



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



2023

Environmental, Social And Governance Report

DFZQ 2023 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

CONTENTS

Page	
2	STATEMENT OF THE BOARD ON ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) MANAGEMENT
4	1. SUSTAINABLE DEVELOPMENT MANAGEMENT
4	1.1 Sustainable Development Philosophy
6	1.2 Sustainable Development Governance and Management
10	1.3 Communication with Stakeholders
13	1.4 Materiality Issue Assessment
16	2. GOVERNANCE: STEADY OPERATION AND SOLID FOUNDATION FOR DEVELOPMENT
16	2.1 Consolidating the Foundation of Governance
23	2.2 Adhering to Business Ethics
28	2.3 Deepening ESG Risk Management
33	3. SOCIAL: INNOVATION AND LONG-TERM VALUE
33	3.1 Serving the Real Economy
36	3.2 Practicing Responsible Investment
41	3.3 Safeguarding Customers' Rights and Interests
43	3.4 Improving Information Security and Privacy Protection
50	3.5 Construction of Talents Team
60	3.6 Building a Better Future Together
63	4. ENVIRONMENT: FOCUSING ON LOW-CARBON AND RESPONDING TO CLIMATE CHANGE
63	4.1 Promoting Green Development
68	4.2 Governance and Strategies
79	4.3 Risk Management
88	4.4 Metrics and Targets
92	KEY QUANTITATIVE PERFORMANCE
92	Economic Performance Table
93	Environmental Performance Table
96	Social Performance Table
101	APPENDIX
104	Report Index
111	Third-Party Independent Assurance Statement
113	On This Report

DFZQ 2023 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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

2023 is the first year to fully implement the spirit of the 20th National Congress of the Communist Party of China. The Central Financial Work Conference proposed the goal of building a “financial power” for the first time, emphasizing “five major articles including technology finance, green finance, inclusive finance, pension finance and digital finance”. DFZQ thoroughly implemented the spirit of the Central Financial Work Conference, always adhered to the original intention of “Serving the Country with Finance and Serving the People with Finance”, and worked hard to build a strong financial country.

Upholding the idea of “Enjoying Beautiful Life”, DFZQ deeply integrates sustainable development with the Company’s strategic development, continuously improves the Company’s sustainable development management system, strengthens management capabilities, and comprehensively promotes the implementation of sustainable development plans, so as to achieve sustainable development objectives in the four major aspects of governance, economy, environment and society during the “14th Five-Year Plan” period, and thereby generating sustainable and comprehensive value for stakeholders including shareholders, customers, employees, government and regulatory authorities, partners, and community and environment and others.

Fully activating the momentum of sustainable development. The Company has established a top-down governance structure for sustainable development composed of “Supervision Level – Management Level – Implementation Level”. The Board oversees and is ultimately responsible for sustainable development matters; the Sustainable Development Committee is responsible for coordinating the implementation of sustainable development, including the formulation of ESG concepts and objectives, the identification and management of ESG risks and opportunities, and the regular assessment of ESG performance; and the sustainable development working group is responsible for coordinating with relevant departments and subsidiaries to implement sustainable development and ESG-related work. In 2023, the Company continued to establish a sound organisational system and working mechanism for sustainable development, and formulated and released ESG management statements such as the Privacy and Information Security Management Statement of DFZQ (《東方證券股份有限公司隱私及數據安全管理聲明》) to effectively promote the progress of sustainable development.

Comprehensively responding to the concerns of stakeholders. The Company pays close attention to the demands and expectations of stakeholders, and takes material topics as the starting point to fully respond to the concerns of stakeholders. In 2023, the Company selected 21 material topics, taking into account the main concerns of macro policies, regulatory requirements and the latest requirements of the capital market, as well as the Company’s own development strategy and operation situation, and ranked the importance of the material topics in respect of the Company’s operation and economy, society and environmental impact through the stakeholder material topics questionnaire. Material topics of high importance were taken as the focus of the Company’s office operation and business development, and were disclosed in this report. In 2023, the Company further responded to the focus of regulators, added two topics of “green and low-carbon operation” and “responsible marketing”, and improved the importance of the topic of “protecting the rights and interests of customers”. For the process and results of the topic identification, please refer to the section headed “Sustainable Development Management” in this report.

DFZQ 2023 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Effectively improving the efficiency of sustainable development. In 2023, based on the sustainable development plan, the Company continued to consolidate the foundation of sustainable development, promoted sustainable development practices around four major aspects namely governance, economy, environment and society, and implemented sustainable development objectives. In 2023, the Company's industry culture building performance appraisal achieved 100% coverage, including relevant indicators of sustainable development; in 2021-2023, the Company has directed a total of over RMB350 billion of funds into the sustainable development sector, with an average annual growth rate of sustainable investment and financing scale during 2021 to 2023 of over 15%; Compared with 2021, the total Scope 1 and Scope 2 greenhouse gas emissions of the parent company decreased by 3,019.02 tons of carbon dioxide equivalent; in 2021-2023, the Group has invested RMB90,080,000 in public welfare in the social sector, and the coverage rate of employee volunteer services was 22% in 2023.

In 2023, the Company's achievements in sustainable development practices were highly recognised by external rating agencies. The Company's MSCI ESG rating was upgraded to AA in 2023, which is the highest rating among Chinese securities companies that have been publicly rated, ranking among the top 15% of global peers; CDP rating was upgraded from B-to B, and climate management capabilities were recognised; it received an A grade in the Hang Seng A-Share Sustainability Index assessment and was included in the Hang Seng A-Share Corporate Sustainability Index for the third consecutive year.

High-quality development is not only a national need to build a strong financial country, but also an inevitable choice for the development of securities companies. The Company will effectively enhance the sense of responsibility and mission to do a good job in the financial work in the new era, adhere to the general tone of seeking progress while maintaining stability, fully, accurately and comprehensively implement the new development concept, accelerate the construction of a new development pattern, promote high-quality development with the sustainable development of the Company, and better serve and support the construction of Chinese-style modernization to contribute financial strength.

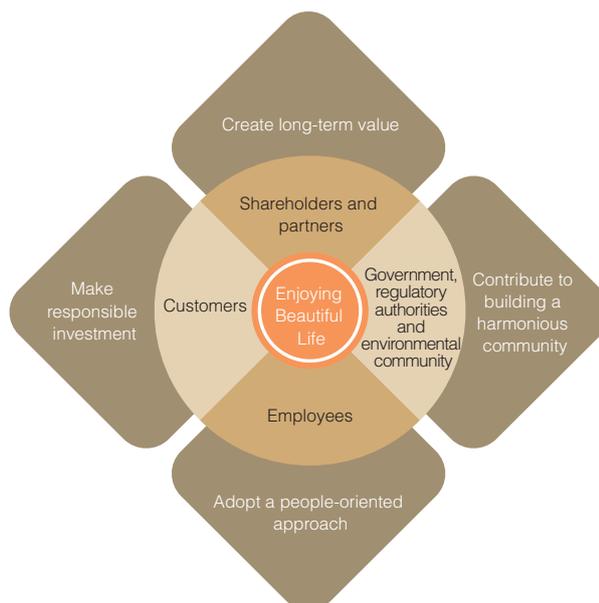
DFZQ 2023 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

1. SUSTAINABLE DEVELOPMENT MANAGEMENT

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 and others.

Sustainable Development Model of DFZQ



DFZQ 2023 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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.

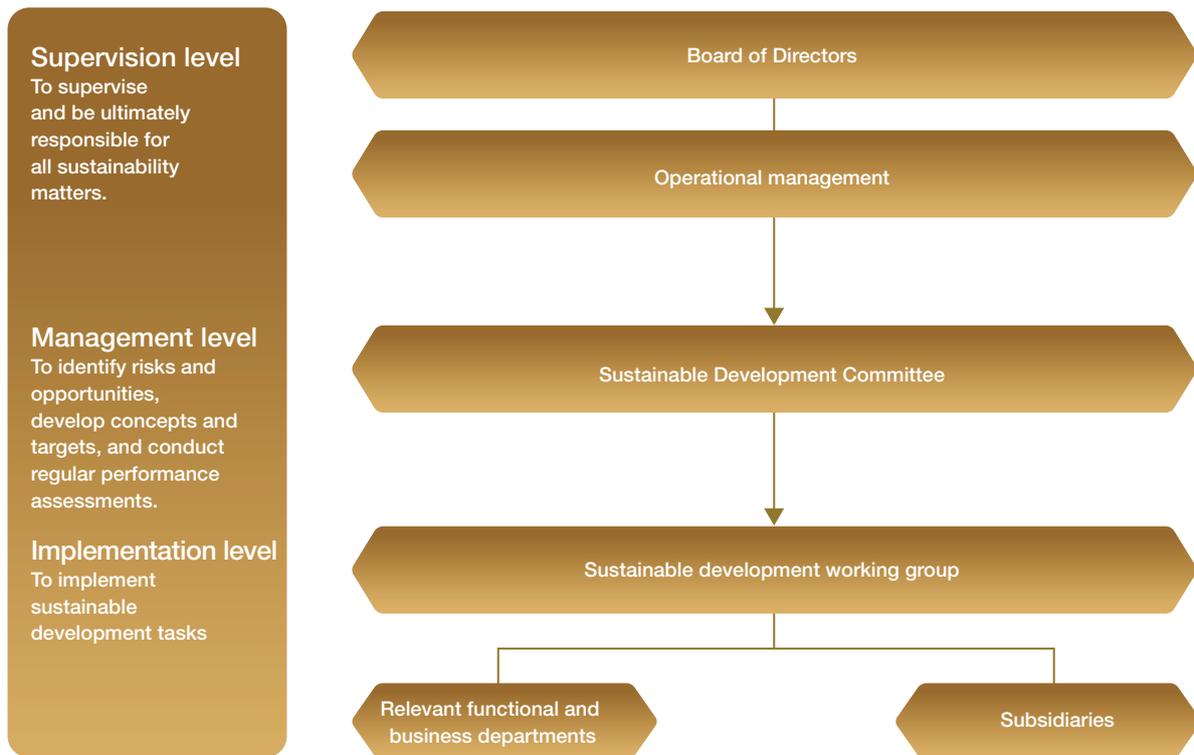
DFZQ 2023 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

1.2 Sustainable Development Governance and Management

Sustainable development management structure

The Company integrates sustainable development into its corporate strategic development, and has established and improved the organizational system 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



DFZQ 2023 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ESG management is an important foundation for the Company to achieve its sustainable development objectives. In 2023, the Company formulated and published ESG management system documents such as the Privacy and Information Security Management Statement of DFZQ (《東方證券股份有限公司隱私及數據安全管理聲明》) to effectively promote the progress of sustainable development and actively demonstrate the Company’s confidence and determination in sustainable development to internal and external stakeholders.

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 2023, 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 2023	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 2023, in respect of sustainable development such as industry culture construction and compliance risk management, the Company’s performance appraisal achieved 100% coverage.</p>	

DFZQ 2023 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Economy: Expanding the positive impact of financial services on the society and the environment

Our target	Progress in 2023	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. The Company may also make dynamic adjustments to this target in the future based on business development.</p>	<p>From 2021 to 2023, the Company actively directed the capital into the sustainable development sector through investment and financing business, and has directed a total of over RMB350 billion of funds into the sustainable development sector, with an average annual growth rate of sustainable investment and financing scale during 2021 to 2023 of over 15%.</p>	 <p>The icons represent Sustainable Development Goals 9 (Industry, Innovation and Infrastructure) and 12 (Responsible Consumption and Production).</p>

DFZQ 2023 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Environment: Supporting the targets of carbon peaking and carbon neutrality		
Our target	Progress in 2023	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 centres 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 3,019.02 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 by prioritizing companies with outstanding performance in terms of environmental benefits and low carbon transformation, and started to develop an action plan to measure the carbon emission intensity of its investment portfolio. 	

DFZQ 2023 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Society: Working with partners to build a better society		
Our target	Progress in 2023	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 targeted poverty alleviation, environmental protection projects and other public welfare projects.</p> <p><i>Note 2:</i> The statistical calibre of employee volunteer service rate is based on the headquarters of the parent company of DFZQ.</p>	<ul style="list-style-type: none"> In 2021-2023, DFZQ and its subsidiaries have invested RMB90,080,000 in public welfare in the social sector. In 2023, the volunteering rate of employees at the headquarters of the parent company was 22%. 	 <p>The image shows five Sustainable Development Goal (SDG) icons: 1 (No Poverty), 4 (Quality Education), 5 (Gender Equality), 8 (Decent Work and Economic Growth), and 10 (Reduced Inequalities).</p>

1.3 Communication with Stakeholders

Based on the business development strategy and operation characteristics, the Company has established regular information disclosure and communication channels with its stakeholders, being shareholders and investors, customers, employees, Government and regulatory authorities, suppliers and partners, and the community through regular social responsibility reports and a sustainability section on its website, and has incorporated the demands of various stakeholder into its operation and decision-making process, thereby creating long-term value for all parties.

DFZQ 2023 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Concerned issues of stakeholders and communication responses

Stakeholders	Key issues concerned	Communication and response
Shareholders and investors	<ul style="list-style-type: none"> • Corporate governance • Compliance operation • Adhering to business ethics • Responding to climate change and supporting the goals of “carbon peak and carbon neutrality” 	<ul style="list-style-type: none"> • General meetings • Regular information disclosure • Results presentation • SSE E interactive platform • Investor research • Green investment and financing practices • Promoting green operation
Customers	<ul style="list-style-type: none"> • Serving real economy • Responsible investment • Protecting the rights and interests of customers • Investor education • Strengthening financial technology empowerment • Responsible marketing 	<ul style="list-style-type: none"> • Conducting investment and financing business • Implementing responsible investment strategy • Customer enquiry and complaints • 95503 customer service hotline • Investor education • “Orient Winners (東方贏家)” APP
Employees	<ul style="list-style-type: none"> • Employee interests and benefits • Employee training and development • Employee equality and diversity 	<ul style="list-style-type: none"> • Work unions and employee congress • Multi-level employee training system • Annual employee cultural festival

DFZQ 2023 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Stakeholders	Key issues concerned	Communication and response
Government and regulatory authorities	<ul style="list-style-type: none"> • Compliance operation • Risk management • Adhering to business ethics • Promoting rural revitalization • Promoting culture building • Responding to climate change and supporting the goals of “carbon peak and carbon neutrality” • Green and low-carbon operation 	<ul style="list-style-type: none"> • Carrying out compliance promotion activities • Regular communication and report • Institutional inspection • Anti-corruption training • Tea and other industrial assistance projects • “Insurance + Futures” and other financial assistance projects • Participating in assessment of industry culture building practices • Green investment and financing practices • Promoting green operation
Suppliers and partners	<ul style="list-style-type: none"> • Compliance operation • Suppliers management 	<ul style="list-style-type: none"> • Cooperation and exchange • Bidding procurement standards • Supplier admission and management system
Community and Environment	<ul style="list-style-type: none"> • Promoting rural revitalization • Public charity and voluntary services • Promoting green operation 	<ul style="list-style-type: none"> • Promoting oriental culture project • Tea and other industrial assistance projects • “Insurance + Futures” and other financial assistance projects • Art classroom construction • Carrying out environmental protection public welfare activities

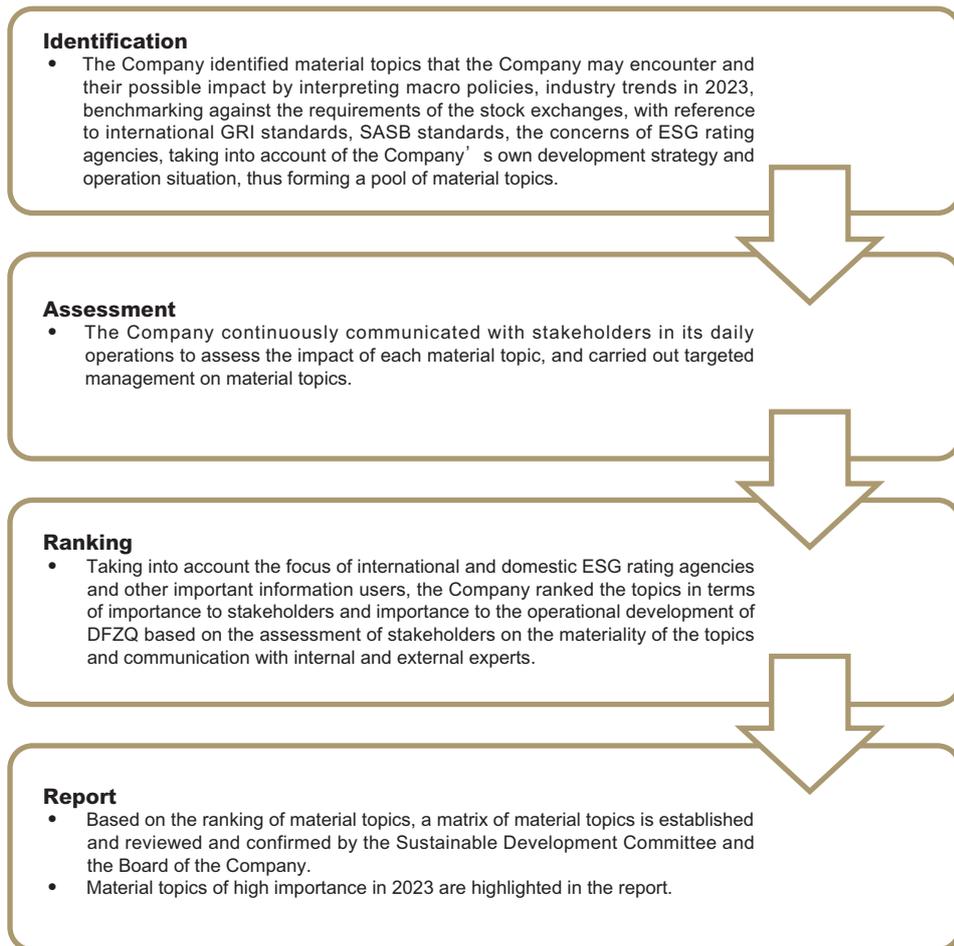
DFZQ 2023 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

1.4 Analysis of Material Topics

The Company conducts research on material topics for stakeholders every two to three years to better respond to the demands and expectations of stakeholders. In 2023, the Company distributed questionnaires on material topics to stakeholders such as directors, supervisors and senior management, general employees, customers, shareholders and investors, suppliers and partners, government and regulatory authorities, community representatives and public welfare organisations, and investigated the attention of material topics. On this basis, the Company updated, screened and assessed material topics, based on policy research, industry benchmarking and expert judgement, and identified topics of importance to the Company’s business development and stakeholders for prioritized disclosure of and response to material topics in this report.

