



东方证券

— D F Z Q —

*(A joint stock company incorporated in the People's Republic of China
with limited liability under the Chinese corporate name "东方证券股份有限公司"
and carrying on business in Hong Kong as "東方證券" (in Chinese) and "DFZQ" (in English))*

Stock code: 03958



2024 Environmental, Social And Governance Report

DFZQ 2024 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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STATEMENT OF THE BOARD ON ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) MANAGEMENT

In early 2025, the CSRC formulated the “Implementation Opinions on the Capital Market’s Efforts in the ‘Five Major Articles’ of Finance (《關於資本市場做好金融“五篇大文章”的實施意見》)”, further promoting the concentration of critical resources in major strategies, key sectors, and weak areas, including technological innovation, advanced manufacturing, green and low-carbon development, and inclusive social welfare. DFZQ adhered to the original intention of “Serving the Country with Finance and Serving the People with Finance”, earnestly advanced the capital markets’ efforts to fulfill the ‘Five Major Articles’ of finance, thereby supporting the modernization of China and the high-quality development of its economy and society.

Upholding the idea of “Enjoying Beautiful Life”, DFZQ strives to provide high-quality and comprehensive financial services to create long-term value for stakeholders including shareholders, customers, employees, government and regulatory authorities, partners, and environmental community and others. The Company deeply implements the “Sustainable Development Plan of DFZQ”, continuously improves its governance structure for sustainable development and refines its management practices. By focusing on governance, economic, environmental, and social dimensions, the Company is driving the achievement of its sustainable development goals during the 14th Five-Year Plan period.

Solidifying the Foundation of Sustainable Development Management. The Company has established a top-down governance structure for sustainable development composed of “Decision-making Level – Management Level – Implementation Level”. The Board oversees all sustainable development matters, and relies on the Sustainable Development Committee under the operational management to drive the implementation of sustainable development initiatives. In 2024, the Company established a Green Finance Working Group based on the sustainable development working group at the Implementation Level to further refine the Company’s green finance strategies and institutional framework. Additionally, the Company focused on key areas such as anti-corruption, employee rights and development, and ESG risk management, updated and released ESG management policy documents, and steadily implemented the Company’s sustainable development plan.

Clarifying the Sustainable Development Working Mechanism. Materiality analysis serves as the starting point for the Company’s sustainable development management and information disclosure. In 2024, the Company upgraded its materiality analysis process and methodology, integrating approaches such as policy research, industry benchmarking, and expert judgment to update, screen, and assess material topics. This resulted in a list of 20 material topics, detailing the value chain segments where these topics have the most impact, the key stakeholders affected, and potential risks and opportunities, and prioritizing the disclosure of high-materiality topics. The materiality topic list, ranking, and reporting in this report have been considered and approved by the Company’s Board.

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Effectively improving the performance of sustainable development. In 2024, guided by its sustainable development plan, the Company advanced its initiatives across the four dimensions of governance, economy, environment, and society, steadily achieving its sustainable development goals. During the year, the Company achieved 100% coverage in performance evaluations for sustainability-related areas such as corporate cultural development and compliance risk management. In 2021–2024, the Company directed a total of over RMB470 billion of funds into the sustainable development sector, with an average annual growth rate of sustainable investment and financing scale during 2021 to 2024 of over 10%. Compared with the base year 2021, the total Scope 1 and Scope 2 greenhouse gas emissions of the parent company decreased by 3,263.72 tons of carbon dioxide equivalent; in 2021–2024, the Group invested RMB114.03 million in public welfare in the social sector.

In 2024, the Company's performance in sustainable development was repeatedly recognized by international rating agencies. The Company earned a position in the China edition of the S&P Global Sustainability Yearbook 2024 for the first time, being one of only two securities companies included. The Company maintained its MSCI ESG rating of AA, ranking in the top 24% of global peers. The Company also received an A rating in the assessment of the Hang Seng A-Share Sustainability Index and was included in the Hang Seng A-Share Sustainability Index Series for the fourth consecutive year.

High-quality development is the primary task for building a modern socialist country in all respects and serves as a key guiding principle for securities companies in conducting their business. Guided by Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, the Company will accelerate reform, development, and innovative practices in key areas, critical tasks, and pilot initiatives, steadfastly serving as a bridge connecting industries and capital, leveraging financial strength to support enterprises, and striving to advance on the path toward becoming a top-tier modern investment bank.

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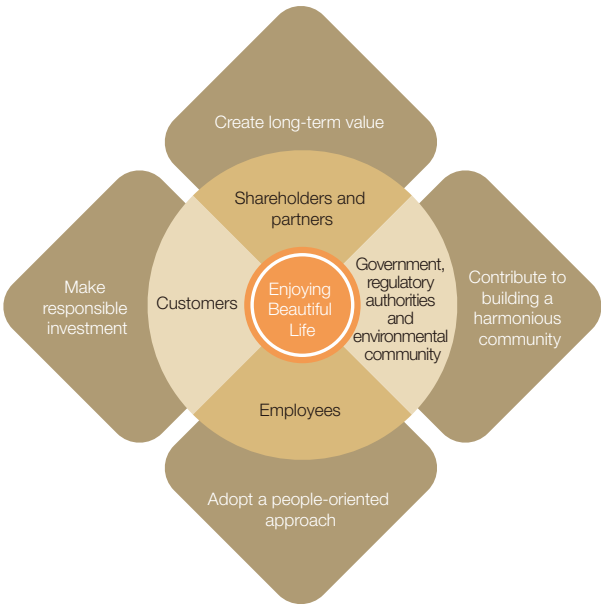
1. SUSTAINABLE DEVELOPMENT MANAGEMENT

1.1 Sustainable Development Governance and Strategies

1.1.1 Sustainable development philosophy

Upholding the idea of “Enjoying Beautiful Life”, DFZQ strives to provide high-quality and comprehensive financial services to create long-term value, make responsible investment, adopt a people-oriented approach and contribute to building a harmonious community, thereby generating sustainable and comprehensive value for stakeholders including shareholders, customers, employees, government and regulatory authorities, partners, and environmental community.

Sustainable Development Model of DFZQ



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Explanation of objectives and actions for sustainable development of DFZQ

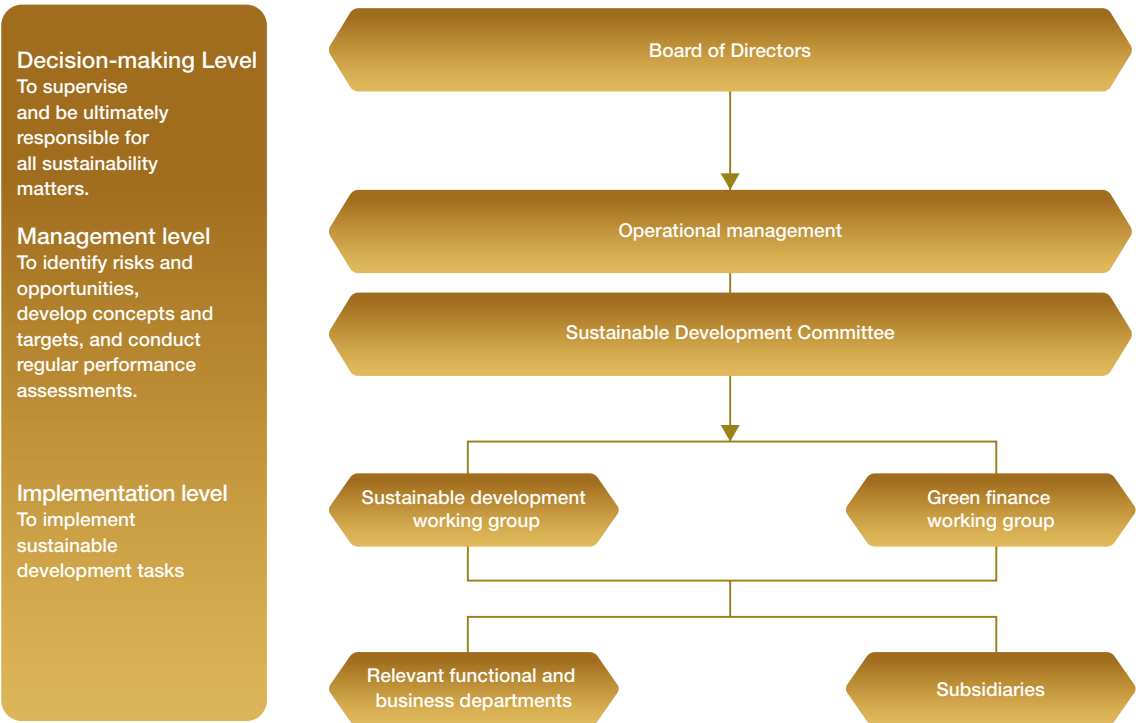
Stakeholders	Objectives	Actions
Shareholders and partners	Create long-term value	Through compliance management, honest operation and standardized governance, the Company will achieve stable development, provide long-term returns to shareholders and cooperate with shareholders, suppliers and partners to achieve a win-win situation.
Customers	Make responsible investment	The Company will fully utilize its advantages in comprehensive financial services to provide professional, efficient, caring and high-quality services to support the real economy and green industries, and contribute to achieving the national goals of peaking carbon emissions before 2030 and achieving carbon neutrality before 2060.
Employees	Adopt a people-oriented approach	The Company upholds a people-oriented and joint efforts “family” culture and builds a positive, inclusive, happy and energetic workplace to develop with its staff.
Government, regulatory authorities and environmental community	Contribute to building a harmonious community	The Company actively responds to the government’s call and the industry’s advocacy, proactively serves the national strategy, actively fulfills its social responsibility, promotes green operations, creates a more harmonious and better environmental community and supports sustainable social development.

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1.1.2 Sustainable development management structure

The Company integrates sustainable development into its corporate strategic development, and continues to improve the management structure and working mechanism related to sustainable development, and timely identifies and manages sustainable-related risks and opportunities with higher importance to promote the Company’s sustainable development.

Sustainable Development Governance Structure of DFZQ



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The ESG governance structure and management mechanism have laid a solid foundation for the Company to achieve sustainable development goals. In 2024, in line with the latest requirements for sustainable development management from the China Securities Regulatory Commission and stock exchanges, and the key concerns of ESG rating agencies, the Company updated and issued the Anti-Corruption Management Statement of DFZQ (《東方證券股份有限公司反腐敗管理聲明》), the Supplier Anti-Corruption Management Statement of DFZQ (《東方證券股份有限公司供應商反腐敗管理聲明》), the Employee Rights and Development Management Statement of DFZQ (《東方證券股份有限公司員工權益與發展管理聲明》) and the Environmental, Social and Governance (ESG) Risk Management Statement of DFZQ (《東方證券股份有限公司環境、社會及公司治理(ESG)風險管理聲明》), as well as formulated and issued the Statement on Exercising Voting Rights Externally by DFZQ (《東方證券股份有限公司對外行使投票表決權聲明》) and other ESG management system documents.

In 2024, the Sustainable Development Professional Committee of the Company convened two meetings, at which the Request for Establishing the Company's Green Finance Working Group (《關於成立公司綠色金融工作小組的請示》), the DFZQ ESG Risk Management Measures (《東方證券股份有限公司ESG 風險管理辦法》) and the DFZQ ESG Due Diligence Guidelines (《東方證券股份有限公司ESG 盡職調查指引》), among other proposals and statements, were reviewed and approved. These efforts continuously promote the progress of sustainable development work from a management perspective, steadily implementing the Company's sustainable development plan.

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1.1.3 Sustainable development plan and progress

In 2021, the Company issued the “DFZQ Sustainable Development Plan” to guide the Company’s direction of action for sustainable development during the period from 2021 to 2025. In 2024, the Company continued to promote sustainable development and implemented sustainable development objectives in the four major aspects of governance, economy, environment and society.


Governance: Establishing a target-oriented governance structure for sustainable development		
Our target	Progress in 2024	Corresponding to global sustainable development goals
<p>Achieve 100% sustainability performance appraisal coverage by 2025.</p> <p><i>Note:</i> Sustainability performance includes culture construction performance and corporate sustainability management performance, etc.</p>	<p>In 2024, in respect of sustainable development such as industry culture construction and compliance risk management, the Company's performance appraisal achieved 100% coverage.</p>	
Economy: Expanding the positive impact of financial services on the society and the environment		
Our target	Progress in 2024	Corresponding to global sustainable development goals
<p>During the “14th Five-Year Plan” period (2021–2025), we will channel RMB450 billion into sustainable development sector through investment and financing business, and maintain the average annual growth rate of sustainable investment and financing at a minimum of 9%.</p> <p><i>Note:</i> Statistics on sustainable investment and financing targets include investment and financing amounts in areas such as energy conservation and environmental protection, clean production, clean energy and green upgrading of infrastructure, which are the focus of support at the environmental level, as well as consolidating poverty alleviation achievements and facilitating rural revitalization at the social level. In particular, the sustainable investment amount represents the point-in-time data up to the end of 2025, and the sustainable financing amount represents the total amount from 2021 to 2025.</p>	<p>From 2021 to 2024, the Company actively directed the capital into the sustainable development sector through investment and financing business, and has directed a total of over RMB470 billion of funds into the sustainable development sector, with an average annual growth rate of sustainable investment and financing scale during 2021 to 2024 of over 10%.</p>	 

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Environment: Supporting the targets of “carbon peaking and carbon neutrality”

Our target	Progress in 2024	Corresponding to global sustainable development goals
<p>Strive to achieve carbon neutrality on direct operations by 2025;</p> <p>Strive to achieve net zero emissions from the investment portfolio by 2060.</p> <p><i>Note:</i> The Company’s 2025 carbon neutrality target for operating activities covers Scope 1 (including carbon emissions from the combustion of natural gas, petrol and diesel in its own vehicles), Scope 2 (including carbon emissions from purchased electricity), and part of Scope 3 (including carbon emissions from leased data centers and staff business travel).</p>	<ul style="list-style-type: none"> Compared with 2021, the total Scope 1 and Scope 2 greenhouse gas emissions of the parent company decreased by 3,263.72 tons of carbon dioxide equivalent. The Company considered energy replacement measures, increased the proportion of clean energy use, and promoted the evaluation of green power and green certificate procurement and application plans. For investment portfolio, the Company carried out climate scenario analysis for sample assets, and judged that the climate-related risks of the investment portfolio were basically controllable; the Company actively applied its responsible investment strategies, implemented ESG risk management system requirements, and started to develop an action plan to measure the carbon emission intensity of its investment portfolio. 	

Society: Working with partners to build a better society

Our target	Progress in 2024	Corresponding to global sustainable development goals
<p>During the “14th Five-Year Plan” period (2021–2025), DFZQ and its subsidiaries will invest over RMB100 million in social welfare, and the voluntary service coverage rate of employees will reach 30%.</p> <p><i>Note 1:</i> Investment in social welfare includes public welfare foundation expenditure and expenditure in rural revitalization and other public welfare projects.</p> <p><i>Note 2:</i> The statistical caliber of employee volunteer service rate is based on the headquarters of the parent company of DFZQ.</p>	<ul style="list-style-type: none"> In 2021–2024, DFZQ and its subsidiaries have invested RMB114.03 million in public welfare in the social sector. In 2024, the volunteering rate of employees at the headquarters of the parent company was 15%. 	

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1.2 Material Topics Analysis

1.2.1 Process of material topics analysis

Conducting material topics analysis is the starting point and an important foundation for the Company's sustainable development management and information disclosure. A working group comprising internal and external experts conducts research on material topics for stakeholders every two to three years to better respond to the demands and expectations of stakeholders. In 2024, the Company upgraded its processes and methodologies for material topics analysis, incorporating policy research, industry benchmarking, and expert judgment. This comprehensive approach facilitated the updating, filtering, and evaluation of material topics, resulting in a list of 20 topics. The financial and impact significance of each of these 20 topics was then further evaluated.

Process of material topics analysis of DFZQ

Process	Main content
Step 1 Understanding the context of the Company's activities and business relationships	<ul style="list-style-type: none">Analyzing the Company's activities and business relationships with the external environment considered to identify key impacted stakeholders.Conducting a value chain analysis of the Company's primary activities and business relationships. As a financial institution, the Company has a relatively simple upstream supplier type and lower material risk. The Company must closely adhere to regulatory requirements for its own business, face intense competition for talent, and, as a state-owned enterprise, exemplify best practices in rural revitalization and social responsibility. Downstream mainly includes individual and institutional clients targeted by the Company's diversified financial products, as well as the broader public as potential clients. Providing comprehensive client service is a direct reflection of the Company's value.
Step 2 Establishing a list of material topics	<ul style="list-style-type: none">Interpreting macroeconomic policies and industry trends for 2024, benchmarking against the latest stock exchange requirements, and referring to international standards such as GRI and SASB, along with the focus areas of ESG rating agencies. Conducting peer benchmarking to identify and filter sustainability topics relevant to the Company, analyzing their actual and potential impacts, risks and opportunities.

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Process	Main content
Step 3 Assessing and confirming materiality	<ul style="list-style-type: none"> Materiality to economic, social, and environmental impacts (impact materiality): Based on stakeholder engagement survey results, internal and external experts, considering external requirements and industry practices, calibrate topic scores based on “severity of impact” (scale, scope, irreversibility) and “likelihood of impact”, generating an impact materiality matrix. Materiality to DFZQ’s operations and development (financial materiality): Communicating with the Company’s executives and finance personnel through interviews and questionnaire surveys to assess each topic based on “likelihood of occurrence” and “magnitude of financial impact”, and creating a financial materiality matrix based on the opinions from internal and external experts. Materiality results aggregation: Normalizing the impact materiality and financial materiality matrix to create a double materiality matrix, and defining thresholds for materiality determination.
Step 4 Reporting on material topics	<ul style="list-style-type: none"> Highlighting the disclosure on the topics of high materiality for 2024 upon review and approval by the Board of the Company.

Major changes in material topics for 2024

Material topics for 2024	Material topics for 2023	Change
Contributions to the society	Public charity and voluntary services	Optimizing the description
Quality of customer services	Protecting the rights and interests of customers	
Business practices	Adhering to business ethics	
–	Compliance operation	Removing as a separate topic and integrating key points into “Business conduct”

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1.2.2 Due diligence and communication with stakeholders

For each of the 20 identified material topics, DFZQ analyzed the value chain segments where impacts are concentrated and the key stakeholders affected, and determined appropriate communication methods and channels based on the specific characteristics of each topic. Also, a dedicated expert group, composed of representatives from various internal departments and external specialists, conducted due diligence, analyzed the impacts, risks, and opportunities associated with each topic, focusing particularly on potential negative impacts and risk points. These findings were incorporated into the Company's materiality assessment.

Topic category	Material topic	Impact scope ¹			Key stakeholders impacted	Communication method and channel
		Upstream value chain	Internal operation	Downstream value chain		
Governance	Business practices	✓	✓	✓	Shareholders and investors, government and regulatory authorities	Anti-corruption training, reporting channel
	Corporate governance		✓	✓	Shareholders and investors	General meetings, regular information disclosure, results presentation, SSE E interactive platform, investor research
	Promoting culture building		✓		Government and regulatory authorities	Participating in assessment of industry culture building practices
	Risk management		✓	✓	Government and regulatory authorities	Risk management training
	ESG risk management		✓	✓	Customers	Conducting ESG due diligence

¹ Based on DFZQ's specific circumstances, upstream stakeholders primarily include financial market and information service providers, technology providers, and office operations product and service suppliers. Midstream stakeholders mainly comprise regulatory bodies, employees, and the communities where the company operates. Downstream stakeholders primarily consist of individual and institutional clients who utilize the Company's diverse range of financial products.

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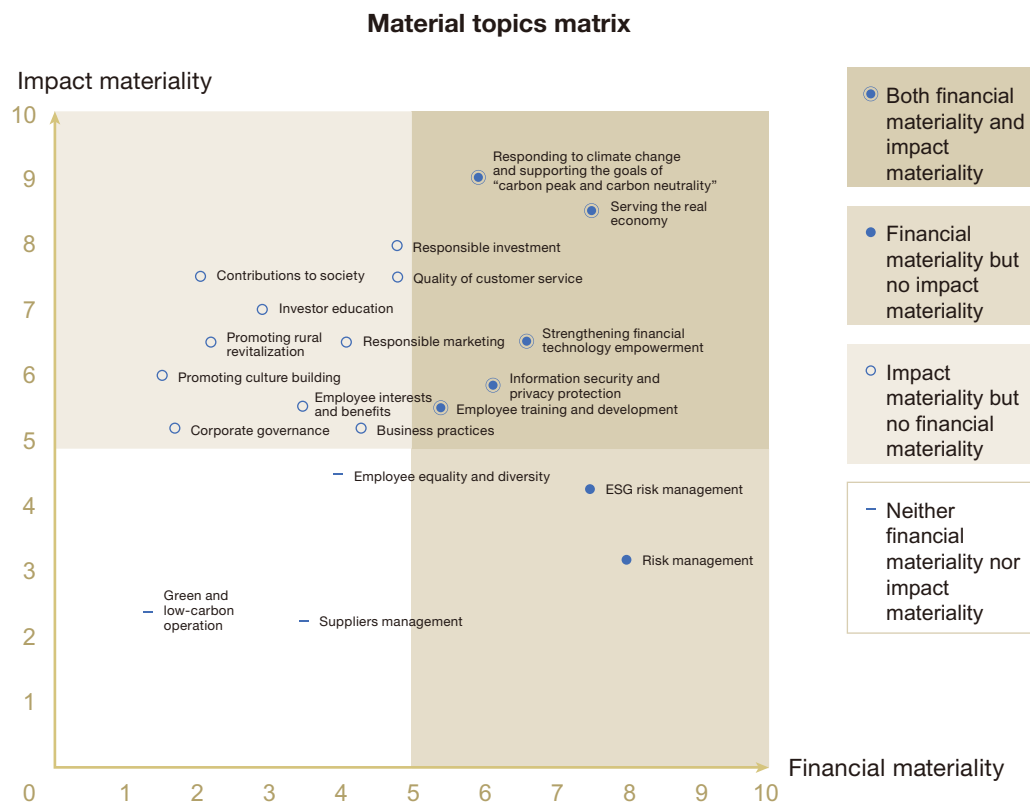
Topic category	Material topic	Impact scope ¹			Key stakeholders impacted	Communication method and channel
		Upstream value chain	Internal operation	Downstream value chain		
Economy	Serving the real economy		✓	✓	Customers	Conducting investment and financing business
	Responsible investment		✓	✓	Customers	Implementing responsible investment strategy
	Investor education			✓	Customers	Conducting investor education practices
	Information security and privacy protection		✓	✓	Customers	Improving data security management system
	Strengthening financial technology empowerment	✓	✓	✓	Customers	"Orient Winners (東方贏家)" APP
	Quality of customer service			✓	Customers	Customer enquiry and complaints, 95503 customer service hotline, customer satisfaction survey
	Responsible marketing		✓	✓	Customers	Implementing marketing compliance management
Environment	Responding to climate change and supporting the goals of "carbon peak and carbon neutrality"	✓	✓	✓	Shareholders and investors, government and regulatory authorities	Green investment and financing practices, carrying out green protection public welfare activities
	Green and low-carbon operation	✓	✓	✓	Government and regulatory authorities, community and environment	Energy conservation and emissions reduction training

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Topic category	Material topic	Impact scope ¹			Key stakeholders impacted	Communication method and channel
		Upstream value chain	Internal operation	Downstream value chain		
Society	Employee equality and diversity		✓		Employees	Employee recruitment
	Employee interests and benefits		✓		Employees	Work unions and employee congress, employee benefit system
	Employee training and development		✓		Employees	Multi-level employee training system
	Supplier management	✓			Suppliers and partners	Cooperation and exchange, bidding procurement standards, supplier admission and management system
	Promoting rural revitalization		✓	✓	Government and regulatory authorities, community and environment	Industrial revitalization assistance projects, "Insurance + Futures" and other financial assistance projects, promoting oriental culture project, art classroom construction
	Contributions to the society		✓	✓	Community and environment	

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1.2.3 Results of material topics analysis



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2. ENVIRONMENT: CONTRIBUTING TO “CARBON PEAK AND CARBON NEUTRALITY” GOALS AND PURSUING GREEN DEVELOPMENT

2.1 Governance and Strategies

Climate-related governance system

DFZQ has established a comprehensive climate-related governance system with the Board of Directors, senior management, and Implementation level all involved in. The Board is responsible for monitoring the climate impact of the Company’s operations, making decisions on the business development strategies within the context of climate change, and annually reviewing the sustainability report and ESG report, which includes the topic of “responding to climate change”. The Sustainable Development Professional Committee is the management body of the Company’s climate topic, responsible for climate-related strategies and planning, and ensuring the implementation of climate-related actions; the Company’s multi-departmental sustainable development working group is responsible for promoting the implementation of climate change-related matters. The Company has newly established the Green Finance Working Group in 2024 to further improve the Company’s green finance management system.

