shareholders Are Here* (2024)



"Excellence" Rating in the Assessment of Securities and Futures Investor Education Bases in China



Excellent Publicity Works of Shanghai 2024 to Prevent and Crack down on Illegal Financial Activities



The *Partner of Time* awarded the Silver Prize at the investor protection video contest "Investor Guardian · Friend of Time" under *Shareholders Are Here* (2024)

/ Responsible Procurement

The Company sees a range of suppliers: cargo suppliers, engineering suppliers, and service providers. The Company earnestly implements the *Tendering and Bidding Law of the People's Republic of China*, the *Law of the People's Republic of China on Government Procurement*, and the *Interim Regulations on the Management of Centralized Procurement for State-owned Financial Enterprises*. In 2024, the Company revised the *Rules for the Management of Centralized Procurement Suppliers (2024 Revision)* and the *Rules of Procedure for the Review Panel*, clarifying the supplier management principles of "unified management, classified use, openness, fairness and impartiality, periodic evaluation, and dynamic adjustment." The Company standardizes supplier management by strengthening the management practices and requirements of supplier admission, candidate supplier selection, dynamic supplier management, supplier integrity management and other aspects to prevent supply chain risks.

The company adheres to the procurement principles of "openness, fairness, fairness, competition, efficiency and efficiency", adopts compliance methods such as open bidding, invitation to bid, competitive consultation, inquiry and single-source procurement to carry out corporate procurement, and includes key suppliers into the company's qualified supplier database for dynamic management. Conduct annual audit and performance evaluation of suppliers regularly through field investigation, project case study, collective evaluation, etc.

The company actively builds a clean supply chain, and incorporates the requirements of suppliers' honesty and integrity standards and punishment measures for violating such requirements into its internal management system. By regulating the behavior of procurement personnel, ensuring the openness and transparency of procurement information, requiring suppliers to abide by contract terms related to anti-corruption, formulating anti-corruption policies, and implementing anti-corruption supervision and reporting management of suppliers, etc. We will do a good job in the clean management of procurement links and prevent corruption. The company publicly released the *Supplier anti-Corruption Management Statement* on its official website to improve the level of supplier management.

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

Implement internal procurement management requirements

- Procurement related staff shall not accept gifts from bidders and shall not participate in bidder's banquets and other activities. If they have an interest or family relationship with bidders, they shall abide by the principle of avoidance.
- Ensure that procurement information is open and transparent, and publicize centralized procurement information in accordance with the law.
- For corruption, embezzlement, bribery and any other violations of discipline in procurement activities, the Company shall be held accountable in accordance with relevant provisions, and if a crime is constituted, criminal responsibility shall be investigated according to law.

Taking actions for anti-corruption management of suppliers

- A multi-departmental linkage procurement mechanism has been formed. The audit department of the company is responsible for the audit, supervision and inspection work related to procurement affairs, and the implementation of anti-corruption and integrity supervision of the company's procurement.
- For supplier access, the Supplier shall sign the *Supplier Integrity Commitment* and establish the supplier blacklist mechanism. If the supplier violates the provisions, it can be directly listed as the prohibited supplier or withdrawn from the supplier with the approval of the procurement Management Committee.
- Include anti-commercial bribery and other important clauses in supplier contracts, require all suppliers to comply with relevant laws and regulations and formulate internal anti-corruption policies, and audit the implementation of anti-corruption clauses and compliance of procurement activities of suppliers.

Ensuring adequate supervision and whistleblowing of supply chain anti-corruption

- The Company establishes a monitoring, whistleblowing and handling mechanism to prevent corruption in the supply chain.
- In the centralized procurement activities such as bidding, the bidder and stakeholders that suspect any illegality or irregularity may whistleblow to the Discipline Inspection Department according to relevant regulations.

The Company continues to promote responsible procurement, gives priority to the procurement of energy-saving and environmentally friendly products, and incorporates the requirements related to ESG responsibilities of suppliers into the supplier management process. The Company pays close attention to suppliers' ESG performance in terms of environmental protection, labor health and safety, and public benefit activities.

// Social Welfare

Public Charity Activities

The Company always insists on contributing and giving back to society, people's livelihood and the environment. Relying on Shenwan Hongyuan Public Welfare Foundation and other platforms, the Company helps the local community development, and actively organizes and participates in public charity activities.



"Tongxin Huhui" Used Clothing Donation Activity

In March 2024, Shenwan Hongyuan Securities and other organizations carried out the "Tongxin Huhui" used clothing donation activity, where nearly 20 headquarters in Shanghai and Beijing got involved. By means of online and offline donations, the activity received 842 pieces of used clothes, textiles, toys and other items, totaling nearly 500 kg. All the donations were sorted and disinfected by Tongxin Huhui, a subsidiary of Beijing Migrant Workers' Home, to support the cultural and educational undertakings of needy groups in poor mountainous areas in northwest China. The activity popularized the "carbon peaking and carbon neutrality" knowledge and the concept of green development to the majority of employees, and meantime showed the Company's good image of actively practicing the social responsibility as a state-owned financial enterprise in multiple dimensions.



"Tongxin Huhui" Used Clothing Donation Scene



Community Welfare Activities with the Hong Kong Family Welfare Society

In 2024, SWHYHK cooperated with the Hong Kong Family Welfare Society in community public welfare activities and donations. In May, SWHYHK held a hands-on workshop for children from low-income single parent families at the Parent-child Connect Specialised Co-parenting Support Centre in Lai Chi Kok. In September, SWHYHK organized a Mid-Autumn Festival Visit to the Elderly volunteer activity in the community of To Kwa Wan, Kowloon.



SWHYHK Won the Award of Caring Company 10 Years + Certificate

Volunteer Activities

The Company encourages employees to participate in volunteer activities to help the development of the local community in a hands-on manner, and to help those in need to solve their practical difficulties. Shenwan Hongyuan Public Welfare Foundation sets up a volunteer team to organize and mobilize employees and those from all walks of life enthusiastic about public welfare to participate in the Foundation's volunteer activities.

Shenwan Hongyuan establishes a youth volunteer service team, made up of members of the CCYL Committee. The extensive participation of Youth league organizations at all levels contributes to a "1+N" grid of volunteer service organizations. The annual "Learning from Lei Feng" volunteer service is included in the annual work plan of the Communist Youth League, and related work is studied and deployed. SWS Research establishes a "Youth Commando Team," and actively organizes and participates in a variety of public service projects, aiming to make positive contributions to the community.