Material topic analysis process

Material topic analysis process

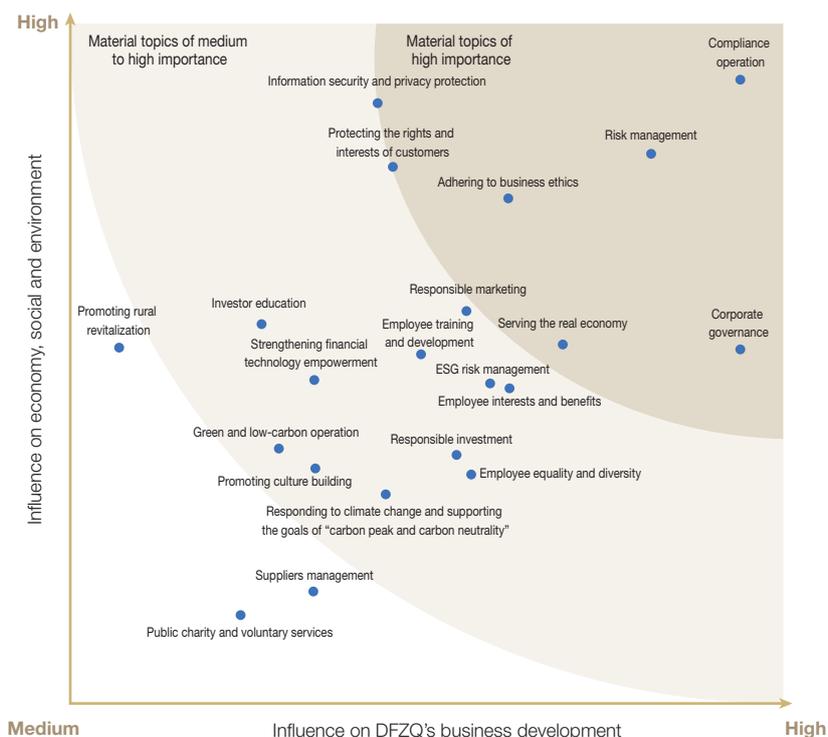


DFZQ 2023 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Major changes in material topics for 2023

Material topics for 2023	Material topics for 2022	Change	Reason
Green and low-carbon operation	–	New topic	New topics were added in response to the requirements of macro policies and the development of the industry.
Responsible marketing	–		
Strengthening financial technology empowerment	Financial technology	Optimizing the description	The Company improved and optimized the description with reference to industry policies and requirements.

Material topics matrix of DFZQ



DFZQ 2023 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

List of material topics of DFZQ and corresponding chapters

Material topics	Corresponding chapters
Risk management	Consolidating the Foundation of Governance
Corporate governance	Consolidating the Foundation of Governance
Compliance operation	Consolidating the Foundation of Governance
Responding to climate change and supporting the goals of “carbon peak and carbon neutrality”	Special Topic: Comprehensively Promoting Green Development
	Governance and Strategies
	Risk Management
	Metrics and Targets
Adhering to business ethics	Adhering to Business Ethics
Serving the real economy	Serving the Real Economy
Information security and privacy protection	Improving Information Security and Privacy Protection
Protecting the rights and interests of customers	Protecting the Rights and Interests of Customers
ESG risk management	Special topic: Deepening ESG Risk Management at the Business End
Promoting culture building	Promoting the Construction of Industry Culture
Responsible marketing	Protecting the Rights and Interests of Customers
Employee interests and benefits	Safeguarding Rights of Employees
Responsible investment	Practicing Responsible Investment
Employee training and development	Strengthening the Talent Team
Strengthening financial technology empowerment	Special topic: Strengthening Technological Empowerment
Employee equality and diversity	Safeguarding Rights of Employees
Green and low-carbon operation	Special Topic: Comprehensively Promoting Green Development
Investor education	Protecting the Rights and Interests of Customers
Suppliers management	Adhering to Business Ethics
Promoting rural revitalization	Promoting Rural Revitalization
Public charity and voluntary services	Public Charity and Voluntary Services

DFZQ 2023 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

2. GOVERNANCE: STEADY OPERATION AND SOLID FOUNDATION FOR DEVELOPMENT

2.1 Consolidating 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, as well as the Articles of Association, and has established a corporate governance structure comprising the shareholders' general meeting, the Board of Directors, the Supervisory Committee and the senior management, with clear powers and responsibilities, effective checks and balances, and scientific decision-making, to continuously improve the level of corporate governance.

In 2023, the Company formulated the Assessment and Remuneration Management System for Directors and Supervisors of the Company in accordance with the requirements of the Code of Corporate Governance for Securities Companies, the Guidelines for the Management of Investor Relations of Listed Companies, the Rules Governing the Listing of Stocks on Shanghai Stock Exchange, the Guidelines of Shanghai Stock Exchange No.2 for the Application of Self-Regulation Rules for Listed Companies – Information Disclosure Management issued by the CSRC, taking into account the actual situation of the Company, and timely improved and revised the Management Measures of Information Disclosure of the Company and the Administrative Measures for Investor Relations of the Company and other systems to improve the governance system of the Company.

The Company continued to optimize the management of related party transactions, external guarantees and external donations, improved the management and control of the amount of related party transactions within the Group, initiated the signing of the new three-year connected transaction framework agreement with major shareholders, and coordinated the establishment of a more effective guarantee information communication and collaboration mechanism.

DFZQ 2023 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Company actively promoted the diversity, independence and professionalism of the composition of the Board, formulated and disclosed the Board Diversity Policy, which requires the Company to ensure a balanced composition of executive and non-executive directors (including independent non-executive directors) in considering the composition of the Board, and to consider the diversity of the composition of the Board in terms of gender, age, cultural and educational background and professional experience. In order to ensure the independence of the Board, the Company has set up a total of 5 independent non-executive directors, accounting for 38.46%. In addition, members of the Board of the Company have strong professional knowledge of legal compliance risk management and corporate financial risk management of financial enterprises, which effectively ensures the professionalism of risk management of members of the Board.

Composition of the Board of Directors and the Board of Supervisors and the meetings convened in 2023

Composition of the Board and the Supervisory Committee		Meetings convened in 2023	
	The Board has 13 directors, including 2 female directors, accounting for 15%		3 general meetings, which considered 17 proposals
	3 executive directors 5 independent non-executive directors, accounting for 38%		10 Board meetings, which considered 54 proposals
	1 employee representative director		19 meetings of the special committees under the Board
	The Supervisory Committee has 8 supervisors, including 3 employee representative supervisors and 1 independent supervisor		6 meetings of the Supervisory, which considered 31 proposals

DFZQ 2023 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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 tenure 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

In terms of information disclosure, the Company follows the requirements of the Securities Law, the Administrative Measures on Information Disclosure of Listed Companies of the CSRC, the stock exchanges and other laws, regulations and regulatory documents, and strengthens the management of material matters, ensures the continuous satisfaction of the standardised operation requirements of A + H-share listed companies, and protects investors' right to know. In 2023, the Company organized the preparation and release of four regular reports.

In terms of investor relations management, the Company continued to enrich investor relations management channels, patiently answered questions from various investors through a number of means, such as the Company's investor relations hotline, investor relations mailbox and SSE e-interaction, and continued to improve the construction of investor relations management platform and establish and maintain investor relations self-media accounts. Meanwhile, the Company facilitated the establishment of a two-way communication channel between investors and the Company's management, and conveyed market information to the management in a timely manner through the preparation of investment customs monthly reports and other forms to facilitate positive interaction with investors.

In 2023, the Company carried out a total of 73 roadshow exchange activities, and successfully held results presentation meetings for the year 2022, the first quarter of 2023, the first half of 2023 and the third quarter of 2023. In addition, during the reporting period, the Company maintained communication with analysts and investors by participating in roadshows such as brokerage strategy meetings and reception of research, arranged special personnel to answer investor hotlines and answered questions from investors, answered 79 relevant questions from various investors through SSE E interactive platform, and pushed 22 pictures and texts on the Company's business development on the official account of the "DFZQ Investor Relations Platform", so as to enhance investors' recognition of the Company in multiple aspects and promote the coordinated development of investors and the Company.

DFZQ 2023 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In order to safeguard the value of the Company and the rights and interests of the shareholders, the Board of the Company considered and approved the Resolution on the Plan for Repurchase of A Shares of the Company through Centralised Price Bidding on October 30, 2023. As of December 31, 2023, the Company has repurchased a total of 33,486,424 A Shares. As of the disclosure date of the report, the Company repurchased more than 34,000,000 A shares of the Company through centralised bidding transactions at a consideration of RMB311 million, which conveyed its confidence in the capital market and the value of the Company's shares.

In order to protect the rights and interests of shareholders and creditors, the Company implemented a sustainable and stable profit distribution policy and dividend distribution plan in accordance with the principle of "same rights and same dividends", stipulated the investor rights protection mechanism and debt repayment protection measures, and actively rewarded shareholders and creditors. In 2023, the Company, pursuant to the resolution of the annual general meeting held in May 2023 and based on the total share capital of 8,496,645,292.00 shares as at the end of 2022, distributed cash dividends of RMB1.50 (tax inclusive) for every 10 shares to holders of A shares and holders of H shares whose names appeared on the register of members on the date of distribution of cash dividends for 2022, with a total cash dividend of RMB1,274,496,793.80, accounting for 42.33% of the net profit attributable to owners of the parent company in the consolidated statements for 2022. During the duration of the corporate bonds, the Company fulfilled its information disclosure obligations in a timely and fair manner in accordance with the provisions of laws, regulations and rules. In 2023, the Company completed the settlement and interest payment of 23 existing domestic and overseas bonds, with a total amount equivalent to approximately RMB25,224,000,000, and there was no failure in repayment of the principal and interest in a timely manner.

Strengthening compliance operation

The Company strictly complies with the requirements of the Securities Law of the People's Republic of China, the Supervision and Management of Securities Companies, the Measures for the Compliance Management of Securities Companies and Securities Investment Fund Management Companies issued by the CSRC, the Guidelines for the Implementation of Compliance Management of Securities Companies issued by the Securities Association of China and other laws, regulations and self-discipline rules, and stipulates the compliance management responsibilities, performance guarantee and operation mechanism at all levels of the Company according to the actual situation of the Company.

In 2023, the Company, pursuant to the requirements of internal documents such as the Implementation Plan for the Implementation of Vertical Control of Compliance Risk Control, revised 17 compliance management systems such as the Contract Management Measures, the Management Measures of Honest Practices and the Money Laundering Risk Assessment and Customer Classification Management Measures, to improve the effective downward refinement, standardisation and implementation of system requirements and spirit at the company level.

During the reporting period, the Company and its branches had no major compliance risk events.

DFZQ 2023 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Key tasks of compliance management in 2023

Main aspects	Main content
Promoting the vertical management plan of compliance and risk control	<ul style="list-style-type: none"> • Exploring and promoting the design of the system process of committees under the management, and incorporating specific internal control requirements into the decision-making and approval process; • Being risk-oriented and strictly implementing compliance responsibilities in accordance with the boundaries of responsibilities of the first and second lines of defense of business departments and subsidiaries; • Improving the compliance assessment method, strengthening the application of assessment results, enhancing the full coverage of the staffing and management of compliance risk control personnel and the compliance risk control process, optimizing a number of mechanisms such as temporary reports and quarterly on-site reports, and implementing the closed-loop management of inspection problem rectification and the internal compliance accountability mechanism.
Compliance personnel management	<ul style="list-style-type: none"> • Consolidating the main responsibility of the person in charge of each unit for compliance and risk control, organising the completion of the signing of the Compliance and Risk Management Responsibility Letter by the person in charge of departments, subsidiaries and branches; • Investigating and sorting out the number and qualifications of full-time personnel of the compliance and risk control team of each business department/ subsidiary, and promptly advising relevant departments to pay attention to and handle the non-compliance through business contact sheets; • Optimizing the allocation of compliance and risk control personnel and performance guarantee measures, upgrading performance assessment indicators, and strengthening the professional training and knowledge promotion of compliance management personnel.
Carrying out special compliance inspections	<ul style="list-style-type: none"> • Carrying out compliance inspections on all business lines and special key work areas, and urging the rectification of problems; • Strengthening the warning education of key regulatory cases, organizing the annual compliance examination for all employees, and continuing to carry out key work of special compliance management such as anti-money laundering, management of customer abnormal transaction behaviour, employee practice behaviour management, information barrier, compliance review and legal support.