DFZQ climate-related governance system

Hierarchy	Responsible Organization	Content of Responsibilities and Working Mechanism
The Board	The Board	<ul style="list-style-type: none">The Board is responsible for supervising the formulation of the Company’s climate-related policies, strategies and goals, and considering and approving the 2024 Sustainable Development Report of DFZQ through annual meetings, which includes the formulation of climate-related policies and the progress of achieving goals.Responsible for comprehensively guiding climate-related risk management related work, integrating climate change-related risks and opportunities into the Company’s strategy, and clarifying the key tasks and priorities related to the Company’s issues.In order to ensure the effective supervision of climate issues at the Board level and promote the effectiveness of response to climate risks and opportunities, the Board of the Company has enhanced its professional experience in climate change issues by engaging directors with climate and energy-related background and providing them with training on climate issues.The Company has formulated a sustainable development plan, and set up climate-related management goals. In the future, the Company will further clarify that climate-related management objectives will be incorporated into the Company’s management remuneration and performance appraisal system.

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Hierarchy	Responsible Organization	Content of Responsibilities and Working Mechanism
Senior management	Sustainable Development Professional Committee	<ul style="list-style-type: none">Responsible for coordinating the construction of the Company's climate-related risk management system, clarifying the management processes and working mechanisms related to climate change risks and opportunities, regularly listening to the progress of management, considering the work reports related to the development of climate-related products such as green operations and green finance, and evaluating the effectiveness of related work.The Sustainable Development Committee reports the current status of climate-related risk management and the achievement of sustainable financial goals in 2024 to the Company's Board in the form of annual report, and timely summarizes and reports the daily management of climate-related risks and the implementation of strategies.
Implementation level	Sustainable Development Working Group	<ul style="list-style-type: none">Promoting the implementation of climate change-related matters.
	Green Finance Working Group	<ul style="list-style-type: none">Developing the Company's strategic plan and policy framework for green finance, improving institutional mechanisms, and promoting innovation in green financial services and products.Identifying and managing green finance-related risks and ensuring disclosure of green finance information.

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Board Expertise in Climate Change Ensures Effective Governance

In December 2024, Mr. Gong Dexiong, the Company's Chairman, represented the Company at the "Grasping Climate Risks and Opportunities" seminar on climate risk management and green finance innovation. He, together with the China Economic Information Service Shanghai Headquarters, released reports including the China Securities Industry Climate Risk Management Practice Report and the Yangtze River Delta Green Finance Development and Innovation Report. In his address, Mr. Gong highlighted DFZQ's proactive engagement in climate risk management and green finance innovation, emphasizing the Company's numerous pioneering achievements and its commitment to contributing significantly to green finance within the securities industry.

Furthermore, Director Yang Bo, who also serves as the vice president and secretary of the Board of Directors of Shenergy Company Limited, possesses expertise in climate and energy. In 2024, he participated in organizing the 2024 Natural Gas Power Generation Safety and Development Forum under the Goals of "Carbon Peak and Carbon Neutrality" and engaged in strategic cooperation with Prologis (China) Management Co., Ltd. to further accelerate green and low-carbon transformation, actively implementing green development principles. Director Ren Zhixiang, concurrently serving as general manager of Zhejiang Energy Capital Holdings Co., Ltd. also possesses expertise in climate and energy. In 2024, he participated in the establishment of several green funds, including the Zhejiang Zheneng Green Carbon Equity Investment Fund and the Zheneng Green Industry Fund, promoting the development of green and low-carbon industries and contributing to responding to climate change.

Impact analysis of climate-related risks and opportunities

DFZQ is fully aware of the profound impact of climate change and the necessity and urgency of taking countermeasures, focusing on the five identified climate-related risks and three climate-related opportunities, further analyzing the impact of climate-related risks and opportunities on the Company's business model and value chain, and evaluating the current and anticipated financial impact on the Company.

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Analysis of climate-related risks and opportunities

Risks and opportunities	Specific description	Time of impact ²	Impact on business model and value chain	Anticipated financial impact	Financial impact for 2024
Climate-related risks					
Policy and legal risks	<ul style="list-style-type: none"> With the further improvement of the strategic layout of the “carbon peaking and carbon neutrality”, the national and industrial regulatory authorities have gradually strengthened the requirements for financial institutions to carry out environmental information disclosure; Specifically, the Shanghai Stock Exchange (SSE) has released the Guidelines No. 14 for Self-Regulation of Listed Companies – Sustainability Report (Trial), explicitly identifying responding to climate change as a key issue. The SSE also released the accompanying Guide No. 4 for Self-Regulatory Supervision on Listed Companies – Compilation of Sustainable Development Reports: No. 2 Responding to Climate Change, which guides listed companies on key aspects of the issue of responding to climate change. The Hong Kong Stock Exchange (HKEX) has added Part D to its Environmental, Social and Governance (ESG) Reporting Code, effective from January 1, 2025, which sets out specific climate-related disclosure requirements. Furthermore, the HKEX plans to implement sustainability disclosure standards aligned with the ISSB Standards by 2028. Financial institutions that fail to meet these evolving policies and regulatory requirements may face compliance risks. 	Short, medium and long-term	<p>Operation end:</p> <ul style="list-style-type: none"> In order to meet the stricter regulatory requirements, the Company is required to carry out additional actions such as carbon emission measurement of investment portfolios, climate stress testing and scenario analysis, and purchase third-party databases or third-party consulting services; Inappropriate or insufficient disclosure of carbon information/ environmental-related information will also result in penalties for violations by the government and industry regulatory authorities; <p>Financial business end:</p> <ul style="list-style-type: none"> The further increase in the binding effect on the traditional “two high and one surplus” industries will lead to a decrease in the number of customers and business scale of the Company’s related industries, and there will be a negative impact on the operating income of the Company’s investment targets in related industries as well. 	<ul style="list-style-type: none"> Increase in operating costs Increase in compliance costs Decrease in operating income Decrease in value of investment portfolio 	<p>In 2024, Orient Securities Asset Management incurred approximately RMB200,000 in expenses for procuring ESG rating databases.</p> <p>In 2024, the Company, in collaboration with relevant organizations, incurred a cost of RMB600,000 for compiling the China Climate Finance Development Report (2024).</p>
	<ul style="list-style-type: none"> As climate change has become a key issue of global concern, various economies have successively issued policies and regulations related to environmental protection such as carbon tariffs, and China’s national and local governments have also successively issued environmental protection policies and normative documents. The binding on the traditional “two high and one surplus” industries will gradually increase. The Company’s customers or investment targets may be subject to the risks such as legal liability, regulatory measures, and property loss according to the laws due to their failure to comply with relevant policies or laws. 	Short, medium and long-term			

² 0-3 years (inclusive) for short term, 4-5 years (inclusive) for medium term, and 6-10 years (inclusive) for long term.

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Risks and opportunities	Specific description	Time of impact ²	Impact on business model and value chain	Anticipated financial impact	Financial impact for 2024
Climate-related risks					
Market risk	<ul style="list-style-type: none"> The low-carbon economic transformation may lead to the risks such as changes in consumer preferences, decline in demand for high-carbon products and services, stranding of brown assets, and issuer defaults, which may be transmitted to the Company through the business chain. Carbon-intensive enterprises involved in the Company's investment portfolio will face higher carbon quota costs, and their high-carbon assets be depreciated faster or retired early, resulting in higher corporate costs, capital and income damage, and affecting investors' interests. The Company may encounter market risks due to its failure to meet the market demand for climate-friendly products and services (such as green financial products and ESG-themed products), resulting in reduced market competitiveness. The technologies in the fields such as new energy, clean transportation and green buildings have been continuously improved, the costs have gradually decreased, and the market competitiveness of some traditional industry customers has declined, and the Company's customers are facing operational risks. 	Short, medium and long-term	Financial business end: <ul style="list-style-type: none"> The market demand for investment products in coal, electricity and other high-energy-consuming and high-emission industries involved by the Company declined, which affected the profitability of related products; the financing business related to customers in high energy-consuming and high-emission industries is facing contraction. 	<ul style="list-style-type: none"> Decrease in operating income Decrease in value of investment portfolio Increase in operating costs 	In 2024, market risk did not materially impact the Company's operations and had a minimal financial impact. However, the Company's investment portfolio remained exposed to certain risks. Orient Securities Asset Management's public funds hold high-carbon assets totaling RMB14.918 billion, which could potentially affect operating income, primarily through management fees, with a potential impact estimated at approximately RMB150 million.

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Risks and opportunities	Specific description	Time of impact ²	Impact on business model and value chain	Anticipated financial impact	Financial impact for 2024
Climate-related risks					
Reputational risk	<ul style="list-style-type: none"> As climate change issues are becoming more and more important, the Company's operation does not effectively manage the Company's energy consumption and greenhouse gas emissions, and fails to actively and effectively fulfill climate-related commitments, which will lead to reputation risks to the Company and damage to the brand value. In the process of carrying out the investment and financing business, the Company may face reputation risks due to the occurrence of relevant risk events caused by poor climate-related risk management and poor review. 	Short, medium and long-term	<p>Operation end:</p> <ul style="list-style-type: none"> The Company has formulated the Sustainable Development Plan to set the carbon neutrality target at the operational level and the net zero emission target of investment and financing portfolio. In order to fulfill the commitment on time, the Company needs to consider the feasibility of purchasing green power and high-quality carbon credits, or make arrangements in advance to store some carbon assets. <p>Financial business end:</p> <ul style="list-style-type: none"> The Company's investment and financing business needs to further take into account climate-related risks, build an energy investment bank relying on Shenergy Group, a substantial shareholder, and consider formulating green financial plans to increase the development of climate investment and financing business. 	<ul style="list-style-type: none"> Increase in operating costs Decrease in operating income Decrease in value of investment portfolio 	In 2024, the Company made steady progress towards its operational carbon neutrality goals and net-zero emissions targets for its investment and financing portfolios. No financial impact stemming from reputational risk has been observed to date.

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Risks and opportunities	Specific description	Time of impact ²	Impact on business model and value chain	Anticipated financial impact	Financial impact for 2024
Climate-related risks					
Chronic physical risk	<ul style="list-style-type: none"> Under the impact of climate change, it may lead to risks such as extreme heat waves, sea level rise and changes in soil productivity, damage to infrastructure, impacts on agriculture and ecosystems, and have a greater impact on industries such as transportation, energy, forestry, agriculture and tourism, which may hinder the stable production and operation of specific industries, affect their profitability and repayment ability, interrupt the Company's financing services and reduce the value of investment portfolios. 	Long-term	Operation end: <ul style="list-style-type: none"> The Company's current data centers are located in Shanghai and Guangzhou. Among them, Guangzhou is exposed to high risks of extreme weather such as rainstorms and typhoons, and the data centers of the Company are exposed to certain risks of damage. 	<ul style="list-style-type: none"> Increase in operating costs Decrease in operating income Decrease in value of investment portfolio 	In 2024, the Company's investment in data center disaster recovery showed an increasing trend.
Acute physical risk	<ul style="list-style-type: none"> The Company may face damage to data centers, computer rooms and business outlets due to the increase in the frequency and severity of extreme weather events such as extreme weather (such as typhoons and floods), which may cause damage to the physical assets of the Company's operations and even interrupt the Company's operations. The Company, customers and the entities operating the investment targets may face property loss or operation interruption due to extreme climate disasters such as typhoons, floods and storms. 	Short, medium and long-term	Financial business end: <ul style="list-style-type: none"> The Company's business around high climate risk/climate-sensitive industries may face the risk of interruption. 		In 2024, within the scope of available data, neither the Company nor its counterparties experienced any material impact from acute physical risks, resulting in no current financial impact.

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Risks and opportunities	Specific description	Time of impact ²	Impact on business model and value chain	Anticipated financial impact	Financial impact for 2024
Climate-related opportunities					
Products and services	<ul style="list-style-type: none"> With China's increasingly mature green financial products and market system, relevant assets are increasingly favored by global investors. By creating green financial products and services, the Company improves its competitive position and benefits from the change in investors' preferences. 	Medium and long-term	Financial business end: <ul style="list-style-type: none"> Relying on the energy advantages of Shenergy Group, a major shareholder, the Company promoted the construction of energy investment banks, promoted the formulation of green finance-related plans, improved the resource allocation for green finance business, and provided financial support for the clean energy field; Based on the existing green investment and financing business model, the Company continuously innovated green investment and financing products and services, further expanded the scale of green investment and financing business, and enhanced business diversification. 	<ul style="list-style-type: none"> Increase in operating income Increase in value of investment portfolio 	In 2024, Orient Securities Asset Management's "Dongfanghong ESG Sustainable Investment Mixed Securities Investment Fund" generated after-tax management fee income of approximately RMB3 million, representing approximately 0.21% of the Company's total operating income for 2024.
Market opportunity	<ul style="list-style-type: none"> The introduction of policies related to climate change and green finance has a guiding effect on the financial business and market. If the Company follows the development trend of the green finance market, actively deploys green investment and financing services, provides financial support for green industry customers, helps them develop new markets and businesses, it will help to increase the revenue generated from the green finance business. 	Medium and long-term	Financial business end: <ul style="list-style-type: none"> The Company is a licensed securities firm qualified for carbon emission business, providing favorable opportunities for the Company to actively carry out carbon finance business and bring new revenue growth points. 		The Company generated hundreds of thousands of RMB in operating income from carbon quota repurchase transactions within the Hubei carbon market and carbon quota repurchase transactions facilitated by a synergistic project integrating the electricity, carbon, and financial markets. By increasing its carbon asset reserves, the Company facilitated liquidity and cyclical adjustments within the carbon market, providing two-way quotes and assisting regulated emitters in meeting their contract fulfillment obligations. Trading volume increased by 24.7 times year on year, and transaction value increased by 10.7 times year on year, generating over RMB200,000 in operating income while meeting contract fulfillment needs.

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Climate-related scenario analysis

In order to identify and assess the potential impact of climate-related risks on the operation and business performance and understand the potential climate risks faced by the investment portfolios, DFZQ carried out climate physical risk and transformation risk scenario analysis on a regular basis based on the entire stock position of the publicly offered funds under Orient Securities Asset Management, a subsidiary, as a sample.

To provide a more comprehensive analysis of the climate risks faced by DFZQ's investment portfolio under different scenarios, this year the Company expanded differentiated climate scenario analysis by incorporating the RCP 4.5 moderate emission pathway. This addition allows for a more nuanced understanding of risk differentials across various emission pathways. Ultimately, the physical risk scenario analysis selected two scenarios, namely RCP8.5 and RCP4.5 of the Intergovernmental Panel on Climate Change (IPCC), and the transformation risk scenario analysis selected two scenarios, namely the "delayed transformation" and the "global temperature control target of 2°C" of the Network of Central Banks and Supervisors for Greening the Financial System (NGFS), to better understand the difference in physical and transformation risk exposure and climate resilience that the investment portfolios may face under both extreme and moderate climate change conditions, in a disorderly abrupt change in climate policies, and in a relatively stable and orderly situation.

Specific scenarios selected by DFZQ for climate scenario analysis

	Physical risks		Transformation risk	
Scenario source	Intergovernmental Panel on Climate Change (IPCC)		Network of Central Banks and Supervisors for Greening the Financial System (NGFS)	
Scenario name	RCP4.5	RCP8.5	Global temperature control target of 2°C	Delayed transformation
Warming by the end of the century	Within 3°C	Above 4°C	Within 2°C	Within 2°C
Features	Moderate emissions	High emissions	Orderly transformation	Disruptive transformation
Scenario description	Greenhouse gas emissions increase until around 2050 and then decline. Global climate policies are implemented with moderate intensity, but the most stringent emissions reduction targets are not met.	Greenhouse gas emissions continue to increase without any climate policy intervention, representing the risks under an extreme climate change scenario.	Climate policies are introduced globally in the present and gradually strengthened over time, resulting in a smooth and orderly transition pathway with moderate technological change.	Stringent climate policies are introduced late and abruptly, leading to a disruptive transition pathway. Technological change is slow initially and then accelerates rapidly.

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The climate scenario analysis followed a four-step process: defining the scope, identifying risk factors, selecting scenarios, and conducting the analysis. Each step involved specific calculations.

Process of DFZQ for climate scenario analysis

	1-Defining the scope	2-Identifying risk factors	3-Selecting scenarios	4-Conducting quantitative analysis
Physical risks	Entire stock position of the publicly offered funds under Orient Securities Asset Management.	<p>Risk Type: Based on climate risk identification results, selected seven physical risks: high temperature and heat wave, extreme coldness, drought, floods, rise of sea level, water shortage, and ecological environmental damage.</p> <p>Variables: Climate factors, asset classes, geographic location, socioeconomic factors, etc.</p>	Selected contrasting scenarios, including a high emissions scenario (RCP8.5) with higher physical risks and a moderate emissions scenario (RCP4.5).	<p>Conducted quantitative analysis of climate-related physical and transformation risks for individual listed companies.</p> <p>Took the proportion of the investment balance in the stock of each listed company to the entire sample portfolio as the weight, weighted and summed the physical and transformation risk scores of each listed company under each scenario to obtain the physical or transformation risk scores of the entire sample portfolio under the scenario.</p>
Transformation risk		<p>Variables: Carbon price (also known as shadow price of carbon). The carbon price setting considers the marginal abatement costs under various climate policies, including carbon taxes, subsidies, prices of CO2 emission permits, and environmental standards.</p>	Selected contrasting scenarios, including an orderly transition scenario (aligned with the global temperature control target of 2°C) and a disruptive transformation scenario (delayed transformation).	

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In the scenario analysis, the Company obtained the physical risk score or transformation risk score of the sample listed companies under the corresponding scenarios based on the third-party professional climate risk assessment database. Among them, the physical risk score comprehensively reflected the disaster degree, vulnerability and exposure level of seven climate disasters such as water shortage, high temperature and heat wave, extreme coldness, drought, flood, ecological environmental damage and rise of sea level faced by the enterprise; the transformation risk score reflected the Carbon Value-at-Risk (CVaR) of the enterprise.

Analysis indicates that the impact on the sample assets under the RCP4.5 scenario is generally manageable. Under the RCP8.5 scenario, in the face of continuously intensified climate disasters, the physical risks faced by the sample assets as a whole have increased to a certain extent. Under the scenario of global temperature control target of 2°C, the strength of climate policies will gradually increase over time, and the impact of climate policies on most sample assets will be at a low level. Under the delayed transformation scenario, the low-carbon transformation policy will be postponed but suddenly introduced, and the strength of the policy will be rapidly increased year by year, the rise in social costs of carbon will be accelerated, and the sample assets as a whole will face higher transformation risks, which is also in line with the trend of higher transformation risks faced by the A share market under the scenario.

Climate-related strategies

To address the challenges and potential opportunities presented by climate-related risks, the Company has formulated climate-related strategies, including explicitly integrating climate change as a key issue within the Company’s sustainable development plan, and clarifying climate-related management goals (see the section headed “*Metrics and Targets*”), and actively carried out actions and initiatives (see the section headed “*Impact, Risk, and Opportunity Management*”) around the implementation of goals to further mitigate and respond to climate-related risks and better seize climate-related opportunities. In 2024, the Company issued the Action Plan of Orient Securities Company Limited for Developing Green Finance to strengthen the overall planning and enhance the capabilities of its green finance services.

DFZQ’s climate-related key strategies

Key strategies	Specific actions
Clarifying sustainable development strategies	<ul style="list-style-type: none">• We considered the feasibility of purchasing green power and high-quality carbon credits, and made arrangements in advance to store some carbon assets;• We guided the flow of capital to the fields such as energy conservation and environmental protection, clean production, clean energy, green upgrading of infrastructure through investment and financing business;• We gradually carried out carbon footprint measurement of investment and financing portfolios, and considered setting carbon reduction paths for investment and financing portfolios.

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Key strategies	Specific actions
Improving the climate risk management system	<ul style="list-style-type: none"> • We built a climate risk-related management system, clarified the ESG risk management process of investment banking business, asset management business and other businesses, paid attention to the transformation risks faced by customers, investment targets and ourselves, strengthened the investment and financing management of high-energy-consuming and high-emission industries, set up risk warning levels, clarified risk triggering and reporting mechanism, and resolutely curbed the blind development of high-energy-consuming, high-emission and low-level projects; • We established and improved the Company's ESG risk management system, and formulated special scoring cards of ESG risk due diligence for highly environment/climate sensitive industries; • We incorporated climate change-related issues into the risk management data platform, monitored reputational risk, and established a public opinion response mechanism in advance; • We considered further expanding the scope of scenario analysis, expanding from the analysis of single sample assets to the scope of the whole investment portfolio, and evaluating the climate risk exposure of the Company's investment portfolio.
Implementing the green development action model	<ul style="list-style-type: none"> • We promoted engagement of employees, customers, investors, the general public and other stakeholders in an inside-out manner in environmental and climate change initiatives across its business, operations and public welfare to build a green culture brand of DFZQ, and contribute to national "carbon peaking and carbon neutrality" goals. Further details are provided in the section headed "<i>Impact, Risk, and Opportunity Management</i>".

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2.2 Impact, Risk, and Opportunity Management

In order to effectively carry out climate-related risk management, the Company integrated climate-related risks into the Company’s ESG risk management system, and initially established a climate risk management process of “identification-analysis and evaluation-management and response”.

Climate-related risk management process of DFZQ

Link	Content
Identification	<ul style="list-style-type: none">• With reference to the list of climate-related risks and opportunities issued by professional institutions such as ISSB, based on the Company’s business characteristics, we identified physical risks and transformation risks that have an impact on the Company’s operations and financial business, and evaluated the impact mechanism and influencing factors of climate impact on the Company’s existing nine major types of risks.• We used scenario analysis and other tools to make climate-related assumptions, and identified the potential impact of climate-related risks and opportunities on the Company’s business performance.
Analysis and evaluation	<ul style="list-style-type: none">• We analyzed and ranked the types of climate-related risks that have a substantial impact on the Company’s operations and financial business from the dimensions such as probability of occurrence and degree of impact based on the judgments of experts and major stakeholder surveys.• We evaluated the current and expected impact of climate-related risks and opportunities on the Company’s business model and value chain, as well as the potential financial impact, including the scope of impacts, the period of impacts and specific financial impact of the impacts of each risk and opportunity.
Management and response	<ul style="list-style-type: none">• We formulated climate-related strategies at the operational level and business level, identified climate-related indicators, and formulated goals and action plans.• Based on the analysis results of climate change risks and opportunities, the Company improved the development strategy and risk management mechanism, and incorporated climate-related risks into the Company’s ESG risk management system as a key issue.

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Analysis of transformation relationships between climate-related risks and other risks

The Company consistently enhanced its ability to identify and manage climate-related risks and explored the incorporation of climate-related risks into the existing risk management process based on internal management requirements by monitoring the latest external regulatory frameworks and industry practices. As most of the climate-related risks are the drivers of existing risks, they can be transformed into other types of risks that the Company has already incorporated into management through risk transmission, such as market risk, credit risk, liquidity risk, technology risk, reputational risk, and compliance risk. Therefore, in the early stage of exploring climate risk management, the Company took climate-related risks as the cross-drivers of existing risks and incorporated climate risk factors into the ESG risk management system. The Company has identified 6 major types that are most vulnerable to climate-related risks and analyzed how they may be affected by climate-related risks. Please refer to the table below for details.