Highlights of Volunteer Activity in 2024

- The Company actively prepared to set up the "Shenwan Hongyuan Special Fund for Staff Members," and worked with the Trade Union to launch the "Shenwan Hongyuan Charity Sale of Excellent Calligraphy, Painting and Photography Works from Employees," donating a total of RMB **35,000** and involving more than **500** participants.
- On the occasion of the Memorial Day of Learning from Lei Feng (March 5), Shenwan Hongyuan Securities organized the Communist Youth League organizations to launch the "Learning from Lei Feng" volunteer service month activity. The Communist Youth League organizations at all levels and volunteer service teams of Shenwan Hongyuan Securities carried out volunteer service activities on the themes of investor education, community governance, rural revitalization, and ecological progress in accordance with their actual conditions.
- Shenwan Hongyuan Securities organized the Communist Youth League organizations of more than **20** branches in Shanghai to launch the "Winter Warming" centralized service activities. With the existing financial network service facilities, the Company effectively showed care and love to outdoor workers, including building workers, sanitation workers, food delivery drivers, couriers, online car-hailing drivers, traffic police officers and assistants.

Environmental Responsibility

// Water Resources Management

The water consumption of the company is mainly domestic water in the office process, and the main water source is municipal water. The company implements the *Environmental Protection Law of the People's Republic of China* and other laws and regulations, commits to strive to control water consumption and density data at a low level, continuously standardizes water resource management in the office process, carries out water-saving education and incentives, and configures water-saving appliances to avoid water resource waste.

In terms of strengthening water resources management, the Company continues to strengthen the economical use and management of water resources, and improves the regular monitoring, statistics and analysis mechanism for water consumption. The Company actively encourages employees to save water, and discloses water consumption and density data regularly, striving to keep water consumption and density at low levels.

// Waste Management

As a financial enterprise, the Company's main solid wastes generated in office operation are divided between harmless wastes (e.g., kitchen wastes, toner cartridges, ink cartridges, and office papers) and hazardous wastes (e.g., obsolete computers). In order to further strengthen waste management, the company promises to improve the management system for the identification, statistics and reduction of harmless and hazardous waste, and control the production of harmless and hazardous waste at a low level.

The Company starts from the source to minimize waste generation. The Company insists on paperless conference and displays conference materials via electronic screens and conference apps to minimize paper printing. The Company advocates paper saving and the PC network printing is set to black and white, double-sided printing by default. The Company advocates electronic materials to reduce the use and waste of office paper. In terms of waste disposal, the Property Department collects office and household waste together for cleaning and transportation. The Company regularly entrusts a qualified third-party company to dispose of obsolete computers and other hazardous wastes.





Beijing Headquarters Received LEED Operations and Maintenance (O+M) Gold Certifications for Green Buildings

In 2024, Shenwan Hongyuan Beijing Headquarters received LEED Operations and Maintenance (O+M) Gold certifications for green buildings, representing the Company's outcomes in environmental protection, energy conservation and sustainable development to be recognized internationally.

Shenwan Hongyuan Beijing Headquarters adopts a series of green operation management measures, including actively promoting energy-saving lighting in the office area, secondary utilization of domestic wastewater, improving the air quality in the building, to strive for a green building. In strict accordance with the standard for classification and disposal of domestic waste in Beijing, all kinds of garbage is treated environmentally. The building implements energy-saving measures such as double-sided printing and paperless office to minimize the use of office consumables. The Company actively innovates and optimizes green operation ideas. In accordance with Beijing green building standards, the Company renovates the building, and keeps optimizing the lighting system, water-saving system, air conditioning system, roof greening, employee activity space, etc., to promote the use of green electricity.



LEED O+M Gold Certificate for Green Buildings



SWHYHK Set Goals for Waste Management

SWHYHK has set its goal for paper consumption in 2025 as 7,620 kg. To accomplish the goal of increasing the recycled amount of harmless wastes, SWHYHK equips each office with recycle bins for waste paper collection to encourage its employees to recycle and reuse the waste paper. Suppliers shall collect the waste paper on a regular basis. SWHYHK pushes forward waste sorting and recycling to promote waste reduction, puts recycle bins for plastic bottles and aluminum cans in offices, and then hands the bins to the building administrative office for unified treatment. In 2024, SWHYHK consumed a total of 4,255 kg paper, which is within the target range.

ESG Data Tables and Notes

Economic Performance Indicators¹

Indicator	Unit	2022	2023	2024
Total revenue and other income	Thousand Yuan	31,575,693	31,916,148	34,778,321
Profit for the year attributable to shareholders of the Company	Thousand Yuan	2,789,068	4,606,340	5,210,662
Basic earnings per share	RMB per share	0.11	0.18	0.21

Note 1: The data in the table of Economic Performance Indicators is consistent with the data in the annual report published by the Company on HKEX.

Anti-Corruption Performance Indicators¹

Indicator	Unit	2022	2023	2024
Number of directors participating in anti-corruption-related training	Persons	9	5	4
Proportion of directors covered by the anti-corruption training	%	81.82	45.45	36.36
Number of anti-corruption training hours for directors per capita	Hours / person	6	6	4.25
Number of management staff participating in anti-corruption-related training	Persons	—	—	259
Proportion of management staff covered by the anti-corruption training	%	—	—	100
Number of employees participating in anticorruption-related training	Persons	11,204	11,807	11,289
Proportion of the employees covered by the anti-corruption training	%	100	100	100
Number of anti-corruption training hours for employees per capita	Hours / person	2	4	4

Note 1: The training indicators related to the directors participating in the anti-corruption training are the main body of Shenwan Hongyuan listed company, and the statistical scope of other data is within the scope of consolidated statements.

Note 2: The management staff includes intermediate and senior management staff.

Compliance Management Performance Indicators¹

Indicator	Unit	2024
The number of cases punished for violating environmental protection laws and regulations	Pieces	0
Total amount of fines imposed for violating environmental protection laws and regulations	RMB10,000	0
Number of incidents in violation of laws and regulations related to products and services	Pieces	0
Total amount of fines received for violating relevant laws and regulations concerning products and services	RMB10,000	0

Employment Performance Indicators

Indicator		Unit	2022	2023	2024
Total number of employees ¹		Persons	11,204	11,804	11,289
By gender	Male	Persons	6,001	6,339	5,991
	Female	Persons	5,203	5,465	5,298
By employment type	Full-timer employee under employment contract	Persons	11,198	11,440	11,289
	Others ²	Persons	6	364	—
By age group	<30 years old	Persons	2,666	2,562	2,431
	30 to 50 years old	Persons	7,366	7,732	7,241
	> 50 years old	Persons	1,172	1,510	1,617
By geographic region	Mainland China	Persons	10,843	11,396	11,005
	Hong Kong, Macao, Taiwan and overseas	Persons	361	408	284
Employment contract coverage		%	100	100	100
Social insurance coverage		%	—	—	100
Number of labor discrimination incidents		Pieces	0	0	0
Employee turnover rate ³		%	9.27	7.50	7.66
By gender	Male	%	9.97	8.01	8.69
	Female	%	8.48	6.92	6.49
By age group	<30 years old	%	10.77	9.48	8.69
	30 to 50 years old	%	8.38	5.98	6.80
	> 50 years old	%	11.52	11.99	9.96
By geographic region	Mainland China	%	8.41	6.97	7.18
	Hong Kong, Macao, Taiwan and overseas	%	35.18	22.55	26.41
Total number of new employees		Persons	1,767	1,167	718
By gender	Male	Persons	939	651	391
	Female	Persons	828	516	327
By age group	<30 years old	Persons	940	750	475
	30 to 50 years old	Persons	821	414	235
	> 50 years old	Persons	6	3	8
By geographic region	Mainland China	Persons	1,674	1,111	668
	Hong Kong, Macao, Taiwan and overseas	Persons	93	56	50
Number of employees form ethnic minority groups		Persons	486	460	482
Number of disabled employees		Persons	29	29	33