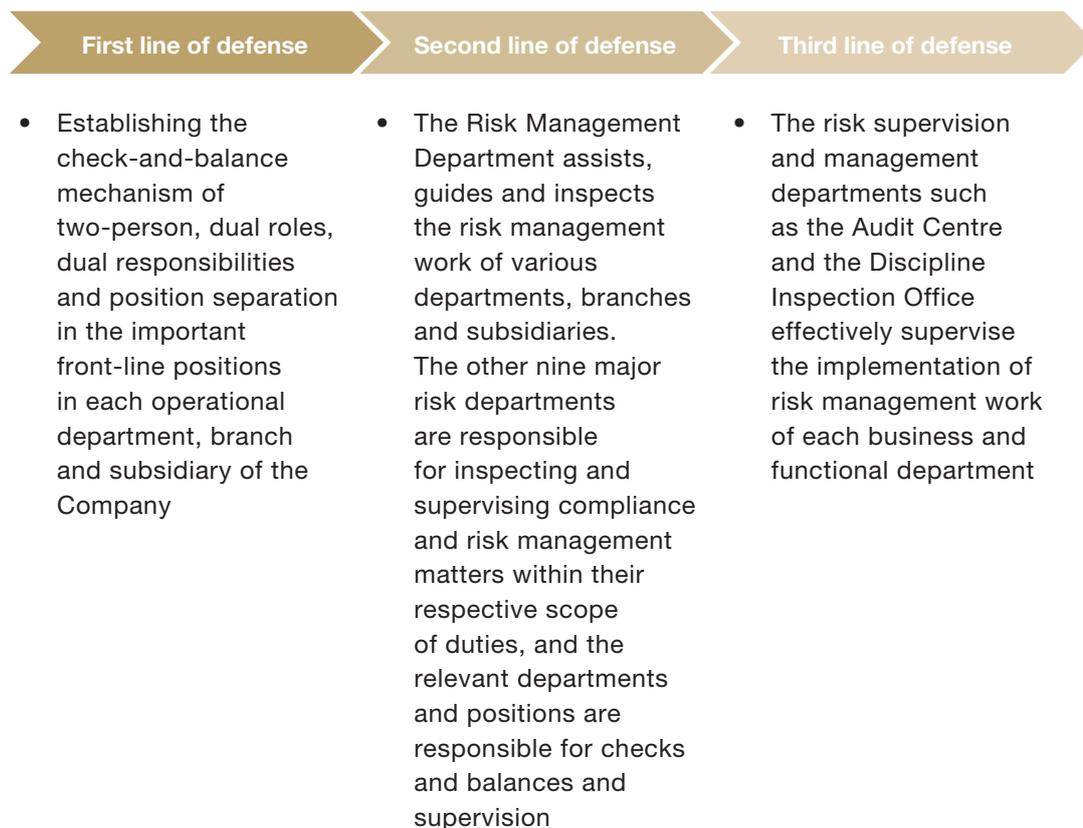
DFZQ 2023 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Deepening comprehensive risk management

The Company strictly complied with the laws, regulations and regulatory documents such as the Regulation 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》), and established a system covering the parent company and its subsidiaries, which clearly stipulates the objectives, principles, organisational structure, relevant responsibilities and basic procedures of risk management.

In general, the risk management governance structure of the Company comprises of four levels: the Board at the first level assumes the ultimate responsibility for comprehensive risk management; the management of the Company at the second level assumes the main responsibility for comprehensive risk management; the risk management department at the third level promotes comprehensive risk management under the leadership of the chief risk officer; and business units at the fourth level assume direct responsibility for risk management. In addition, the Company has established “three lines of defense” for risk management of each business line, and the business department, risk management department, audit and internal audit department and other departments constitute the organisational system of business risk management.

Three lines of defense for risk management of DFZQ



DFZQ 2023 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In order to regulate the risk management requirements and specific operation procedures of new products and new businesses, the Company has formulated the Comprehensive Risk Management Measures for New Products and New Businesses of DFZQ to regulate the compliance review, risk review, authorization approval and other links of new products and new businesses, and improve the risk management system of new products and new businesses.

Integrating risk standards into the development of new products and businesses

In order to promote the smooth start of the carbon emission rights business and effectively prevent related business risks, the Risk Management Department of the Company required to set the total exposure limit of carbon emission rights in the process of risk review of new products and new businesses under carbon emission rights business, and included it into the control of loss limit of commodity business. Meanwhile, it clarified the following risk control measures: the permission setting of relevant personnel and the risk limit setting are clarified and completed before the business is carried out; the counterparty is evaluated according to the relevant requirements of the Company's proprietary business credit risk management; the trading situation and risk indicators are tracked in the course of business development, and if the limit is exceeded, the new trading shall be suspended in time and the investment decision-making team shall determine the disposal plan; and the data filing and reporting obligations shall be performed regularly in accordance with the requirements of the competent departments of carbon emission rights market business, the securities industry regulatory authorities and the relevant exchanges of carbon emission rights.

Key tasks of risk management in 2023

Main aspects	Main content
Risk management audit	<ul style="list-style-type: none"> The Audit Centre incorporated risk management into the scope of audit, 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 and its headquarters departments, branches and subsidiaries.
Employee engagement risk management	<ul style="list-style-type: none"> The Company adhered to the principle of comprehensive risk management, namely full participation, comprehensive coverage and all-round management, and formed a risk management governance structure system of "four levels and three lines of defense" to incorporate the requirements of risk management into all operation links of each business process.
Risk management performance assessment	<ul style="list-style-type: none"> The Basic System for Comprehensive Risk Management of DFZQ clearly stipulates that compliance and risk management are included in the performance evaluation system, and the indicators of "compliance, risk control and audit" for relevant departments and subsidiaries will be set up through the annual performance evaluation work.

DFZQ 2023 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Main aspects	Main content
Risk management public opinion warning	<ul style="list-style-type: none"> The public opinion warning system mainly includes three major functions, namely public opinion warning management, blacklist management and warning information sharing; The public opinion warning management mainly focuses on the Company's position subjects. Through artificial intelligence, big data, knowledge graph and other technical means, the classification of event labels and the severity level were completed, and the public opinion information sharing module was finally realised to achieve the goal of public opinion information sharing by the Group; In 2023, the public opinion warning system collected more than 20,000 pieces of public opinion information per month on average, triggering 83 public opinion warning processes throughout the year, and effectively enhancing the efficiency of risk management.
Risk management training	<ul style="list-style-type: none"> In 2023, the Company held a total of 12 internal training sessions related to risk management, actively organised and participated in more than 10 peer exchange activities, and organised employees to participate in 8 external training sessions, with topics covering comprehensive registration system, improvement of investment banking practice capabilities, financial statement analysis, etc.

2.2 Adhering to Business Ethics

Anti-money laundering management

The Company strictly implements the anti-money laundering responsibilities of financial institutions, establishes a multi-level and systematic anti-money laundering internal control system at the board level, company level and department level, and improves relevant regulations such as customer due diligence, monitoring and reporting of large transactions and suspicious transactions, monitoring of anti-money laundering list, keeping customer identity information and transaction records, and freezing of terrorism-related assets. In 2023, the Company continued to carry out the construction of anti-money laundering system, and revised and improved relevant systems.

The Company has established a three-level money laundering risk management structure consisting of anti-money laundering leading group, anti-money laundering working group and branch of anti-money laundering working group to promote the implementation of specific measures for money laundering risk management. In 2023, the Company steadily advanced various money laundering risk management work, continued to strengthen the anti-money laundering working mechanism, focused on addressing the shortcomings and weaknesses of risk control measures, continuously improved the functions of the anti-money laundering system and technical support and carried out anti-money laundering inspections, accelerating the in-depth development of the Company's anti-money laundering work towards a "risk-oriented" approach.

DFZQ 2023 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Key measures for anti-money laundering management of DFZQ in 2023

Main aspects	Main content
Customer due diligence	<ul style="list-style-type: none"> For customers who initially established business relationships, they were required to provide 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.
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, and makes requirements for the preservation time limit of customer identity information for at least five years.
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 and purchased a full list of Dow Jones, and all departments carried out list screening against the anti-money laundering monitoring list through the Han De List Monitoring System (漢得名單監控系統).
Money laundering risk assessment	<ul style="list-style-type: none"> In 2023, based on the institutional money laundering and terrorist financing risk assessment in 2021, the Company continued to adjust and improve the money laundering risk management policies, control measures and procedures, optimised the allocation of anti-money laundering resources and improved the anti-money laundering working mechanism based on the assessment reports and conclusions.
Anti-money laundering publicity and training	<ul style="list-style-type: none"> In terms of anti-money laundering training, the Company organised a total of 539 training activities in the form of face-to-face lectures and remote videos, with approximately 15,500 participants. The training objects covered the Company's leaders, all employees and anti-money laundering business personnel, and the topics included policy interpretation, situation analysis, law enforcement inspection, suspicious transaction monitoring and analysis, system operation, etc. In terms of publicity work, the Company organised a total of 190 publicity activities through WeChat official account, sending text messages, LED display screens and other forms, with an audience of approximately 15,900 persons. The publicity objects covered the Company's directors, supervisors, senior management, all employees and the public, and the themes included anti-money laundering laws and regulations, cracking down on illegal fundraising, telecommunication fraud, online gambling and other contents.

DFZQ 2023 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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》), and has formulated the Management Measures of Honest Practices of DFZQ (《東方證券股份有限公司廉潔從業管理辦法》), to improve the Company's integrity management system and specific measures in terms of system construction, leadership mechanism, division of responsibilities, internal control measures, information system and cultural construction. In order to refine the requirements of integrity management and improve the effectiveness of management, the Company required all business departments and management departments to incorporate the requirements of integrity into the relevant business systems of their respective departments or specifically formulate departmental-level rules for integrity management.

In 2023, the Company revised the Management Measures of Honest Practices to incorporate and improve the objectives and overall requirements of integrity management, clarify the establishment of 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 organisational management structure.

In 2023, there were no corruption criminal cases in relation to the Company or its existing employees of the Company and its branches, and the Company and its employees were not subject to administrative regulatory measures or above due to violation of integrity regulations.

DFZQ 2023 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Anti-corruption training in 2023

Training targets	Training content
All directors	The Company sent a training video of “Building a Clean Wind, Building a Bottom Line, Interpretation of Integrity Rules of Investment Banks (《樹清風、築底線，投行廉潔規則解讀》)” and “Initial Exploration of Integrity Practice Regulations of Securities Companies (《證券公司廉潔從業規定初探》)” to all directors, as well as the training documents of 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》) to convey the concept of integrity practice to directors.
Middle and senior leaders	The Company conducted a special training on education of disciplines and laws for cadres under the theme of “Staying Respectful and Wary and Safeguarding the Bottom Line”, with about 100 participants. By interpreting the things around persons in the fields of finance and state-owned enterprises, the Company gave full play to the role of typical cases in punishment and deterrence, punishment and rescue, and education reminder.
All employees	For all employees (including dispatched workers), we carried out training and examinations for all employees, including the Special Training on Integrity Practice and Compliance and Integrity Practice in the Securities Industry (《證券行業廉潔從業與合規誠信執業專題培訓》), the Training and Examination on Integrity Practice and Style Construction (《廉潔從業和作風建設培訓及考試》), and the Special Training on “Correcting the Four Undesirable Work Styles and Promoting New Ones” (《“糾四風、樹新風”專題培訓》), to strengthen employees’ awareness of integrity and style construction.

Whistleblowing and reporting and whistleblower protection

For whistleblowing and reporting and non-compliance management, the Company strictly implemented the Regulations on the Supervision and Management of Securities Companies (《證券公司監督管理條例》), 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 laws, regulations and administrative rules, formulated certain internal systems such as the Whistleblowing Management Measures of DFZQ (《東方證券股份有限公司信訪工作管理辦法》), the Measures on Compliance and Accountability Work of DFZQ (《東方證券股份有限公司合規問責工作辦法》) and other rules, maintained a smooth and uninterrupted whistleblowing channel and ensured the protection of whistleblowers.

DFZQ 2023 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Reporting channels and approaches	<ul style="list-style-type: none">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 works related to whistleblowing, and relevant parties may report to the Company through letters and personal visits.
Whistleblower protection	<ul style="list-style-type: none">The Company strictly prohibits the disclosure of the name, department, address and other information of the whistleblower, and strictly prohibits to disclose the reported matters to the persons involved or other persons who may cause adverse consequences to the whistleblower;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.

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 2023, the Company further regulated the installation and safe use of images, fonts, articles and licensed software, and organised the special training on the Identification and Management of Copyright Infringement Risks in the Company's Operation (《公司經營中版權侵權風險的鑒別與管理》) to help employees cultivate the awareness of respecting and protecting intellectual property rights, and required all departments to further improve the risk identification and prevention capabilities of intellectual property infringement, and conduct self-inspection and rectification in a timely manner to reduce or avoid infringement. Pursuant to the requirements of the National Copyright Administration and the CSRC on the legitimate management of software and the relevant regulations of the Company on the management of terminal software, the Company has imposed restrictions on the installation and management of terminal software throughout the Company to regulate the installation of terminal software by employees, prohibit employees from installing unauthorised software privately, further improve employees' awareness of software legalisation, and prevent and eliminate the Company's illegal commercial acts such as piracy software or the use of free open source software.

DFZQ 2023 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Supplier management

As a financial enterprise, the Company's suppliers are mainly suppliers of office supplies, facilities and equipment and services. 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 Operating Procedures for Infrastructure Projects of DFZQ and the Implementation Rules for the Procurement and the Implementation Rules for the Procurement and Management of Non-Computer Assets of DFZQ and other procurement internal control rules to specify the selection, admission and 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.

The Company 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》).

In order to promote the anti-corruption management of suppliers, the Company formulated the Statement on Anti-Corruption Management of Suppliers of DFZQ (《東方證券股份有限公司供應商反腐敗管理聲明》), expressly undertaking to ensure effective integrity management of the Company's internal procurement and to promote the integrity of suppliers. The Company requires its internal procurement staff to comply with the relevant requirements of honesty practices in procurement transactions and not to provide improper benefits or seek improper benefits for themselves or others. For cooperation with third parties, when the amount of important cooperation agreements and contracts reaches or exceeds RMB300,000, the third parties are required to sign the "Letter of Undertaking on Honest Practices" or include clauses on honest practices in the relevant agreements; suppliers are required to formulate integrity-related rules and require all employees to comply with the requirements of integrity-related rules and policies, so as to work together with suppliers to create a fair and clean supply chain.

2.3 Deepening ESG Risk Management

DFZQ attaches great importance to ESG risk prevention and control, and gradually incorporates environmental, social and corporate governance factors into the comprehensive risk management system and risk management process. The Company has formulated and published the Statement on Environmental, Social and Corporate Governance (ESG) Risk Management 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》), and initially established an ESG risk management system.

DFZQ 2023 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Company continued to deepen the ESG risk management at the business end, and formulated the ESG Risk Management Measures of DFZQ (2023 Edition) (《東方證券股份有限公司ESG風險管理辦法(2023年版)》) (hereinafter referred to as the “ESG Risk Management Measures”) and the ESG Due Diligence Guidelines of DFZQ (《東方證券股份有限公司ESG盡職調查指引》), aiming to effectively control the ESG risks faced by various business departments, branches and subsidiaries in the course of investment banking, investment management, securities finance and other businesses, and ensure that the Company conducts business under measurable, controllable and tolerable ESG risks.

In the ESG Risk Management Measures, the Company further improved the ESG risk management structure, established a top-down management organisation 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.

ESG risk management of DFZQ

Hierarchy	Responsibilities
Board of Directors	<ul style="list-style-type: none"> The Board of Directors of the Company assumes the main responsibility for the construction of the ESG risk management system, supervises the ESG risk management, and is responsible for reviewing and approving reports on major issues covering ESG risk management to ensure that ESG risks are within the acceptable range.
Management	<ul style="list-style-type: none"> The Management, as the decision-making body for daily risk management, is responsible for guiding the establishment of ESG risk management system and process, establishing and improving the management structure of ESG risk management, and regularly evaluating the Company’s major ESG risk hazards or risk events; 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	<ul style="list-style-type: none"> Each business departments, as the first line of defense for ESG risk management, is the direct taker of ESG risk responsibility, and is responsible for integrating the principles and requirements of ESG risk management into the whole process of business development; The ESG risk management department takes the lead in formulating the basic framework, system specifications and implementation mechanism of ESG risk management, and regularly supervises and inspects the implementation of the ESG risk management system.

DFZQ 2023 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

To effectively implement customer ESG risk management, the Company has clarified the ESG risk management principles of “full-process risk control, prudent management and independence”, established the risk management process of “ESG risk identification – ESG risk assessment – ESG risk control”, and formulated ESG due diligence mechanism and process to provide guidance for each department to identify, evaluate and control customer ESG risks.

DFZQ customer ESG due diligence mechanism and management process

Main aspects	Main content
Coverage of ESG due diligence system	<ul style="list-style-type: none"> Covering all investment banking business and credit business of the Company.
ESG due diligence mechanism	<ul style="list-style-type: none"> Determining whether the customer is a high ESG risk customer according to the industry in which the customer operates, business operations, risk events, etc.; Conducting ESG due diligence and scoring for customers with high ESG risks, selecting relevant topics and indicators from the three major aspects of environment, society and corporate governance, forming an ESG due diligence and scoring system, and planning to control ESG risks by strengthening due diligence and strengthening review for customers in industries with high ESG risks such as agriculture, biodiversity, climate change, oil and natural gas; Business development judgement is made based on the ESG due diligence score. For credit business, the credit rating department will adjust the customer credit rating accordingly.