Analysis on Transformation Between Climate-related Risks and Traditional Risks in DFZQ

Type of risks	Definition	Climate impact factor	Transformation risk	Physical risk
Market risk	The risk that a portfolio held by the Company results in losses due to adverse market movements.	a) Stock and bond prices	– The changes in new climate regulations or consumer preferences have a negative impact on the demand for the products of the investment target companies, resulting in a decline in the price of stocks or bonds of the investment and financing target companies.	– As extreme climate disasters cause material and personnel losses to the investment targets, resulting in production cuts and business interruptions, the value of the Company's portfolio of corporate bonds is reduced.
Credit risk	The possibility that the debtor or counterparty fails to perform its obligations under the contract or that the credit quality changes, causing losses to the Company.	a) Value of collateral b) Counterparty default rate c) Solvency	– Increased defaults or downgrades in carbon-intensive industries due to increased operating costs of the enterprises as a result of new climate regulations or loss of revenue/profit as a result of changes in consumer preferences for green products.	– Affected by severe weather events (such as floods and hurricanes), the physical assets of customers as collaterals were affected and the value was impaired.

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Type of risks	Definition	Climate impact factor	Transformation risk	Physical risk
Liquidity risk	The risk that the Company is not able to obtain sufficient funds in a timely manner and at a reasonable cost to repay its debts as they become due, fulfill other payment obligations and meet its capital requirements for the normal conduct of its business.	a) Business continuity	– Due to new environmental requirements or climate-related regulations, the Company's counterparties and customers need to suspend operations for rectification, which affects its solvency, resulting in the Company's inability to recover funds in time and affecting the normal development of other businesses.	– Due to extreme climate disasters, the Company's counterparty is subject to business interruption and capital turnover difficulties, resulting in the Company's inability to obtain sufficient funds in time.
Technical risk	The Company's information technology system can't provide normal services, the protection and backup measures of the information technology system and key data are insufficient, the important information technology system does not use the data interaction interface that is prevailing in the regulatory authorities or the market, and the important information technology system providers can't provide continuous support and services in the life cycle of the technology system, which affects the normal operation of the Company's business, resulting in the business discontinuity or information security risks of the Company.	a) Business risk resistance capacity	–	– Physical risks such as severe weather events (e.g., hurricanes, floods) and the rise of sea level damage the Company's data centers and affect the normal service of the information technology system, resulting in the fact that the normal operation of the Company's business is affected.

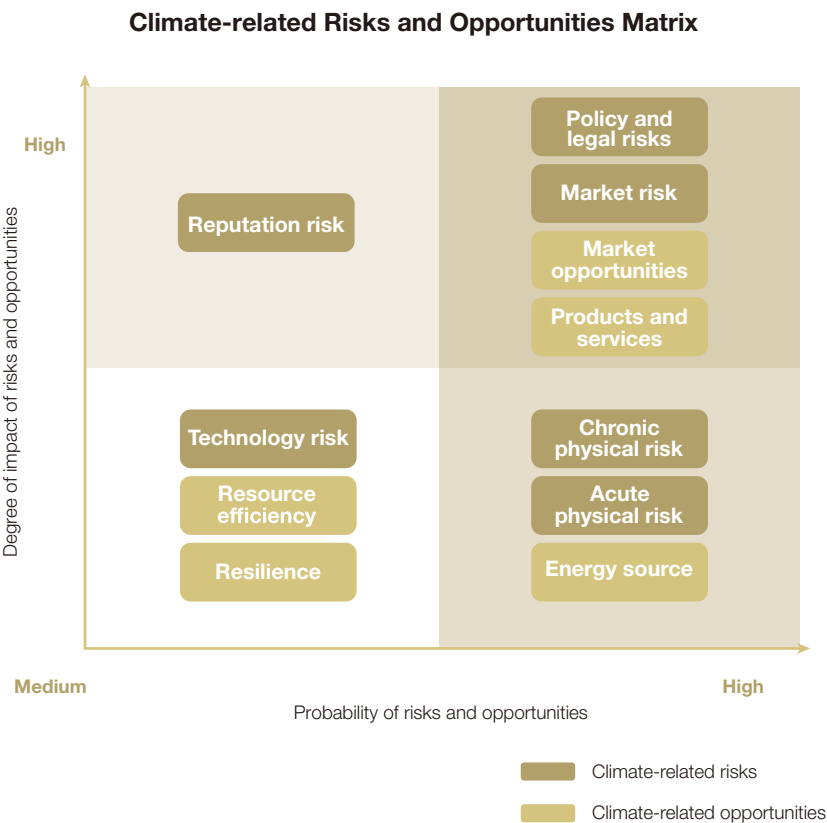
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Type of risks	Definition	Climate impact factor	Transformation risk	Physical risk
Reputational risk	Risk of negative evaluation on the Company by stakeholders due to the Company's operation or external events, and the staff's violation of integrity regulations, professional ethics, business norms, industry rules and contracts and other related behaviors.	a) Increase in negative comments b) Reduction in brand value	<ul style="list-style-type: none"> As the Company has set carbon neutrality targets at the operational level and net zero emission targets for investment and financing portfolios around the issues of responding to climate changes, and failure to fulfill the commitments on schedule will result in a reduction of the Company's brand value. The occurrence of relevant risk events in the course of the Company's investment and financing business due to poor climate-related risk management and poor review results in the increase in the negative comments of external stakeholders on the Company. 	
Compliance risk	The operation, management or practice of the Company or its personnel violates laws, regulations or standards, which may cause securities companies to be subject to legal sanctions, regulatory measures, property losses or reputation losses.	a) Being subject to regulatory penalties	<ul style="list-style-type: none"> National and relevant regulatory authorities are strengthening the environmental information disclosure requirements for financial institutions. If more stringent requirements for carbon information/environmental information disclosure are introduced in the future, the Company may be subject to regulatory penalties for failing to meet the requirements policy and regulatory requirements. The climate focused regulations are increasing and evolving, and their complexity have led to the increase in legal and compliance risks (such as "greenwashing" risks of ESG products). 	

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With reference to the classification and definition of environmental and climate risks by external authoritative institutions, the Company, based on the deployment and characteristics of its own business development, as well as the results of climate scenario analysis, evaluated the significance of climate change risks and opportunities in terms of the probability of occurrence and the degree of impact by means of industry risk review, significance assessment, and reference to the opinions of external experts, thus identifying six climate-related risks, five climate-related opportunities, ranking the risks and opportunities (as detailed in the figure below), and recognizing five climate-related risks of priority concern including: policy and legal risk, market risk, reputational risk, chronic physical risk, acute physical risk; and 3 climate-related priority opportunities, including: market opportunities, products and services, energy sources.

In 2024, the Company took measures in three areas, namely, developing green finance, deepening green operations, and promoting green public welfare, in order to prevent climate-related risks while actively seizing related opportunities.



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Developing green finance

In the process of promoting high-quality development, green finance, as an important policy tool for realizing the target of “carbon peaking and carbon neutrality”, has become a major trend in the development of the financial industry. As a securities company and one of the most important intermediaries in the capital market, DFZQ is committed to becoming a bridge connecting industry and capital, a medium for meeting green technology and transformation demand, and leading more financial resources into the green and low-carbon field by carrying out green investment and financing, carbon finance, green research and other businesses.

DFZQ exploring innovative green bond products

At the beginning, the Company launched the “DFZQ CFETS CGT Green Bond Basket” based on the CFETS CGT Green Bond Index published by the China Foreign Exchange Trading Center, with an aim to promote cross-border green capital flows and meet the investment needs of domestic and foreign investors for green bonds.

In 2024, the basket has remained a steady growth in returns, providing green bond investors with guaranteed returns and liquidity support. The basket’s trading volume totaled RMB2.35 billion throughout 2024.

In terms of green investments, the Company considered the risks associated with climate change of the investment target in its own funds investment business. The researchers took climate change and environmental protection factors into account in the process of studying sectors and individual stocks, and assessed the climate-related risk exposure of the companies or sectors in the portfolio by analyzing climate data and related indicators. In addition, the Company has set an annual growth target of 10% for green bond investment with its own funds, continued to track and invest in new energy enterprises, pharmaceutical and biological enterprises and environmental protection enterprises, and engaged in the operation of ESG-themed public funds. For details of green investment practices, please refer to the subsection on “*Implementation of Responsible Investment*”.

In terms of green financing, based on the green DNA of Shenergy Group, the Company enhanced its business deployment in the field of green economy through its equity financing business, in order to discover prices and rationalize pricing for green and low-carbon industries, provide financial solutions for the orderly withdrawal of high-carbon backward production capacity, and build an energy investment bank; Through the development of bond financing business, the Company promoted the development of underwriting and market-making of green bonds in an integrated manner. In 2024, the Company explored the innovative mode of green bonds, practicing the high-quality development of green finance and enhancing the effectiveness of sustainable development.

- ✓ In 2024, DFZQ deeply engaged in the field of green finance, focusing on supporting the construction of green project financing, actively promoting the issuance of green bonds and underwriting a number of green bonds. The Company underwrote a total of 5 issues of green corporate bonds with a total underwriting scale of RMB1.201 billion, 14 issues of green financial bonds with a total underwriting scale of RMB7.827 billion.

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DFZQ Successfully Issued Sustainability-Linked Bonds

On November 26, 2024, DFZQ's 2024 Public Offering of Corporate Bonds (The Fifth Issue) (Sustainability-Linked) for Professional Investors was listed on the SSE, marking the successful completion of the issuance of DFZQ's first and the industry's second sustainability-linked bond. With a maturity of 3 years and a size of RMB2 billion, this bond is a leading ESG-themed bond issued in the securities dealer industry.

The bond is linked to the Sustainability Performance Target (SPT). If the Issuer fails to meet the Sustainability Performance Target (SPT), the coupon rate for the last interest-bearing year of the bonds will be adjusted upwards by 10BP; If the issuer achieves the Sustainability Performance Target (SPT), the coupon rate remains unchanged for the last interest-bearing year.

Key performance indicators (KPI)	The position size of the ESG-related bonds invested with DFZQ's own funds, that is, the size of DFZQ's position in ESG-related thematic bonds issued under special marks which are invested with its own funds to meet the requirements of the issuance venue. ESG-related thematic bonds include green bonds, sustainability-linked bonds, and social responsibility bonds.
Sustainability performance target (SPT)	<p>The size of the issuer's position in ESG-related bonds invested with its own funds at the end of 2025 shall grow at a compound annualized rate of not less than 15% (inclusive) compared with the end of 2023, i.e., not less than RMB3,345 million.</p> <ul style="list-style-type: none">• Baseline data (end of 2023): RMB2,529 million• Linked data (end of 2025): ≥RMB3.345 billion (compound annualized growth rate ≥15%)

DFZQ Supporting the Issuance of China's First Green Bond Backing Sustainable Aviation Fuel

In July 2024, Orient Investment Banking¹, a subsidiary of DFZQ, together with Orient (Hong Kong), as the exclusive green structure consultant and global coordinator, assisted Henan Civil Aviation Development and Investment Group Co., Ltd. ("HCADI") to successfully issue a 3-year offshore RMB green bond and hold a successful listing and bell-ringing ceremony at the Luxembourg Stock Exchange. When serving as the exclusive green structure consultant, the Company introduced sustainable aviation fuel (SAF) and green building as qualified green projects for HCADI. This issue is the first green bond issued by a Chinese enterprise in support of sustainable aviation fuel (SAF), and the first offshore RMB green bond issued by a Henan enterprise, marking a new breakthrough in the financing of Zhengzhou-Luxembourg "Silk Road in the Air".

Note 1: It was absorbed and merged by DFZQ in September 2024.

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In terms of carbon finance business, since its obtaining of the approval of the CSRC for carbon emission right proprietary trading qualification, the Company has, relying on the industrial service advantages of its parent company, Shenergy Group, effectively reached out to the main participants of the carbon market by using its business outlets across the country as a touch point, and assisted enterprises to revitalize their carbon assets in the form of repurchase by leveraging the business of financial institutions, in order to ease the operating cash flow pressure of enterprises, guide resources to invest in green and low-carbon fields, and expand carbon finance business and carbon finance real economy service scenarios, while ensuring the proper performance of agreements. The Company has set assessment indicators for the trading volume of carbon assets to encourage the functionality of helping to build the carbon market.

Successful Launch of the First Batch of Shanghai Carbon Quota Repurchase Transactions

In February 2024, the Company successfully launched the first batch of Shanghai carbon quota repurchase transactions. The repurchase business is the first batch of practice cases since January 26, 2024, when Shanghai Environment and Energy Exchange officially launched the repurchase trading business in the Shanghai carbon market. Through the carbon quota repurchase transactions, the Company can help entity enterprises broaden low-carbon financing channels, promote the reduction of financing costs of entity enterprises, help improve the flexibility in the use of funds of entity enterprises, and realize a win-win result in terms of economic benefits and environmental protection objectives.

Successful Launch of Carbon Quota Repurchase Transactions

In May 2024, the Company worked with a new energy company to successfully launch the carbon quota repurchase transactions in the Hubei carbon market. This transaction is the first carbon repurchase transaction of DFZQ in the Hubei carbon market. By leveraging the business advantages of financial institutions, the Company helped the enterprise revitalize 120,000 tons of carbon assets in the form of repurchase, which helped to ease the pressure on the operating cash flow of the enterprise, guided the investment of resources into the green and low-carbon areas, and broadened the carbon financial business and carbon financial services for the real economy scenario, while ensuring the proper performance of agreements.

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In terms of green research, in 2024, the Company published 55 ESG-related research reports, focusing on domestic and international ESG disclosure requirements and status quo, the development of the carbon market, and innovative green financial products, etc., helping clients and investors analyze and address risks related to sustainable development, and seize green financial opportunities. The Company hosted a forum on sustainable investment to guide the green and low-carbon transformation of the real economy, held a salon on the theme of “New Opportunities for Green Investment in the Context of Carbon Emission Reduction” at the 2024 Shanghai International Carbon Neutrality Expo, and co-organized a climate risk management and green finance innovation seminar on the theme of “Grasping Climate Risks and Opportunities” with China Economic Information Service, an affiliate of Xinhua News Agency, at its headquarters in Shanghai, with an aim to promote the construction of green financial ecology in the industry.

Preparation and Release of the Blue Book on the Climate Economy: China Climate Finance Development Report (2024)

The Company worked with the University of the Chinese Academy of Social Sciences and the China Society of Urban Economics to prepare the “Blue Book on Climate Economy: China Climate Finance Development Report (2024)”, which was completed and published for the first time in 2024.

The report clearly defined the conceptual connotation of climate finance, measured China’s climate investment and financing needs and gaps, analyzed the types and transmission mechanisms of climate financial risks, built a climate financial risk index, and assessed the current situation and trend of China’s climate financial risks by region and industry; summarized the latest status, characteristics and future trends of climate finance development in China in the areas of carbon market and carbon finance, banking industry, insurance industry, securities industry, green climate funds and ESG; and analyzed typical cases of developed countries (regions), international organizations and China’s renewable energy and energy storage industries, with a view to providing reference for promoting the development of climate finance in China.

Implementation of green operation

As a financial enterprise, the Company’s office operation process mainly involves the use of natural gas, gasoline, diesel, electricity and other energy, municipal water; office paper, office electronic equipment and other office consumables; and the waste generated is mainly food waste, household waste and other non-hazardous waste and electronic products and other hazardous waste.

In strict accordance with the requirements of the Environmental Protection Law of the People’s Republic of China, the Energy Conservation Law of the People’s Republic of China and other laws and regulations, the Company has integrated the concept of green development into all aspects of its office operations, and promoted the effective implementation of various energy-saving and environmental protection initiatives, in order to reduce the negative impact of business activities on the environment. During the reporting period, no major violations related to environmental protection were found in the Company’s operations.

In 2024, the Company carried out a number of initiatives in energy management, water resources management, waste reduction, paperless office, green server room construction and other aspects to practice green business.

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Key Actions for Green Operation of DFZQ in 2024

Key aspects	Key measures
Energy management	<ul style="list-style-type: none"> The operation of some elevators was stopped and the water boiler units configured on each floor was turned off on non-working days. During working hours on weekdays, the lighting switches in the office area were turned on by the employees themselves. In addition, it was proposed to turn off the lighting during the lunch break, and turn off the air conditioning and lighting after the meeting in the conference room. Regular inspection of lights off operation was carried out, and non-essential lighting equipment was turned off The corridor lighting of the Orient Securities Building was transformed from 18-watt LED ceiling lights to 12-watt LED induction ceiling lights The air conditioning control was equipped with a time-space relay, which can adjust the air conditioning ON/OFF time at any time according to different seasons, and improve the real-time monitoring mechanism of the water temperature of the air conditioning circulating water to reduce energy consumption Energy-saving training was conducted for facilities and equipment in the new building to promote the concept of energy saving and emission reduction
Water resources management	<ul style="list-style-type: none"> Water conservation management was carried out at source, Sensor faucets were installed in restrooms to prevent forgetting to turn off water, and regular and timely inspections and maintenance were conducted on water equipment to eliminate leakage Proper wastewater treatment was carried out to ensure that the wastewater generated in the Company's office and service process is included in the municipal sewage network
Waste disposal	<ul style="list-style-type: none"> Proper waste treatment and management were carried out in the process of office operation. The non-hazardous waste such as daily office waste that cannot be recycled was collected and processed by the property manager in a unified manner, and the harmful waste was entrusted to a qualified third-party unit for recycling and processing "Zero waste" buildings and "zero waste" meetings were actively promoted, and the reuse of used office supplies was encouraged

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Key aspects	Key measures
Paperless office	<ul style="list-style-type: none"> The paperless meeting system was formally put into operation, and the electronic publication of divisional reports was continuously promoted to gradually reduce paper consumption Double-sided printing or photocopying of informal documents and drafts were required in the office The construction of archive informationization was advanced steadily, and the electronicization of documents and processes was promoted to reduce the use of paper The Social Responsibility report was printed on paper certified by the Forest Stewardship Council (FSC) to ensure that the paper is sourced from sustainable, legal and permitted forest resources
Construction of green server rooms	<ul style="list-style-type: none"> The Company completed the UPS machine room relocation project on the 30th floor of Orient International Financial Plaza, completed the Dongguan Nanfang Data Center Phase II integrated wiring project, and promoted the clearing of the Blue Light server room. We optimized and improved the construction of data centers through resource integration and improved the operational capacity of data centers. The PUE value of our self-owned data center at Zhongshan South Road decreased from 1.37 in 2023 to 1.36

Promoting green public welfare

The Company attaches great importance to the protection of the ecological environment, driving stakeholders to participate in the environmental cause from the inside out and promoting the construction of a green culture. Through the “Plastic Reduction Program”, public advocacy activities and other influential programs, the Company promotes the concept of “green office, low-carbon life” and encourages employees, customers, the public and other stakeholders to practice green lifestyles.

- In 2024, the Company continued its “Plastic Reduction Plan”, installing plastic recycling units in the elevator rooms of the headquarters building, collecting recyclable waste on a regular basis, and customizing recyclable and environmentally friendly products.
- In 2024, the Company, together with Shanghai Public Welfare New Media Center, Shanghai Science Education Development Foundation, Huangpu District Greening and Cityscape Management Bureau and other organizations, held the opening ceremony of the Environmental Sustainability Exhibition and the public advocacy activity of “World Earth Day” under the theme of “Carbon-based Searching for the Pulse of the City”. From the perspectives of biodiversity, enabling carbon neutrality, plastic reduction and water conservation, the exhibition is designed to explore with the viewers the possibility of harmonious coexistence between cities and nature, aiming at guiding the public to pay sustained attention to climate change, actively participate in environmental protection actions, and jointly safeguard the mother Earth through the power of art.
- In 2024, the Company launched a publicity campaign on the theme of “World Earth Day” on its WeChat subscription account “Release of DFZQ”, calling on the public to cherish the Earth and advocate the harmonious coexistence of human beings and nature.

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2.3 Indicators and Objectives

In deep recognition of the need to implement climate change management, the Company has set relevant indicators and objectives for both its own operations and its financial business, and continuously monitors the impact of climate-related risks on the Company's sustainable operations and the sustainable development of its financial business on an annual basis.

Climate Management Monitoring Indicators of DFZQ

Climate-related Level 1 indicator	Climate-related Level 2 indicator
Greenhouse gas emissions	<ul style="list-style-type: none"> Total greenhouse gas emissions Greenhouse gas emissions per capita (Scope 1 and Scope 2) Greenhouse gas emissions per unit area (Scope 1 and Scope 2) Carbon emissions of the investment portfolios
Electricity consumption	<ul style="list-style-type: none"> Total electricity consumption Electricity consumption per capita Electricity consumption per unit area Petroleum consumption of self-owned vehicles
Water consumption	<ul style="list-style-type: none"> Total water consumption Water consumption per capita Water consumption per unit area
Waste management	<ul style="list-style-type: none"> Hazardous waste generation Non-hazardous waste generation
Green finance	<ul style="list-style-type: none"> Investment and financing scale of green equity Issuance and underwriting scale of green bond Investment scale of green bonds with its own funds
Sustainable finance	<ul style="list-style-type: none"> Sustainable investment and financing scale Average annual growth rate of sustainable investment and financing Position size of the ESG-related bonds invested with its own funds

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In the course of promoting sustainable operations and implementing sustainable financial goals, the Company continuously monitored the indicators related to the goals and other indicators involved in climate change management, reviewed and summarized the progress of the goals every year to improve the quality and efficiency of climate management actions.

Progress of Sustainable Operation Targets of DFZQ in 2024

Indicator	Targets for 2025	Completion in 2024
Greenhouse gas emissions	Strive to achieve carbon neutrality at the operational level by 2025 ¹	Compared with 2021, the total Scope 1 and Scope 2 greenhouse gas emissions of the parent company decreased by 3,263.72 tons of carbon dioxide equivalent
Electricity consumption per unit area	10% ² lower than 2019, of which electricity consumption per unit area was 160 kWh per square meter in 2019	Electricity consumption per unit area of the Orient Securities Building was 97.14 kWh per square meter in 2024, representing a decrease of 39% from 2019
Water consumption per capita	Show a decreasing trend compared to 2021 ³ , of which the water consumption per capita was 43.40 tonnes/person in 2021	Water consumption per capita of the parent company was 14.67 tonnes/person in 2024, representing a decrease of 66% from 2021
Non-hazardous waste and hazardous waste	Gradually improve the source identification and statistics of non-hazardous waste and hazardous waste, so as to control the generation of non-hazardous waste and hazardous waste at a low level	In 2024, the Company continued to improve its waste management mechanism and reduce the amount of waste generated from office operations

Note 1: Carbon neutrality target for operating activities is based on the headquarters of the parent of DFZQ and its branches and covers Scope 1 (including carbon emissions from the combustion of natural gas, petrol and diesel in its own vehicles), Scope 2 (including carbon emissions from purchased electricity), and part of Scope 3 (including carbon emissions from leased data centers and staff business travel).

Note 2: The statistics of electricity consumption per unit area are based on Orient Securities Building.

Note 3: The statistics of water consumption per capita are based on the parent company of DFZQ, including headquarters and branches.

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In 2024, the Company continued to make efforts in the field of sustainable finance, and realized a total operating income of RMB165,884,600, accounting for 0.86% of the Company's operating income, by carrying out the business of sustainable bond investment with its own funds and operating the Dongfanghong ESG Sustainable Investment Mixed Securities Investment Fund, among other businesses.

Completion of Sustainable Finance Targets of DFZQ in 2024

Indicator	Targets for 2025	Completion in 2024
Net Zero Emissions of Investment Portfolio	Strive to achieve net-zero emissions from the investment portfolio by 2060	We promoted the development of an action plan for measuring the carbon intensity of investment portfolios and considered selecting sample investment targets for pilot measurements
Sustainable Finance ¹	During the "14th Five-Year Plan" period (2021–2025), we will channel RMB450 billion into sustainable development sector through investment and financing business, and maintain the average annual growth rate of sustainable investment and financing at a minimum of 9%	In 2024, the Company actively directed the capital into the sustainable development sector through investment and financing business, and has directed a total of over RMB470 billion of funds into the sustainable development sector during 2021 to 2024, with an average annual growth rate of sustainable investment and financing scale during 2021 to 2024 of over 10%
Sustainability-Linked Bonds	The size of our position in ESG-related bonds invested with its own funds at the end of 2025 shall grow at a compound annualized rate of not less than 15% (inclusive) compared with the end of 2023, i.e., not less than RMB3,345 million.	As of the end of 2024, the Company's position in ESG-related bonds invested with its own funds amounted to RMB3.426 billion

Note 1: Statistics on sustainable investment and financing targets include investment and financing amounts in areas such as energy conservation and environmental protection, clean production, clean energy and green upgrading of infrastructure, which are the focus of support at the environmental level, as well as consolidating poverty alleviation achievements and facilitating rural revitalization at the social level. In particular, the sustainable investment amount represents the point-in-time data up to the end of 2025, and the sustainable financing amount represents the total amount from 2021 to 2025.