Note 1,2: In 2024, the total number of employees refers to the number of full-time employees with labor contracts, excluding temporary staff, agents, and other forms of employment. In 2022, other employment forms included labor dispatch employees, and in 2023, it referred to agents.

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

Employee Health and Safety Performance Indicators

Indicator	Unit	2022	2023	2024
Coverage of employee medical examination	%	—	100	100
Investment amount of employee work injury insurance	RMB10,000	—	—	1,263.28
Coverage of employee work injury insurance	%	—	—	100
Number of employees who died from work-related injuries	Persons	0	0	0
Rate of employees who died from work-related injuries	%	0	0	0
Days lost due to work-related injuries ¹	Days	0	0	417.50

Note 1: Work-related injury incidents include accidents that occur during employees' commutes, at the workplace, or while on official business trips. Work-related injuries are considered incidental events. After such an incident occurs, the Company assists the employee in obtaining work injury recognition and evaluation. Based on the level of the injury assessment, the Company provides compensation and facilitates medical treatment claims. Additionally, the Company actively promotes health and safety awareness among employees to prevent such incidents from happening.

Employee Training Performance Indicators

Indicator	Unit	2022	2023	2024
Employee training expenditure	RMB10,000	889.84	1,760.16	1,273.12
Coverage of employee training ¹	%	100	100	100
By gender	Male	53.56	53.70	53.07
	Female	46.44	46.30	46.93
By employee category	Senior management	0.24	0.22	0.15
	Medium management	3.24	3.27	2.14
	Ordinary employees	96.52	96.51	97.71
Average hours of employee training ²	Hours	67.47	60.00	60.23
By gender	Male	65.11	57.83	58.36
	Female	70.20	62.51	62.33
By employee category	Senior management	225.83	180.43	139.91
	Medium management	138.79	127.04	118.78
	Ordinary employees	63.28	57.45	58.82

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

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

Data Security and Privacy Protection Performance Indicators¹

Indicator	Unit	2024
Data security incidents ²	Pieces	1
Amount involved in the data security incident	RMB10,000	0
Number of confirmed incidents of disclosure, theft, or loss of customer information	Pieces	0
Amount involved in the customer privacy breach incident	RMB10,000	0

Note 1: [Statistical scope] The scope of the consolidated financial statements of Shenwan Hongyuan Securities.

Note 2: This incident is a "general event", which was discovered in time and dealt with in the first time, and has no impact on the national financial security, social order, and the legitimate rights and interests of investors. Subsequently, Shenwan Hongyuan Securities carried out a series of targeted rectification measures, and continued to optimize the relevant long-term management mechanism to prevent the occurrence of such incidents.

Fintech Empowerment Performance Indicators

Indicator	Unit	2024
Information technology investment amount ¹	RMB10,000	118,482.96
Number of information technology personnel	Persons	993

Note 1: [Statistical scope] The statistical scope for information technology investment amount aligns with the consolidated financial statements of Shenwan Hongyuan Securities.

Customer Service Performance Indicators¹

Indicator	Unit	2022	2023	2024
Number of customer complaints	Number	129	163	216
Complaint handling rate	%	100	100	100
Customer satisfaction ²	%	—	88.64	99.14

Note 1: [Statistical scope] The scope of the consolidated financial statements of Shenwan Hongyuan Securities.

Note 2: In 2022, customer satisfaction was categorized and measured separately for the PC and APP platforms. Customer satisfaction for the PC platform was 89.1%, and for the APP platform, it was 82.8%. Starting from 2023, customer satisfaction is reported on a consolidated basis. In 2023, the customer satisfaction survey scope included customers who received follow-up calls from existing clients. In 2024, customer satisfaction was based on the annual satisfaction scores from the customer service hotline 95523 and online customer service.

Supplier Performance Indicators¹

Indicator	Unit	2023	2024
Number of suppliers	Suppliers	166	187
Number of suppliers in the mainland of China	Suppliers	159	180
Number of suppliers from Hong Kong, Macao, Taiwan and overseas regions	Suppliers	7	7

Note 1: [Statistical scope] The statistical scope for suppliers included the Group Company, Hongyuan Futures, Hongyuan Huifu, Hongyuan Huizhi, and the headquarters of Shenwan Hongyuan Securities. Only the number of suppliers that the Company collaborated with through centralized procurement was included in this count.

Rural Revitalization and Social Contribution Performance Indicators

Indicator	Unit	2022	2023	2024
Total assistance funds ¹	RMB10,000	5,015.20	4,346.10	4,359.54
Investment in rural revitalization	RMB10,000	—	—	3,928.40
Number of people reached by rural revitalization	Persons	—	—	250,650
Number of employee participations in volunteering ²	Person-Times	—	854	1,121
Hours contributed to volunteering by employees	Hours	—	140	1,396

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

Note 2: In 2023, the statistical scope for the number of employee volunteer service person-times and total duration was the Company's support office. In 2024, the statistical scope for these figures was the Company's labor union.