DFZQ 2023 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Main aspects	Main content
ESG risk triggering and reporting	<ul style="list-style-type: none"><li data-bbox="651 476 1471 799">• 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, and relevant business units will make decisions to require the customer to carry out relevant rectification, carry out secondary due diligence, and judge whether to report to the ESG risk management department according to the actual due diligence results, so as to jointly determine the response measures;<li data-bbox="651 810 1471 1168">• In the course of business and the duration of the project, each business department continuously monitors the ESG risk events of customers. Once a customer has an ESG risk event of medium to high level or above, the ESG risk reporting mechanism is triggered, and the ESG risk host department will issue a risk management letter and other risk management measures according to the severity of the matter. If a customer has a major ESG risk event, the ESG risk host department will report to the management of the Company.

DFZQ 2023 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Under the Company's overall ESG risk management framework, each business unit may establish a customer ESG due diligence system suitable for its own business needs based on the needs of specific business lines. In 2023, the Company has promoted the establishment of an ESG evaluation system for the bond investment and financing business with its own funds, taking ESG factors as one of the factors for evaluating bond issuers, and integrating them into fundamental analysis. The ESG analysis section were included by departmental credit researchers in the credit evaluation report, full analysis was made based on the ESG-related factors, and the ESG evaluation results were directly linked to the credit rating, which affected the position limit and access of bond issuers.

The Company downgraded the credit rating of a city investment enterprise due to corporate governance absence

In 2023, based on the established ESG evaluation system, the Company integrated ESG factors into the fundamental analysis of bond issuers in the bond investment and financing business with its own funds.

In 2023, the chairman of a city investment enterprise was suspected of serious violations of disciplines and laws, and was under disciplinary review and supervision investigation by the District Commission for Discipline Inspection and Supervision, after which the position of the chairman was vacant for a long time. After evaluation, the corporate governance of the city investment enterprise was absent, and the Company then downgraded its internal credit rating.

In the Company's ESG risk management process, climate-related risks are managed as key issues, and climate-related risk management is included in the overall ESG risk management requirements in the customer identification standards for industries with high ESG risks, ESG due diligence scorecard issues and indicator settings. For details of the Company's management measures for climate-related risks, please refer to the section headed "Focusing on Low-carbon and Responding to Climate Change". In addition, the Company further strengthened the ESG risk management of financing projects in the process of project access and due diligence for high climate-sensitive industries such as agriculture, energy use, mining, oil and natural gas.

DFZQ 2023 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Key points of industry management with high ESG risks in each link

Management stage	Key management points
Project access	<ul style="list-style-type: none">The Company has set up the prudent category and the prohibited category in the equity and debt financing business, respectively. For the “power (thermal power), coal, steel, cement, tannery, printing and dyeing, electrolytic aluminium, flat glass, shipbuilding and other industries” stipulated in the Guiding Opinions of the State Council on Resolving the Severe Excess of Production Capacity (《國務院關於化解產能嚴重過剩矛盾的指導意見》) and the products, processes or businesses that were phased out under the Guidance Catalogue for Industrial Restructuring (《產業結構調整指導目錄》) or other policy documents, the project approval application for IPO under the registration-based IPO system is not accepted; and higher and stricter project approval financial indicators and review procedures were also set for IPO under the approval-based IPO system; for prohibited category, the Company, in principle, does not accept the application for the establishment of corporate bonds and enterprise bonds.
Due diligence	<ul style="list-style-type: none">For the “two high” enterprises involved in equity financing with high energy consumption and high emissions, the Company further strengthened its environmental-related due diligence requirements, and conducted a comprehensive inspection on whether they were involved in special environmental protection requirements such as coal equivalent or reduction substitution, total pollutant reduction and substitution, national key areas for air pollution prevention and control, high-pollution fuel prohibition areas, self-provided coal-fired power plants, and de-commissioned processes or equipment.

3. SOCIAL: INNOVATION AND LONG-TERM VALUE

3.1 Serving the Real Economy

The Central Financial Work Conference emphasised “adhering to the fundamental purpose of financial services for the real economy” and “doing a good job in five major aspects, namely technology finance, green finance, inclusive finance, pension finance and digital finance”. Adhering to the original intention of “serving the country with finance and serving the people with finance”, DFZQ actively served the national and Shanghai strategies, and made every effort to serve the real economy by supporting technological innovation enterprises, serving micro, small and medium-sized enterprises and promoting the development of the elderly care industry, so as to strive for the construction of our country as a financial power.

DFZQ 2023 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Main aspects	Typical cases of services in 2023
Serving the national and Shanghai strategies	<ul style="list-style-type: none"> Supporting the development of the Yangtze River Economic Belt: In 2023, Orient Securities Capital Investment, a subsidiary of the Company, invested in 5 enterprises in the Yangtze River Delta region, all of which are in the fields of biomedicine, integrated circuits and high-end manufacturing. Through investment banking business, Orient Securities International, a subsidiary of the Company, served 26 enterprises in the Yangtze River Economic Belt and assisted in the issuance of corporate bonds with an issue size of approximately HKD25,400,000,000. Supporting the Belt and Road Initiative: On December 13, 2023, Orient Investment Banking, a subsidiary of the Company, assisted Zhejiang Fengmao Technology Co., Ltd. ("Fengmao") in its initial listing on the ChiNext Board of the Shenzhen Stock Exchange.
Supporting technological innovation enterprises	<ul style="list-style-type: none"> Launch of ChinaBond-DFZQ Science and Technology Innovation Credit Bond Selected Index: In 2023, the ChinaBond-DFZQ Science and Technology Innovation Credit Bond Selected Index jointly compiled by DFZQ and ChinaBond Pricing Center Co., Ltd. was officially released. Orient Investment Banking, a subsidiary of the Company, helped five sci-tech innovation enterprises to be listed on the exchange, with an underwriting scale of RMB4,898,000,000; it underwrote a total of 32 issues of sci-tech innovation corporate bonds (including innovative and entrepreneurial corporate bonds), with a total underwriting scale of RMB12,546,000,000.

DFZQ 2023 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Main aspects	Typical cases of services in 2023
Serving SMEs	<ul style="list-style-type: none"> • Assisting Wuxi Jinghai to successfully be listed on the Beijing Stock Exchange: In December 2023, Orient Investment Banking assisted Wuxi Jinghai Amino Acid Co., Ltd. to publicly issue shares to unspecified qualified investors and successfully to be listed on the Beijing Stock Exchange, raising RMB258,000,000 (before the exercise of the over-allotment option)/RMB297,000,000 (after the exercise of the over-allotment option). • Leading the issuance of the first small and micro financial bonds of non-bank financial institutions: On October 17, 2023, Orient Investment Banking, a subsidiary of the Company, assisted Suyin Financial Leasing Co., Ltd. to issue the first small and micro financial bonds of non-bank institutions in China, totaling RMB2,000,000,000.
Promoting pension finance	<ul style="list-style-type: none"> • Promoting the development of personal pension finance business: DFZQ 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. • Elderly care investor education: Orient Securities Asset Management has set up special elderly care zones on its various self-owned platforms, produced paper publications on the popularisation of elderly care knowledge, created a series of online courses on elderly care investor education, and actively participated in the special investor education activities for elderly care organised by the Supervisory Association.

DFZQ 2023 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

3.2 Practicing Responsible Investment

DFZQ adheres to the concept of value investment and responsible investment, integrates ESG factors into the investment business, guides the flow of capital to enterprises and projects with good environmental and social benefits, and provides investors with more choices of responsible investment products. 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》) (the “Responsible Investment Statement”), and established a responsible investment management structure, which clarified the supervision, decision-making, management and implementation of responsible investment business.

Relevant business departments and subsidiaries actively implemented the overall deployment of the Company’s responsible investment, and further promoted the effective implementation of the concept of responsible investment by establishing a special working group and setting up special personnel to be responsible for ESG-related work. Among them, the Company has designated two researchers in the bond investment business with its own funds to be responsible for ESG-related work, continuously promoting the establishment of an internal ESG evaluation system for departments, and providing research support for industry researchers to carry out ESG factor analysis of target companies; Orient Securities Asset Management, a subsidiary of the Company, has set up a special ESG working group to comprehensively coordinate the Company’s responsible investment-related matters.

DFZQ 2023 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Orient Securities Asset Management continued to improve the responsible investment system and formulated responsible investment policies

Orient Securities Asset Management, a subsidiary of the Company, integrates various requirements of responsible investment into the Company's management and business processes, and builds a responsible investment implementation system. The ESG special working group is responsible for the overall coordination of the Company's responsible investment-related matters, and all relevant departments are responsible for the implementation of responsible investment-related policies. The department is responsible for the integration of ESG factors and research systems and the establishment of ESG research framework. The Investment Department is responsible for the integration of ESG factors with the investment management process and the ESG risk management of the investment portfolio.

In order to regulate the practice of responsible investment and strengthen the risk management of responsible investment, Orient Securities Asset Management newly 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》) in 2023, which clearly explained its responsible investment management system and the implementation of responsible investment strategies, and further regulated the identification, analysis and control management of potential ESG risks faced by the investment targets of its products.

In addition, Orient Securities Asset Management continued to improve the responsible investment system, promoted the construction of ESG evaluation database, and realised the effective operation of Dongfanghong ESG Sustainable Investment Mixed Securities Investment Fund. Since 2020, Orient Securities Asset Management has started to purchase and apply the ESG rating database of third-party institutions, and introduced the ESG rating results of enterprises into the Company's investment research system. In 2023, Orient Securities Asset Management purchased two new ESG evaluation databases to further enrich the sources of ESG rating data, improve the ESG risk warning mechanism, and provide a solid foundation for the development of responsible investment. In terms of the operation of Dongfanghong ESG Sustainable Investment Mixed Securities Investment Fund, the fund size was approximately RMB279,000,000 as of the end of 2023.

DFZQ 2023 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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 and active shareholder method to optimise the risk management of investment targets, in order to pursue long-term and stable investment returns. As a signatory to the United Nations Principles for Responsible Investment (UNPRI), Orient Securities Asset Management, a subsidiary of the Company, actively applied responsible investment strategies such as negative exclusion, sustainable development-themed investment and active shareholder law, and the application of relevant strategies has covered most of the scale of asset management. In 2023, the application of responsible investment strategy of Orient Securities Asset Management, a subsidiary, has covered the scale of asset management of RMB225.552 billion, accounting for 95.68% of the total scale of asset management (the total scale of asset management includes the scale of ABS management, excluding the scale of investment advisory business).

Meanwhile, Orient Securities Capital Investment, a subsidiary of the Company, comprehensively promoted the integration of 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.

Application of responsible investment strategy of DFZQ

Responsible investment approach	Listed stocks	Fixed income	Private equity
Selection strategy	✓	✓	✓
ESG integration strategy	-	✓	✓
Thematic investment strategy	✓	✓	✓
Influence investment strategy	-	-	-
Active Ownership Strategy	✓	✓	✓

Note: The Company's asset management business does not involve direct investments in infrastructure, property investments, derivatives and alternatives investments.

DFZQ 2023 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Sustainable investment scale as of the end of 2023 (RMB100 million)

Category	Asset management business	Proprietary investment business
Total sustainable development ¹	493.23	27.42
Investment in sustainable bonds	79.95	25.29
Bond Investment in environmental sector ²	28.65	15.47
Green bond investment	25.31	14.27
Bond investment in social sector	51.30	9.82
Sustainable equity investment	413.28	2.13

Note 1: Sustainable investments are divided into industries related to environment and industries related to social. 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.

Note 2: Bonds in the environmental sector include green bonds, climate bonds, low-carbon transition bonds, sustainability-linked bonds and other environmental-related bonds.

DFZQ 2023 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

DFZQ Practicing active ownership strategy

DFZQ implements a positive ownership strategy in the proprietary investment business, asset management business and private equity business, and promotes the invested companies to pay attention to ESG matters and improve their own ESG management by participating in the corporate governance of the invested companies and exercising external voting rights. The Company incorporates ESG factors into the work process of external participation and voting, prefers to support the ESG proposals of the invested enterprises in terms of green transformation and upgrading, employee rights protection, etc., and holds objections to the relevant proposals of the invested enterprises that intend to add high energy consumption and high pollution businesses.

In the proprietary bond investment business, the Company actively exercises its creditor's rights by participating in bondholders' meetings and voting on proposals; Orient Securities Innovation, a subsidiary of the Company, participates in and supervises the operational decision-making of the invested enterprise by appointing personnel to serve as directors or supervisors of the invested enterprise.

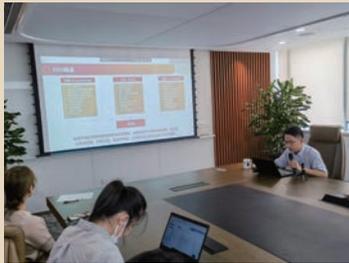
Orient Securities Asset Management and Orient Securities Capital Investment, both subsidiaries of the Company, earnestly performed their fiduciary duties, and participated in the corporate governance and compliance operation of the invested enterprises on behalf of investors in their capacity as shareholders during the post-investment management stage. 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》), established a voting right decision-making team, and considered and decided on major voting matters of investment targets. In 2023, Orient Securities Asset Management participated in 20 general meetings of listed companies and voted on 164 resolutions.

In addition, the Company pays attention to the construction of employees' responsible investment capabilities, organises ESG-themed investment training, and strengthens employees' in-depth understanding of the concept of responsible investment by participating in industry responsible investment-related forums and seminars and other exchange activities.

DFZQ 2023 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ESG investment training organized by Orient Securities Capital Investment

In July 2023, Orient Securities Capital Investment carried out a training on the theme of “learning the significance of ESG concepts to equity investment” for its employees, explaining and discussing about ESG-related concepts, goals and significance, and suggestions for integrating ESG into equity investment. More than 30 employees participated in the training, which deepened the understanding of investment and research personnel on the theories and practices related to ESG integration into equity investment, and helped Orient Securities Capital Investment to better carry out responsible investment practices.



ESG investment training conducted by Orient Securities Capital Investment

3.3 Safeguarding Customers' Rights and Interests

Improving customer service quality

The Company adheres to the core value of “customer first”. While providing customers with diversified products and services, the Company has formulated a comprehensive customer service management system and formed a closed-loop management mechanism for customer communication and complaints, aiming to improve the breadth and depth of customer services and improve customer satisfaction.

In terms of customer service management system, the Company has established a series of customer service-related systems such as the Customer Service Center Performance Appraisal Standards (Revised in 2023) and the Implementation Rules for Follow-up Review of Customers of Wealth Management Business Department (Revised in 2023), to clarify the customer service process and customer service assessment standards.

In terms of customer communication and complaint management, the Company provided customers with multi-channel and comprehensive business consultation, communication and feedback and complaint services through the customer service center telephone service hotline 95503, WeChat, website, online transaction and mobile APP. In 2023, the customer service center received 1,128,433 customer enquiries, including 95503 enquiries via the 95503 manual call service, 66,013 enquiries via online customer service and 944,837 enquiries via intelligent customer service, including three complaints, with 100% resolution of complaints.

DFZQ 2023 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In addition, the Company continued to pay attention to customer satisfaction, established a sound system on customer satisfaction survey, carried out annual satisfaction surveys, and timely rectified problems of customer services reflected in customer satisfaction surveys to continuously optimise customer service experience. In 2023, the Company conducted an online survey on satisfaction of “Orient Winners (東方贏家)”APP, covering core functions such as market information, transaction, wealth management, business handling, information and value-added services. A total of 2,339 valid questionnaires were collected, covering 171 business departments across the country, with a customer satisfaction score of 94.6 points. In 2023, the Company’s customer service centre paid satisfaction return visits to 76,689 customers, with a customer satisfaction rate of 90.21%.

Implementing responsible marketing

The Company actively practised responsible marketing, strictly implemented product compliance marketing, and continuously optimised suitability management. The Company strictly 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 and implemented certain rules and regulations such as the Administrative Measures for Information Disclosure of OTC Trading Products of DFZQ (《東方證券股份有限公司櫃檯交易產品信息披露管理辦法》) and the Administrative Measures for the Sales Business of Securities Investment Funds of DFZQ (《東方證券股份有限公司證券投資基金銷售業務管理辦法》) 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 addition, the Company also organised and carried out public opinion training on the marketing of financial products. The training content includes: network ecological development and market public opinion environment, typical public opinion and reputation risk cases in the securities industry, the current status and work requirements of industry reputation risk, etc. The training covered 2,200 person-times. In daily work, the Company actively organised training on financial product roadshows, explained detailed information of financial products, and precautions in advertising and marketing to employees in many aspects, and deepened the concept of responsible marketing among employees. In 2023, the Company organised more than 1,500 financial product roadshows in its branches, covering more than 28,000 employees.