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3. SOCIAL: KEEPING UP WITH THE TIMES AND UPHOLDING LONG-TERM RESPONSIBILITY

3.1 Serving the Real Economy

The Central Financial Work Conference proposed to “focus on five major areas of technology finance, green finance, inclusive finance, pension finance and digital finance”, clearly indicating the direction for financial institutions to firmly grasp the advancement of high-quality financial development. Upholding the original intention of “Serving the Country with Finance and Serving the People with Finance”, the Company strictly implemented relevant national strategic plans and the requirements of the Central Committee of the CPC, making its best efforts to enable the realization of national strategies and directing financial services and operational resources towards priority areas, with an aim to make DFZQ’s own contribution in the five major areas mentioned above, and facilitate the high-quality development of China’s economy. *(For details on specific green finance practices, please refer to the section on “Enabling Carbon Peaking and Carbon Neutrality, Pursuing Green Development”).*

Typical Cases of DFZQ Serving the Real Economy in 2024

Main aspects	Typical cases of services in 2024
Serving the national and Shanghai strategies	<ul style="list-style-type: none">• Supporting the issuance of Shanghai STVC Group’s Science and Technology Innovation Corporate Bonds: In February 2024, DFZQ, as a joint lead underwriter, assisted Shanghai S&T Venture Capital (Group) Co., Ltd. to successfully complete the “2024 Public Offering of Science & Technology Innovation Corporate Bonds of Shanghai S&T Venture Capital (Group) Co., Ltd. (Phase I) for Professional Investors”, achieving a financing size of RMB0.6 billion.• Contributing to the integrated construction of the Yangtze River Delta: In 2024, Orient Securities Capital Investment, our subsidiary, and Huzhou Wuxing District State-owned Capital jointly set up a private equity investment master fund, Dongzheng Juxing (Huzhou) Venture Capital Partnership (Limited Partnership), with a total size of RMB500 million, which aims to assist the integrated construction of the Yangtze River Delta and the development of the local economy through participation and establishment of equity investment sub-funds and direct investment, focusing on strategic emerging industries such as intelligent manufacturing, new energy and advanced materials, as well as digital economy, medical and healthcare, and new-generation information technology.

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Main aspects	Typical cases of services in 2024
Technology finance	<ul style="list-style-type: none"> • Supporting the private placement of SK: On April 27, 2024, the Company, as a joint lead underwriter, participated in the underwriting of Shanghai SK Automation Technology Co., Ltd.'s issuance of shares to specific targets. The listing announcement was disclosed, the offering and listing were completed successfully, and the issuer eventually raised RMB632 million. • Supporting the small public offering of Sinochem International: In October 2024, the Company, as a joint lead underwriter, assisted Sinochem International Corporation in the issuance of "24 Sinochem K1", a technological innovation corporate bond with an issue size of RMB3 billion.
Inclusive finance	<ul style="list-style-type: none"> • Supporting the private placement of CHENG TAY's micro directed asset-backed notes: In September 2024, the Company, as a lead underwriter, assisted Chengtay Finance & Leasing (Shanghai) Co., Ltd. to successfully issue the 2024 Second Tranche of Micro Directed Asset-Backed Notes (Bond Connect), raising gross proceeds of RMB580 million. • Supporting the private placement of Lily Group Co., Ltd.: In July 2024, the Company helped Lily Group Co., Ltd. successfully pass the private placement review and complete listing, helping the private enterprise achieve asset structure optimization and promoting the sustainable development of the enterprise on the road of green development.
Pension finance	<ul style="list-style-type: none"> • Personal pension service: The Company has formulated a service plan of "deep-rooted in Shanghai with national-wide coverage", carried out personal pension activities in enterprises, and has organised more than 100 personal pension activities in enterprises, with more than 50,000 individual pension accounts opened, and supported 10 personal pension fund accounts. • Enabling pension investor education: Orient Securities Asset Management, our subsidiary, has set up special pension areas on a number of its own platforms, produced popular paper publications on pension knowledge, and created a series of online courses for pension investor education. In 2024, through the "Dongfanghong 10000 Miles Travel" series, Orient Securities Asset Management carried out several investment education activities on personal pension investment, and joined hands with the School of Management of Fudan University to carry out pension investment education activities to help teachers and students of the university raise their awareness of pension reserves through immersive and interactive experiences. • Promoting public funds to serve personal pension investment: As of the end of 2024, China Universal Asset Management has established 12 pension target funds, of which 8 products have been selected in the list of personal pension products. It has also set up a special zone for pension services on its own e-commerce platform "Xianjinbao", and actively cooperated with major banks, securities dealers and other channels.

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The Company has set the overall goal of serving the real economy, i.e., to build an all-round investment banking system, to facilitate the construction of industrial ecological chains and value creation, and to serve the clients in the entire life cycle. At the same time, we will regularly monitor the total amount of financing, underwriting scale and other indicators to track the achievement of the target.

- In 2024, in terms of equity financing, the Company served four entities through equity financing and underwrote RMB1.331 billion;
- In terms of bond financing, the total underwriting size of bonds amounted to RMB520.443 billion; Orient Finance Holdings completed a total of 19 green bond/sustainable international bond issuance projects, involving a financing size of approximately HKD33.6 billion.

3.2 Practicing Responsible Investment

The Company adheres to the concept of value investment and responsible investment. While pursuing value investment returns, the Company incorporates ESG considerations into the investment decision-making process to boost the sustainable transformation of the economy. The Company formulated and published the Statement on Responsible Investment of DFZQ (《東方證券股份有限公司責任投資聲明》), which clarified the supervision, decision-making, management, and implementation of responsible investment business. The Company also established a five-level structure of “General Meeting – Board of Directors – President’s Office – Investment Business Committee – Equity Business Professional Committee – Business Department” to improve the decision-making, authorization, and management of investment business.

In order to regulate the practice of responsible investment, Orient Securities Asset Management, a subsidiary of the Company, formulated the Responsible Investment Policy of Shanghai Orient Securities Asset Management Co., Ltd. (《上海東方證券資產管理有限公司責任投資政策》) and the Environmental, Social and Corporate Governance (ESG) Risk Management Measures of Shanghai Orient Securities Asset Management Co., Ltd. (《上海東方證券資產管理有限公司環境、社會和公司治理(ESG)風險管理辦法》), which clearly explained its responsible investment management system and the implementation of responsible investment strategies, and regulated the countermeasures to be taken for potential ESG risks faced by the investment targets of its products.

All relevant business departments and subsidiaries have actively implemented the Company’s overall deployment of responsible investment. By taking measures such as establishing special working groups and appointing ESG analysts, they have effectively promoted responsible investments. In terms of the Company’s proprietary investment, an investment decision-making group of securities investment business has been established for securities investments. This group has full authority over the daily investment decision-making of the securities investment business. For the bond investment business, an analyst has been designated to specifically responsible for analyzing ESG issues in investment process. In 2024, this ESG analyst analyzed domestic and international policies and market trends, and completed more than 10 commentaries on key domestic policies and 6 monthly ESG reports. Additionally, the researcher oversaw the ESG risk screening of bond-issuing entities, took the lead in ESG research and analysis-related work, and the construction of a quantitative ESG evaluation system. This provided research support for other industry researchers to conduct ESG factor analysis on target companies. Furthermore, the subsidiary, Orient Securities Asset Management, established a special ESG working group. This group is responsible for comprehensively coordinating Orient Securities Asset Management’s ESG business planning and promoting the construction and implementation of ESG system.

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The Company has established a well-developed management process for responsible investment. Before making investments, the Company conducts risk identification, assessment, and prioritization, and incorporates eligible investment targets into the department’s securities pool for management. During and after the investment stages, the Company keeps a close eye on the ESG dynamics of enterprises, carrying out continuous monitoring and management. The Company also regularly updates the tracking reports on the investment research platform.

In the proprietary investment and asset management business, the Company fully applies responsible investment strategies such as positive selection, negative exclusion, integration of ESG elements, thematic investment, and active ownership, aiming to reduce risks and create long-term value.

Application of responsible investment strategy of DFZQ

Responsible investment approach	Listed stocks	Fixed income	Private equity
Selection strategy	✓	✓	✓
ESG integration strategy	✓	✓	✓
Thematic investment strategy	✓	✓	✓
Active ownership strategy	✓	✓	✓

Note: The Company’s proprietary investment business does not involve direct investments in infrastructure, property, derivatives and alternatives.

Orient Securities Capital Investment incorporated ESG factors into the private equity business, formulated a negative list of the industry, clarified that it would not invest in high energy consumption and high pollution industries such as coal, oil and gas mining, steel and non-ferrous metal smelting, and would not provide support for its equity financing for expansion, new construction or other purposes; incorporated ESG factors into the target due diligence, evaluated whether the target company was a high-pollution and high-energy-consuming industry enterprise, whether there were environmental-related administrative penalties, and initially formulated an ESG scoring table.

As a signatory to the United Nations Principles for Responsible Investment (UNPRI), Orient Securities Asset Management actively applied responsible investment strategies such as negative exclusion, sustainable development-themed investment and active shareholder method, and the application of relevant strategies has covered most of the asset under management.

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In 2024, the application of the responsible investment strategy of Orient Securities Asset Management, a subsidiary, has covered the scale of asset management of RMB203.798 billion, accounting for 94.10% of the total scale of asset management¹.

Note 1: The total scale of asset management includes the scale of public offerings, collective asset management products, directional asset management products, and ABS management, excluding the scale of investment advisory business.

Sustainable investment scale of DFZQ

(As of the end of 2024 (RMB100 million))

Category	Asset management business	Proprietary investment business
Total sustainable development ³	558.88	37.78
Investment in sustainable bonds	97.97	34.26
Bond investment in environmental sector ⁴	32.81	28.62
Green bond investment	30.86	27.13
Bond investment in social sector	65.16	5.64
Sustainable equity investment	460.90	3.52

In 2024, Orient Securities Asset Management, a subsidiary, participated in the investment in the carbon neutrality bonds issued by Nanjing Metro Group Co., Ltd. and continued to operate the Dongfanghong ESG Sustainable Investment Mixed Securities Investment Fund, steadily implementing the responsible investment.

³ Sustainable investments are divided into industries the related to environment and industries related to society. In particular, green and low-carbon industries include energy-saving and environmental protection industry, clean production industry, clean energy industry, ecological and environmental industry, green upgrading of infrastructure, green services, etc.; and industries related to society include consolidating the achievements of poverty alleviation or rural revitalization, etc.

⁴ Bonds in the environmental sector include green bonds, climate bonds, low-carbon transition bonds, sustainability-linked bonds and other environmental-related bonds.

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The Dongfanghong ESG Sustainable Investment Mixed Securities Investment Fund of Orient Securities Asset Management is operating well

Orient Securities Asset Management established the Dongfanghong ESG Sustainable Investment Mixed Securities Investment Fund in 2022. This fund conducts a comprehensive evaluation and scoring of the social value of listed companies based on the indicators in the three aspects of environmental, social, and corporate governance. This fund selects the stocks whose scores are among the top 80% to form the ESG stock candidate pool of the fund, and updates and adjusts it regularly or irregularly. This fund has been operating in good condition. As of the end of 2024, the fund's scale was approximately RMB283 million.

The Company and its subsidiaries implement an active ownership strategy in the proprietary investment business, asset management business and private equity business, and promote the invested companies to improve their own corporate governance by exercising external voting rights. They incorporate ESG factors into the work process of external participation and voting, prefer to support the ESG proposals of the invested enterprises in terms of green transformation and upgrading, employee rights protection, etc., and hold objections to the relevant proposals of the invested enterprises that intend to add high energy consumption and high pollution businesses. In 2024, the Company formulated and released the Statement on the Exercise of External Voting Rights by DFZQ (《東方證券股份有限公司對外行使投票表決權聲明》), aiming to enhance the governance and ESG management levels of the invested companies and safeguard the lawful rights and interests of shareholders/creditors.

In addition, Orient Securities Innovation has formulated the Investment Management System (《投資管理制度》). By appointing personnel to serve as directors or supervisors of the invested enterprises, it safeguards the Company's interests in the operation and management activities of these enterprises. Orient Securities Capital Investment intervenes in the corporate governance of the invested enterprises, urging them to operate in compliance with regulations. It continuously improves the internal governance structure and enhances the ESG management level of these enterprises, aiming for them to meet the IPO standards as soon as possible. Orient Securities Asset Management formulated the Rules on Exercise of Voting Right by Shanghai Orient Securities Asset Management Co., Ltd. (《上海東方證券資產管理有限公司行使投票表決權制度》), and established a voting right decision-making team, which served as the highest decision-making body within the Company for the exercise of external voting rights. In 2024, Orient Securities Asset Management participated in 23 general meetings of listed companies and voted on 262 resolutions.

Orient Securities Asset Management exercises active shareholder ownership

Orient Securities Asset Management promotes the improvement of the sustainable development performance of investee enterprises through direct communication with the investment targets. It implements shareholder advocacy and active ownership, aiming for the investment targets to continuously improve their ESG performance. In 2024, Orient Securities Asset Management attended the 2023 annual general meeting of an enterprise. Among the 20 proposals, there was one ESG-related proposal: the 2023 Environmental, Social and Governance (ESG) Report, to which Orient Securities Asset Management voted in favor.

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3.3 Strengthening Risk Management

Institutional system and management structure

The Company strictly complied with the laws, regulations and regulatory documents such as the Regulations on the Comprehensive Risk Management of Securities Companies (《證券公司全面風險管理規範》), the Measures for the Management of Risk Control Indicators of Securities Companies (《證券公司風險控制指標管理辦法》) and the Guidelines for Liquidity Risk Management of Securities Companies (《證券公司流動性風險管理指引》). The Company formulated internal management systems such as the Basic System for Comprehensive Risk Management, and established a risk management governance framework system of “four levels and three lines of defense”. This enables the Company to achieve comprehensive risk management coverage both horizontally and vertically. Within the risk management department, a matrix management structure is formed, integrating professional risks and business risks.

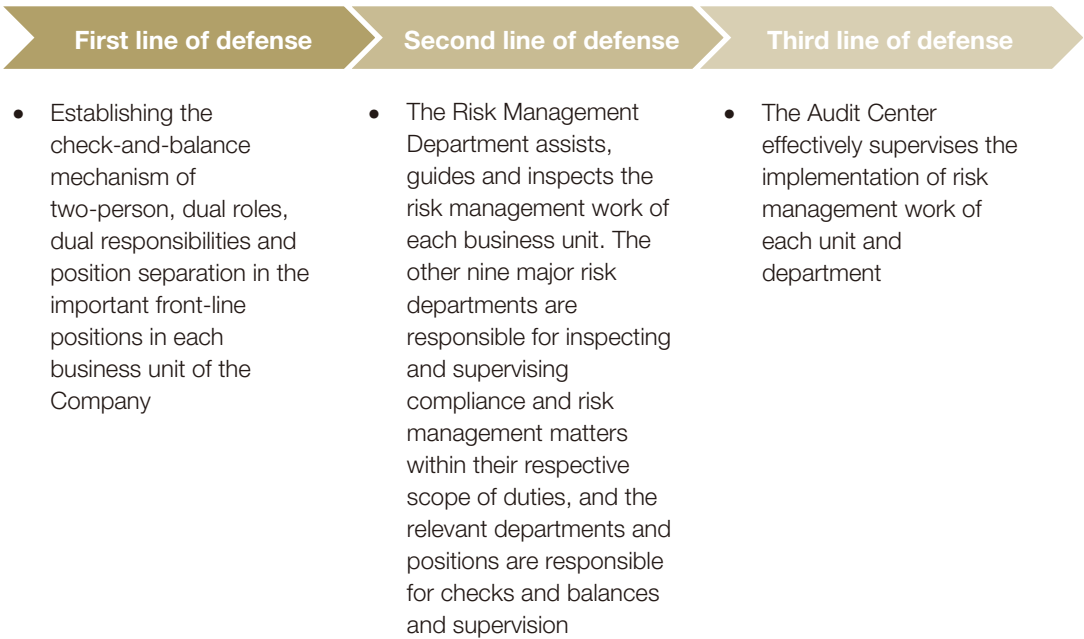
In terms of the governance structure, the Board of Directors of the Company assumes the ultimate responsibility for comprehensive risk management, while the management bears the primary responsibility for it. Under the leadership of the chief risk officer, the Risk Management Department promotes the comprehensive risk management, and business units are directly responsible for risk management.

In terms of the reporting mechanism, upon discovering that the risk indicators exceed the limits, the Risk Management Department will promptly communicate with business departments, branches, and subsidiaries, and supervise the effectiveness of the improvement measures. It will also report to the chief risk officer. The Risk Management Department submits regular risk management reports to the management, reflecting the results of risk identification and assessment, as well as the corresponding solutions. The management regularly reports the Company’s risk status to the Board of Directors to ensure unobstructed communication channels for risk information.

Meanwhile, the Company has established the “three lines of defense” for risk management, which are composed of business units, the risk management department, and the audit center.

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Three lines of defense for risk management of DFZQ



At the business end, the Company continuously improves its ESG risk management system, and has formulated the ESG Risk Management Measures (《ESG風險管理辦法》) and the ESG Due Diligence Guidelines (《ESG盡職調查指引》). These measures and guidelines are applicable to investment banking, credit and other business involved in all business departments, branches, subsidiaries, and sub-subsidiaries (managed in a manner similar to subsidiaries) of the Company. This ensures that the Company conducts business under an ESG risk level that is measurable, controllable, and bearable, and prevents the ESG risks of customers or investment targets from being transformed into various risks of the Company, such as credit risks and reputational risks.

The Company has established a top-down management organization system of “Board of Directors-Management-Executive Level”, and clarified that the Board is responsible for supervising ESG risks in investment and financing business activities.

DFZQ ESG risk management system

Board of Directors	<ul style="list-style-type: none">The Board of Directors assumes the ultimate responsibility for ESG risk management and supervises ESG risk management work. This encompasses reviewing and determining the Company’s major ESG risks, examining the Company’s ESG risk management methodologies, considering and approving reports covering significant ESG risk management matters, regularly assessing the effectiveness of the implementation of ESG risk management mechanisms, and being accountable for the ESG performance of the Company’s financing and investment activities.
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Management

- The Company's management assumes the primary responsibility for ESG risk management across all business operations. It is tasked with guiding the establishment of the ESG risk management system and processes, setting up mechanisms for ESG risk monitoring, early warning, and reporting. Additionally, it regularly assesses major ESG risk exposures or incidents within the Company, supervises and inspects the ESG risk management of each business operation, and reports to the Board of Directors on a regular basis.
- The Sustainable Development Committee is a professional decision-making body for ESG risk management and is responsible for the whole process management of ESG risks.

Executive Level

- The ESG risk management department is responsible for urging and overseeing the formulation and implementation of requirements related to ESG risk management. This includes promoting the development of the Company's ESG risk management policies and regulations, facilitating the integration of the ESG risk management system into business operations, and advancing ESG risk management training programs to cover risk management personnel and professionals in business units such as investment banking. Moreover, it conducts regular or ad-hoc assessments and reports on the Company's ESG risk management capabilities.
- Each business department and subsidiary is tasked with implementing the Company's ESG risk management policies and systems. They are required to establish and improve their own ESG risk management systems and processes according to business needs, and regularly report the status of ESG risk management and policy implementation to the Risk Management Department.

Comprehensive risk management

To ensure the prevention of major compliance violations and risk incidents, the Company continues to strengthen its specialized and platform-based comprehensive risk management system. Guided by value-oriented objectives, the Company is transitioning from a solely regulatory compliance-driven approach to a dual-driven model integrating both regulatory compliance and service business. This is achieved through enhancing risk response mechanisms, establishing regular stress testing mechanisms, and advancing risk management information systems to develop a robust risk management system characterized by "full coverage, monitorability, measurability, analyzability, and responsiveness".

In 2024, the Company reinforced its risk management practices by conducting risk management audits, linking risk management with employee performance, implementing risk management training, and advancing the construction of risk data and systems.

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Key tasks of risk management of DFZQ in 2024

Main aspects	Main content
Risk management audit	<ul style="list-style-type: none"> The Audit Center incorporated risk management into the scope of the audit, regularly organized special audits of comprehensive risk management, proposed audit opinions and suggestions, and supervised the relevant units to implement rectification on the problems found in the audit, through the implementation of internal audits on the Company's headquarters, branches and subsidiaries.
Linking risk management with performance	<ul style="list-style-type: none"> The Company formulated the Measures for the Assessment of Compliance and Risk Management and Compensation Management (《合規與風險管理考核與薪酬管理辦法》), incorporating compliance and risk management work into the performance evaluation system. Performance evaluation indicators were set to assess and evaluate the current performance of each department and employee. The risk management function departments and the risk supervision and management departments participated in the performance evaluation of each department. They expressed their opinions on the evaluation results of departments or individuals with general risk issues. For the evaluation results of departments or individuals with major risk issues, a one-vote veto mechanism was implemented.
Risk management training	<ul style="list-style-type: none"> The Company organized a total of 7 internal training sessions related to risk management. The training themes covered the operational principles of accumulator, the identification and assessment of operational risks, and systematic solutions for stress testing. The Company organized and participated in more than 10 industry exchange activities of all kinds. The Company arranged for employees to participate in 14 external training courses. The themes of these courses covered carbon peaking and carbon neutrality and sustainable development, the construction of comprehensive industry risk systems, and the digital and intelligent ecosystem of digital finance.
Construction of risk data and systems	<ul style="list-style-type: none"> The Company refined the requirements for risk data and systems, established an indicator database for the risk data mart, and built a unified risk control platform. The Company iterated the digital public sentiment system to enhance its risk early-warning capabilities.
Integration of risk management into product development	<ul style="list-style-type: none"> The Company adhered to the principles of prudence, comprehensiveness, and dynamism, and formulated the Comprehensive Risk Management Measures for New Products and New Businesses. The Measures clarified the review and approval processes for new products and new businesses. After obtaining approval, the Company carried out risk management actions such as pre-launch acceptance, monitoring during the lifespan, and risk early-warning reporting.

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ESG risk management

Regarding ESG risk management at the business end, the Company has established a risk management process of “ESG risk identification – ESG risk assessment – ESG risk control” for customers in investment banking, credit, and other types of businesses. The Company strictly implements the mechanisms for ESG risk screening, ESG due diligence, and ESG risk triggering and reporting. Since the ESG Risk Management Measures and the ESG Due Diligence Guidelines were piloted in March 2024, as of the end of December, the Company conducted ESG risk screenings on a total of 362 customers. Among them, ESG due diligence scoring was carried out for 124 customers in ESG high-risk industries, providing decision-making support for the Company’s investment and financing business.

ESG due diligence and risk reporting mechanism of DFZQ

ESG risk screening	<ul style="list-style-type: none">• Conducting ESG risk screening for all projects. Determining whether the customer is a high ESG risk customer according to the industry in which the customer operates, type of business operations, ESG risk events, etc.• Among them, industries related to agriculture, biodiversity, energy use, mining, oil and natural gas, etc. are classified as high ESG risk industries.
ESG due diligence scoring	<ul style="list-style-type: none">• Conducting ESG due diligence and scoring for customers with high ESG risks. Selecting more than ten topics from the three major aspects of environmental, social, and corporate governance, setting up multiple evaluation indicators for each topic, devising an ESG due diligence scoring system, and setting an admission threshold score based on the ESG due diligence score. Environmental: Topics such as environmental management, climate change, and biodiversity; Social: Topics such as employee management, product and customer management; Governance: Topics such as corporate governance, compliant operation, and risk management.• Considering factors such as the industries focused on by the Company’s business, high environmental risks, high climate sensitivity, and high biodiversity risks, the Company separately establishes industry-specific ESG due diligence scoring cards for customers in high ESG risk industries such as manufacturing, construction, electric power, heat, and water production and supply⁵.• Each business department issues a detailed ESG risk due diligence report based on ESG due diligence scoring results or incorporates the evaluation results into the existing due diligence report, and makes judgments on business expansion. For credit-related businesses, each business unit incorporates the ESG due diligence results into the consideration of customers’ credit rating results. The credit rating department may, at its discretion, downgrade the credit ratings of customers with low ESG due diligence scores.