Energy Consumption and Greenhouse Gas Emission Performance Indicators¹

Indicator	Unit	2022	2023	2024
Natural gas consumption ²	m ³	119,840.99	112,592.00	162,248.80
Total natural gas consumption per capita	m ³ /person	10.70	9.54	14.37
Gasoline consumption	Liters	63,413.00	86,931.59	65,524.84
Total electricity consumption	MWh	18,067.20	23,249.91	20,656.51
Electricity consumption of the Company's headquarters in the office building in Beijing	MWh	644.25	3,072.74	3,219.15
Electricity consumption per capita	MWh/person	1.61	1.97	1.83
Greenhouse gas emissions (Scope 1 and Scope 2) ³	Tons of CO ₂ equivalents	10,830.21	13,776.55	11,666.98
Scope 1 GHG emissions	Tons of CO ₂ equivalents	429.90	442.90	498.19
Scope 2 GHG emissions	Tons of CO ₂ equivalents	10,400.31	13,333.65	11,168.79
Scope 3 GHG emissions ⁴	Tons of CO ₂ equivalents	2,213.07	17,286.79	4,618.80
GHG emissions per capita (Scope 1 and Scope 2)	Tons of CO ₂ equivalents / person	0.97	1.17	1.03
Energy consumption ⁵	Tons of standard coal	—	—	2,827.65
Direct energy consumption	Tons of standard coal	—	—	287.15
Indirect energy consumption	Tons of standard coal	—	—	2,540.50
Energy consumption per capita	Tons of standard coal/ person	—	—	0.25

Note 1: [Statistical scope] In 2022, the statistical scope for natural gas consumption, gasoline consumption, and total electricity consumption included the Group Company and its subsidiaries (including headquarters and branches, excluding the business departments of Hongyuan Futures) within the scope of consolidated financial statements. Starting from 2023, the statistical scope has been expanded to align with the consolidated financial statements. Gasoline consumption includes both gasoline consumption in mainland China and unleaded gasoline consumption in Hong Kong. For some subsidiaries and branches, electricity expenses are included in property fees and cannot be separately accounted for, so their energy consumption and greenhouse gas emission data are estimated.

Note 2: In 2024, due to heating system upgrades in some subsidiaries and an increase in the number of cafeteria diners, natural gas consumption saw a significant increase.

Note 3: Based on the nature of the Company's business, Scope 1 GHG emissions include direct emissions from natural gas consumption and gasoline consumption by Company-owned vehicles. The calculation method follows the HKEX's *How to prepare an ESG Report - Appendix 2: Reporting Guidance on Environmental KPIs (May 2021)* and the "Global Protocol for Community-Scale Greenhouse Gas Emission Inventories (GPC) 2.0" published by the World Resources Institute. Scope 2 GHG emissions include indirect emissions from purchased electricity. In 2022 and 2023, the emission factors referenced the *Notice on Proper Management of the Reporting of Greenhouse Gas Emissions by Power Generation Enterprises in 2023-2025* issued by the Ministry of Ecology and Environment (MEE), and HKEX's *How to prepare an ESG Report - Appendix 2: Reporting Guidance on Environmental KPIs (May 2021)*. In 2024, GHG emission factors were based on the *Announcement on the 2022 Electricity Carbon Emission Factors* issued by the Ministry of Ecology and Environment (MEE) and the National Bureau of Statistics in December 2024, as well as HKEX's *How to Prepare an ESG Report Appendix 2: Environmental KPIs Reporting Guide (May 2021)*.

Note 4: In 2022, Scope 3 GHG emissions included employee business travel, estimated using the Greenhouse Gas Protocol Scope 3 Calculation Tool. The statistical scope covered the Group Company and its subsidiaries, including Hongyuan Futures, Hongyuan Huizhi, and Hongyuan Huifu. In 2023, Scope 3 GHG emissions included both employee business travel and employee commuting. The statistical scope for business travel expanded to the Group Company and its subsidiaries, including the headquarters of Shenwan Hongyuan Securities, Hongyuan Futures, Hongyuan Huizhi, and Hongyuan Huifu. The statistical scope for employee commuting was the same as the scope of the consolidated financial statements and estimated from an employee commuting sample survey. The calculation methodology referenced the *The Greenhouse Gas Protocol: Corporate Accounting and Reporting Standard* and the *The Greenhouse Gas Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard*. In 2024, Scope 3 GHG emissions included employee business travel. The statistical scope covered the Group Company and its subsidiaries, including Hongyuan Futures, Hongyuan Huizhi, Hongyuan Huifu, Shenwan Hongyuan Securities and its subsidiaries, including the Shenwan Hongyuan Financing Services, Shenwan Hongyuan Securities (Western), Shenyin & Wanguo Investment, Shenyin & Wanguo Alternative Investment, SWS MU, SWHYHK, Shenwan Hongyuan Asset Management, and International Group.

Note 5: Total energy consumption includes natural gas, gasoline used by the Company's vehicles, and purchased electricity consumption. The conversion factor to standard coal and the calculation method are based on the *GB/T 2589-2020 General Rules for Calculating Comprehensive Energy Consumption*.

Water Resources Consumption Performance Indicators¹

Indicator	Unit	2022	2023	2024
Total water consumption ²	Tons	133,495.84	242,471.46	178,183.01
Water consumption of the office building in Beijing	Tons	16,571.00	18,703.00	18,298.00
Water consumption per capita	Tons/ person	11.92	23.47	15.78

Note 1: [Statistical scope] The statistical scope of water consumption related indicators in 2022 was the Group Company and subsidiaries (including the headquarters and subsidiaries, excluding the business departments of Hongyuan Futures) within the scope of the consolidated financial statements. The water charges of some subsidiaries and branches cannot be included in the property fee, so their water resources consumption data is estimated. Starting from 2023, the statistical caliber of water consumption indicators has been expanded to align with the consolidated financial statements. For some subsidiaries and branches, water expenses are included in property fees and cannot be separately accounted for, so their water consumption data is estimated. In 2024, the overall water consumption of the Company decreased due to a reduction in water consumption by certain branches.

Note 2: The Company is primarily engaged in financial services, and its office water supply comes from municipal water sources. In the table above, the Company's water consumption is calculated based on municipal water intake.

Waste-related Performance Indicators¹

Indicator	Unit	2022	2023	2024
Total amount of non-hazardous wastes	Tons	153.26	226.52	243.42
Non-hazardous wastes by category: Waste paper	Tons	1.26	7.03	2.71
Non-hazardous wastes by category: Household waste (including kitchen waste)	Tons	152.00	218.80	240.30
Non-hazardous wastes by category: Selenium toner cartridge	Tons	—	0.69	0.41
Total amount of non-hazardous wastes per capita	Tons/person	—	—	0.08

Note 1: [Statistical scope] The statistical scope of waste-related indicators in 2022 covered the headquarters of the Group Company and its subsidiaries including Hongyuan Huifu, Hongyuan Huizhi, and the headquarters of Hongyuan Futures, while which was expanded to the headquarters of the Group Company and its subsidiaries in 2023, including Shenwan Hongyuan Securities, Hongyuan Huifu, Hongyuan Huizhi, and the headquarters of Hongyuan Futures.