In terms of optimising investor suitability management and “know your customer” efforts, the Company has established the relevant rules and regulations such as 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 suitability management standards and business application processes, and effectively manage investor suitability.

In 2023, the Company did not violate any regulations on marketing and publicity regulations.

DFZQ 2023 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Deepening investor education

The Company firmly fulfilled the main responsibility of investor protection, and integrated investor protection and education into the whole process and all links of operation and management. In 2023, the Company created an online and offline one-stop investor protection and investor education service platform with the characteristics of “five integrations”, relying on the national Internet investor education base and its national branches, and carried out investor education activities in five aspects: party building, rural revitalization, national education, non-publicity, and research and investigation, to spread a rational investment culture, advocate long-term value investment, and continuously improve investors’ awareness of risk prevention.

In 2023, the Company continued to carry out 137 investor education activities in 105 universities across the country, covering 687,600 person-times, and produced more than 3,500 original investor education products, with more than 30,000,000 views.

3.4 Improving Information Security and Privacy Protection

The Company attaches great importance to data security management and user privacy protection, 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 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 carried out data security management and customer privacy protection based on the basic principles of “confidentiality, integrity and availability”. In 2023, 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.

In 2023, the Company formulated and 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》). By continuously improving the relevant system and management structure, continuously strengthening the internal data security governance, promoting and deepening the construction of customer privacy protection, the Company further improved the information security management system and promoted the full implementation of data security and customer privacy protection in the Company’s headquarters, branches and subsidiaries. In 2023, the Company’s information security management system has passed the ISO27001 certification, covering 100% of the Company’s data centres and computer rooms.

DFZQ 2023 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Institutional system and management structure

The Company has established a sound system and management structure to lay a solid foundation for data security and customer privacy protection practices. The Company has built a three-tier management structure data security consisting of the data governance committee, responsible department for data governance management and data security working groups, and has also set up the chief information officer. For details of the management level, corresponding management personnel and management responsibilities, please refer to 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》) published on the Company's official website.

In terms of system construction, the Company has formulated internal systems and code 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, 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 Mobile Customer Application Software Management Standards of DFZQ, 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 privacy information protection. Meanwhile, for violations related to data security and customer privacy protection, the Company has formulated the Measures on Compliance and Accountability Work of DFZQ (《東方證券股份有限公司合規問責工作辦法》), to clarify the disposal requirements of relevant violations. In addition, the Company conducts special internal audits on information technology management every year based on the management standards and implementation of the management system, and ensures that a comprehensive audit of all matters related to the Company's information technology management is completed every three years; third-party institutions are engaged to conduct special external audits every three years to continuously improve relevant management rules and requirements. In 2023, the Company's internal audit centre and external third-party institutions carried out internal and external special audits, respectively, covering information security and privacy protection related policies and management systems.

Strengthening data security governance

The Company adopts a combination of active management and passive response measures, and conducts data security risk prevention and emergency management through data life-cycle management mechanism, data grading and classification management mechanism and data security emergency management model. The Company continuously improved the data security awareness and ability of all employees, and effectively strengthened the internal data security governance of the Company to avoid multiple risks caused by data leakage.

DFZQ 2023 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Key practices of Data Security Governance of DFZQ in 2023

Main aspects	Main content
Active 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 standardising 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;• Organised and carried out third-party vulnerability analysis, actively identified problems in data governance and data system vulnerabilities, and rectified them in a timely manner to prevent vulnerability crises;• Strengthened the management responsibility of employees for data security, and incorporated the Company's data security into employee performance appraisal. In the event of negative data security incidents, the Company reserved disciplinary actions and other relevant accountability measures for relevant employees. Meanwhile, the Company focused on improving employees' data security awareness and capabilities, and regularly conducted training on data security and customer privacy protection for all employees (including dispatched workers of the Company), including thematic studies and special examinations on the Data Security Law and the Personal Information Protection Law. In 2023, the Company carried out special training and special examinations on network security for full-time labour contract employees, brokers and labour dispatch employees, and the coverage rate of employees participating in training reached 100%.

DFZQ 2023 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Main aspects	Main content
<p>Passive measures: strengthening emergency response to data security incidents</p>	<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 Network and Information System 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; Conduct at least one emergency drill on information each year during daily operations and business development. In 2023, the Company organised 4 emergency drills at the company level, 71 emergency drills at the headquarters level and 634 emergency drills at the business department level, with more than a thousand employees from various departments participating in the emergency drills. In addition, the Company participated in the 13th cybersecurity joint emergency drill in the securities and futures industry in July.

Promoting and deepening the construction of customer privacy protection

DFZQ attaches great importance to the protection of customer privacy. While giving full access to personal data management with customers, the Company clarifies the management specifications of customer information and data in all aspects of the Company's operation and business development to ensure that customer privacy is not infringed.

DFZQ 2023 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Deepening the main practice of customer privacy protection in 2023

Key aspects	Main contents
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》), the Privacy Policy of DFZQ Octopus Internet APP (《東方證券章魚互聯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, modify and delete personal data.
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 minimising information collection shall be adopted, and business information and personal financial information unrelated to services shall not be collected; Unless otherwise stipulated 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 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》) and other management systems, to clarify the approval and management process of information system permissions and permissions, strictly controlled the scope of customer information access and knowledge, and adopted Internet access SSL encryption measures to ensure that only authorised 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 desensitisation strategy to strengthen the management of customers' personal information and sensitive data through encryption and de-identification security technical measures and applications such as fuzzy, anonymity and differential privacy.

DFZQ 2023 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Key aspects	Main contents
<p>Clarifying the requirements for third-party sharing of customer data</p>	<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 or provide personal financial information from third parties for purposes other than completing transactions and services.
<p>Strengthening the privacy protection of products and services</p>	<ul style="list-style-type: none"> • Integrated the concept of user privacy protection into the development process of APP products, 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.

DFZQ 2023 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Key aspects	Main contents
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 provisions and suppliers' on-site service personnel is 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 provisions 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 systems, take sound data security and privacy protection measures, formulate emergency plans for abnormal situations such as data leakage, and comply with them in daily management. 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 compliance review of supplier-related management measures and performance of obligations.

DFZQ 2023 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

3.5 Construction of Talents Team

Employee equality and diversity

The Company strictly complies with the Labour Law of the People’s Republic of China, the Labour 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, prohibits child labour, eliminates all forms of forced labour, 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. In 2023, the Company has no incidents involving the employment of child labour or forced labour.

The Company formulates the annual talent recruitment and development plan, 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.

DFZQ 2023 Talent Recruitment and Development Plan



The Company continues to adopt both in-house cultivation and external recruitment, forms a multi-level three-dimensional recruitment system of “online – mobile – offline”, uses flexible and diverse recruitment tools to meet internal recruitment needs, ensures that the job requirements, professional capabilities and values of the recruited talents are suitable for the positions in the Company, thereby ensuring the quality of the high-end talent team as a whole, and continuously expands the Company’s influence in talent introduction.

DFZQ 2023 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In order to secure outstanding talents in advance and ensure the employment of student' in advance, the Company initiated the summer internship retention programme in the industry since 2015. It has successfully established the "Oriental i Programme" for summer internships, "Oriental I-MT" management trainee project and the "Oriental Star" wealth management trainees project for campus recruitment. The Company launched the summer internship programme in the spring of 2023 and the autumn recruitment programme in the autumn of 2023. The Company continuously strengthens its employer brand in colleges and universities through various means, including online and offline information sessions, career development seminars, campus open days, and internship bases, and 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 universities domestically and internationally.

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 behaviours. If an employee is guilty of rumour mongering, maliciously spreading rumours, insulting, defaming, slandering, physically assaulting, intimidating, or threatening other employees, the Company may, depending on the circumstances, immediately terminate the labour 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.

Employee remuneration and benefit system

The Company strictly complies with relevant national laws and regulations. In 2023, we revised internal 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》) and 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》) " to effectively safeguard the basic rights and interests of employees in terms of working hours management, rest and leave and social insurance to establish harmonious employment relations.

DFZQ 2023 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Construction of employee benefit system

Working hours and leaves	<ul style="list-style-type: none">• The Company implements a five-day work week with 40 hours of work per week. Monday to Friday are working days, Saturday and Sunday are rest days• Employees are entitled to 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 regulations
Non-statutory benefits	<ul style="list-style-type: none">• The Company has established a supplementary medical insurance system for all employees, including in-service employees, headquarters dispatched workers and retired employees, covering outpatient and emergency, inpatient care, major illness, minor illness, maternity, accidental injury, public transportation, and term life insurance, which effectively reduces the burden of medical expenses for employees, especially those who suffer from serious illness• In order to effectively ensure the health of employees, the Company has organised health examinations for employees, including headquarters dispatched workers and retired employees, and made careful arrangements in terms of physical examination planning, physical examination items, physical examination institutions, physical examination time, etc., to provide excellent physical examination services for employees. The Company also provides report interpretation, health lectures and other activities to enhance employees' feelings and satisfaction

DFZQ 2023 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

- The Company continues to carry out the “Growing Up Together Towards a Bright Future” employee care project service. It provides a 7X24 free professional mental health counselling hotline through a professional third-party organisation 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
- The Company has established an enterprise annuity system since 2006 to provide supplementary pension security for all in-service employees
- The Company has built an employee insurance benefit platform and gradually established and improved a multi-level, diversified and comprehensive insurance benefit system based on the actual needs of employees, core welfare protection (basic and group supplemental pension and medical insurance), and supplemented by employee-selected insurance benefit plans, including dispatched workers
- The Company has established and implemented a sound gender equality policy. It provides female health management services, including gynaecological health consultation, maternity insurance for women, mommy huts, etc., and cares for women’s physical and mental health

DFZQ 2023 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Democratic staff communication

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 labour unions has reached 100%.

The Company has one employee representative director and three employee representative supervisors. The employee representative director and supervisors shall exercise the relevant powers of the director and supervisors as stipulated in the Articles of Association in accordance with relevant laws, and the employee representative supervisors shall be entitled to the right of information, supervision and suggestion and other democratic rights in accordance with relevant laws. In 2023, when the Board of Directors and the Supervisory Committee deliberated on important matters of the Company, the employee representative director and supervisors fully expressed their opinions and at the same time performed their duties and obligations to represent the interests of the employees, reflect their reasonable demands and safeguard the legitimate rights and interests of the employees and the Company.

In 2023, the Company held one plenary meeting of the employee congress, two plenary meetings of the workers congress and two joint meetings of the employee congress, during which the Remuneration Management System of DFZQ (《東方證券股份有限公司薪酬管理制度》) and 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 four commendation proposals were considered and approved to effectively utilise the important function of the employee congress system in the process of enhancing democratic communication.

In 2023, the Company conducted employee satisfaction surveys in the form of questionnaires based on the visits and surveys of grass-roots trade unions, with employee satisfaction reaching 97%.

Multi-level training system

In 2023, the Company focused its training efforts on the central theme of “Create a strong engine for talent development systematically with capacity building at its core” in line with its medium to long-term goals. Taking into account the characteristics of career development and phased capacity development requirements of employees at different levels, the Company adopted a flexible and diverse range of training tools and formats, and implemented various training programmes in an on-demand and organised manner.

DFZQ 2023 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Multi-level talent training and achievements

Training type	Training content
New employee training	<ul style="list-style-type: none">For new employees recruited from schools, a tailored training programme called “Embrace Youth, Shape the Future (悦青春共未来)” was designed with the aim of enhancing the understanding and identification of newly graduated employees with the Company, and promoting the development of their professional mindset and role transition.For new employees recruited by the community, a flexible approach was adopted, utilizing an online exclusive learning map + departmental mentors, aiming to assist new employees in understanding the corporate culture and consolidating their professional foundation in their respective positions.
Leadership training	<ul style="list-style-type: none">For middle and senior management, the Company organised a series of lectures on “innovation and development” and 3 disciplinary training sessions, covering topics such as Party and government studies, macroeconomics, disciplinary education and business management. It actively organised cadres to participate in 7 specialised training sessions for cadres sponsored by Shenergy Group, Organisation Department of the CPC Shanghai Municipal Committee (上海市委组织部) and Shanghai State-owned Assets Supervision and Administration Commission. These initiatives comprehensively supported the enhancement of leadership skills and macroscopic perspectives among cadres.For junior managers, the Company carried out specialised training programme titled “Performance Management in Action for Achievers (成事达人的绩效管理实践)”, which covered 34 individuals, with an aim to assist newly appointed junior managers in successfully transitioning into their roles.For heads of branches, the wealth management division organised 8 sessions of “Monthly Management Course” for heads of branches in 2023, providing targeted management interview techniques, team performance management, and online learning activities related to training management, to further enhance the organisational management capabilities.

DFZQ 2023 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Training type	Training content
Industry culture training	<ul style="list-style-type: none"> In response to the cultural construction and regulatory requirements of the industry, and improve the comprehensive quality of all employees, the Company actively carried out special training on integrity, compliance and professional ethics, and created an ideal learning atmosphere through the form of “combination of examination and learning”, with a total of more than 40,000 participants.

Targeted business training

In terms of business training programmes in 2023, the Company’s wealth management business department organised seven masterclass sessions and series of training. In 2023, the training centre invited experts in the field of marketing services to organise online live-stream training on topics such as “Customer KYC and Profiling”, “Asset Diagnosis and Report Writing” and “Obtaining Information on High-Net-Worth Customers”. In collaboration with the asset allocation department, it carried out four masterclass training sessions with a focus on topics such as “Quantitative Multi-Channel Strategy”, “Subjective Strategy”, “CTA Strategy” and “Options Strategy”, with a total of 12,500 participants.

The wealth management department collaborated with the securities and financial business department, OTC derivatives business department and Orient Investment Banking to organise 26 training sessions covering topics such as margin financing and securities lending business and online account opening, offline investor referral business, investor education training, OTC business and personal pension business, covering 36,087 people.

Training programmes with Shanghai University of Finance and Economics, an external educational institution

On December 19, 2023, the Company invited Mr. Liu Yuanchun, the president of Shanghai University of Finance and Economics, to give a special lecture titled “Learning and Implementing the Spirit of the Central Financial Work Conference and the Central Economic Work Conference (《學習貫徹中央金融工作會議暨中央經濟工作會議精神》)”, which comprehensively interpreted the spirit of the Central Financial Work Conference and the Central Economic Work Conference, and profoundly explained the situation, direction and path for promoting high-quality development in the financial sector. More than 60 participants attended the lecture, including company leaders, cadres above the level of assistance from various headquarters, the heads supervising Party affairs of subsidiaries and the heads of the Party organisation of branches in Shanghai.

DFZQ 2023 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In 2023, the number of training sessions and participants of the Company throughout the year increased significantly as compared with the previous year, including 200 face-to-face internal training sessions with more than 5,300 participants. Meanwhile, the Company arranged for employees to participate in 246 external training sessions held by regulatory authorities and external training institutions, with more than 1,300 participants. In terms of diversified online training, in 2023, the Company carried out 177 online training sessions, covering more than 210,000 person-times, representing an increase of more than 10,000 person-times year-on-year. The Company continued to accelerate the construction of the online training platform, adding 184 courses to the course library and updating 32 learning maps.

In addition, the Company encourages employees to enhance the professional skills required for their individual positions and obtain relevant professional certifications such as Chartered Financial Analyst (CFA) and Financial Risk Manager (FRM). The Company reimburses examination fees or registration fees and provides additional subsidies for employees who take relevant examinations. In 2023, the Company reimbursed examination fees in a total amount of RMB175,000 for 51 employees.

Staff appraisal and incentive

The Company is committed to providing employees with a clear career development path by establishing a normalised promotion and advancement mechanism and implementing a sound performance appraisal system, among other measures, to empower employees in their professional growth.

The Company has formulated internal 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 regulate employee performance management. In 2023, the Company carried out performance appraisal management 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, so as to continuously promote the construction of the Company’s talent team.