⁵ The industries of electric power, heat, and water production and supply are the industry names classified by the CSRC, which cover the energy industry in the GICS classification standard, including sub-industries such as oil and gas equipment and services, oil and gas storage and transportation, comprehensive oil and gas enterprises, coal and consumer fuels, etc.

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ESG risk triggering and reporting

- Prior to the commencement of business, once a customer falls below the access conditions in the ESG due diligence score, the risk response and reporting mechanism will be triggered. The relevant business units will make decisions and take further risk assessment and response measures, including but not limited to requiring the customer to complete relevant information, urging the issuer to provide explanations, and putting forward written rectification suggestions. Only when the customer's ESG due diligence score after rectification is not lower than the access score, or when both the business units and the ESG Risk Management Department determine that the risks are controllable, can the business operations proceed as normal.
- In the course of business and the duration of the project, each business department continuously monitors the ESG risk events of customers. They conduct a comprehensive assessment and analysis of ESG risks by considering aspects such as the severity of the events, the measures taken by the entities involved, and the handling results. The relevant information should be promptly reported to the ESG Risk Management Department and the management. Each business department should take timely response measures based on business characteristics.

Under the Company's overall ESG risk management framework, each business unit should further establish a customer ESG due diligence system that aligns the business needs of the unit. In 2024, the Company continued to improve the ESG evaluation system for its proprietary fund bond investment business. In terms of qualitative analysis, credit researchers in the credit rating department conducted ESG analysis in their credit evaluation reports, which had an impact on the position limits and access status of bond-issuing entities. In terms of quantitative analysis, the credit rating department launched a quantitative ESG evaluation platform on its internal system. This platform captured ESG-related texts from information sources such as bond prospectuses, annual reports, and public sentiment data. By utilizing the LAC model, it conducted ESG quantitative scoring. The scoring results would affect the access of entities and the investment limits. As of the end of 2024, the ESG quantitative scoring covered a total of 7,092 credit bond-issuing entities.

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The Company downgraded the credit rating of bond-issuing entities due to the absence of effective corporate governance

In 2024, some comprehensive industry enterprise issued a medium-term note worth RMB1 billion. Through investigation, the Company found that this enterprise had problems in corporate governance. Its affiliated communication subsidiary, due to chaotic internal management during the process of trade business, failed to recover a large amount of trade receivables, resulting in a relatively large scale of asset impairment losses being provisioned in 2023. As a result, the Company downgraded its internal credit rating by one notch.

In 2024, some regional small and medium-sized rural commercial bank issued commercial financial bonds worth RMB500 million. The Company's investigation revealed that this bank had deficiencies in corporate governance, including the presence of real estate enterprises in distress among its shareholders, a large scale and serious nature of regulatory penalties, and significant inaccuracies in the five-level classification of loans. Consequently, the Company downgraded its internal credit rating by one notch, moving it from the investable pool to the gray pool and reducing the investment quota for these commercial financial bonds.

To continuously enhance the professional capabilities of employees in ESG risk management, in 2024, the Company invited experts with rich industry ESG experience from the CCDC to conduct training on ESG risk management. They explained the experience in constructing ESG ratings and how to prevent risks, helping front-line employees improve their ESG risk control capabilities.

3.4 Upholding Product Liability

Deepening innovation-driven development

Comprehensive digital transformation represents a strategic pillar for the Company's next-stage development. With a focus on top-tier design, the Company has systematically strengthened its financial technology organizational framework and constantly refined its internal management systems and operational mechanisms.

The Company has established the IT Strategic Development and Governance Committee, which is tasked with formulating and reviewing the Company's IT governance objectives and development plans. At the specific implementation level, the Company has set up the system research and development department and the system operation department, which are responsible for the implementation and execution of financial technology-related plans. This includes tasks such as the construction of financial information systems, quality control of information technology, information security assurance, and operation and maintenance management.

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In terms of the construction of institutional systems, the Company has formulated a number of internal management system norms, such as the Management Measures for the Innovation of Information Technology Applications (《信息技術應用創新工作管理辦法》), the Management Measures for Information Technology Risk Management (《信息技術風險管理辦法》), and the Regulations on the Management of Intellectual Property Rights in Information Technology (《信息技術知識產權管理規定》). These norms clarify the specific requirements for financial technology-related work and the implementation details of each process. Adhering to the concept of integrated development driven by both technology and business, the Company has incorporated technological innovation into its strategic plan. It has formulated the Special Plan for Digital Transformation of DFZQ (2025–2027) (《東方證券股份有限公司數字化轉型專項規劃(2025–2027年)》), which clarifies the current overall objectives, comprehensive framework, and implementation paths of current technological innovation and digital transformation. It also defines the directions and formulates plans in aspects such as capital investment and talent cultivation related to financial technology innovation. DFZQ has established and continuously improved a series of digital platforms, including the “Orient Brain (東方大腦)”, the “Orient Tianji (東方天璣)”, the OST Orient Speed Trading system, and the “Finoview” intelligent investment research platform, while deploying a unified technical architecture for its core business systems.

Ensuring data security

As a securities and financial enterprise, the data and information mainly involved by the Company include customers’ basic information, customers’ transaction data, financial market data, etc. The Company strictly complies with laws, regulations and regulatory guidelines, such as the Data Security Law of the People’s Republic of China, the Personal Information Protection Law of the People’s Republic of China, the Regulations on the Administration of Network Data Security (《網絡數據安全管理條例》), the Information Technology Management Measures for Securities and Fund Operators, the Measures for the Administration of Internet and Information Security in the Securities and Futures Industry, the Data Classification and Grading Guidelines for Securities and Futures Industry and the Data Life-cycle Security Standards for Financial Data Security, and the Guidelines for the Filing of Mobile Application Software in the Securities and Futures Industry (Trial) (《證券期貨業移動應用軟件備案工作指引(試行)》), and carried out data security management and customer privacy protection based on the basic principles of “confidentiality, integrity and availability”.

In response to data security and customer privacy protection, the Company has established a three-tier management structure consisting of the “data governance committee – responsible department for data governance management – data security working groups”. The Company has continuously strengthened employees’ management responsibilities for data security and incorporated the Company’s data security into the performance assessment of employees at the headquarters. The Company’s chief information officer serves as the person in charge of personal information protection, responsible for supervising personal information processing activities and the protection measures taken. In the event of any negative data security incidents, the Company will implement disciplinary actions and accountability measures against relevant employees.

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Governance structure of data security and customer privacy protection of DFZQ

Management level	Specific responsibilities
Data governance committee	Responsible for the supervision and decision-making of data security work
Responsible department for data governance management	Responsible for the overall coordination of data security work
Data security working group	Responsible for the implementation of data security work

The Company published the DFZQ Privacy and Data Security Management Statement (《東方證券股份有限公司隱私及數據安全管理聲明》) and formulated internal systems and codes of conduct applicable to the Company’s business lines and subsidiaries, such as the Data Governance Measures of DFZQ, the Computer Information System Security Management Measures of DFZQ, the Data Security Management Standards of DFZQ, the Data Classification and Grading Management Guidelines of DFZQ, the Guidelines for Management of Data Desensitization Plan of DFZQ and the Network Emergency Response Plan of DFZQ (《東方證券股份有限公司網絡應急預案》), to clarify the management regulations of data classification and classification management, data life-cycle security management, data security risk assessment and data security incident disposal, and customer financial information protection.

In addition, the Company attaches great importance to improving the governance of data security and customer privacy protection. By organizing special data-security training programs for all employees (including contractors sent to the Company), the Company continuously enhances the professional skills of relevant management personnel and strengthens employees’ awareness and capabilities in data security. The training content covers thematic learning and special examinations on network security campaigns and education training, and professional skill training.

In 2024, the Company continuously enhanced the quality and effectiveness of data security management and ensured the protection of customer privacy by strengthening proactive data security management, properly handling data security incidents, and clarifying the management regulations and requirements for customer information and data at every stage of its operations and business development.

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Key initiatives of DFZQ for enhancing data security management quality and effectiveness in 2024

Main aspects	Main content
Proactive measures: strengthening data security active management	<ul style="list-style-type: none">Established and improved the data life-cycle governance mechanism, and avoided the risk of leakage in all links of data management by standardizing the data collection process and collection methods, applying controlled networks and controlled transmission media, and using reliable data security elimination methods;Adopted a data grading management mechanism, comprehensively considered the importance and sensitivity differences of data, divided data into four levels, and implemented grading and classification management of data based on different levels, such as encrypted storage, password protection, access authorization, access monitoring, and access control of the server network environment carrying data;Organized and carried out third-party vulnerability analysis, including conducting third-party tests before system launch or update, carrying out regular third-party tests four times a year after system launch, performing a centralized Internet vulnerability identification test once a year, and conducting an offensive and defensive drill once a year. This proactive approach helped identify issues in data governance and vulnerabilities in data systems. Rectification measures were taken promptly to prevent potential crises arising from these vulnerabilities.
Reactive measures: strengthening emergency response to data security incidents	<ul style="list-style-type: none">Established an emergency command center (information security emergency response team), which is responsible for implementing the information security emergency response of the Company, and formulated the Information Security Emergency Plan of DFZQ and the Information Security Emergency Sub-Plan, to clarify the time limit requirements and event escalation mechanism for security incidents at all levels, forming a closed-loop handling model from information security prevention and early warning to emergency response;Conducted at least one emergency drill on information each year during daily operations and business development.

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Implementing key initiatives for customer privacy protection of DFZQ in 2024

Main aspects	Main content
Safeguarding customers' rights of data management	<ul style="list-style-type: none"> Through data protection and privacy policies such as the Privacy Policy of Orient Winners APP (《東方贏家APP隱私政策》), and the Privacy Policy of Oriental Winners Option APP (《東方贏家期權APP隱私政策》), we protect customers' right to know and decide on the processing of their personal financial information; Customers have the right to access and manage personal information through the Company's official APP, business department sites and other channels, and to access, rectify and delete personal data based on the paths provided.
Collecting and storing customer information	<ul style="list-style-type: none"> According to the Company's data security management standards and user privacy policies, the necessity of customer data collection shall be considered, and the principle of minimizing information collection shall be adopted, and the business information and personal financial information unrelated to services shall not be collected; Unless otherwise specified by laws and administrative regulations, the Company only maintains the personal information of customers within the shortest time necessary to achieve the processing purpose. After the transaction purpose has been achieved or stopped providing products or services, and the customer data has exceeded the storage period, the Company will properly handle it in accordance with the regulatory requirements of laws and regulations.
Implementing customer data access and transmission management	<ul style="list-style-type: none"> Formulated the Data Demand Management Guidelines of DFZQ (《東方證券股份有限公司數據需求管理指引》), the Data Classification and Grading Management Guidelines of DFZQ (《東方證券股份有限公司數據分類分級管理指引》), the Computer Information System Permissions Management Measures of DFZQ (《東方證券股份有限公司計算機信息系統權限管理辦法》) and other management systems, to clarify the security levels of data, the approval and management process of information system permissions and permissions, strictly controlled the scope of customer information and important data access and knowledge, and adopted Internet access SSL encryption measures to ensure that only authorized personnel can access personal information; In accordance with the Guidelines for Management of Data Desensitization Plan of DFZQ (《東方證券股份有限公司數據脫敏方案管理指引》), the Company has formulated a data desensitization strategy to conduct data desensitization on customers' sensitive information and important data when transferred outside controlled production environments through encryption and de-identification security technical measures and applications such as fuzzy, anonymity and differential privacy. In terms of data transmission management, data interaction between systems is carried out through encrypted transmission or via reliable channels such as dedicated lines and VPNs, ensuring the security of data transmission.

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Main aspects	Main content
Clarifying the requirements for third-party sharing of customer data	<ul style="list-style-type: none"> In addition to the relevant provisions of laws and regulations or the mandatory requirements of the competent government authorities, the Company will only carry out third-party data sharing for the purpose of completing transactions and services for the purpose of legality, legitimacy, necessity, specific and clear purposes with the consent of the specific customer, and require the third party to sign a strict confidentiality agreement to provide reasonable confidentiality measures for personal information; The Company undertakes not to collect personal financial information from third parties or provide such information to the third parties for purposes other than completing transactions and services.
Data protection safeguards integrated into product and service development	<ul style="list-style-type: none"> Integrated the concept of user privacy protection into the APP construction process, carried out APP security analysis and security mechanism design in the APP design and development stage, carried out security testing and security risk rectification in the APP testing stage, strengthened and signed the APP in the APP release stage, continued to carry out security monitoring of the operation after the APP is released, and promoted the formation of a closed loop of APP security; Integrated data security and customer privacy protection into investor education, and provided investors with knowledge publicity in data security and privacy protection through the Company's investor education website.
Data security and customer privacy management in the supply chain	<ul style="list-style-type: none"> In supervising suppliers and partners to implement customer privacy protection management, the Company clarified the main types of suppliers involved in data security and privacy protection issues, and identified key protection contents. In the process of supplier introduction, if the procurement involves customer privacy, data security and privacy protection will be regarded as important bidding scoring items, and in business contracts, suppliers are explicitly required to sign information confidentiality clauses and suppliers' on-site service personnel are required to sign the on-site service information security commitment letter. In the process of supplier cooperation, information security is included in the scope of final verification, and relevant regulations are made for the formulation of supplier data security and privacy protection systems, and the continuous monitoring of data security and privacy protection. Suppliers are required to formulate data security and privacy protection policies, take sound data security and privacy protection measures, formulate emergency plans for abnormal situations such as data leakage, and inspections are conducted to verify their compliance. In case of data security or privacy protection violations, suppliers are required to report relevant incidents and rectification measures in a timely manner, and the Company can apply for a compliance review of supplier-related management measures and performance of obligations.

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The Company regularly conducts internal and external audits of information technology management. The audit scope includes data security and personal information protection, including conducting a special internal audit annually and commissioning an external professional institution to conduct a comprehensive audit of information technology management work every three years. The Company has passed external certification evaluations such as ISO27001 and has achieved a 100% coverage of the Company's server rooms.

- ✓ In 2024, the Company organized 2 emergency drills at the company level, 89 emergency drills at the headquarters level and 587 emergency drills at the business department level.
- ✓ In 2024, the Company carried out special training and special examinations on network security for full-time labor contract employees, brokers and labor dispatch employees, and the coverage rate of employees participating in training reached 100%.

In 2024, the Company did not have any violations related to data security and customer privacy protection, nor did it find any violations of customer privacy protection or loss of customer information, or receive confirmed relevant complaints.

Improving customer service quality

Focusing on the "customer-centric" service concept, the Company integrates the advantages of wealth management, asset management, investment banking, futures and other comprehensive financial licenses to provide customers with one-stop financial services.

The Company has established a sophisticated financial product management service system, formulated financial product service system specifications, and clarified financial product service processes and standards. By enhancing the digitalization level of customer services, strengthening the capacity building of customer service personnel, and improving customer communication and complaint management, the Company continued to optimize the quality management of financial product services and practically enhanced customer satisfaction. In terms of customer communication and complaint management, the Company has formulated the Whistleblowing Management Measures of DFZQ (《東方證券股份有限公司信訪工作管理辦法》), and the Implementing Rules for Handling Customer Complaints of DFZQ (《東方證券股份有限公司客戶投訴處理實施細則》), clarifying the channels for customer complaints as well as the mechanism for acceptance, and setting up a corresponding assessment and supervision mechanism, so as to ensure that the customer communication and feedback are highly efficient and unobstructed. With customer satisfaction as the core, the Company sets up management goals and targets for customer service satisfaction, customer complaint rate of customer service center, customer retention rate, repurchase rate, etc. In terms of customer satisfaction survey, the Company focuses on product satisfaction, software use satisfaction, customer service satisfaction, service personnel satisfaction, etc., and conducts customer satisfaction surveys quarterly, so as to develop in-depth understanding of customer needs and pain points, make timely rectification for the customer service problems reflected in the customer satisfaction survey, and continuously optimize the customer service experience.

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- ✓ In 2024, the Company's customer service center conducted a satisfaction survey with 58,433 customers, and the customer satisfaction rate was 90.3%.
- ✓ As of the end of 2024, the Company's fund investment advisory business retained a scale of 15.37 billion and 120,000 customers, the customer retention rate was 58%, the repurchase rate was 77%, and the average time for customers to use investment advisory services reached 721 days.

Implementing responsible marketing

The Company strictly implemented product compliance marketing, complied with the laws, regulations and regulatory guidelines, such as the Securities Law of the People's Republic of China, the Advertising Law of the People's Republic of China, the Administrative Measures for the Sale of Securities Investment Funds and the Administrative Measures for the Business of Securities Brokerage, and has formulated certain rules and regulations such as the Rules for Suitability Management of Product Sales Business of DFZQ (《東方證券股份有限公司產品銷售業務適當性管理細則》), the Administrative Measures for Financial Products Proxy Sales Business of DFZQ (《東方證券股份有限公司代銷金融產品業務管理辦法》), the Implementation Rules for Compliance and Risk Management of Financial Products Proxy Sales of DFZQ (《東方證券股份有限公司代銷金融產品合規與風險管理實施細則》), and the Guidelines on the Management of Research, Evaluation and Admission of Financial Products Proxy Sales of Wealth Management Committee (《財富管理委員會代銷金融產品研究平價及准入管理指引》), so as to clarify the advertising and marketing requirements and management norms of the Company's financial products, and ensure the authenticity and integrity of the Company's financial product marketing.

In terms of optimizing investor eligibility management and "know your customer" efforts, the Company has established rules and regulations such as the Measures for Investor Eligibility Management of DFZQ (2024 Revision) (《東方證券股份有限公司投資者適當性管理辦法(2024年修訂)》), the Implementation Rules for Suitability Management of Bond Business of DFZQ (《東方證券股份有限公司債券業務適當性管理實施細則》), the Rules for Suitability Management of Product Sales Business of DFZQ (《東方證券股份有限公司產品銷售業務適當性管理細則》), to clarify investor eligibility management standards and business application processes, and effectively manage investor eligibility, thus ensuring that products and services match customer needs, and protecting the legitimate interests of investors.

In 2024, the Company did not violate any regulations on marketing and publicity regulations.

Deepening investor education

In 2024, the Company continued to deepen investor education. Focusing on the five core areas of "financial knowledge, wealth planning, market strategy, investment methodology and risk prevention", and relying on the National Internet investor education base and its national branches, the Company continued to carry out the investor education activity of "five entries" (enter rural areas, enter communities, enter campuses, enter enterprises and enter business districts), guided investors to establish correct investment concepts, and created value for investors. In 2024, the Company, relying on the Internet investor education base, carried out 2,112 activities in collaboration with its branches nationwide.

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3.5 Construction of Talents Team

Employee equality and diversity

As a financial institution, DFZQ mainly adopts the forms of employment of contracted employees and labor dispatch employees, with no involvement of part-time employees.

The Company strictly complies with the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China and other relevant laws and regulations. The Company maintains a diverse, open and inclusive atmosphere, cares for vulnerable groups, firmly opposes discrimination in the recruitment and remuneration payment, introduces ethnic minorities and non-mainland Chinese nationals without discrimination, and prohibits refusal of recruitment on the grounds of gender and maternity. The Company upholds the principle of equal pay for equal work, ensuring that salary and benefits are not differentiated based on gender or any other factors. It actively promotes the implementation of equal employment rights. The Company firmly prohibits the employment of child labour and forced labour, and provides labor protection in strict accordance with relevant national regulations and company systems. In the event of a labor dispute, the Company actively mediates or properly resolves the issue according to the labor dispute arbitration procedure to ensure compliance and safeguard the legitimate rights and interests of workers. In 2024, the Company had no incidents involving the employment of child labor or forced labor.

In order to establish an open and equal workplace environment, the Company has formulated the Employee Reward and Punishment Management Measures to prevent workplace discrimination and harassment, and clarifies the disciplinary actions for discrimination and harassment behaviors. If an employee is guilty of rumor mongering, maliciously spreading rumors, insulting, defaming, slandering, physically assaulting, intimidating, or threatening other employees, the Company may, depending on the circumstances, immediately terminate the labor contract or impose corresponding financial penalties. The Company will not provide any economic compensation, and reserves the right to seek additional compensation for losses incurred.

The Company formulates the annual talent recruitment and pipeline development strategy, predicts the recruitment demand at the end of each year, formulates the recruitment plan for the next year, and dynamically adjusts the recruitment strategy based on actual circumstances. In 2024, the Company formulated the annual staffing plan in accordance with the overall development strategy of each business line, taking into account the staffing situation of the Company in the previous year and the human resources trend of the industry; developed diversified recruitment channels based on the recruitment situation of each business line and the development needs of the business segments, and adjusted the recruitment strategy in the middle of the Year; reviewed the recruitment situation for the whole year at the end of each year and produced a report on the Company's staffing situation.

The Company builds diversified recruitment channels, tracking, searching, and screening candidates, and actively negotiating to ensure that the job requirements, professional abilities, and values of the introduced talents are compatible.

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Specific actions for recruitment of DFZQ

Campus recruitment	<ul style="list-style-type: none">• The Company initiated the summer graduate traineeship program in the industry since 2015. It has successfully established the “Oriental i Program” for summer internships, “Oriental I-MT” management trainee project and the “Oriental Star” wealth management trainees project for campus recruitment. The Company expands its promotional reach through the Company’s official recruitment website, “DFZQ Recruitment” official account, advertisements on major recruitment websites, employment websites of colleges and universities, BBS and other channels. We also target specific colleges and universities domestically and internationally.• The Company launched the recruitment of the 2024 graduates, optimized the summer internship program of “I-MT Management Trainee” and the fall supplementary recruitment program, made in-depth preaching in colleges and universities, implemented the internship launching ceremony and mid-term exchange conference, and completed the final defense and selection and retention work.• We also strengthened the tracking of talent projects, organized a review meeting for the first anniversary of I-MT trainees and cross-departmental communication training, which was attended by relevant leaders, who gave them work evaluation and wishes.
Social recruitment	<ul style="list-style-type: none">• Launching a high-level talent acquisition program under the brand “Wisdom Converges East, Futures Forged Ahead”, the Company implements comprehensive planning and future-oriented deployment. Focusing on strengthening talent cohorts such as executives and succession candidates, high-level pioneers, mission-critical professionals, versatile polymaths, and global-minded experts, the Company diversifies sourcing channels and enhanced market-driven recruitment.• The Company introduced high-level talents of industry leaders and experts in major business lines, introduced outstanding overseas doctoral talents, and actively declared governmental talent programs to enhance the Company’s brand and business performance.

The Company takes a number of measures to promote the establishment of an equal and inclusive workplace. In terms of protection of the rights and interests of female employees, the Company establishes and implements a comprehensive gender equality policy, prohibits gender discrimination, and ensures that the rights and interests of female employees are protected. At the same time, the Company provides female health management services such as gynecological health consultation, women’s maternity insurance, and room for mothers, and cares for women’s physical and mental health. The Company has set a quantitative target for recruitment of “not less than 40% women in the workforce”. As of the end of 2024, the Group had a total of 8,766 employees, of which 4,122, or 47.02%, were women, a goal that has been met.

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Employee remuneration and benefits

In order to standardize the management of employee remuneration and benefits and protect the rights and interests of employees, the Company has formulated internal management systems, such as the Remuneration Management System of DFZQ (《東方證券股份有限公司薪酬管理制度》), the Implementation Rules for Remuneration Distribution of DFZQ (《東方證券股份有限公司薪酬發放實施細則》), and the Regulations on Employee Attendance and Vacation Management of DFZQ (《東方證券股份有限公司考勤及假期管理規定》), which cover the Company's management regulations in respect of remuneration and benefits.

In terms of remuneration and benefits, the Company pays salaries on time every month, pays social insurance and housing provident fund in accordance with the law, and purchases work injury insurance for all employees to enhance the protection of employees against work-related injuries. In addition to fixed remuneration, the Company provides employees with variable performance-based component to pay that are “market-oriented, with performance and contribution as the core”. The determination of performance bonuses takes into account various factors, including employee performance, risk control and compliance, loyalty and stability, professional ethics, integrity practice, fulfillment of social responsibilities, and customer service level.