Honors and Awards

Awardee	Award	Awarding Organization
Group Company	Outstanding Fixed-Income Product Issuer	Shenzhen Stock Exchange
	2024 Best Investor Relations Management Practice Case for Chinese Listed Companies	China Association for Public Companies
	2024 Outstanding Corporate Culture Practice Case for Listed Companies	China Association for Public Companies
	2024 Best Rural Revitalization Practice Case for Listed Companies	China Association for Public Companies
	2024 Best Sustainable Development Practice Case for Listed Companies	China Association for Public Companies
	2024 Board Secretary Performance Evaluation (4A Rating)	China Association for Public Companies
	2024 Outstanding Board of Directors Practice Case for Listed Companies	China Association for Public Companies
	2024 Best Board Office Practice Case for Listed Companies	China Association for Public Companies
	2024 ESG Golden Bull Award	China Securities Journal
	19th China Listed Companies Board "Golden Roundtable Award" - Outstanding Board & Most Innovative Board Secretary	Boardroom Magazine
	20th New Fortune Gold Medal Board Secretary	New Fortune
	7th New Fortune Best IR Hong Kong-listed Company	New Fortune
	Outstanding Organization Award	China Financial Ideological Front
	7th China Excellence IR Awards - Best Innovation Practice, Best Capital Market Communication, Best Leadership Award	Roadshow
	Second Prize of 2023 Annual FinTech Development Award	People's Bank of China
Shenwan Hongyuan Securities	TOP 30 Most Active Financial Service Institutions in China's Biopharmaceutical Industry	Ministry of Science and Technology of the People's Republic of China, Shanghai Municipal People's Government
	2024 Global Best Poverty Reduction Case	Ministry of Agriculture and Rural Affairs of the People's Republic of China
	"Excellence" Rating for 2023-2024 National Securities and Futures Investor Education Base, Popular Financial Education Work of the Year, "Excellence" Rating for Investor Education	China Securities Regulatory Commission
	Pioneer STAR Market Stock Market Maker, 2023 Excellent Options Market Maker, 2023 Contribution Award for New Options Varieties, 2023 Excellent Bond Market Maker	Shanghai Stock Exchange
	Outstanding Market Maker for Interest Rate Bonds (Category A), Outstanding Intermediary Institution for Product Innovation, Outstanding Underwriting Institution for Interest Rate Bonds, Outstanding Proprietary Bond Investment Institution (Securities Firms), Outstanding Bond Investment Institution (Securities Asset Management), Outstanding Bond Market Making Institution, Outstanding Participant in Credit Protection Instruments, Outstanding ETF Marketing Institution of 2023, Outstanding ETF Liquidity Provider of 2023	Shenzhen Stock Exchange
	2023 Securities Company Cultural Development Annual Report, Investor Education Category A	Securities Association of China

Awardee	Award	Awarding Organization
Shenwan Hongyuan Securities	Ranked no.1 in green bond issuance amount, tied for no.5 in number of issues; ranked no.1 in "belt and road" bond issuance amount, tied for no.2 in number of issues; ranked tied for no.1 in low-carbon transition bond issuance amount, tied for no.2 in number of issues; ranked no.6 in technology innovation bond issuance amount, no.10 in number of issues; ranked no.16 in private enterprise bond issuance amount, tied for no.9 in number of issues; ranked no.4 in rural revitalization bond issuance amount, tied for no.2 in number of issues	Securities Association of China
	Platinum Award for Industrial Silicon Options Market Maker, Silver Award for Lithium Carbonate Options Market Maker	Guangzhou Futures Exchange
	2023 Excellent Treasury Futures Trading Team (Proprietary Trading Category), "People's Finance · Building New Achievements Through Learning" Excellence Organization Award	China Financial Futures Exchange
	2023 Market Influence Institution of the Year, 2023 Market Innovation Business Institution	China Foreign Exchange Trade System
	2023 Innovation Leadership Pioneer Institution Award	ChinaBond Financial Valuation Center
	Best Bond Underwriter, Best Financial Bond Underwriter, Best Credit Bond Underwriter, Best Corporate Bond Underwriter, Best Industrial Bond Underwriter	Wind
	Model Site for Learning from Lei Feng in the Financial System, Model of Learning from Lei Feng in the Financial System	China Financial Ideological Front
	Institutional Brokerage Jun Ding Award, Wealth Brokerage Digital Practice Case Jun Ding Award	Securities Times
	China's Best Futures IB Securities Institution	Securities Times
	Top 10 Golden Bull Securities Companies, Golden Bull Award for Securities FinTech, "Golden Bull ETF Ecosystem Excellence in Liquidity Services" Award, Golden Bull Award for Securities Industry ESG	China Securities Journal
	Best Investor Education Award	CLS
	Best Investment Advisory Team Award, Best Excellence Organization Award, Best Debt Underwriting Investment Bank, Best ESG Practice Investment Bank	New Fortune
	2023 National Rural Revitalization Excellence Case	Xinhua Net
	Best Bond Underwriter Award	National Business Daily
	2024 Service National Strategy First Prize, Multiple Awards in Financial Staff Essay Competition (First, Second, Third Prizes, Excellence Awards, Excellence Organization Award)	Shanghai Finance
	Top 10 Classic Cases of Rural Development Innovation Practice	China Social Work Federation
	2023 Outstanding Contribution Unit for Women's Public Welfare	China Women's Development Foundation
Hongyuan Futures	2023 Outstanding Contribution to Rural Revitalization Award	Mengla County Bureau of Science, Technology and Industry Information, Yunnan Province
	Outstanding Member Gold Award, Market Promotion Award	China Financial Futures Exchange
	2023 Outstanding Member Award, Investor Education Award, 2023 "Insurance + Futures" Excellent Project Award, Best Promotion Award	Zhengzhou Commodity Exchange
	Dalian Commodity Exchange Distinguished Member Award	Dalian Commodity Exchange

Awardee	Award	Awarding Organization
Hongyuan Futures	Outstanding Member Award, Energy and Chemical Industry Service Award, Nonferrous Metals Analyst Award, Rising Star Analyst Award	Shanghai Futures Exchange
	2023 "Excellent Case Library" of Futures Investor Education by the China Futures Association	China Futures Association
	Outstanding Investor Education Award at the 18th National Futures (Options) Real Trading Competition	Futures Daily
Shenwan Hongyuan Financing Services	2023 Third Prize for Financial Technology Development	The People's Bank of China
	Best A-share IPO Underwriter, Best Beijing Stock Exchange Equity Underwriter, Best NEEQ Lead Sponsor, Best M&A Financial Advisor in China	Wind
	Top Local Investment Bank, Best Equity Underwriting Investment Bank, Best Corporate Bond Investment Bank, Best IPO Investment Bank, Overseas Market Capability Award, Technology & Smart Manufacturing Industry Award, Best ESG Practice Investment Bank	New Fortune
	Golden Bull Investment Banking Team Award	China Securities Journal
	China Securities Industry Golden Sponsor Representative Award, China Securities Industry Investment Banker Jun Ding Award, China Securities Industry All-Round Investment Banking Award	Securities Times
	Most Influential Research Institution, Local Gold Medal Research Team, 8th in Consumer Industry Research, 5th in Financial Industry Research, 4th in Energy & Materials Research, 7th in Technology Industry Research, Best Beijing Stock Exchange Research Team, Best ESG Practice Research Institution	New Fortune
SWS Research	Golden Bull Best Research Institution Award	China Securities Journal
	Most Influential Institution	Shanghai Securities News
	Best Institution for Innovation and Entrepreneurship Development, Best Chief Economist for High-Quality Development, Overseas Investment Excellence Award, Influential Securities Research Institute	21st Century Business Herald
	Best Research Institution, Most Prestigious Research Institution	Sina Finance
	Golden Wing Award for "Outstanding Service Brand"	Shanghai Federation of Modern Service Industries
Shenyin & Wanguo Investment	Top 50 Private Equity Investment Institutions in China's Equity Investment Industry	36 Kr
Shenyin & Wanguo Alternative Investment	2024 Innovation Award for Property Rights Trading	Shanghai United Assets and Equity Exchange
SWHYHK	Outstanding Bond Underwriter in Macao Bond Market	Macao Central Securities Depository and Clearing Limited (MCSD)
	Annual Dim Sum Bond Best Underwriter Award	China Securities Credit Technology Co., Lt. (DMI)