DFZQ 2023 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Employee performance appraisal mechanism

Performance appraisal method	<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.
Differentiated assessment plan	<p>The Company carries out differentiated assessments for employees of different groups:</p> <ul style="list-style-type: none">• The performance appraisal targets for senior 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, honest practice and other aspects. The performance appraisal targets for employees are mainly set by their respective departments and supervisors based on job content and departmental requirements, mainly covering work objectives, compliance management, honest practice and other aspects.• In addition to fixed remuneration, the Company provides employees with performance bonuses 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, honest practice, fulfilment of social responsibilities, and customer service level.

In terms of employee promotion, the Company implements the latest revised "Management Measures of Ranking System of Employees" in 2022, which clearly stipulates that the Company adjusts employee job grades and corresponding compensation based on their comprehensive performance in aspects such as job position, job responsibilities, job performance, job capabilities, compliance and honesty in practice, integrity practice, professional ethics, and risk management. In 2023, the Company implemented the transfer and regular adjustment of the employee ranking system in accordance with the Management Measures of Ranking System of Employees".

DFZQ 2023 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In order to ensure the objectivity, fairness, and impartiality of performance appraisal, the Company has established a sound employee grievance channel and mechanism, and employees can report problems in management to the Company in written form through courier, email, WeChat, SMS, system processes and other means. In addition, 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.

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.

DFZQ 2023 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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. As of the end of the reporting period, the employee stock ownership plan has a total of 1,978 participants holding a total of 30,978,800 shares, representing 0.3646% of the total share capital of the Company. In 2023, the Company organised and convened three meetings of the management committee of the employee stock ownership plan, and successfully completed the cash dividend distribution for the employee stock ownership plan in early August. At the same time, the Company continued to maintain daily operation of the employee stock ownership plan, made timely disclosure of product quarterly reports and other information through Orient Winner, answered the inquiries from employees, and maintained the confidentiality of stock ownership information and management of lock-up period.

3.6 Building a Better Future Together

Promoting Oriental Culture

In 2015, the Company initiated the establishment of Shanghai DFZQ Xindeyizhang Public Welfare Foundation (“Xindeyizhang Public Welfare Foundation”), serving as a specialized platform for the Company’s engagement in public welfare undertakings. Guided by the brand concept of “A better life encompasses not only wealth but also true love, health and happiness”, and under the brand slogan of “Enjoying the beauty of investment”, Xindeyizhang Public Welfare Foundation focuses on the protection and promotion of cultural heritage, with a particular emphasis on children’s art education. It is committed to giving more children the opportunity to experience the influence of cultural and artistic enrichment and become the future guardians and inheritors of the precious Eastern culture.

After eight years of development, Xindeyizhang Public Welfare Foundation has successively carried out professional and long-lasting projects in promoting traditional Eastern culture, such as Tujia Brocade Art Cultural Heritage Preservation, “A Beautiful City in Western China | Dunhuang” cultural preservation and heritage plan, and “Preserving Intangible Cultural Heritage | Encountering Shadow Puppets” cultural preservation public welfare activity, to showcase the beauty of cultural heritage to a wider audience.

DFZQ 2023 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Promoting Rural Revitalization

The Company actively implements the strategy of supporting rural revitalization, 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, and establishes and improves the work mechanism and procedure for assistance to consolidate the results of poverty alleviation and promote the implementation of rural revitalization.

In 2023, the Company and its subsidiaries continued to support rural revitalization efforts. They provided pair-up assistance to a total of 38 areas, and implemented various forms of supporting including industry assistance, financial assistance, education assistance, public welfare assistance, ecological assistance and cultural assistance, to ensure that the assistance work was solid and effectively implemented.

In 2023, the parent company of DFZQ carried out 26 projects to consolidate poverty alleviation results and promote rural revitalization, including 3 industry assistance projects, 17 public welfare assistance projects, 1 knowledge assistance project, 1 ecological assistance project, 2 cultural assistance projects and 1 consumption assistance project, with total investment of approximately RMB9,677,700, continuously supporting the sustainable development of paired assistance areas.

In terms of comprehensive assistance, in 2023, the Company continued to focus on various aspects such as industry assistance, education assistance and consumption assistance to continuously expand the rural revitalization efforts. The Company actively responded to industry calls and carried out ongoing industry assistance projects such as “Dong Fang Hong Spring Tea”, “Orient Guniang” and “Dong Fang Hong Yi Black Tea”. Orient Securities Asset Management, a subsidiary of the Company, initiated the Dongfanghong “Qicheng Mama”(啟成媽媽) project through the Dongfanghong Foundation. This project represents the first public fund manager-led rural women empowerment public welfare project focusing on female growth. In 2023, the project commenced two phases in Weiyuan County, Gansu Province and Congjiang County, Guizhou Province, both of which are designated as national-level key areas for rural revitalization. The project aims to support and accompany 100 rural women in their journey towards personal development.

In terms of innovative financial assistance, in 2023, Orient Futures and Orient Securities Runhe, a risk subsidiary, implemented more than 100 “insurance + futures” projects, including 17 exchange projects. Orient Investment Banking led the underwriting of the “23 Xuncheng Industry-Finance Bond”(23潯城產融債), which successfully completed its issuance with a total amount of RMB560 million.

DFZQ 2023 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Engaging in public welfare services

The company actively participated in public welfare undertakings and fulfilled its corporate citizenship responsibilities. Leveraging the professional public welfare platform of DFZQ Xindeyizhang Public Welfare Foundation, the Company regularly organizes staff volunteers to participate in the “Xindeyizhang Art Classroom” public welfare project to teach art classes to children. In 2023, the Company organized and carried out various types of volunteer activities including dance classes and painting classes. Through the “Xindeyizhang Art Classroom” public welfare project, our staff volunteers provided 56 volunteer services with a total of 239 hours, bringing 46 cultural and art courses to over 3,000 students.

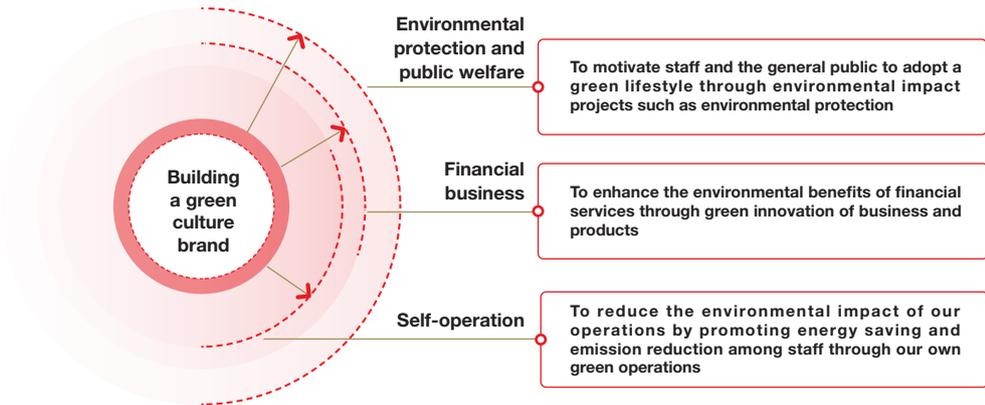
In 2023, the Company’s Audit Centre provided voluntary services for autistic children in basketball classes. Orient Securities Asset Management, a subsidiary of the Company, actively fulfilled its social responsibilities by launching the “Love • Breakfast” Student Aid Programme (Phase V) and supporting the Great Walker Fund-raising Trekking Event. In total, over 190 employee volunteers were organised to participate in these voluntary service activities, contributing to the continuous accumulation of positive impact.

DFZQ 2023 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

4. ENVIRONMENT: FOCUSING ON LOW-CARBON AND RESPONDING TO CLIMATE CHANGE

4.1 Promoting Green Development

DFZQ has practically responded to the national strategy of peaking carbon emission before 2030 and achieving carbon neutrality before 2060, established a “green development” action framework, and carried out practices around three aspects: its own operations, financial business, environmental protection and public welfare to motivate employees, customers, investors, the general public and other stakeholders in an inside-out manner to practice the concept of green development, and was committed to building a green culture brand with the characteristics of DFZQ, so as to leave a deep green color for the financial ecosystem with the “east wind” of low-carbon development.



Meanwhile, against the backdrop of the intensified impact of climate change, the Company has established a climate-related risk management system of “governance – strategy – risk management – indicators and targets” and actively responded to climate changes based on the TCFD framework so as to further strengthen the Company’s management of climate-related risks and opportunities, with reference to international and domestic standards and policy requirements such as the International Financial Reporting Standard on Sustainable Disclosures No. 2 – Climate-related Disclosures (IFRS S2) and the Guidelines on Environmental Information Disclosure of Financial Institutions. For details, please refer to other subsections of this chapter.

DFZQ 2023 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

- ***Promoting Green Operation***

DFZQ strictly complies with the requirements of the laws and regulations such as the Environmental Protection Law of the People's Republic of China, the Energy Conservation Law of the People's Republic of China, continuously promotes the effective implementation of various energy conservation and environmental protection systems and reduces the negative impact of operating activities on the environment. As a financial enterprise, the Company's operations will not have a significant negative impact on the environment. The Company's office operation process mainly involves the use of natural gas, gasoline, diesel, electricity and other energy sources, municipal water, office paper, office electronic equipment and other office consumables. The wastes generated are mainly non-hazardous wastes such as kitchen waste and domestic waste, and hazardous wastes such as electronic products. In 2023, there were no major violations related to environmental protection identified in the Company's operations.

The Company integrates the concept of green development into all aspects of the Company's office operation, and advocates green and environmentally friendly operation methods and working methods. In 2023, the Company continued to strengthen the refined management of the use of energy resources, and carried out a number of measures focusing on water resources management, paperless office, waste reduction and other aspects.

DFZQ 2023 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Key Actions for Green Operation of DFZQ in 2023

Key aspects	Specific Actions
Energy management	<ul style="list-style-type: none"> • Preparing energy ledger to strictly monitor monthly energy consumption • Replacing old equipment to improve energy saving
Water resources management	<ul style="list-style-type: none"> • Carrying out water saving management from the source, installing sensor faucets in the toilet to prevent forgetting water leakage, and regularly and timely inspecting and maintaining water equipment to eliminate water leakage • Strictly dealing with wastewater to ensure that the wastewater generated in the company's office and service processes flows into the municipal sewage pipe network
Paperless office	<ul style="list-style-type: none"> • Promoting electronic reporting on a going basis to gradually reduce paper consumption • Printing or copying informal documents and drafts on both sides during office work • Steadily promoting the construction of informatization of files and promoting electronic documents and processes to reduce the use of paper • Utilizing paper certified by the Forest Stewardship Council (FSC) for social responsibility report printing to ensure that the paper comes from sustainable, legal and logging-permitted forest resources
Waste Reduction	<ul style="list-style-type: none"> • Dealing with and managing waste properly during the process of office operations. Non-hazardous waste that cannot be recycled in daily office waste is collected and disposed of by the property management company, and hazardous waste is recycled and disposed of by qualified third-party units • Actively promoting "zero-waste" buildings and "zero-waste" meetings to encourage the reuse of waste office supplies

DFZQ 2023 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

- **Developing Green Finance**

Promoting green and low-carbon economic and social development is one of the key links in building a modern and sustainable industrial system. DFZQ continues to deeply cultivate the field of green finance, and is committed to building a first-class modern investment bank with the characteristic advantages of “energy investment bank and green brokerage firm”. We expand the green industrial layout from investment and financing and other aspects, provide full-cycle and full-chain green financial services, and implement “green finance” to protect green waters and green mountains.

Green Finance Investment and Financing Highlights and Practices of DFZQ in 2023

Key aspects	Main contents
Green financing	<ul style="list-style-type: none">• In terms of green equity financing, we actively strengthened the connection and service with green reform pilot areas, green industry concentrated areas and key green enterprises, and were committed to serving enterprises in various development stages in the green and low-carbon field to release green innovation momentum through equity financing; in terms of green bond financing, we focused on supporting the construction of green project financing, and actively promoted the scale of green bond issuance and underwriting;• At the beginning of the year, Orient Investment Banking, a subsidiary, coordinated the establishment of business objectives related to green finance and energy investment banking, and formed a monthly reporting mechanism;• In 2023, the Company’s green bond underwriting scale was RMB13,059,000,000, and Orient Investment Banking, a subsidiary, assisted in three green and low-carbon equity financing projects, with an issuance scale of RMB4.426 billion and an underwriting scale of RMB4,209,000,000.

DFZQ 2023 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Key aspects	Main contents
Green Investment	<ul style="list-style-type: none"> Set a target of 10% annual growth in green bond investment with self-owned funds; We continued to promote green equity and bond investment, paid attention to clean energy, new energy industries and other investment targets that meet the theme of green development, and developed public fund products focusing on ESG, carbon finance and other themes. For specific practices related to green investment, please refer to the section headed “Practicing Responsible Investment”.
Carbon Finance	<ul style="list-style-type: none"> We vigorously promoted carbon finance business, and helped the enterprises to carry out cost control and transformation development by providing customers with carbon emission rights trading services and risk management tools; In January 2023, the Company’s application for qualification of proprietary participation in carbon emission rights trading was approved by the CSRC, making it one of the few licensed securities firm qualified for carbon emission business in the securities industry in China. In March, the Company completed the first carbon emission rights trading among six securities companies in the same batch, completed the first carbon quota trading on the Shanghai Environment and Energy Exchange on 1 March through listing trading, and successfully completed the first Shanghai carbon quota forward SHEAF trading on 13 April.

In addition, the Company focuses on strengthening green research and exchange, actively exerts its own advantages in investment research, resource integration and market influence, and drives all parties in the market to pay attention to and practice green finance by publishing research reports on sustainable themes, actively participating in industry forums and exchange conferences on the theme of green finance, preparing the “Xinhua Carbon Technology Index”, and holding the “Double Carbon Planet Species” Sustainable Innovation Competition, so as to lead all parties in the market to pay attention to and practice green finance and help the industry to move steadily in the direction of green development.

DFZQ 2023 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In 2023, the Company released a total of 24 ESG/sustainability thematic research reports, and carried out research on the characteristics of overseas institutions and ESG funds, international ESG information disclosure standards, domestic ESG information disclosure status, and Japan ESG development themes; we participated in green finance-themed industry exchange activities such as the “2023 Green Finance International Summit · North Bund Forum”, “2023 ESG Global Leaders Conference”, “Green Finance 60 People Forum on Green Finance” and “China Carbon Market Conference 2023”, and held the theme exchange meeting of “New Opportunities for Green Investment in the Context of Carbon Emission Reduction” to actively participate in the construction of green finance ecology in the industry.

- ***Carrying out environmental protection public welfare***

DFZQ is committed to driving stakeholders to participate in environmental protection public welfare activities, striving to reduce the burden on the environment and expand the positive impacts on the ecological environment. The Company continuously carried out the “Plastic Reduction Plan”, created a “Trust and Faith” green concept publicity column on the WeChat official account, continuously publicized the concept of “green office and low-carbon lifestyle”, and encouraged employees, customers and the public to jointly adopt a sustainable lifestyle and consumption mode, and promoted the construction of green culture from the inside out.

- ✓ In 2023, the “Trust and Faith” green concept advocacy column of the Company released 17 issues of carbon neutral comics.
- ✓ In 2023, the Company customized 7,660 pieces of renewable environmental protection products, equivalent to the recycling of 26,310 plastic bottles, reducing carbon emissions in total by 2,131 kg, equivalent to planting 426 trees.

4.2 Governance and Strategies

- ***Climate-related governance system***

DFZQ attaches great importance to the construction of climate-related governance systems. The Board is responsible for monitoring the climate impact of the Company’s operations and reviewing the social responsibility report, sustainability report, ESG report every year, 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.

DFZQ 2023 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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 regularly considering and approving the 2023 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, set up climate-related management goals, and clearly proposed to achieve 100% coverage of sustainable development performance appraisal goals by 2025. 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.
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 2023 to the Company's management/Board in the form of annual report, and timely summarizes and reports the daily management of climate-related risks and the implementation of strategies.

DFZQ 2023 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

- **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 financial impact on the Company.