In respect of employee health and safety guarantee, the Company strictly complies with the requirements of the Labor Law of the People's Republic of China, the Production Safety Law of the People's Republic of China and other documents, formulates the Administrative Measures of Security and Fire Safety Work of DFZQ (《東方證券股份有限公司安全保衛和消防安全工作管理辦法》), the Employee Handbook of DFZQ (《東方證券股份有限公司員工手冊》) and other relevant systems and norms applicable to all the Company's employees (including the dispatched workers). The Company also regularly tracks employee health and safety-related performance indicators such as the “employee occupational disease incidence” and the “number of working days lost due to work-related injuries”, and sets up quantitative performance management targets. The Company regularly carries out employee occupational health and safety risk and hazard assessments and inspections, identifies source of hazards in production safety in the occupational environment, takes into account the Company's actual situation and management priorities, effectively promotes the implementation of special actions and emergency response plan drills, and enhances employees' awareness of relevant issues through employee occupational health and safety training.

The Company advocates work-life balance and provides all employees (including dispatched workers) with flexible vacation scheduling and a broad range of non-statutory benefits to meet their individual needs. In addition to the full and timely contribution of the five social insurances and one housing fund, the Company provides employees with supplementary medical insurance, enterprise annuity, physical examination, health management and counseling services to create a positive, healthy and harmonious working atmosphere.

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Employee Rights and Benefits System of DFZQ

Working hours and leaves	<ul style="list-style-type: none">Monday to Friday are working days, Saturday and Sunday are rest days. The Company implements a five-day work week with 40 hours of work per weekEmployees are entitled to the paid annual leave as mandated by national regulations, as well as additional paid annual leave provided by the Company. At the same time, employees can take sick leave, personal leave, marriage leave, funeral leave, maternity leave, prenatal leave, breastfeeding leave, family planning leave, annual leave, voluntary blood donation leave, certain employees' holiday leave and work-related injury leave as specified by the Company's policies and regulationsAll employees are entitled to paid parental leave as stipulated by national regulations, which shall be implemented according to the standards set by the local government where the employees work; nursing leave shall be implemented according to local government regulations
Non-statutory benefits	<ul style="list-style-type: none">Supplementary medical insurance: Since 2007, the Company has established a supplementary medical insurance system for all employees, including in-service employees and headquarters dispatched workers, covering outpatient and emergency, inpatient care, major illness, minor illness, accidental injury, maternity, illness and death. In 2024, the Company comprehensively optimized the supplementary medical insurance support plan, completed the enrollment of employees' labor union membership card basic protection and mutual assistance protection, and purchased "Exclusive Basic Guarantee for Shanghai Trade Union Members" and "Shanghai Employees Mutual Aid Insurance program 2020" with a total coverage of RMB130,000 per person for all employees. The Company expanded the coverage of employees' special serious illness protection, and handled insurance claims for 15 employees suffering from serious illnesses amounting to more than RMB2 millionEmployee physical examination: The Company arranges a physical examination covering all employees once a year, and female employees are additionally entitled to gynecological special physical examinationEnterprise annuity: The Company established the enterprise annuity system at the end of 2006 to improve the pension protection of employees after retirement. In 2024, the Company revised the enterprise annuity management program and paid the enterprise annuity for employees according to the new programHealth services: The Company provides employees with services such as expert appointment, health consultation, psychological counseling, video doctor, workplace shoulder and neck massage. At the same time, the Company continues to carry out the "Growing up Together towards a Bright Future" employee care project service. It provides a 7×24 free professional mental health counseling hot line through a professional third-party organization to help employees solve their worries and troubles in workplace and life. The Company also regularly sends out e-newsletters on psychological care for employees and offers online public courses and other services

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Democratic staff communication

The labor union of the Company persists in safeguarding rights according to relevant laws and implements the basic system of democratic management. It gives full play to the function of the employee congress, joint meeting of employee congress and the special committees to effectively promote publication of enterprise affairs. Within the scope of the parent company, the membership rate of all regular employee labor unions has reached 100%.

In 2024, the Company held 3 plenary meetings of the employee congress and 1 joint meeting of the employee congress, during which the Employee Handbook, the Annual Group Supplementary Medical Insurance Plan of the Company (《公司年度團體補充醫療保險方案》), the Implementation Plan for Group Long-Term Supplementary Medical Insurance (《公司團體長期補充醫療保險實施方案》) and other systems and proposals were considered and approved, during which the sixth session of employee representative directors and employee representative supervisors were elected, which provided a strong safeguard for the harmonious development of the enterprise.

In order to further improve the Company's welfare system and reflect the Company's care for employees, the Company carried out structural optimization for the employee medical insurance and other benefits, and developed the Annual Group Supplementary Medical Insurance Plan of the Company (《公司年度團體補充醫療保險方案》). Meanwhile, the Company applied the management work of socialization of state-owned enterprise retiree and developed the Implementation Plan for Group Long-Term Supplementary Medical Insurance (《公司團體長期補充醫療保險實施方案》). The above documents were submitted to the employee congress for consideration as required.

Employee training system

In 2024, the Company revised the Training Management System of DFZQ (revised in 2024) (《東方證券股份有限公司培訓管理制度(2024年修訂)》). Aligning with the core objective of "Create a strong engine for talent development systematically with capacity building at its core", the Company adopted a talent supply chain perspective and delivered diversified training efforts targeting managerial talent.

Throughout the year, the Company organized 391 internal training sessions, engaging over 270,000 participants. To address employees' individualized development needs, the Company facilitated participation in 299 external training sessions hosted by regulatory authorities and external institutions, covering 1,504 participants. The Company continued to carry out organization-wide learning on themes such as industry culture, reputational risk, compliance and risk control, integrity practice, and information security. By leveraging the innovative models of "exam-driven learning" and "exhibition-driven learning", the Company conducted online thematic exams and offline exhibitions, reaching nearly 120,000 employees.

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Multi-level training projects of DFZQ

Training type	Training content
Job-specific development training programs	<ul style="list-style-type: none"> Targeting wealth management specialists, the Wealth Management Committee launched the “Golden Investment Advisor” plan, formulated the Golden Investment Advisor Talent Cultivating Plan, and completed the first-round selection (covering 303 candidates). Concurrently, the fund investment advisory training was conducted and the first session of Asset Allocation Training Camp (covering 41 participants) was held. The Company rolled out its first “Oriental Spark” internal trainer development program, organizing 21 lecturers to develop 20 premium courses, 6 of which were submitted to the Securities Association of China, with 3 being successfully selected for its distance learning course library. Targeting branch operation staff, the Operation Management Department organized 14 training sessions, covering two-way video training, remote video training and examinations, specialized onboarding training for new employees, and on-site intensive training on operations, engaging 6,080 participants. These initiatives further supported branches in understanding operational standards and adapting to new changes.
Leadership training	<ul style="list-style-type: none"> To strengthen ideological cultivation and political training, the Company partnered with China Executive Leadership Academy Pudong for the first time to launch its inaugural Political Rotation Training program for Cadres. In the first 5-day training, 35 mid-level managers deepened their political acumen and performing capabilities through 9 thematic lectures, 2 group discussions, 3 examinations, and 2 field visits. For middle and senior management, the Company internally organized a series of lectures on “innovation and development” and disciplinary training sessions (4 sessions), covering topics such as Party building studies, disciplinary education, macroeconomics, enterprise operation and management, and leadership development, regularly organized “Reading for Enlightenment” book clubs (4 sessions), and recommend a reading list (48 books); facilitated participation in executive programs hosted by Shenergy Group and the Municipal Party Committee Organization Department (8 sessions), alongside industry exchange and study activities organized by the Securities Association of China and universities (12 sessions), so as to improve the overall quality of cadres in multiple dimensions. For the IMT management trainees, the Company pioneered an interesting training form of “improv comedy” for the special training on influence (20 participants) to continuously follow up on the cultivation of management potential.

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Training programs with external educational institutions

On June 26, 2024, the Company invited Yin Haitao, vice president, professor and doctoral supervisor of Antai College of Economics and Management of Shanghai Jiao Tong University, to hold a lecture on “Practical Path for Securities Dealer to Practice ESG Concepts”, to actively carry out General Secretary Xi Jinping’s important exposition on financial work and to advance the grand agenda of green finance.

The Company places high priority on enhancing employees’ professional competencies and actively encourages them to obtain professional certifications such as Chartered Financial Analyst (CFA), Financial Risk Manager (FRM), and Legal Professional Qualification. The Company reimburses exam fees or registration costs for employees registering for relevant examinations, covering various employment types including standard full-time staff, brokers, and others. In 2024, the Company reimbursed examination fees in a total amount of RMB113,808 for 79 employees.

Staff appraisal and promotion

In order to ensure that employees have a clear career development path, the Company has established an improved performance appraisal and complaint reporting mechanism, and opened promotion channels, providing a broad platform for employee development.

The Company has formulated internal management systems such as the Employee Attendance and Leave Management Regulations (《員工考勤及假期管理規定》), the Management Measures of Ranking System of Employees and the Performance Management Measures to strictly regulate employee performance management. In 2024, the Company carried out professional development for all employees, requiring supervisors to provide guidance on the performance process of employees, and provide feedback and guidance on the performance results of employees, including goal setting, performance appraisal, and review of performance appraisal results.

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Performance management mechanism of DFZQ

Goal setting	<ul style="list-style-type: none">The Company adopts a KPI-setting approach and set multi-dimensional performance appraisal targets on a top-down basis; the assessment period is generally one year, and the Company conducts quarterly or half-yearly assessments based on the needs of different business lines and departments.
Performance appraisal	<p>The Company carries out performance appraisal management for all employees. Employee supervisors observe the performance of employees in their daily work, guide employees on the performance process, and provide formal review, feedback and guidance on the results of employees' performance to help employees analyze and solve problems that exist or are potential in their work.</p> <ul style="list-style-type: none">Performance appraisal of management and leaders: mainly include the achievement of the Company's overall operating performance target, the achievement of performance target of responsible business lines, compliance and risk management, integrity practice and other aspects.Performance appraisal of employees: implements multi-dimensional performance appraisal assessment. Performance appraisal targets are mainly set by their respective departments and supervisors based on job content and departmental requirements, mainly covering work objectives, compliance management, integrity practice and other aspects.Organizational performance appraisal: Organizational performance objectives are set based on corporate performance objectives and departmental responsibilities, with key performance indicators defined across areas such as finance, market and customer, and internal management. A number of assessment contents and methods are set in advance, such as the level and time of completion, the source of assessment data, the formula for calculating the indicators, and the assessment weights. The Company adopts a hybrid top-down and bottom-up approach for performance goal-setting. Departmental objectives must directly align with corporate goals, and individual objectives must support their department's targets.

To ensure objectivity, fairness, and impartiality of performance appraisal, the Company has established a formal grievance escalation/reporting channel and mechanism, and employees who are in doubt about the evaluation processes or the evaluation results may report in writing the management problems to the Company. The Company requires grievance investigators to keep the details of grievance matters and the persons involved strictly confidential, and any retaliation or discrimination against the grievance employee is strictly prohibited.

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Employee grievance reporting mechanism

Type of grievance	Relevant rules	Grievance handling procedures
Grievance against employee performance appraisal	Performance Management Measures	<ul style="list-style-type: none"> In case that departments and employees cast doubt over the assessment process or the assessment results, they may apply to the human resources management department for reconsideration within seven days from the release date of assessment results by filling out the Performance Appraisal Reconsideration Form with appeal reasons and detailed evidence thereof. Failure to submit a review application in writing within the prescribed time shall be deemed as no objection to the results of the performance evaluation. The human resources management department will organize investigation and verification upon receiving the relevant application form, and issue a written reply within two weeks after reporting the investigation results to the Company.
Employee grievance against the handling result	Employee Reward and Punishment Management Measures	<ul style="list-style-type: none"> The handling result will be communicated in writing to the subject person by his/her department or the human resources management department. If the subject person disagrees with the handling decision, he/she may submit a written appeal to the initiating body/department or the human resources management department within 10 days from the date of delivery of the handling decision, and provide relevant supporting documents. If no complaint is filed within the time limit, it shall be deemed as a recognition of the handling results. The Company will make a review decision to maintain, revoke or change the original handling decision within 30 days upon receipt of the appeal materials, and inform the appellant and his/her department in writing. During the appeal period, the execution of the original handling decision will not be stopped.

In order to further establish and improve the benefit sharing mechanism between employees and the Company and share the development results of the Company with outstanding talents, the Company established the employee stock ownership plan covering all formal employees of the Company and controlling subsidiaries in July 2020. The lock-up period of the subject shares purchased under the H share employee stock ownership plan of the Company had been expired on December 24, 2021, and certain holders exited the employee stock ownership plan according to their own wishes, resulting in changes in the number of holders, the number of Shares held and the shareholding ratio in the employee stock ownership plan. The scope of the employees of the employee stock ownership plan includes the Company and its controlling subsidiaries. As of the end of 2024, the employee stock ownership plan had a total of 1,185 participants holding a total of 17,450,400 shares, representing 0.21% of the total share capital of the Company.

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3.6 Operationalize Social Contributions

Promoting rural revitalization

The Company actively implements the strategy of rural revitalization and the call of “One Enterprise for One County” of assistance, establishes and improves the work mechanism and procedure for assistance, sets up a leading group for assistance headed by the secretary of the party committee and the chairman of the Board of Directors, establishes assistance working groups, formulates key tasks for precise assistance every year, to consolidate the results of poverty alleviation and promote the implementation of rural revitalization.

The Company continues to carry out rural revitalization work in the areas of industrial assistance, consumption assistance, public welfare assistance, cultural assistance, ecological assistance and intellectual assistance, etc. The Company and its subsidiaries have signed pairing assistance agreements with 49 regions, including Moqi in Inner Mongolia, Tongyu County in Jilin Province, Jingle County in Shanxi Province, continuously supporting the sustainable development of paired assistance areas. In 2024, the Company and its subsidiaries carried out 92 projects to consolidate poverty alleviation results and promote rural revitalization, with total investment of various assistance projects for rural revitalization of approximately RMB24,007,800.

Statistics on the contribution areas of rural revitalization projects of the Company and its subsidiaries

Main assistance area	Number of assistance projects
Industry assistance	18
Financial assistance	10
Consumption assistance	14
Public welfare assistance	1
Ecological assistance	3
Knowledge assistance	21
Organization assistance	25

In terms of industry assistance, as of 2024, the Company has carried out the “Orient Guniang” industry assistance project in Moqi, Inner Mongolia for eight consecutive years, the “Dong Fang Hong Yi Black Tea” industry assistance project in Wufeng, Hubei Province for seven consecutive years, and the “Oriental Coffee” industry assistance project in Qiongzong, Hainan Province for the first time, assisting rural revitalization with professional technology and strong integration ability, and helping local characteristic industries achieve sustainable development through branding and innovative communication.

In terms of innovative financial assistance, in 2024, our subsidiary, Orient Futures, deeply studied the real risk management needs of farmers, and implemented more than 170 “insurance + futures” projects.

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Promoting public welfare and charity

The Company continues to pay attention to the development of public welfare and charity, actively fulfills its social responsibilities, and carries out public welfare undertakings relying on the Shanghai DFZQ Xindeyizhang Public Welfare Foundation (the “Xindeyizhang Public Welfare Foundation”). In 2024, the Xindeyizhang Public Welfare Foundation continued to promote the Xindeyizhang Art Classroom project, delivering six featured courses of Xindeyizhang Art Classroom and multiple featured activities of Xindeyizhang Art Classroom. A highlight was the renovation of the art space at Dukezong Primary School in Shangri-La, Yunnan Province. Additionally, the Xindeyizhang Public Welfare Foundation launched the “Legacy of Intangible Cultural Heritage – Meet Shadow Puppets” cultural preservation campaign at Xiangyang Primary School in Songjiang District. In 2024, the Xindeyizhang Public Welfare Foundation raised RMB13.4962 million, with expenditures totaling RMB9.3777 million.

In 2024, Orient Securities Asset Management, a subsidiary of the Company, deepened its engagement in community service and social welfare through its Shanghai Dongfanghong Public Welfare Foundation, advancing the Phase III of Dongfanghong “Qicheng Mama” (啟成媽媽) project for the empowerment of rural women entrepreneurship, and implementing the “Love • Breakfast” Student Aid Program (Phase V), so as to deeply cultivate poverty alleviation and education assistance, and to care for the disadvantaged groups.

Commitment to volunteer activities

DFZQ’ Orient Youth Volunteer Corps has consolidated volunteer teams across all levels of the Company’s Communist Youth League organizations, forming a “Hub-and-Spoke” service system, to establish the distinctive “Five-Color” Volunteer service brand, covering various fields including “red cultural heritage preservation” “golden financial literacy outreach” “silver elderly care support” “blue marine conservation” and “green child care”.

During the “Learn from Lei Feng” themed activities in March 2024, 17 volunteer teams of the Company mobilized across office complexes and communities, leveraging financial professionals’ expertise to deliver 19 service programs, including school traffic management coordination, autistic children care, community financial education workshops, and public space sweep campaigns, covering approximately 350 beneficiaries with 77.5 cumulative voluntary service hours.

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4. GOVERNANCE: PURSUING PROGRESS WHILE ENSURING STABILITY AND LAYING SOLID FOUNDATION FOR DEVELOPMENT

4.1 Cementing the Foundation of Governance

Corporate governance

The Company strictly complies with the requirements of relevant laws and regulations, such as the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Code on the Governance of Listed Companies and the relevant regulations of the Shanghai Stock Exchange and the Hong Kong Stock Exchange, and has established a corporate governance mechanism comprising the shareholders' general meeting, the Board of Directors, the Supervisory Committee and the senior management, with their own clear powers, effective checks and balances with each other, so as to continuously improve the level of corporate governance.

In 2024, the Company continued to advance the development of its Board of Directors system. In coordination with the revisions to relevant regulatory systems including those of the China Securities Regulatory Commission (CSRC) and the Shanghai Stock Exchange (SSE), the Company conducted systematic revisions and improvements to governance systems such as the Articles of Association, the Independent Director System of the Company, the Management Measures for Raised Funds of the Company, the Management Measures for Related Party Transactions of the Company, the Terms of Reference of Special Committees of the Board of the Company and the Management Measures for Shareholdings by Directors, Supervisors, and Senior Management of the Company and the Changes in Shareholdings, ensuring compliance with the latest regulatory requirements for listed companies, securities companies, and state-owned assets supervision. On November 22, the Company convened an extraordinary general meeting and meetings of the Board and the Supervisory Committee, completed the re-election of the new session of the Board and Supervisory Committee, and simultaneously coordinated the election of employee representative directors and supervisors through the employee congress.

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Composition of the Board of Directors and the Supervisory Committee and the meetings convened in 2024

Composition of the Board and the Supervisory Committee	Meetings convened in 2024
The Board has 15 directors, including 1 female director	3 general meetings, which heard or considered 23 proposals
3 executive directors, 7 non-executive directors, 5 independent non-executive directors	10 Board meetings, which heard or considered 68 proposals
1 employee representative director	20 meetings of the special committees under the Board
The Supervisory Committee has 7 supervisors, including 3 employee representative supervisors	5 meetings of the Supervisory Committee, which heard or considered 34 proposals

The Company understands and recognizes the benefits of diversity among the members of the Board and continues to focus on the diversity composition of the Board of the Company. The Company has formulated and publicly disclosed the Board Diversity Policy, which considers the diversity of the Board members from multiple dimensions, including but not limited to directors’ gender, age, cultural and educational backgrounds, and professional experience.

The Company stresses the professional knowledge training and capability building of Board members in risk management. Several members of the Board of the Company have previously engaged in research in financial and legal fields at higher education institutions, or held positions in corporate compliance and risk management departments for years, possessing in-depth knowledge of legal compliance risk management in financial institutions and professional expertise in corporate financial risk. In 2024, the Company organized four directors to participate in training courses related to risk management knowledge, including the interpretation of financial fraud regulatory policies, to enhance the Board members’ risk management capabilities.

The Company has implemented measures to enhance directors’ competency in fulfilling their duties and optimize corporate governance standards. In terms of information dissemination and competency training, the Company compiles and distributes the monthly Board Brief to communicate the latest regulatory updates, industry developments, company announcements, and daily news. In terms of compliance operations and integrity practices, the Company regularly circulates the Comprehensive Compliance Management Report to the external members of the Compliance and Risk Management Committee and the members of the Audit Committee, while distributing the Compliance Express and Anti-Money Laundering Quarterly Work Brief to all directors for review.

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In order to materialize the long-term vision of the Company's development, the Company has set up long-term assessment indicators for senior management, which mainly include the Company's overall medium and long-term strategic goals, the completion of operating results, the completion of performance of sub-contracted management lines, compliance and risk management, integrity practices and other factors, to promote the sustainable development of the Company and enhance its overall strength and competitiveness. The distribution of performance bonuses for senior management of the Company is directly linked to their performance appraisal results and personal term performance appraisal results, and the deferred distribution system is strictly implemented. The performance-based remuneration recourse and deduction clause is clearly set out in the senior management remuneration system. If the senior management fails to perform their duties diligently, resulting in major violations of laws and regulations by the Company or causing major risk losses to the Company, the Company shall recover part or all of the performance-based remuneration paid within the corresponding period in accordance with the laws and regulations, and perform corporate governance procedures and stop paying part or all of the outstanding remuneration.

Information disclosure and protection of investors' rights and interests

The Company strictly complies with the information disclosure requirements stipulated in the dedicated chapter of the Securities Law, its supporting regulations, and the stock listing rules of the exchanges in the PRC and Hong Kong. We thoroughly implement the investor-centric philosophy, and continuously improve the quality and transparency of information disclosure. First, the Company continuously improves the information disclosure review mechanism. By strictly standardizing the formulation, review, and release links and processes, we ensure that disclosed information is truthful, accurate, complete, timely, and fair, receiving a Grade A information disclosure rating from the Shanghai Stock Exchange (SSE) for the year. Second, the Company continues to optimize the transparency and readability of information disclosure. Throughout the year, the Company prepares and releases a total of 4 regular reports, issues 105 interim announcements and online documents, and significantly improves the visualization of the Company's regular reports, enhances the pertinence of information disclosure, and optimizes the reading experience for investors by regularly releasing the design drafts of the annual and half year reports.

The Company proactively enhances investor relations management mechanisms, enriches communication channels with investors, strengthens brand image, communicates corporate value, and effectively manages market capitalization. Throughout the year, the Company carried out a total of 55 various roadshows and exchange activities, 4 results briefings, and answered 58 questions from investors via the SSE E-Information. The Company's briefings on annual and interim results were both held in the form of "video recording + online interaction", providing unobstructed channels for small and medium-sized investors to participate in the meetings, actively showcasing the Company's advantages and highlights, and effectively enhancing market recognition. Meanwhile, the Company proactively promoted the construction of new media platforms such as the WeChat Official Account, forming a joint force with the Company's official WeChat account to further expand brand influence. By the end of 2024, the Company's total market value was RMB83.7 billion, representing an increase of 23% compared to the end of the previous year, ranking 12th in the industry.

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The Company has implemented the CSRC’s multi-dividend policies, successfully completing annual and interim dividend distributions with a total dividend reaching RMB1.9 billion, effectively safeguarding shareholders’ rights and enhancing long-term investor returns. In 2024, the Company completed the 2023 annual dividend distribution for holders of A shares and holders of H shares by the end of June 2024, distributing cash dividends totaling RMB1,269,270,295.20, accounting for 46.09% of the net profit attributable to owners of the parent company in the consolidated statements for 2023. The Company completed the 2024 interim dividend distribution in mid-December 2024, distributing cash dividends totaling RMB634,635,147.60, accounting for 30.06% of the net profit attributable to owners of the parent company in the consolidated statements for the first half of 2024.

4.2 Regulating Business Behavior

Compliance management

The Company strictly follows the Company Law of the People’s Republic of China, the Securities Law of the People’s Republic of China, the Regulations on the Supervision and Management of Securities Companies, the Measures for the Compliance Management of Securities Companies and Securities Investment Fund Management Companies, and other laws, regulations, self-discipline rules and the Articles of Association to continuously improve the compliance management system framework. Based on the full-cycle compliance management covering pre-event, in-process, and post-event stages, we comprehensively advance key tasks across management structure, compliance communication and implementation, compliance monitoring, compliance inspections, and risk resolution, thereby continuously enhancing our endogenous compliance management capabilities.