Awardee	Award	Awarding Organization
Shenwan Futures	China Best Futures Company, China Futures Company Gold Medal Management Team, China Gold Medal Futures Research Institute, Best Futures Research Team, China Innovative Pioneer Futures Company Jun Ding Award, China Outstanding Rural Revitalization Futures Company Jun Ding Award, Best Rural Revitalization Service and Social Responsibility Public Welfare Award, China Futures Company Gold Medal Management Team Best Public Opinion Management and Corporate Brand Building Award	Futures Daily
	Distinguished Member Award, Institutional Service Excellence Award	Dalian Commodity Exchange
	2023 Outstanding Member Gold Award, Technology Guardian Pioneer Award, Shipping Industry Service Award, Nonferrous Industry Service Award, Energy and Chemical Industry Service Award, Options Market Service Award, "Strengthening Support for Enterprises" Contribution Award	Shanghai Futures Exchange
	2023 Outstanding Member Award	Guangzhou Futures Exchange
	Risk Management Service Award (Stock Index Futures Category), 2023 Platinum Outstanding Member Award	China Financial Futures Exchange
	2023 Most Promising Futures Company in China's Insurance Asset Management Industry	Insurance Asset Management Association of China
	Rural Revitalization Pioneer Award	Securities Star
	Outstanding Member Award, Institutional Service Excellence Award, 2023 "Insurance + Futures" Excellent Project Award, Best Payout Award, Best Promotion Award, Options Market Service Award, Client Management Award, Textile Industry Service Award, Chemical Industry Service Award	Zhengzhou Commodity Exchange
Shenwan Hongyuan Asset Management	5-Year Golden Bull Asset Management Award for Securities Firms, 1-Year Equity Long-Only Golden Bull Asset Management Plan Award	China Securities Journal
	Asset Management Equity Team Jun Ding Award, Asset Management Fixed-Income Team Jun Ding Award, Asset Management Quantitative Team Jun Ding Award, Asset Management ABS Team Jun Ding Award	Securities Times
	Outstanding Fixed-Income Team in Securities Asset Management Golden Hazel Award	CLS

Report Index

Index of Self-Regulatory Guidelines No. 17 for Companies Listed on Shenzhen Stock Exchange – Sustainability Report
(For Trial Implementation)

Disclosure Requirements	Sections
Climate response	Responding to Climate Change
Pollutant discharge	The Company's main businesses include corporate finance, personal finance, institutional services and trading, investment management, and other financial services. Neither the Company nor its significant subsidiaries have been included in the list of enterprises required to disclose environmental information legally; therefore, this issue is not applicable.
Waste disposal	Waste Management
Ecosystem and biodiversity protection	The Company's main businesses include corporate finance, personal finance, institutional services and trading, investment management, and other financial services. The Company's production and business activities have no significant impact on ecosystems and biodiversity.
Environmental compliance management	Responding to Climate Change
Energy utilization	Responding to Climate Change
Water resources utilization	Water Resources Management
Circular economy	Waste Management
Rural revitalization	Promoting Rural Revitalization
Social contributions	Social Welfare
Innovation	Advancing the "Five Key Areas of Finance"
Ethics of science and technology	The Company mainly engages in the development and application of financial technology. It ensures compliance with scientific ethics standards during financial technology innovation activities. The specific situation has been incorporated into the sections on Advancing the "Five Key Areas of Finance" and Data Security and Privacy Protection.
Supply chain security	Responsible Procurement
Equal treatment of SMEs	At the end of 2024, the Company's balance of accounts payable was approximately RMB 33.3 billion. As a financial industry enterprise, the balance of accounts payable primarily consists of client deposits rather than amounts owed to suppliers. There is no substantial risk regarding equal treatment of small and medium-sized enterprises.
Product and service safety and quality	Optimizing Financial Services
Data security and customer privacy	Data Security and Privacy Protection
Employees	Talent Attraction and Retention Employee Training and Development Employee Health and Care Regarding the purchase of workplace safety and health liability insurance, since the company does not fall within the high-risk industry sectors defined as required to purchase such insurance under the "Implementation Measures for Workplace Safety and Health Liability Insurance," it has not yet insured its employees against workplace safety and health liabilities.
Due diligence	Materiality Assessment
Stakeholder engagement	Materiality Assessment
Anti-commercial bribery and anti-corruption	Regulated Business Practices
Fair competition	Regulated Business Practices

Self-disclosure Issues	Sections
Serving National Strategy and Supporting the Real Economy	Building China into a Financial Power: Actively Serving the National Strategies
Developing Green Finance	Developing Green Finance
Comprehensive Risk Management	Comprehensive Risk Management
Compliance and Internal Control Management	Compliance and Internal Control Management
Devoting to Responsible Investment	Implementing Responsible Investment
Investor Education	Investor Education
Driving Reforms and Development of the Capital Market	Boosting the Reform of Capital Market
Enhancing Corporate Governance	Strengthening Corporate Governance
ESG Risk Management	Comprehensive Risk Management

Index of the Guidelines of Self-regulation of Companies Listed on Shenzhen Stock Exchange No. 1 –Standard Operation (Revised in December 2023)