Specific impact analysis of climate-related risks and opportunities

Risks and opportunities	Specific Description	Time of impact ¹	Impact on business model and value chain	Financial impact on the Company
Climate-related risks				
Policy and legal risks	<ul style="list-style-type: none"> • With the further improvement of the strategic layout of “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 People’s Bank of China has issued the Guidelines for Environmental Information Disclosure of Financial Institutions, encouraging financial institutions including securities companies to disclose environmental information at least once a year. In particular, Shenzhen City issued the Regulations on Green Finance in the Shenzhen Special Economic Zone and the Guidelines on Environmental Information Disclosure by Financial Institutions in Shenzhen, compulsively requiring relevant financial institutions to disclose environmental information of enterprises every year. It cannot be ruled out that financial regulators in other regions will introduce stricter requirements for carbon information or environmental information disclosure in the future, and financial institutions may be subject to compliance risks due to their failure to meet policy and regulatory requirements. 	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

Note 1: 0-3 years (inclusive) for short term, 3-5 years (inclusive) for medium term, and 5-10 years (inclusive) for long term.

DFZQ 2023 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Risks and opportunities	Specific Description	Time of impact	Impact on business model and value chain	Financial impact on the Company
Climate-related risks				
	<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		

DFZQ 2023 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Risks and opportunities	Specific Description	Time of impact	Impact on business model and value chain	Financial impact on the Company
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; In response to climate-related market risks, the Company needs to strengthen the investment and financing management of high-carbon industries, formulate relevant management systems and regulations, further promote the full coverage of climate scenario analysis investment business, and carry out research and development of climate-friendly products and services. 	<ul style="list-style-type: none"> – Decrease in operating income – Decrease in value of investment portfolio – Increase in operating costs

DFZQ 2023 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Risks and opportunities	Specific Description	Time of impact	Impact on business model and value chain	Financial impact on the Company
Climate-related risks				
Reputation 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; Incorporate climate change-related issues into the risk management data platform, monitor reputation risks, and establish a public opinion response mechanism in advance; <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

DFZQ 2023 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Risks and opportunities	Specific Description	Time of impact	Impact on business model and value chain	Financial impact on the Company
Climate-related risks				
Chronic physical risks	<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	<p>Operation end:</p> <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. In order to effectively respond to relevant risks, the Company needs to strengthen the disaster preparedness construction of data centers and improve the data centers' ability to respond to extreme weather; 	<ul style="list-style-type: none"> Increase in operating costs Decrease in operating income Decrease in value of investment portfolio
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	<p>Financial business end:</p> <ul style="list-style-type: none"> The Company's business around high climate risk/climate-sensitive industries has an adverse impact. The Company will consider risk control measures such as climate scenario analysis on investment portfolios. 	

DFZQ 2023 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Risks and opportunities	Specific Description	Time of impact ²	Impact on business model and value chain	Financial impact on the Company
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	<p>Financial business end:</p> <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; 	<ul style="list-style-type: none"> Increase in operating income Increase in value of investment portfolio
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	<ul style="list-style-type: none"> 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; In 2023, the Company's application for qualification of proprietary participation in carbon emission rights trading was approved by the CSRC, making it 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. 	

DFZQ 2023 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

- **Climate-related strategies and actions**

Facing the challenges of climate-related risks and opportunities, the Company has formulated climate-related strategies, clarified climate-related management goals (see the section headed “Metrics and Targets” for specific targets), and actively carried out actions and initiatives around the implementation of goals to further mitigate and respond to climate-related risks and better seize climate-related opportunities.

DFZQ’s climate-related key strategies and actions

Key strategies	Specific actions
Clarifying sustainable development strategies	<ul style="list-style-type: none"> • We formulated the “DFZQ Sustainable Development Plan”, clarified the need to “expand the positive impact of financial services on the society and the environment”, and 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; • We continuously deepened the field of green finance, expanded the green industrial layout from investment and financing and other aspects, promoted the participation in green finance innovation, and increased support for green and low-carbon business (for green finance practices, see “Special Topic: Comprehensively Promoting Green Development” for the details of green financial practices).
Promoting the building of an energy investment bank	<ul style="list-style-type: none"> • Relying on the long-term business layout and resource advantages of Shenergy Group, a major shareholder, in the fields of energy and new energy, we will vigorously develop energy investment banking and energy finance, step up efforts to develop and accumulate financing and private equity investment projects in the energy industry, and gradually form an energy financial service system led by investment banks and integrating investment, research and financing.

DFZQ 2023 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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 will promote the formulation of special scoring cards of ESG risk due diligence for highly environment/climate sensitive industries;• 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.

DFZQ 2023 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Key strategies	Specific actions
Practicing low-carbon operation	<ul style="list-style-type: none">• We promoted green and low-carbon office practices such as water resources management, paperless office, waste treatment, and refined management of energy use, as detailed in the section headed “Feature: Continuously Promoting Green Development”;• We continuously promoted the construction of green data centers. In 2023, the Company launched the UPS machine room relocation and rectification project on the 30th floor of Orient International Financial Plaza, and steadily promoted the design of the new UPS machine room; we optimised the resources of Dongguan Nanfang Data Center, completed the project establishment, design and construction tendering of integrated wiring project of weak current, and improved the energy use efficiency of the data center by improving the operation capacity of the data center; the PUE value of our self-owned South Zhongshan Road Data Center decreased to 1.37 from 1.47 in 2022;• We considered conducting energy replacement measures, increasing the proportion of clean energy use, and promoting the evaluation of green power and green certificate procurement and application programs.

DFZQ 2023 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

4.3 Risk 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 TCFD, 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, identified the potential impact of climate-related risks and opportunities on the Company’s business performance, as well as the types of risks and opportunities with greater impact.
Analysis and evaluation	<ul style="list-style-type: none"> We analysed 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.

DFZQ 2023 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

- Analysis of transformation relationships between climate-related risks and other risks**
 Climate-related risks can be classified as two major types: the first type is physical risk related to the impact of climate change, and the second type is transformation risk related to low-carbon economy. Climate-related opportunities include improving resource efficiency and saving costs, adopting low-carbon energy, developing new products and services, etc.

DFZQ consistently enhanced its ability to identify and manage climate change-related risks, and incorporated climate-related risks into the existing risk management process. 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 the Company's credit risk, market risk, reputation risk, compliance risk, technology risk, etc. 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 5 major types that are most vulnerable to climate-related risks and analysed how they may be affected by climate-related risks. Please refer to the table below for details.

Conversion analysis between climate-related risks and traditional risks of DFZQ

Risk type	Definition	Climate impact factor	Transformation risks	Physical risks
Credit risk	The risk of loss due to default by financiers, counterparties or issuers, etc.	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.

DFZQ 2023 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Risk type	Definition	Climate impact factor	Transformation risks	Physical risks
Market risk	The risk of unexpected potential losses in value arising from changes in stock prices, interest rates, exchange rates and etc. in the securities market.	a) Prices of stocks and corporate bonds	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.	Affected by severe weather events (such as floods and hurricanes), the physical assets of customers as collaterals were affected and the value was impaired.

DFZQ 2023 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Risk type	Definition	Climate impact factor	Transformation risks	Physical risks
Reputation risk	The risk of negative comments of the Company by stakeholders due to the Company's operation, management and other actions or external events.	<ul style="list-style-type: none"> 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. 	–

DFZQ 2023 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Risk type	Definition	Climate impact factor	Transformation risks	Physical risks
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). 	–

DFZQ 2023 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Risk type	Definition	Climate impact factor	Transformation risks	Physical risks
Technology 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 continuity and risk resistance capacity	–	Physical risks such as severe weather events (such as hurricanes and floods) and the rise of sea level damage the Company's operating machine room and affect the normal services of the information technology system, resulting in the fact that the normal operation of the Company's business is affected.

DFZQ 2023 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

- **Conducting climate-related scenario analysis**

In 2023, 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 explored and carried out climate physical risk and transformation risk scenario analysis based on regarding the entire stock position as at the end of 2022 of the publicly offered funds under Orient Securities Asset Management, a subsidiary, as a sample. The physical risk scenario analysis selected two scenarios, namely RCP8.5 and RCP2.6 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 Central Banks and Supervisors Network for Greening the Financial System (NGFS), to better understand the extreme situation of climate change, the disorderly abrupt changes in climate policies, and the difference in physical and transformation risk exposure and climate resilience that the investment portfolios may face in a relatively stable and orderly situation.

Specific scenarios selected by DFZQ for climate scenario analysis in 2023

Risk type	Scenario type	Assumptions made
Physical risks	RCP 2.6	The world has adopted strict climate policies to achieve net zero greenhouse gas emissions by the end of this century and complete the Paris Agreement’s temperature control target of 2°C.
	RCP 8.5	In the baseline scenario without any interventions of climate policies, greenhouse gas emissions continue to increase, and the global temperature is expected to be more than 4°C above the pre-industrial level by the end of this century.
Transformation risk	Global temperature control target of 2°C	The strength of climate policies has gradually increased over time, and the transformation path is smooth and orderly. There is a chance of 67% to limit global warming within 2°C above the pre-industrial level.
	Delayed transformation	The introduction of a strong low-carbon transformation policy is delayed and sudden, and the transformation path is disorderly. However, there is still a chance of 67% to limit the rise in global temperature within 2°C above the pre-industrial level.

DFZQ 2023 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In the specific 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. The Company took the proportion of the investment balance in the stock of each listed company at the end of 2022 held by Orient Securities Asset Management 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.

Results of climate scenario analysis of DFZQ

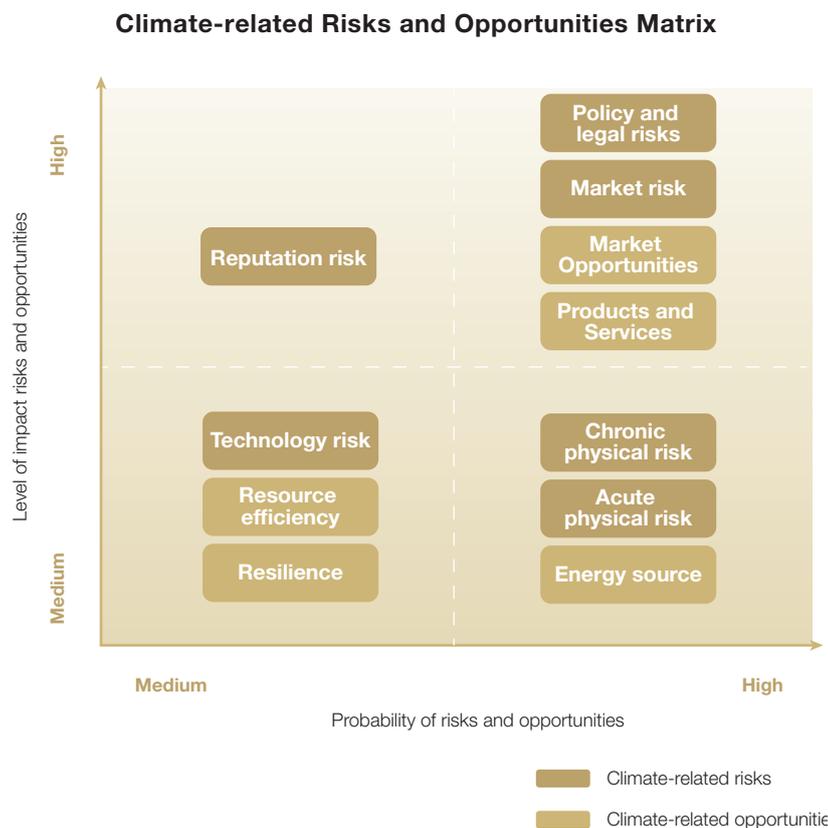
Risk type	Specific analysis
Physical risk	<ul style="list-style-type: none">In the RCP2.6 scenario where the results of greenhouse gas emission reduction are relatively optimistic, the global temperature rise will be controlled at 2°C, the sample assets are generally less affected, and the physical risk level of all assets is low;Under the RCP8.5 scenario where greenhouse gas emissions are high, in the face of continuously intensifying climate disasters, the physical risks faced by the sample assets as a whole have increased to a certain extent, the physical risk level of most assets is medium, and 0.42% of assets are exposed to high risks.

DFZQ 2023 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Risk type	Specific analysis
Transformation risk	<ul style="list-style-type: none"> 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, accounting for 87.12%. Another 12.88% of the assets will face medium transformation risks, mainly concentrating in the raw material processing and manufacturing industry; 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.

With reference to the division and definition of external environment and climate risks, the Company assessed the substance of various climate change risks and opportunities from the dimensions of probability of occurrence, degree of impact and etc. based on its own business development layout and characteristics, combined with the results of climate scenario analysis, through industry risk review and materiality assessment, and with reference to the opinions of external experts, identified 6 climate-related risks and 5 climate-related opportunities, and ranked risks and opportunities (see the following diagram for details), and confirmed 5 climate-related key risks of concern, including policy and legal risks, market risks, reputation risks, chronic physical risks and acute physical risks. For the measures to respond to relevant risks and opportunities, please refer to the subsection headed “Governance and Strategies” in this chapter.

DFZQ 2023 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



4.4 Metrics and Targets

In order to further implement climate change management, the Company has set relevant metrics and targets for its own operations and financial business to continuously monitor the impact of climate-related risks on the Company’s sustainable operations and sustainable development of financial business; meanwhile, the effectiveness of the Company’s climate-related management practices has been evaluated to effectively improve the effectiveness of climate change management.

DFZQ 2023 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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
Amount of expenditure or capital investment to address climate-related risks and opportunities	<ul style="list-style-type: none"> Capital investment in renewable energy Capital Investment in carbon credit Coverage of climate-related impacts measured by floor area Value of fixed assets that may be subject to acute physical risks
Green finance	<ul style="list-style-type: none"> Investment and financing scale of green equity Issuance, underwriting and investment scale of green bond
Sustainable development plan	<ul style="list-style-type: none"> Sustainable investment and financing scale Average annual growth rate of sustainable investment and financing Annual number of employees and customers motivated to adopt a green lifestyle

At the same time, 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 to improve the quality and efficiency of climate management actions.

DFZQ 2023 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Progress of sustainable operation targets of DFZQ in 2023

	Targets for 2025	Completion in 2023
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 3,019.02 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 Orient Securities Building was 95.90 kWh per square meter in 2023, representing a decrease of 40% 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 21.55 tonnes/person in 2023, representing a decrease of 50% 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 2023, the Company gradually improved its waste management mechanism to 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 of DFZQ, including the headquarters and branches.

DFZQ 2023 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Completion of sustainable finance targets of DFZQ in 2023

	Targets/Long-term Targets for 2025	Completion in 2023
Net Zero Emissions of Investment Portfolio	Strive to achieve net zero emissions from the investment portfolio by 2060	Promote the formulation of action plans to measure the carbon emission intensity of investment portfolios, and consider the selection of 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%	From 2021 to 2023, the Company actively directed the capital into the sustainable development sector through investment and financing business, and has directed a total of over RMB350 billion of funds into the sustainable development sector, with an average annual growth rate of sustainable investment and financing scale during 2021 to 2023 of over 15%

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. The Company will also make dynamic adjustments to this target in the future based on business development.

DFZQ 2023 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

KEY QUANTITATIVE PERFORMANCE

Business Performance Table¹

Indicator	Unit	2021	2022	2023
Total assets	RMB100 million	3,266.00	3,680.67	3,836.90
Total revenue	RMB100 million	243.70	187.29	170.90
Basic earnings per share ²	RMB/share	0.72	0.35	0.30
Social contribution value per share ^{2,3}	RMB	2.28	1.56	1.49

Note 1: The data in this table are financial information prepared in accordance with the China Accounting Standards for Business Enterprises.

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

Note 3: [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.