Compliance Management System of DFZQ (Partial)

System name	Overview
General Compliance System of DFZQ (《東方證券股份有限公司合規管理基本制度》)	Specifying the compliance management organizational structure and responsibilities at all levels, as well as procedures for the reporting, handling, and accountability mechanisms for violations.
Measures on the Implementation of Compliance and Accountability Work of DFZQ (《東方證券股份有限公司合規問責實施辦法》)	Specifying compliance accountability procedures and penalty standards.
Measures for Reporting of Violation of the Compliance and Legal Management Department (《合規法務管理總部違規舉報工作辦法》)	Specifying designated compliance oversight and reporting personnel and channels.

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System name	Overview
Assessment and Remuneration Management Rules on Compliance and Risk Management of DFZQ (《東方證券股份有限公司合規與風險管理考核與薪酬管理辦法》)	Specifying mechanisms linking the assessment results of compliance and risk management performance with the performance and compensation of assessed personnel.
Management Measures for the Code of Professional Conduct for Employees of DFZQ (《東方證券股份有限公司員工執業行為準則管理辦法》)	Specifying the professional code of conduct that employees should abide by, as well as the Company's inspection and punishment mechanisms for non-compliant behaviors.

Key tasks of compliance management in 2024

Aspects	Main content
Management framework	<ul style="list-style-type: none">Centralizing the formation of subsidiary compliance teams and expanding wealth business compliance teams, providing adapted human resource support for vertical compliance governance under the Wealth Management Committee (WMC) and Investment Banking Committee (IBC).Clarifying the jurisdictional boundaries between the compliance department and business committees, developing the Summary Table of First and Second Lines of Defense (LOD) Responsibilities for Investment Banking Compliance Management (《投行業務合規管理一二道防線職責劃分匯總表》).Promoting further refinement of the wealth management business line's compliance management system and enhancing abnormal transaction monitoring capabilities.
Compliance communication and implementation	<ul style="list-style-type: none">Diligently implementing external regulatory dissemination and internalization, with 391 dissemination actions conducted for 52 critical regulations through the compliance management platform in 2024.Strengthening case warning education in key regulatory areas, compiling industry-specific typical cases, and issuing corporate-wide documents including the Warning on Reiterating the Prohibition of Employees' Illegal Stock Trading (《關於重申禁止員工違規炒股的提示》).Organizing and conducting training and examination on integrity practice and style construction, interpretation on the newly revised Company Law, the Anti-Monopoly Law, and the Anti-Unfair Competition Law, as well as publicity and training activities for the "Fair Competition Policy Publicity Week" and "Constitution Publicity Week".

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Aspects	Main content
Compliance monitoring	<ul style="list-style-type: none"> Strengthening business access review and control. In 2024, the Company reviewed 19 major investment decision-making matters and new product/new business proposals made by all business departments, conducted legal compliance consultation and support for 23 significant projects, and examined more than 7,000 contracts of all types. Focusing on specialized functional areas including abnormal transaction management, anti-money laundering management, employee investment behavior management, and information barrier management to continuously optimize system platform functionalities, implement updated external regulatory requirements, and fulfill rectification requirements from previous external inspections.
Compliance inspection	<ul style="list-style-type: none"> Conducting compliance inspections for the current year in accordance with the annual plan formulated at the beginning of the year, while dynamically incorporating regulatory updates and industry-specific typical cases to implement targeted special inspections. In 2024, the Company organized and carried out over 40 routine and special inspections. Enhancing daily compliance management by issuing compliance letters to provide reminders, guidance, and rectification supervision for issues identified during routine compliance management to timely identify, prevent, and address risks. Promptly handling violations reported through external complaints or identified via internal management, guiding departments involved in conducting investigation/verification and public opinion management, and rigorously enforcing internal accountability measures.

Intellectual property protection

The Company strictly complies with the requirements of the Patent Law of the People's Republic of China, the Copyright Law of the People's Republic of China, the Trademark Law of the People's Republic of China and other relevant laws and regulations, protects its own intellectual property and respects and avoids infringing the intellectual property of others.

In 2024, the Company issued the Regulations on Information Technology Intellectual Property Management of DFZQ (《東方證券股份有限公司信息技術知識產權管理規定》) to regulate the management of service invention-creation in activities including scientific research, technology development, production and operation conducted by the Company and its subsidiaries. To prevent infringement of third-party intellectual property rights, the Company continuously advanced routine initiatives covering installation and safe use of images, fonts, articles and licensed software. All relevant departments were required to further enhance copyright awareness and promptly conduct self-inspections and implement rectifications, thereby mitigating or preventing infringement incidents.

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Anti-money laundering management

The Company strictly complies with anti-money laundering laws, regulations, and industry standards and has established a multi-level and systematic anti-money laundering internal control system at the board level, company level and department level and formulated 10 institutional documents including the Administrative Measures for Anti-Money Laundering Work of DFZQ (《東方證券股份有限公司反洗錢工作管理辦法》), with specific provisions covering customer due diligence, reporting of large transactions and suspicious transactions, counter-terrorist financing, freezing of terrorism-related assets, anti-money laundering management for branch offices, internal audits, publicity and training, performance evaluations, accountability, and assistance in anti-money laundering investigations.

Key measures for anti-money laundering management of the Company

Aspects	Key measures
Customer due diligence	<ul style="list-style-type: none"> For customers who initially established business relationships, the Company required them to provide their basic customer identification information and relevant identification documents before handling the business; for institutional customers, it is required to identify beneficial owners in accordance with regulatory requirements. Throughout the existence of business relationships with customers, when scenarios specified by the Company's internal control policies require re-identification or ongoing identification of customer identities, all business departments implement re-initiated and ongoing customer due diligence measures to promptly update customer identity information.
Preservation of customer information and transaction records	<ul style="list-style-type: none"> The Administrative Measures for Anti-Money Laundering Work of DFZQ (《東方證券股份有限公司反洗錢工作管理辦法》) clarifies the specific requirements for the preservation of customer identity information and transaction records. The departments of the Company headquarters are responsible for preserving their respective anti-money laundering information. Anti-money laundering information related to the brokerage business line is preserved by either the Wealth Management Business Department or branch institutions based on operational responsibilities and customer affiliation.
Anti-money laundering list monitoring	<ul style="list-style-type: none"> Pursuant to the regulatory requirements, the Company established and maintained an anti-money laundering list database, purchased a full list of Dow Jones and introduced categorized management of the database. All departments carried out list screening through the Han De List Monitoring System (漢得名單監控系統). The list screening of the Company covers both customers and their counterparties, while anti-money laundering list monitoring comes in two mechanisms, i.e., real-time list monitoring and retrospective list monitoring.

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Aspects	Key measures
Money laundering risk assessment	<ul style="list-style-type: none"> In 2024, the Company arranged all relevant departments to assess business money laundering risks. Of all the Company's product businesses, there were 10 low-risk businesses, 28 relatively low-risk businesses, 14 medium-risk businesses, 2 relatively high-risk businesses, and 1 high-risk business. For businesses with relatively high risks and above, the Company has established enhanced risk control measures and implemented them during business operations.
Anti-money laundering publicity and education	<ul style="list-style-type: none"> In terms of the publicity on anti-money laundering laws and regulations, by the end of 2024, the Company had organized a total of 178 publicity activities through the WeChat official account, distributing leaflets (sending text messages), LED display screens and other forms, with an audience of approximately 20,600 persons. The publicity targeted the Company's directors, supervisors, senior management, all employees and the public. In terms of anti-money laundering and counter-terrorist financing, by the end of 2024, the Company had conducted 514 training sessions covering topics such as policy interpretation, trend analysis, enforcement inspections, suspicious transaction monitoring and analysis, and system operations. These sessions attracted 100,424 participants, covering senior management, all employees, and anti-money laundering personnel of the Company.

Anti-corruption management

The Company strictly complied with the Provisions on the Integrity of Securities and Futures Business Institutions and Practitioners (《證券期貨經營機構及從業人員廉潔從業規定》) and the Implementation Rules for the Integrity of Securities Business Institutions and Their Staff (《證券經營機構及其工作人員廉潔從業實施細則》), issued detailed formal policy on bribery and anti-corruption and continuously revised the Management Measures of Integrity Practices (2023 revision) (《廉潔從業管理辦法(2023年修訂)》), and established a company-level leading group for integrity practices and a working group for integrity practices and set up integrity management specialists in various departments, branches and subsidiaries to form a three-level organizational management structure. The Board has established the integrity practice management objectives and assumes responsibility for the effectiveness of the ethics issues management. The main responsible persons of the Company serve as the primary accountable party for implementing ethics issues management obligations, while heads of departments and subsidiaries bear corresponding management responsibilities according to their respective duties. In 2024, the Company issued the Management Measures for Integrity Practices of DFZQ (《東方證券股份有限公司誠信從業管理辦法》), further improving its anti-corruption institutional system.

The Company incorporated anti-corruption and ethical standards into the scope of the audit for all headquarters, branches, and subsidiaries, conducted the audit, proposed audit opinions and suggestions, and supervised the relevant department to implement rectification on the problems identified in the audit.

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In 2024, the Company launched a special inspection of anti-corruption practices and ethical standards. All headquarters, branches, and Orient Securities Capital Investment, a subsidiary of the Company completed the special self-inspection of integrity practice. The Company has conducted special integrity practice inspections of key departments including the financial derivatives management department, capital management department, and securities investment business department, as well as departmental branches and subsidiaries. These initiatives aimed to assess the implementation of anti-corruption systems in operation and enhance the effectiveness of the anti-corruption policies of the Company.

In 2024, there were no anti-corruption related corruption lawsuits filed against the Company or its employees in the Company and its branches.

In 2024, the Company conducted anti-corruption training for directors and all employees

Training targets	Training content
All directors	The Company distributed the Management Measures for Integrity Practices (《誠信從業管理辦法》) and the Management Measures of Integrity Practices (《廉潔從業管理辦法》) along with publicity posters to all directors. Video training materials including the 2024 Integrity Practices Training Courseware of DFZQ (《東方證券2024年度廉潔從業培訓課件》) and the Case Studies in Regulatory Compliance – Interpreting Integrity Practice Requirements through Regulatory Enforcement Actions (《以案說法－從監管案例解析廉潔從業管理要求》) were also distributed. These systematically conveyed the concept of integrity practices to directors, explicitly setting requirements for diligence, integrity and trustworthiness, and rejection of corrupt practices.
Middle and senior leaders	The Company conducted a training series of education on disciplines and laws for cadres under the theme of “Staying Respectful and Wary and Safeguarding the Bottom Line”, delivering special lectures on the Regulations of the Communist Party of China on Disciplinary Actions (《中國共產黨紀律處分條例》) to the leadership and Party-managed cadres of the Company, thereby reinforcing the cultivation of disciplinary awareness.
All employees	The Company offered online integrity practice training sessions and examinations, covering all staff, securities brokers and contractors. At the same time, the Company launched the “Clean Wind in Step (清風為伴)” integrity culture gallery and conducted the “Clean Wind • Ethical Reflections (清風•鏡鑒)” warning education touring exhibition. The integrity education task force delivered over 50 integrity education sessions to all employees through its “Ethical Enlightenment (送學送廉)” lecture series.

Anti-unfair competition

The Company strictly follows the legal requirements, including the Criminal Law of the People’s Republic of China, the Anti-Unfair Competition Law of the People’s Republic of China, and the Securities Law of the People’s Republic of China, and is committed to safeguarding a fair and legitimate commercial competitive environment.

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For the regulation of false advertising, the Company adheres to the Advertising Law of the People's Republic of China and has established internal regulations such as the Management Measures for External Communications (《對外宣傳管理辦法》) and the Management Measures for Self-Media Promotion (《自媒體宣傳管理辦法》) to rigorously govern external promotional activities. All departments, branches, and subsidiaries of the Company bear direct responsibility for ensuring the legality, authenticity, and accuracy of information involved in external communications, strictly following relevant workflows for review and dissemination.

In protecting business secrets, the Company has formulated the Confidentiality Management System (《保密管理制度》) and the Management Measures for Confidentiality of Business Secrets (《商業秘密保密管理辦法》), requiring all employees to fulfill obligations in safeguarding corporate business secrets and complying with relevant confidentiality policies.

In terms of anti-monopoly practices, the most relevant external regulatory requirements for the securities industry pertain to the control of “concentration of undertakings (經營者集中)” under financial regulators and the SSE and the SZSE, i.e., the management of “related-party transactions”. In 2024, the Company revised the Management Measures for Related Party Transactions and has established robust internal control systems governing transactions and related party transactions. These systems specify the decision-making authority, deliberation procedures of transactions and related party transactions, and the Company strictly implements the recusal voting system for interested directors and shareholders during the review of related party transactions.

In 2024, the Company conducted the Anti-Monopoly Law and the Anti-Unfair Competition Law interpretation training sessions and the “Fair Competition Policy Publicity Week” campaign series. These efforts routinely advanced anti-unfair competition promotion through multiple channels. During the Reporting Period, the Company had no material administrative penalties related to unfair competition practices.

Whistleblowing and reporting and whistleblower protection

The Company strictly followed the Regulations on the Supervision and Management of Securities Companies (《證券公司監督管理條例》), the Whistleblowing Work Management Rules of Shenergy (Group) Company Limited (《申能(集團)有限公司信訪工作管理規定》), the Implementation Measures on Discipline Inspection, Supervision, Whistleblowing and Reporting of Shenergy (Group) Company Limited (《申能(集團)有限公司紀檢監察信訪舉報工作辦法》), and other rules and regulations, and formulated certain internal systems such as the Whistleblowing Management Measures (《信訪工作管理辦法》), the Measures on Compliance and Accountability Work (《合規問責工作辦法》) and the Whistleblowing Measures for Violations by the Compliance and Legal Department (2020 Revision) (《合規法務管理總部違規舉報工作辦法(2020年修訂)》). The Company publicly discloses its whistleblowing channels, including the address, hotline, and email on its website. Internally, the Company has established robust systems to ensure the confidentiality of the whistleblowing procedures and establish the protection mechanism for whistleblowers.

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Reporting channels and approaches	Whistleblower protection
<p>The Company publishes the telephone number, fax number, mailbox and workflow for whistleblowing in a prominent position on its website, ensures that the whistleblowing process is conducted in an anonymous manner, arranges designated personnel to handle the work related to whistleblowing, and relevant parties may report to the Company through letters and personal visits.</p>	<p>The Company specifies the confidentiality of the whistleblowing procedures and the protection mechanism for whistleblowers in the Whistleblowing Measures for Violations by the Compliance and Legal Department (2020 Revision) (《合規法務管理總部違規舉報工作辦法(2020年修訂)》). The Company implements a recusal mechanism in whistleblowing cases, requiring staff involved in report handling or investigations to strictly comply with confidentiality disciplines.</p> <p>The Company strictly prohibits the disclosure of the name, department, address and other information of the whistleblower, and strictly prohibits disclosing the reported matters to the persons involved or other persons who may cause adverse consequences to the whistleblower.</p> <p>If any department or person is found to retaliate against the whistleblower, it shall be timely reported to the senior management of the Company and handled in strict accordance with relevant regulations, and cases constituting criminal offenses shall be referred to judicial authorities for legal proceedings according to law.</p>

Supplier management

As a financial enterprise, the Company’s suppliers are mainly suppliers of information systems, office facilities and services. They are ordinary in nature, with sufficient alternative providers available in the market, presenting no material risks to supply chain security or stability. The Company recognizes suppliers as its partners who shall implement and adhere to its operational standards in key areas such as compliance management, environmental sustainability, anti-corruption, data security and privacy protection, to eliminate risks arising from their improper management that could harm the business continuity of the Company. For management requirements regarding supplier data security and privacy protection, please refer to the “Safeguarding Data Security” section of this report.

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In strict accordance with the Law of the People's Republic of China on Tendering and Bidding, the Government Procurement Law of the People's Republic of China and other relevant laws and regulations, the Company has formulated the Procurement Management Measures of DFZQ, the Management Measures for Suppliers of DFZQ (《東方證券股份有限公司供應商管理辦法》) and the Implementation Rules for the Procurement and Management of Non-Computer Assets of DFZQ and other supporting rules to specify the admission, evaluation and withdrawal management process of suppliers, such as incorporating requirements of employees' payment of social security, honest tax payment, and no violations of laws and regulations into the selection criteria of suppliers to further provide systematic protection for procurement management of the Company. In 2024, the Company engaged with 394 suppliers in its procurement activities, all subject to the implementation of supplier management in accordance with our procurement management standards.

The Company proactively practices green procurement. In the tendering process of procurement projects such as engineering projects, IT equipment and office supplies, the products or services provided by suppliers are specifically required to comply with national and industry standards and green procurement standards, and preference is given to energy-saving and environmentally friendly products. In addition, in the procurement selection process, the Company pays special attention to the environmental impact in the operation of suppliers and conducts scientific assessments through questionnaires, on-site observation and expert consultation in accordance with the Control Procedure for Identification and Evaluation of Environmental Factors (《環境因素識別與評價控制程序》).

The Company prioritizes anti-corruption management of suppliers by publishing the Statement on Anti-Corruption Management of Suppliers (《供應商反腐敗管理聲明》) on its official website, requiring all suppliers to comply with the anti-corruption requirements of the Company and establish anti-corruption policies and programs to verify compliance. When cooperating with third parties, the Company requires the signature of the Letter of Undertaking on Integrity Practices or the inclusion of integrity practice clauses in the relevant agreements. Any identified prohibited conduct shall be promptly notified to the concerned party and addressed in accordance with the internal disciplinary regulations of the Company.

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5. ESG DATA TABLE AND NOTES

5.1 Economy data table and notes

Business Performance Table				
Indicator	Unit	2022	2023	2024
Total assets	RMB100 million	3,680.67	3,836.90	4,177.36
Operating revenue	RMB100 million	187.29	170.90	191.90
Basic earnings per share	RMB	0.35	0.30	0.37
Social contribution value per share ¹	RMB	1.56	1.49	1.81

Note 1: [Calculation method] social contribution value per share = (basic earnings per share + tax paid to the state during the year + salaries paid to employees + interest on borrowings paid to banks and other creditors + value created for other stakeholders, e.g. donations – other social costs due to environmental pollution)/share capital of the Company as at the end of the period.

Note 2: Basic earnings per share and social contribution value per share are retrospectively disclosed on the annual report.

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5.2 Environment data table and notes

Environmental Performance Table¹

Indicator	Unit	2022	2023	2024
Total Greenhouse Gas Emissions (Scope 1 and Scope 2)	Tonnes of carbon dioxide equivalent	11,484.92	10,006.37	9,732.87
Total greenhouse gas emissions within Scope 1 ²	Tonnes of carbon dioxide equivalent	243.96	373.43	459.56
Total greenhouse gas emissions within Scope 2 ²	Tonnes of carbon dioxide equivalent	11,240.96	9,632.94	9,273.31
Total greenhouse gas emissions within Scope 3 ³	Tonnes of carbon dioxide equivalent	12,619.01	9,521.35	8,243.67
Greenhouse gas emissions per capita (Scope 1 and Scope 2)	Tonnes of carbon dioxide equivalent/headcount	1.37	1.18	1.11
Greenhouse gas emissions per unit area (Scope 1 and Scope 2)	Tonnes of carbon dioxide equivalent/sq. m.	0.05	0.05	0.04
Comprehensive energy consumption	Tonnes of standard coal	–	–	2,393.03
Direct energy consumption	Tonnes of standard coal	–	–	259.66
Indirect energy consumption	Tonnes of standard coal	–	–	2,133.37
Comprehensive energy consumption per unit area	Tonnes of standard coal/sq.m.	–	–	0.01
Comprehensive energy consumption per capita	Tonnes of standard coal/headcount	–	–	0.27
Total electricity consumption	MWh	19,710.61	17,008.79	17,346.17
Electricity consumption per capita	MWh/headcount	2.35	2.01	1.98
Electricity consumption per unit area	MWh/sq. m.	0.09	0.08	0.08
Total natural gas consumption	Cu. m.	85,597.00	138,104.00	132,893.00
Gasoline consumption of self-owned vehicles	Litre	21,600.00	28,701.29	76,054.40
Diesel consumption	Litre	50.00	0.00	75.00
Total water consumption	Cu. m.	96,937.72	106,552.84	81,643.65
Water consumption per capita	Cu. m./headcount	11.55	12.61	9.31
Water consumption per unit area	Cu. m./sq. m.	0.43	0.49	0.36
Total office paper consumption ⁴	Tonnes	10.00	10.00	6.02
Total waste ⁵	Tonnes	–	–	248.33
Total waste per capita	Kilograms/headcount	–	–	43.15
Total waste per unit area	Kilograms/sq. m.	–	–	2.45

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Note 1: In 2022, the statistical calibre for total electricity consumption, total water consumption and relevant indicators is the parent company of DFZQ (i.e., the parent company headquarters and business departments) and the headquarters and branches of Orient Investment Banking, a former subsidiary of the Company, Orient Securities Innovation, Orient Securities Capital Investment, Orient Securities Asset Management and the headquarters of Orient Futures, and the remaining statistical calibre is the headquarters of DFZQ' parent company, the headquarters and branches of Orient Investment Banking, a former subsidiary of the Company, Orient Securities Innovation, Orient Securities Capital Investment, Orient Securities Asset Management and the headquarters of Orient Futures. In 2023, the statistical calibre for the total electricity consumption, total water consumption and relevant indicators is the scope of DFZQ's consolidated statements., and the remaining statistical calibre is the headquarters of DFZQ' parent company and its subsidiaries within the consolidated financial statements. In 2024, the statistical calibre for total office paper consumption and total waste is the headquarters of DFZQ' parent company and its subsidiaries within the consolidated financial statements, and the remaining statistical calibre is the scope of DFZQ's consolidated statements.

Note 2: Greenhouse gas emissions within Scope 1 include direct greenhouse gas emissions from natural gas consumption and gasoline and diesel consumption of self-owned vehicles. Greenhouse gas emissions within Scope 2 include indirect greenhouse gas emissions from purchased electricity. The carbon emission factors in 2022 and 2023 refer to the National Grid Carbon Emission Factor in the Notice on the Management of Greenhouse Gas Emissions Report of Power Generation Industry Enterprises in 2023–2025 issued by the Ministry of Ecology and Environment of the People's Republic of China. Greenhouse gas accounting factors for 2024 refer to the Announcement on Releasing the Carbon Dioxide Emission Factors for Electricity in 2022 issued by the Ministry of Ecology and Environment of the People's Republic of China and the National Bureau of Statistics in December 2024.

Note 3: Greenhouse gas emissions within Scope 3 include greenhouse gas emissions from employee travel of the headquarters of the parent company of DFZQ and its subsidiaries within the consolidated statements. The Scope 3 greenhouse gas emissions for 2022 are estimated based on the Scope 3 calculation tool of the Greenhouse Gas Protocol. The statistics for the years 2023 and 2024 are calculated with reference to the GHG Protocol – A Corporate Accounting and Reporting Standard and the GHG Protocol – Corporate Value Chain (Scope 3) Accounting and Reporting Standard.

Note 4: The office paper consumption for 2022 and 2023 is estimated based on the amount of office paper purchased, while the consumption for 2024 is based on the actual consumption.

Note 5: The new statistics of total waste and density figures for 2024 cover non-hazardous waste, such as waste paper, municipal solid waste, food waste, toner cartridges, ink cartridges, spent batteries, etc.

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5.3 Society Data Table and Notes

Customer service performance table

Indicator	Unit	2022	2023	2024
Number of customer enquiries through 95503 hotline	Case	1,197,821	1,128,433	1,347,954
Number of complaints	Case	1	3	3
Proportion of handled complaints	%	100	100	100
Customer satisfaction rate	%	91	90.21	90.30

Note: The customer satisfaction survey is conducted through the customer satisfaction follow-up project for investment advisory customers, customers of margin financing and securities lending business and stock options business and by adding questions on customers' satisfaction with the Company's service staff in the follow-up review for existing customers and customers of fund investment advisory business.

Supplier performance table

Indicator	Unit	2022	2023	2024
Number of suppliers in Mainland China	Supplier	46	461	394
Number of suppliers in Hong Kong, Macau, Taiwan and overseas regions	Supplier	0	0	0

Note: The statistical calibre of supplier-related performance indicators is based on the headquarter of the parent company. In 2022, only large-scale procurement from major departments was counted, and electronic suppliers were not included; In 2023, the statistics were based on the unified calibre of the Company's newly formulated procurement management system, and the data statistics were more complete.