Disclosure Advice		Sections
8.1 Overview		Building China into a Financial Power: Actively Serving the National Strategies Putting Customers First: Enhancing the Quality of Financial Services Serving "Carbon Peaking and Carbon Neutrality" Objectives: Actively Responding to Climate Change Moving Forward Together: Creating a Diverse and Inclusive Workplace
8.2 Operating principles		Regulated Business Practices Optimizing Financial Services
8.3 CSR planning and work mechanism		ESG Governance and Strategy
8.4 CSR disclosure		Meet the Requirements
8.5 Employee rights protection		Moving Forward Together: Creating a Diverse and Inclusive Workplace
8.6 (i)	Comply with environmental protection laws, regulations, and industry standards	Responding to Climate Change Environmental Responsibility
8.6 (ii)	Environmental protection Program	Responding to Climate Change Environmental Responsibility
8.6 (iii)	Nature resources utilization	Responding to Climate Change Environmental Responsibility
8.6 (iv)	Pollutant disposal	Not applicable
8.6 (v)	Anti-pollution measures and equipment	Not applicable
8.6 (vi)	Payment of environment-related taxes and charges	Not applicable
8.6 (vii)	Supply chain environmental security	Not applicable

	Disclosure Advice	Sections
8.6 (viii)	Other environmental protection responsibilities	Responding to Climate Change Environmental Responsibility
8.7 (i)	Environmental policy, objectives and results	Responding to Climate Change Environmental Responsibility
8.7 (ii)	Annual consumption of resources	ESG Data Tables and Notes
8.7 (iii)	Environmental investment and development of environmental technologies	Responding to Climate Change Environmental Responsibility
8.7 (iv)	Pollutant Emission Management	Not applicable
8.7 (v)	Construction and operation of environmental protection facilities	Responding to Climate Change Environmental Responsibility
8.7 (vi)	Waste treatment and disposal, upcycling of waste products	Waste Management ESG Data Tables and Notes
8.7 (vii)	Voluntary Agreements with Environmental Authorities	Not applicable
8.7 (viii)	Environmental Awards	Not applicable
8.7 (ix)	Other Voluntary Disclosures	Responding to Climate Change Environmental Responsibility
8.8 Environmental Policy Implementation and Corrective Actions		Responding to Climate Change
8.9 Environmental Information Disclosure		Not applicable
8.10 (i)	Product Safety Laws and Industry Standards	Not applicable
8.10 (ii)	Production Environment and Processes	Not applicable
8.10 (iii)	Product Quality Assurance and Emergency Response Plans	Not applicable
8.10 (iv)	Other Production and Product Safety Responsibilities	Not applicable
8.11 (i)	Employee Management Policy and Disciplinary Actions	Talent Attraction and Retention
8.11 (ii)	Prevention of Occupational Hazards and Supporting Safety Measures	Employee Health and Care
8.11 (iii)	Employee Training	Employee Training and Development
8.11 (iv)	Other Employee Protection Responsibilities	Employee Health and Care
8.12 Scientific Ethics		Not Applicable
8.13 CSR Content		Meet the Requirements

Index of *Environmental, Social and Governance Reporting Guide (Effective on December 31, 2023)* on Hong Kong Stock Exchange

Part B: Mandatory Disclosure Requirements

Mandatory Disclosure Items	Sections
Governance Structure	ESG Governance and Strategy
Reporting Principles	About this Report
Reporting Boundary	About this Report

Part C: "Comply or explain" Provisions

Subject Areas, Aspects, General Disclosures and KPIs	Sections	Subject Areas, Aspects, General Disclosures and KPIs	Sections
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A1.1	ESG Data Tables and Notes	B4.2	Talent Attraction and Retention
A1.2	ESG Data Tables and Notes	Operating Practices	
A1.3	ESG Data Tables and Notes	B5. Supply Chain Management	Responsible Procurement
A1.4	ESG Data Tables and Notes	B5.1	Responsible Procurement
A1.5	Waste Management	B5.2	Responsible Procurement ESG Data Tables and Notes
A1.6	Waste Management	B5.3	Responsible Procurement
A2. Resource Use	Responding to Climate Change Environmental Responsibility ESG Data Tables and Notes	B5.4	Responsible Procurement
A2.1	ESG Data Tables and Notes	B6. Product Responsibility	Advancing the "Five Key Areas of Finance" Optimizing Financial Services
A2.2	ESG Data Tables and Notes		The Company's products are financial products which are not applicable for this indicator
A2.3	Responding to Climate Change Water Resources Management	B6.1	Advancing the "Five Key Areas of Finance" Optimizing Financial Services
A2.4	Water Resource Management	B6.2	Regulated Business Practices
A2.5	The Company's products are financial products which are not applicable for this indicator	B6.3	The Company's products are financial products which are not applicable for this indicator
A3. The Environment and Natural Resources	Environmental Responsibility	B6.4	Data Security and Privacy Protection
A3.1	Environmental Responsibility	B7. Anti-corruption	Regulated Business Practices
A4. Climate Change	Responding to Climate Change	B7.1	ESG Data Tables and Notes
A4.1	Responding to Climate Change	B7.2	Ethical Business Conduct
B. Social		B7.3	Regulated Business Practices
Employment and Labor Practices		Community	
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B1.1	ESG Data Tables and Notes	B8.1	Promoting Rural Revitalization Social Welfare ESG Data Tables and Notes
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B2.1	ESG Data Tables and Notes		
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B2.3	Employee Health and Care		
B3. Development and Training	Employee Training and Development		
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B3.2	ESG Data Tables and Notes		

GRI Content Index

Statement of Use	Shenwan Hongyuan Group has prepared this report with reference to the GRI Standards, covering the period between January 1 and December 31, 2024.	
GRI 1 Used	GRI 1: Foundation 2021	
GRI Standard	Disclosure	Sections
General Disclosures		
GRI 2: General Disclosures 2021	2-1	About Shenwan Hongyuan Group
	2-2	About this Report
	2-3	About this Report
	2-4	About this Report
	2-5	Independent Assurance Report
	2-6	About Shenwan Hongyuan Group
	2-7	Moving Forward Together: Creating a Diverse and Inclusive Workplace
	2-8	Moving Forward Together: Creating a Diverse and Inclusive Workplace
	2-9	ESG Governance and Strategy
	2-10	Strengthening Corporate Governance
	2-11	Strengthening Corporate Governance
	2-12	ESG Governance and Strategy Strengthening Corporate Governance
	2-13	ESG Governance and Strategy Strengthening Corporate Governance
	2-14	ESG Governance and Strategy
	2-22	ESG Governance and Strategy
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	GRI 3: Material Issues 2021	3-1
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Economy		
GRI 201: Economic Performance 2016	201-1	ESG Data Tables and Notes
	201-2	Serving "Carbon Peaking and Carbon Neutrality" Objectives: Actively Responding to Climate Change
GRI 203: Indirect Economic Impacts 2016	203-1	Building China into a Financial Power: Actively Serving the National Strategies Serving "Carbon Peaking and Carbon Neutrality" Objectives: Actively Responding to Climate Change
	203-2	
GRI 205: Anti-corruption 2016	205-1	Regulated Business Practices
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GRI Standard	Disclosure	Sections
Environment		
GRI 302: Energy 2016	302-1	Responding to Climate Change ESG Data Tables and Notes
	302-2	
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GRI 303: Water and Effluents 2018	303-1	Water Resources Management ESG Data Tables and Notes
	303-2	
	303-3	
GRI 305: Emissions 2016	305-1	Responding to Climate Change ESG Data Tables and Notes
	305-2	
	305-3	
	305-4	
	305-5	
GRI 306: Waste 2020	306-1	Waste Management ESG Data Tables and Notes
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Society		
GRI 401: Employment 2016	401-1	ESG Data Tables and Notes
	401-2	
GRI 403: Occupational Health and Safety 2018	403-1	Employee Health and Care ESG Data Tables and Notes
	403-2	
GRI 404: Training and Education 2016	404-1	Employee Training and Development ESG Data Tables and Notes
	404-2	
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GRI 405: Diversity and Equal Opportunity 2016	405-1	Talent Attraction and Retention ESG Data Tables and Notes
GRI 406: Non-discrimination 2016	406-1	Talent Attraction and Retention
GRI 408: Child Labor 2016	408-1	Talent Attraction and Retention
GRI 409: Forced or Compulsory Labor 2016	409-1	Talent Attraction and Retention
GRI 417: Marketing and Labeling 2016	417-1	Optimizing Financial Services Responsible Marketing
	417-2	
	417-3	
GRI 418: Customer Privacy 2016	418-1	Data Security and Privacy Protection ESG Data Tables and Notes

Independent Assurance Report



Independent Practitioner's Limited Assurance Report

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

Report on selected information in Shenwan Hongyuan Group Co., Ltd.(hereafter referred to as the "Shenwan Hongyuan")'s 2024 Sustainability / Environmental, Social and Governance Report (hereafter referred to as the "ESG Report") as of and for the year ended 31 December 2024. This English version is a translation, should there be inconsistency between the English edition and the Simplified Chinese edition, the Simplified Chinese edition shall prevail.

Conclusion

We have performed a limited assurance engagement on the following selected key performance information in Shenwan Hongyuan's ESG Report as of and for the year ended 31 December 2024 (hereafter referred to as "the assured performance information"):

The assured performance information	Point in time or period subject to assurance
Total number of employees (the Group's headquarters) (persons)	As of 31 December 2024
Total number of female employees (the Group's headquarters) (persons)	As of 31 December 2024
Total number of new employees (the Group's headquarters) (persons)	As of 31 December 2024
Electricity consumption of the Company's headquarters in the office building in Beijing (MWh)	For the year ended 31 December 2024
Total assistance funds (RMB 10 thousand yuan)	For the year ended 31 December 2024



Based on the procedures performed and evidence obtained, nothing has come to our attention to cause us to believe that Shenwan Hongyuan's assured performance information as of and for the year ended 31 December 2024 is not prepared, in all material respects, in accordance with basis set out in the appendix to this report.

Our conclusion on the assured performance information does not extend to any other information that accompanies or contains the assured performance information and our report (hereafter referred to as "other information"). We have not performed any procedures as part of this engagement with respect to the other information.

Basis for conclusion

We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Board (IAASB). Our responsibilities under this standard are further described in the "Our responsibilities" section of our report.

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

Our firm applies International Standard on Quality Management (ISQM) 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements, issued by the IAASB. This standard requires the firm to design, implement and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Other matter

The assured performance information as of and for the year ended 31 December 2023 was not subject to our limited assurance engagement and, accordingly, we do not express a conclusion or provide any assurance on such information.

Our conclusion is not modified in respect of this matter.

Restriction on use

This report is made solely to you, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Our conclusion is not modified in respect of this matter.



Responsibilities for the assured performance information

The directors of Shenwan Hongyuan are responsible for:

- designing, implementing and maintaining internal control relevant to the preparation of the assured performance information that is free from material misstatement, whether due to fraud or error;
- selecting or developing suitable criteria for preparing the assured performance information and appropriately referring to or describing the criteria used; and
- preparing the assured performance information in accordance with the Basis of Preparation.

The those charged with governance is responsible for supervising the reporting process of performance information verified by Shenwan Hongyuan.

Inherent limitations

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

Our responsibilities

We are responsible for:

- planning and performing the engagement to obtain limited assurance about whether the assured performance information is free from material misstatement, whether due to fraud or error;
- forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained; and
- reporting our conclusion to the directors of Shenwan Hongyuan.

Summary of the work we performed as the basis for our conclusion

We exercised professional judgment and maintained professional skepticism throughout the engagement. We designed and performed our procedures to obtain evidence about the assured performance information that is sufficient and appropriate to provide a basis for our conclusion. Our procedures selected depended on our understanding of the assured performance information and other engagement circumstances, and our consideration of areas where material misstatements are likely to occur. We do not conduct our work to express an opinion on the effectiveness of Shenwan Hongyuan's internal controls. Within our work scope, the assurance procedures were implemented at the headquarter of Shenwan Hongyuan Group. In carrying out our engagement, we:



- 1) Interviewing with relevant departments of Shenwan Hongyuan engaged to provide the assured performance information;
- 2) Implementing analytical procedures on the assured performance information;
- 3) Conducting sampling inspection on the assured performance information; and
- 4) Performing recalculation.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.



KPMG Huazhen LLP

Beijing, China

28 March 2025

Appendix: Basis

The following standards are prepared in accordance with the requirements of Appendix C2 Environmental, Social and Governance (ESG) Reporting Guide to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Total number of employees (the Group's headquarters) (persons): It refers to the total number of all formal and on-the-job employees under employment contracts at Shenwan Hongyuan Group headquarters as of 31 December 2024 included in the term total number of employees disclosed in the ESG Report.

Total number of female employees (the Group's headquarters) (persons): It refers to the total number of all formal and on-the-job female employees under employment contracts at Shenwan Hongyuan Group headquarters as of 31 December 2024 included in the term total number of female employees disclosed in the ESG Report.

Total number of new employees (the Group's headquarters) (persons): It refers to the total number of all formal and on-the-job new employees under employment contracts at Shenwan Hongyuan Group headquarters as of 31 December 2024 included in the term total number of new employees disclosed in the ESG Report.

Electricity consumption of the Company's headquarters in the office building in Beijing (MWh): The term Electricity consumption of the Company's headquarters in the office building in Beijing disclosed in the ESG Report refers to the amount of electricity consumed by Shenwan Hongyuan Headquarters Office Beijing for the year ended 31 December 2024.

Total assistance funds (RMB 10 thousand): The term total assistance funds disclosed in the ESG Report refers to the total sum of assistance funds donated by Shenwan Hongyuan and its subsidiaries for the year ended 31 December 2024.



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