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Employment performance table

Indicator		Unit	2022	2023	2024
Total employees¹		Person	8,391	8,452	8,766
By type	Full-time contracted	Person	7,371	7,565	7,360
	Person employee				
	Full-time dispatched	Person	39	33	31
	Person worker				
	Others	Person	981	854	1,375
By gender	Male	Person	4,488	4,482	4,644
	Female	Person	3,903	3,970	4,122
By age	< 30	Person	2,487	2,089	2,847
	30 to 50	Person	5,398	5,841	5,438
	> 50	Person	506	522	481
By region	Mainland China	Person	8,161	8,244	8,576
	Hong Kong, Macao,	Person	230	208	190
	Taiwan and overseas				
Employee turnover rate²		%	13	13	11
By gender	Male	%	14	16	12
	Female	%	11	10	10
By age group	< 30	%	21	24	12
	30 to 50	%	9	11	11
	> 50	%	11	11	10
By region	Mainland China	%	13	13	11
	Hong Kong, Macao,	%	0	0	14
	Taiwan and overseas				
Total number of labour discrimination incidents ³		Piece	0	0	0
Total number of minority staff ⁴		Person	205	200	192
Total number of disabled staff ⁵		Person	3	2	2

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Note 1:

The statistical calibre of the total number of employees includes the formal employees, labour dispatch employees, other forms of employment, etc.. The full-time labour contract is made to the regular employees, and the full-time labour dispatch is made to the labour dispatch workers. Others include outsourcing, brokers, labour workers, and re-employment after retirement.

Note 2:

The statistical calibre for employee turnover rate in 2022 and 2023 is DFZQ's parent company, while in 2024, it is expanded to the scope of the consolidated financial statements. The various types of employee turnover rate = number of turnover of each category/total number of employees of each category.

Notes 3, 4 and 5:

The statistical calibre is DFZQ's parent company.

Employee rights performance table¹

Indicator	Unit	2022	2023	2024
Labour contract signing rate	%	100	100	100
Social insurance coverage rate	%	100	100	100
Number of work-related fatalities	Person	0	0	0
Lost days due to work-related injuries ²	Day	0	0	79.5
Staff health check coverage rate	%	100	100	100
Amount of work-related injury insurance for employees	RMB0'000	–	–	370.15
Coverage of work-related injury insurance for employees	%	–	–	100

Note 1: The statistical calibre of data for 2022 is based on the parent company of DFZQ and covers full-time employees. The statistical calibre of data for 2023 has been expanded to the scope of consolidated financial statements and covers full-time employees.

Note 2: The Company's work-related injuries are mainly accidental injuries happening on employees' commuting journey. Therefore, the Company will take measures to provide extra safety reminders related to employees' commuting routes, in order to reduce the occurrence of employees' work-related injuries and the number of lost days due to work-related injuries.

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Employee training performance table¹

Indicator		Unit	2022	2023	2024
Number of employee training sessions		Session	–	–	690
Participants of employee training		Person	214,822	221,855	274,150
Total number of trained employees		Person	4,839	4,998	5,409
Total investment in employee training and development		RMB	3,930,000	4,160,000	2,800,000
Training cost per employee		RMB	812	832	518
Coverage ratio of employee training²		%	100	100	100
By gender	Male	%	51.62	51.68	53.76
	Female	%	48.38	48.32	46.24
By employee type	Senior management staff	%	0.19	0.19	0.22
	Middle management staff	%	1.45	1.37	2.13
	General staff	%	98.36	98.44	97.65
Annual average training hours received by an employee³		Hour	35	35	36
By gender	Male	Hour	35	35	36
	Female	Hour	35	35	36
By employee type	Senior management staff	Hour	35	35	36
	Middle management staff	Hour	35	35	36
	General staff	Hour	35	35	36
Proportion of staff receiving regular performance and career development assessments		%	100	100	100

Note 1: The statistical calibre is the number of informal employees of the parent company of DFZQ.

Note 2: [Calculation method] The training coverage of employees under each category = the number of employees in the specific category receiving training/the total number of employees receiving training.

Note 3: [Calculation method] Training hours per year of employees under each category = training hours received by employees in the specific category/the number of employees in the specific category.

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Compliance management performance table

Indicator	Unit	2024
Number of penalty incidents for violating environmental protection laws and regulations	Piece	0
Total amount of fines for violating environmental protection laws and regulations	RMB0'000	0
Amount involved in the customer privacy leakage incident	RMB0'000	0
Amount involved in the data security incident	RMB0'000	0

Innovation-driven performance table

Indicator	Unit	2024
Number of invention patents applied to main business	Piece	4
Number of invention patents filed during the Reporting Period	Piece	5
Number of invention patents authorized during the Reporting Period	Piece	0
Number of valid invention patents during the Reporting Period	Piece	8

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Rural revitalization and social contribution performance table

Indicator	Unit	2022	2023	2024
External donation	RMB0'000	2,477	2,572	2,395
Annual fund-raising amount of Xindeyizhang Public Welfare Foundation	RMB0'000	1,282.00	1,181.00	1,349.62
Annual expenditure of Xindeyizhang Public Welfare Foundation	RMB0'000	875.89	1,092.00	937.77
Number of people benefiting from rural revitalization	Person	–	–	8,900
Amount invested in rural revitalization	RMB0'000	–	–	2,400.78

Employee voluntary Service Performance Table

Indicator	Unit	2022	2023	2024
Number of employee volunteers	Person	2,078	1,049	1,310
Total length of employee voluntary services	Hour	5,276	3,959	4,772

Note: The statistical calibre for 2022 and 2023 is the scope of the consolidated financial statements, and the statistical calibre for 2024 is volunteer activities organized by the Youth League Committee of DFZQ, the Youth League Committee of Orient Securities Futures, the Youth League Committee of Orient Securities Asset Management, the Youth League Committee of China Universal Asset Management, and Xindeyizhang Public Welfare Foundation.

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5.4 Governance data table and notes

Anti-corruption performance table¹

Indicator	Unit	2022	2023	2024
Number of trainings on anti-corruption	Session	8	5	8
Number of employees participating in training on anti-corruption ²	Person	6,820	6,350	6,727
Proportion of employees covered by anti-corruption training	%	–	–	100
Total hours of training on anti-corruption received by employees	Hour	37,678	47,625	87,451
Number of management staff participating in training on anti-corruption	Person	–	–	127
Proportion of management staff covered by anti-corruption training	%	–	–	100
Number of directors participating in training on anti-corruption	Person	13	13	15
Proportion of directors covered by anti-corruption training	%	100	100	100
Total hours of training on anti-corruption received by all directors	Hour	41	13	15
Number of concluded corruption litigation cases filed against the Company and its employees	Case	0	0	0

Note 1: The statistical calibre is the parent company of DFZQ.

Note 2: The statistics for 2022 and 2023 are based on the total number of times of raining on anti-corruption that those employees have participated in, while the statistics for 2024 are based on the number of employees that have participated in training on anti-corruption as required by the Guidance of SSE.

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6. REPORT INDEX

INDEX OF ESG REPORTING GUIDE OF HONG KONG STOCK EXCHANGE

Part B: Mandatory Disclosure Requirements			
Mandatory disclosure items		Reporting chapter	
Governance Structure		Statement of the Board on Environmental, Social and Governance (ESG) Management Sustainable Development Governance and Strategies	
Reporting Principles		On This Report: Reporting Principles	
Reporting Boundary		On This Report: Coverage	
Part C: “Comply or explain” Provisions			
Aspect, general disclosure and key performance indicator		Reporting chapter	
A. Environmental		B3. Development and Training	
A1. Emissions		Contributing to “Carbon Peaking and Carbon Neutrality” Goals and Pursuing Green Development – Impact, Risk, and Opportunity Management	
A1.1		Environment Data Table and Notes	
A1.2		Environment Data Table and Notes	
A1.3		Environment Data Table and Notes	
A1.4		Environment Data Table and Notes	
A1.5		Contributing to “Carbon Peaking and Carbon Neutrality” Goals and Pursuing Green Development – Impact, Risk, and Opportunity Management	
		B4. Labor Standards	
		Construction of Talents Team	
		B3.1	
		Society Data Table and Notes	
		B3.2	
		Society Data Table and Notes	
		B4.1	
		Construction of Talents Team	
		B4.2	
		Construction of Talents Team	
		Operating Practices	

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Part C: “Comply or explain” Provisions			
Aspect, general disclosure and key performance indicator		Reporting chapter	
A1.6	Contributing to “Carbon Peaking and Carbon Neutrality” Goals and Pursuing Green Development – Impact, Risk, and Opportunity Management	B5. Supply Chain Management	Regulating Business Behavior
A2. Use of Resources	Contributing to “Carbon Peaking and Carbon Neutrality” Goals and Pursuing Green Development – Impact, Risk, and Opportunity Management	B5.1	Society Data Table and Notes
A2.1	Environment Data Table and Notes	B5.2	Regulating Business Behavior
A2.2	Environment Data Table and Notes	B5.3	Regulating Business Behavior
A2.3	Contributing to “Carbon Peaking and Carbon Neutrality” Goals and Pursuing Green Development – Impact, Risk, and Opportunity Management	B5.4	Regulating Business Behavior
A2.4	Contributing to “Carbon Peaking and Carbon Neutrality” Goals and Pursuing Green Development – Impact, Risk, and Opportunity Management	B6. Product Responsibility	Upholding Product Liability
A2.5	Such indicator is not applicable as the Company only provides financial products	B6.1	The Company only provides financial products and does not involve product recall
A3. The Environment and Natural Resources	Contributing to “Carbon Peaking and Carbon Neutrality” Goals and Pursuing Green Development – Impact, Risk, and Opportunity Management	B6.2	Society Data Table and Notes

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Part C: “Comply or explain” Provisions					
Aspect, general disclosure and key performance indicator		Reporting chapter	Aspect, general disclosure and key performance indicator		Reporting chapter
A3.1		Contributing to “Carbon Peaking and Carbon Neutrality” Goals and Pursuing Green Development – Impact, Risk, and Opportunity Management	B6.3		Regulating Business Behavior
A4. Climate Change		Contributing to “Carbon Peaking and Carbon Neutrality” Goals and Pursuing Green Development	B6.4		The Company only provides financial products and does not involve product recall
A4.1		Contributing to “Carbon Peaking and Carbon Neutrality” Goals and Pursuing Green Development	B6.5		Upholding Product Liability
B. Social			B7. Anti-corruption		Regulating Business Behavior
Employment and Labor Practices			B7.1		Governance Data Table and Notes
B1. Employment		Construction of Talents Team	B7.2		Regulating Business Behavior
B1.1		Society Data Table and Notes	B7.3		Regulating Business Behavior
B1.2		Society Data Table and Notes	Community		
B2. Health and Safety		Construction of Talents Team	B8. Community Investment		Operationalize Social Contributions
B2.1		Society Data Table and Notes	B8.1		Operationalize Social Contributions
B2.2		Society Data Table and Notes	B8.2		Operationalize Social Contributions Society Data Table and Notes
B2.3		Construction of Talents Team			

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GRI CONTENT INDEX

Statements of use	DFZQ prepared this report with reference to the GRI Standards, and the reporting period is from January 1, 2024 to December 31, 2024	
GRI 1 used	GRI 1: Foundation 2021	
GRI Standards	Disclosures	Reporting chapter
General Disclosure		
GRI 2: General Disclosures 2021	2-1	–
	2-2	On This Report
	2-3	On This Report
	2-4	On This Report
	2-5	Third-Party Independent Assurance Statement
	2-6	–
	2-7	Construction of Talents Team Society Data Table and Notes
	2-8	Society Data Table and Notes
	2-9	Sustainable Development Governance and Strategies Cementing the Foundation of Governance
	2-10	Cementing the Foundation of Governance
	2-12	Sustainable Development Governance and Strategies
	2-13	Sustainable Development Governance and Strategies
	2-14	Sustainable Development Governance and Strategies
	2-22	Statement of the Board on Environmental, Social and Governance (ESG) Management Sustainable Development Governance and Strategies
	2-27	Cementing the Foundation of Governance
	2-29	Material Topics Analysis
GRI 3: Material Topics 2021	3-1	Material Topics Analysis
	3-2	

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GRI Standards	Disclosures	Reporting chapter
Economy		
GRI 201: Business performance 2016	201-1	Economy Data Table and Notes
	201-2	Contributing to “Carbon Peaking and Carbon Neutrality” Goals and Pursuing Green Development
GRI 203: Indirect Economic Impacts 2016	203-1	Strengthening Risk Management
	203-2	Serving the Real Economy
		Contributing to “Carbon Peaking and Carbon Neutrality” Goals and Pursuing Green Development
		Operationalize Social Contributions
		Society Data Table and Notes
GRI 205: Anti-Corruption 2016	205-1	Regulating Business Behavior
	205-2	Governance data table and notes
	205-3	
Environment		
GRI 302: Energy 2016	302-1	Contributing to “Carbon Peaking and Carbon Neutrality” Goals and Pursuing Green Development – Impact, Risk, and Opportunity Management
	302-2	Environment Data Table and Notes
	302-3	
	302-4	
GRI 303: Water and effluents 2018	303-1	Contributing to “Carbon Peaking and Carbon Neutrality” Goals and Pursuing Green Development – Impact, Risk, and Opportunity Management
	303-2	Environment Data Table and Notes
	303-3	
GRI 305: Emissions 2016	305-1	Environment Data Table and Notes
	305-2	
	305-3	
	305-4	
	305-5	
GRI 306: Waste 2020	306-1	Contributing to “Carbon Peaking and Carbon Neutrality” Goals and Pursuing Green Development – Impact, Risk, and Opportunity Management
	306-2	Environment Data Table and Notes

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GRI Standards	Disclosures	Reporting chapter
Society		
GRI 401: Employment 2016	401-1	Construction of Talents Team
	401-2	Society Data Table and Notes
GRI 403: Occupational Health and Safety 2018	403-6	Construction of Talents Team
	403-9	Society Data Table and Notes
	403-10	
GRI 404: Training and Education 2016	404-1	Construction of Talents Team
	404-2	Society Data Table and Notes
	404-3	
GRI 405: Diversity and Equal Opportunity 2016	405-1	Society Data Table and Notes
GRI 406: Anti-Discrimination 2016	406-1	Construction of Talents Team
GRI 408: Child Labor 2016	408-1	Construction of Talents Team
GRI 409: Forced or Compulsory Labor 2016	409-1	Construction of Talents Team
GRI 417: Marketing and Labeling 2016	417-1	Upholding Product Liability
	417-2	
	417-3	
GRI 418: Customer Privacy 2016	418-1	Upholding Product Liability Society Data Table and Notes

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7. THIRD-PARTY INDEPENDENT ASSURANCE STATEMENT



ASSURANCE STATEMENT CN25/00001733

SGS-CSTC ORIENT SECURITIES CO.,LTD.'S REPORT ON ESG ACTIVITIES IN THE ORIENT SECURITIES CO.,LTD.'s ESG REPORT FOR 2024

NATURE OF THE ASSURANCE/VERIFICATION

SGS-CSTC STANDARDS TECHNICAL SERVICES CO., LTD. (hereinafter referred to as SGS) was commissioned by (ORIENT SECURITIES CO.,LTD.) (hereinafter referred to as ORIENT SECURITIES) to conduct an independent assurance of THE ESG Report. (hereinafter referred to as the Report).

INTENDED USERS OF THIS ASSURANCE STATEMENT

This Assurance Statement is provided with the intention of informing all ORIENT SECURITIES CO.,LTD.'s Stakeholders.

RESPONSIBILITIES

The information in the Report and its presentation are the responsibility of the Board of Directors and the management of ORIENT SECURITIES. SGS has not been involved in the preparation of any of the material included in the Report.

Our responsibility is to express an opinion on the text, data, graphs and statements within the scope of assurance with the intention to inform all ORIENT SECURITIES's stakeholders.

SGS hereby states that it shall not be held responsible or liable for any direct, indirect, incidental, or consequential damages or losses arising from or in connection with the use of information provided in this report.

ASSURANCE STANDARDS, TYPE AND LEVEL OF ASSURANCE

The SGS ESG & Sustainability Report Assurance (SRA) protocols used to conduct assurance are based upon internationally recognised assurance standards including the AA1000 series of standards.

The assurance of this report has been conducted according to the following Assurance Standards:

Assurance Standard Options	Level of Assurance
AA1000AS v3 Type 2	Moderate

SCOPE OF ASSURANCE AND REPORTING CRITERIA

The assurance engagement was conducted to evaluate the accuracy and reliability of the sustainability performance information included in the Report. Additionally, it assessed the extent to which the Report's content is in accordance with requirements of *Appendix C2 Environmental, Social and Governance Reporting Code of Listing Rules* published by Hong Kong Exchanges and Clearing Limited's (HKEX) and refers to the requirements of *GRI Standards 2021*.

ASSURANCE METHODOLOGY

The assurance comprised a combination of pre-assurance research, interviews with relevant employees (which located at No. 119, Waimalu Road, Huangpu District, Shanghai, P. R. China); documentation and record review and validation where relevant.

LIMITATIONS AND MITIGATION

Data drawn directly from independently audited financial accounts has not been checked to source as part of this assurance process.

The greenhouse gas emissions related data in the Report was self-accounted by ORIENT SECURITIES. In the context of the present assurance engagement, our procedures were limited to sample-based validation.

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This assurance engagement was restricted to the group level of ORIENT SECURITIES CO.,LTD. and did not include traceability of original data from all subordinate institutions.

This assurance no compliance verification was conducted in respect of 'Part D: Climate change related disclosures' of *Appendix C2 Environmental, Social and Governance Reporting* by HKEX, and the climate change related verification is still implemented in accordance with the previous version of Appendix C2 'Guidelines

STATEMENT OF INDEPENDENCE AND COMPETENCE

The SGS Group of companies is the world leader in inspection, testing and certification, operating in multiple countries and providing services. SGS affirm our independence from ORIENT SECURITIES CO.,LTD., being free from bias and conflicts of interest with the organisation, its subsidiaries and stakeholders.

The assurance team was assembled based on their knowledge, experience and qualifications for this assignment.

FINDINGS AND CONCLUSIONS

ASSURANCE/VERIFICATION OPINION

On the basis of the methodology described and the assurance engagement performed, the specified performance information included in the scope of assurance is accurate, reliable, and has been fairly stated.

CONCLUSIONS, FINDINGS AND RECOMMENDATIONS BASED ON APPENDIX C2 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING CODE OF LISTING RULES PUBLISHED BY HKEX AND GRI STANDARDS 2021

The assurance team concludes that the Report has been prepared in accordance with the requirements of *Appendix C2 Environmental, Social and Governance Reporting Code of Listing Rules* published by HKEX, and has referred to the requirements of *GRI Standards 2021*.

FINDINGS AND RECOMMENDATIONS

All observations pertaining to commendable practices, sustainable development activities, and managerial recommendations identified throughout the assurance process have been thoroughly documented in the *Internal Management Report on Sustainability Reporting Assurance*. This report has been officially presented to the relevant management divisions of ORIENT SECURITIES CO.,LTD. to serve as a reference for their ongoing efforts towards continuous improvement.

Signed:



For and on behalf of SGS-CSTC

David Xin
Sr. Director – Business Assurance
16/F Century Yuhui Mansion, No. 73, Fucheng Road, Beijing, P.R. China

Mar. 21st, 2025
WWW.SGS.COM



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8. ON THIS REPORT

This report is the tenth report on social responsibility issued by DFZQ (hereinafter referred to as the “DFZQ” or “Company”), and is also the second sustainable development report of the Company, aiming to disclose the actions taken by the Company and the results achieved in sustainable development management to all stakeholders.

Reporting Scope

- Time scope:

from January 1, 2024 to December 31, 2024, with certain content beyond this scope.
- Period of release:

This report is an annual report and its precedent was prepared for year 2023.
- Organizational scope:

Unless otherwise stated, the scope of this report corresponds to that of the annual consolidated financial statements of the Company, namely including Orient Securities Company Limited and its subsidiaries (hereinafter referred to as the “Group”). The full names and abbreviations of the subsidiaries within the consolidation scope covered in this report are set out in the table below.

Company full name	Abbreviations
Orient Securities Company Limited	DFZQ, the Company or the parent company
Shanghai Orient Securities Asset Management Co., Ltd.	Orient Securities Asset Management
Orient Finance Holdings (Hong Kong) Limited	Orient Finance Holdings
Orient Securities Futures Co., Ltd.	Orient Futures
Shanghai Orient Securities Capital Investment Co., Ltd.	Orient Securities Capital Investment
Shanghai Orient Securities Innovation Investment Co., Ltd.	Orient Securities Innovation

Data statement

The data and cases in this report come from the original records or financial reports of DFZQ and its subsidiaries in actual operation. The financial data of this report are in RMB. In the event of any discrepancy between the financial report and this report, the financial report shall prevail.

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Basis of preparation

This report is prepared in accordance with the Environmental, Social and Governance Reporting Guide of the Hong Kong Stock Exchange (Effective from December 31, 2023), with reference to the relevant requirements of Part D: Climate-related disclosures of the Environmental, Social and Governance Reporting Code (Effective from January 31, 2025) published by HKEX. Concurrently, this report is prepared refers to the Global Reporting Initiative (GRI) Sustainability Reporting Standards (2021), the International Financial Reporting Standards Sustainability Disclosure Standard No. 1 – General Requirements for Disclosure of Sustainability-related Financial Information (IFRS S1) and the International Financial Reporting Standards Sustainability Disclosure Standard No. 2 – Climate-related Disclosures (IFRS S2), as well as the SASB Sustainability Accounting Standards for “Asset Management & Custody Activities” and “Investment Banking & Brokerage” industry standards.

Reporting principles

The process of preparation of this report follows the reporting principles of the Environmental, Social and Governance Reporting Guide of the Hong Kong Stock Exchange with reference to the GRI Standards and the IFRS S1’s principles for sustainable information disclosure, with specific application as follows.

- **Materiality:** The Company has identified material topics related to operations that are of concern to all stakeholders as the key focus of this report. This report focuses on the characteristics of the industry and business operations of the Company while reporting on material topics. Please refer to the “1.2 Analysis of Material Topics” section in this report for details on the process and results of the analysis of topic significance.
- **Accuracy:** This report ensures the accuracy of information as much as possible. Among them, the calculation of quantitative information has explained the data caliber, calculation basis and assumptions to ensure that the scope of calculation errors will not have a misleading impact on users of information. For quantitative information and explanatory information, please refer to the section headed “ESG Performance Table” in this report. The Board guarantees that there are no false records, misleading statements or material omissions in this report. At the same time, this report has been verified by a third party to issue a statement of assurance regarding the accuracy of the information contained in the report. For details, see the appendix of the report.
- **Balance:** The content of this report reflects objective facts and provides an unbiased disclosure of positive and negative information about the Company. The Company did not identify any negative incidents that should be disclosed but were not disclosed to the targets within the scope of this report during the reporting period.
- **Clarity:** This report is published in Simplified Chinese. This report contains information such as forms, model diagrams and professional words, which are used as a supplement to the text of this report to facilitate stakeholders to better understand the text of the report. In order to facilitate faster information access to stakeholders, this report provides a table of benchmarking indexes for the catalogue and ESG standards.
- **Quantitativeness:** This report discloses key quantitative disclosure items and, as far as possible, discloses historical data. For details, please refer to the section “Seeking Truth: Sustainable Development Performance.”

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- **Comparability:** This report maintains consistency in the statistical and disclosure methods of the same quantitative disclosure items across different reporting periods; if there are changes in the data collection, measurement, and calculation methods, retrospective adjustments are made to the relevant data, and the adjustments and reasons are explained in the report notes, enabling stakeholders to conduct meaningful analysis and assess the development trends of the Company's ESG data levels.
- **Completeness:** The scope of disclosure of this report is consistent with the scope of the Company's consolidated financial statements.
- **Timeliness:** This report is an annual report. The Company strives to publish the report as soon as possible after the end of the reporting year to provide timely information reference for stakeholders' decision-making.
- **Verifiability:** The cases and data in this report come from the original records or financial reports of the Company's actual operation. The Company adopts the HiESG performance management system to manage ESG quantitative performance over the years. The disclosed data sources and calculation processes are traceable and can be used to support external assurance inspections.

Publication

This report is published to the public in Chinese in printed and electronic form. The electronic version of this report is available for download on the Company's website (<http://www.dfzq.com.cn>), CNINFO website (<http://www.cninfo.com.cn/new/index>) and Shanghai Stock Exchange (<http://www.sse.com.cn/>).