DFZQ 2023 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Environmental Performance Table

Environmental Performance Table of the parent company of DFZQ¹

Indicator	Unit	2021	2022	2023
Total greenhouse gas emissions ²	Tonnes of carbon dioxide equivalent	15,153.71	15,997.73	15,092.02
Total greenhouse gas emissions within Scope 1	Tonnes of carbon dioxide equivalent	233.28	209.00	327.98
Total greenhouse gas emissions within Scope 2	Tonnes of carbon dioxide equivalent	11,478.11	10,092.36	8,364.39
Total greenhouse gas emissions within Scope 3 ³	Tonnes of carbon dioxide equivalent	3,442.32	5,696.38	6,399.65
Greenhouse gas emissions per capita (Scope 1 and Scope 2)	Tonnes of carbon dioxide equivalent/headcount	2.52	2.12	1.83
Greenhouse gas emissions per unit area (Scope 1 and Scope 2)	Tonnes of carbon dioxide equivalent/sq.m.	0.07	0.05	0.05
Comprehensive energy consumption	Tonnes of standard coal	–	–	902.26
Comprehensive energy consumption intensity	Tonnes of standard coal/sq.m.	–	–	0.02
Comprehensive energy consumption intensity	Tonnes of standard coal/headcount	–	–	0.62
Total electricity consumption	KWH	19,755,787.83	17,696,572.35	14,666,652.22
Electricity consumption per capita	KWH/headcount	4,248.42	3,634.54	3,080.58
Electricity consumption per unit area	KWH/sq.m.	120.63	93.46	76.85
Total natural gas consumption	Cu. m.	77,672.00	85,597.00	138,104.00
Natural gas consumption per capita	Cu. m./headcount	51.99	57.06	94.14
Natural gas consumption per unit area	Cu. m./sq.m.	1.53	1.43	2.31
Gasoline consumption of self-owned vehicles	Litre	24,000.00	8,500.00	12,400.00
Diesel consumption of self-owned vehicles	Litre	50.00	50.00	0.00
Total water consumption ⁴	Cu. m.	201,834.43	94,029.72	102,622.42
Water consumption per capita	Cu. m./headcount	43.40	19.31	21.55
Water consumption per unit area	Cu. m./sq.m.	0.90	0.50	0.54
Office waste paper	Tonnes	10.00	10.00	10.00

DFZQ 2023 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Note 1: The statistical caliber of total electricity consumption, total water consumption and relevant indicators is the parent company of DFZQ (i.e. the parent company's headquarters and business departments), and the remaining statistical caliber is the parent company's headquarters of DFZQ.

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 of the headquarters of parent company of DFZQ. Greenhouse gas emissions within Scope 2 include indirect greenhouse gas emissions from purchased electricity of the headquarters and branches of the parent company of DFZQ. For the carbon emission factors in 2021, this report refers to the 2021 National Grid Emission Factor in the Corporate Greenhouse Gas Emissions Accounting Methods and Reporting Guidelines for Power Generation Facilities, 2022 Revised Edition issued by the Ministry of Ecology and Environment of the People's Republic of China, and for the carbon emission factors in 2022 and 2023, it refers to 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.

Note 3: Greenhouse gas emissions within Scope 3 include indirect greenhouse gas emissions from purchased electricity of the data center leased by the headquarters of DFZQ's parent company and greenhouse gas emissions from employee travel. Greenhouse gas emissions within Scope 3 in 2021 and 2022 are estimated based on the Scope 3 calculation tool of the Greenhouse Gas Protocol. The calculation of greenhouse gas emissions within Scope 3 for 2023 was prepared with reference to GHG Protocol—A Corporate Accounting and Reporting Standard and GHG Protocol—Corporate Value Chain (Scope 3) Accounting and Reporting Standard.

Note 4: The amount of office waste paper is estimated based on the amount of office paper purchased.

DFZQ 2023 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Environmental Performance Table of Subsidiaries of DFZQ¹

Indicator	Unit	2021	2022	2023
Total greenhouse gas emissions ²	Tonnes of carbon dioxide equivalent	10,979.36	8,106.19	4,435.70
Total greenhouse gas emissions within Scope 1	Tonnes of carbon dioxide equivalent	38.64	34.96	45.45
Total greenhouse gas emissions within Scope 2	Tonnes of carbon dioxide equivalent	1,130.10	1,148.60	1,268.55
Total greenhouse gas emissions within Scope 3 ³	Tonnes of carbon dioxide equivalent	9,810.62	6,922.63	3,121.70
Greenhouse gas emissions per capita (Scope 1 and Scope 2)	Tonnes of carbon dioxide equivalent/headcount	0.65	0.57	0.47
Greenhouse gas emissions per unit area (Scope 1 and Scope 2)	Tonnes of carbon dioxide equivalent/sq. m.	0.04	0.03	0.05
Total electricity consumption	KWH	1,945,102.00	2,014,032.82	2,342,142.00
Electricity consumption per capita	KWH/headcount	1,078.22	961.81	829.96
Electricity consumption per unit area	KWH/sq. m.	69.08	53.27	94.56
Petroleum consumption of self-owned vehicles	Litre	14,269.00	13,100.00	16,301.29
Total water consumption ⁴	Cu. m.	4,902.95	2,908.00	3,930.42
Water consumption per capita	Cu. m./headcount	2.72	1.39	0.86
Water consumption per unit area	Cu. m./sq. m.	0.17	0.08	0.10

Note 1: The statistical caliber for 2021 and 2022 includes the headquarters and branches of Orient Investment Banking, a subsidiary of the Company, Orient Securities Innovation, Orient Securities Capital Investment, Orient Securities Asset Management, the headquarters of Orient Futures, the parent company of Orient Finance Holdings and its subsidiaries, and the statistical caliber for 2023 has been expanded to subsidiaries in the consolidated financial statements of DFZQ.

Note 2: Greenhouse gas accounting scope includes direct emissions from the combustion of petroleum for self-owned vehicles and indirect emissions from purchased electricity and business travel by employees. The calculation method is the same as the parent company of DFZQ.

Note 3: Due to the impact of work from home in 2022, greenhouse gas emissions within Scope 3 decreased significantly. In 2023, greenhouse gas emissions within Scope 3 also decreased significantly due to the replacement of calculation methods and calculation parameters.

Note 4: The water and electricity charges of some subsidiaries are included in the property fee and cannot be counted, so some environmental data are estimates.

DFZQ 2023 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Social Performance Table

Customer service performance table

Indicator	Unit	2021	2022	2023
Number of customer enquiries through 95503 hotline (manual)	Case	145,403	115,732	117,583
Number of complaints	Case	12	1	3
Proportion of handled complaints	%	100	100	100
Customer satisfaction rate	%	86	91	90

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	2021	2022	2023
Number of suppliers in mainland China	Supplier	46	46	461
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 2021 and 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 caliber of the Company's newly formulated procurement management system, and the data statistics were more complete.

DFZQ 2023 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Employee composition performance table

Indicator	Unit	2021	2022	2023
Total employees¹	Person	6,948	8,391	8,452
By type				
Full-time contracted employee	Person	–	7,371	7,565
Full-time dispatched worker	Person	–	39	33
Others	Person	–	981	854
By gender				
Male	Person	3,872	4,488	4,482
Female	Person	3,076	3,903	3,970
By age				
< 30	Person	2,433	2,487	2,089
30 to 50	Person	4,260	5,398	5,841
> 50	Person	255	506	522
By region				
Mainland China	Person	6,731	8,161	8,244
Hong Kong, Macau, Taiwan and overseas	Person	217	230	208
Employee turnover rate³	%	14	13	13
By gender				
Male	%	16	14	16
Female	%	12	11	10
By age				
< 30	%	24	21	24
30 to 50	%	11	9	11
> 50	%	12	11	11
By region				
Mainland China	%	14	13	13
Hong Kong, Macau, Taiwan and overseas	%	0	0	0
Total number of labour discrimination incidents ³	pieces	–	–	0
Total number of minority staff ⁴	Person	193	205	200
Total number of disabled staff ⁵	Person	33	3	2

DFZQ 2023 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Note 1:

The statistical calibre of the total number of employees in 2021 is the number of formal employees who have signed full-time labour contracts with DFZQ, Orient Futures, Orient Securities Asset Management, Orient Securities Capital Investment, Orient Financial Holdings, Orient Securities Innovation and Orient Investment Banking; the statistical calibre of the total number of employees in 2022 and 2023 includes the formal employees of DFZQ's parent company and subsidiaries, labour dispatch employees, brokers, etc.. The full-time labour contract is made to the Group's regular employees, and the full-time labour dispatch is made to the Group's labour dispatch workers. Others include outsourcing, brokers, labour workers, and re-employment after retirement.

Notes 2, 3, 4 and 5:

The statistical caliber of the data is only the parent company of DFZQ. The various types of employee turnover rate = number of voluntary turnover of each category/total number of employees.

Employee rights performance table¹

Indicator	Unit	2021	2022	2023
Labour contract signing rate	%	100	100	100
Social insurance coverage rate	%	100	100	100
Total number of labour discrimination	Case	0	0	0
Number of work-related fatalities	Person	0	0	0
Lost days due to work-related injuries	Day	60	0	0
Staff health check coverage rate	%	100	100	100
Staff occupational disease incidence	%	0	0	0

Note: The statistical calibre of 2021 and 2022 data are based on the parent company of DFZQ and only cover 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.

DFZQ 2023 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Employee training performance table¹

Indicator	Unit	2021	2022	2023
Participants of employee training	Person	136,106	214,822	221,855
Total number of trained employees	Person	4,738	4,839	4,998
Total number of trained male employees (as at the end of the period)	Person	2,450	2,498	2,560
Total number of trained female employees (as at the end of the period)	Person	2,288	2,341	2,438
Total investment in employee training and development	RMB	3,800,000	3,930,000	4,160,000
Training cost per employee	RMB	802	812	832
Coverage ratio of employee training²	%	100	100	100
By gender				
Male	%	51.71	51.62	51.68
Female	%	48.29	48.38	48.32
By employee type				
Senior management staff	%	0.19	0.19	0.19
Middle management staff	%	1.33	1.45	1.37
General staff	%	98.48	98.36	98.44
Annual average training hours received by an employee³	Hour	35	35	35
By gender				
Male	Hour	35	35	35
Female	Hour	35	35	35
By employee type				
Senior management staff	Hour	35	35	35
Middle management staff	Hour	35	35	35
General staff	Hour	35	35	35
Proportion of staff receiving regular performance and career development assessments	%	100	100	100

Note 1: The statistical calibre of data is 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. At the beginning of each year, the Company formulates an annual employee training plan with reference to the development and results of training activities in previous years, so that the annual per capita training time of employees is relatively stable and of less volatile.

DFZQ 2023 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Anti-corruption performance table

Indicator	Unit	2022	2023
Number of concluded corruption litigation cases filed against the Group and its employees	case	0	0
Number of trainings on anti-corruption	Session	8	5
Number of employees participating in training on anti-corruption	Person	6,820	6,350
Total hours of training on anti-corruption received by employees	Hour	37,678	47,625
Number of directors participating in training on anti-corruption	Person	13	13
Total hours of training on anti-corruption received by all directors	Hour	41	13

Note: The above statistics are based on the parent company of DFZQ.

Social contribution performance table

Indicator	Unit	2021	2022	2023
External donation	RMB0'000	3,959	2,477	2,572
Annual fund-raising amount of Xindeyizhang Public Welfare Foundation	RMB0'000	771.66	1,282.00	1,181.00
Annual expenditure of Xindeyizhang Public Welfare Foundation	RMB0'000	1,243.27	875.89	1,092.00

Employee voluntary service performance table¹

Indicator	Unit	2021	2022 ²	2023
Number of employee volunteers	Person	201	2,078	1,049
Total length of employee voluntary services	Hour	797	5,276	3,959

Note 1: The statistical caliber is the headquarters of the parent company.

Note 2: The number of volunteers and service hours were relatively high as the Company's employees volunteered to support community health efforts in Shanghai in 2022.

DFZQ 2023 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

APPENDIX

Report Index

INDEX OF GUIDELINES FOR SELF-REGULATION OF LISTED COMPANIES ON THE SHANGHAI STOCK EXCHANGE NO. 1 – REGULATION OF OPERATIONS

Terms and disclosures	Reporting chapter
8.1 Overview	Consolidating the Foundation of Governance Improving Information Security and Privacy Protection Protecting the Rights and Interests of Customers Promoting Green Development Construction of Talents Team Building a Bright Future Together
8.2 Operating principles	Adhering to Business Ethics
8.3 Social Responsibility Planning and Working Mechanism	Sustainable Development Management
8.4 Social Contribution Value per Share	Key Quantitative Performance
8.5 Disclosure of Social Responsibility Report	Disclosed
8.6: (I) Construction of social responsibility System	Protecting the Rights and Interests of Customers Promoting Green Development Construction of Talents Team Building a Bright Future Together
8.6: (II) Deficiencies and problems in fulfilling social responsibilities	Sustainable Development Governance and Management
8.6: (III) Improvement measures and specific time arrangement	Sustainable Development Governance and Management
8.7 Selection and Appointment System for Employee Directors and Supervisors, and protection of Employee Rights and Interests	Construction of Talents Team
8.8: (I) Compliance with environmental protection laws and regulations and industry standards	Promoting Green Development
8.8: (II) Environmental protection plan	Promoting Green Development Metrics and Targets

DFZQ 2023 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Terms and disclosures		Reporting chapter
8.8: (III)	Use of natural resources	Promoting Green Development
8.8: (IV)	Disposal of pollutants	Promoting Green Development
8.8: (V)	Pollution prevention and control facilities	Not applicable
8.8: (VI)	Tax payment related to environmental protection	Not applicable
8.8: (VII)	Supply chain environmental safety	Not applicable
8.8: (VIII)	Other environmental protection responsibilities	Not applicable
8.9: (I)	Environmental protection policies, objectives and effectiveness	Promoting Green Development Metrics and Targets
8.9: (II)	Total annual resource consumption	Promoting Green Development Metrics and Targets
8.9: (III)	Environmental investment and environmental technology development	Promoting Green Development Metrics and Targets
8.9: (IV)	Types, quantities, concentrations and whereabouts of pollutants discharged	Promoting Green Development
8.9: (V)	Construction and operation of environmental protection facilities	Not applicable
8.9: (VI)	Waste treatment and disposal, recycling and comprehensive utilisation of waste products	Promoting Green Development
8.9: (VII)	Voluntary Agreement with Environmental Protection Department	Not applicable
8.9: (VIII)	Rewards received from environmental protection authorities	Not applicable
8.9: (IX)	Other voluntary disclosures	Not applicable
8.10: (I)	New, renovated and expanded construction projects or significant investments	Not applicable
8.10: (II)	Violation of environmental laws and regulations and penalties	Promoting Green Development

DFZQ 2023 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Terms and disclosures		Reporting chapter
8.10: (III)	Environmental issues major litigations or assets being seized, frozen, seized, pledged, mortgaged	Not applicable
8.10: (IV)	Key pollutant discharging units	Not applicable
8.10: (V)	Impact of newly promulgated laws and regulations on the Company	Not applicable
8.10: (VI)	Major environmental protection events	Not applicable
8.11 Implementation of environmental protection policies and corrective measures		Not applicable
8.12: (I)	Pollutant emissions	Not applicable
8.12: (II)	Construction and operation of environmental protection facilities	Not applicable
8.12: (III)	Emergency plan for pollution accidents	Not applicable
8.12: (IV)	Measures to reduce pollutants	Not applicable
8.13: (I)	Product safety laws and regulations and industry standards	Not applicable
8.13: (II)	Production environment and production process	Not applicable
8.13: (III)	Product quality and safety assurance mechanism and accident emergency plan	Not applicable
8.13: (IV)	Other production and product safety liability	Not applicable
8.14: (I)	Employee management system and measures for handling violations	Construction of Talents Team
8.14: (II)	Preventing occupational hazards and supporting safety measures	Construction of Talents Team
8.14: (III)	Employee training	Construction of Talents Team
8.14: (IV)	Other employee rights protection responsibilities	Construction of Talents Team
8.15 Scientific Ethics		Improving Data Security and Privacy Protection

DFZQ 2023 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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 Structure
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	Aspect, general disclosure and key performance indicator	Disclosure chapter
A. ENVIRONMENTAL		B3. Development and Training	Construction of Talents Team
A1. Emissions	Promoting Green Development	B3.1	Social Performance
A1.1	Environmental Performance	B3.2	Social Performance
A1.2	Environmental Performance	B4. Labour Standards	Construction of Talents Team
A1.3	Environmental Performance	B4.1	Construction of Talents Team
A1.4	Environmental Performance	B4.2	Construction of Talents Team
A1.5	Promoting Green Development	Operating Practices	
A1.6	Promoting Green Development	B5. Supply Chain Management	Adhering to Business Ethics

DFZQ 2023 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Part C: “Comply or explain” Provisions			
Aspect, general disclosure and key performance indicator	Reporting Chapter	Aspect, general disclosure and key performance indicator	Disclosure chapter
A2. Use of Resources	Promoting Green Development	B5.1	Social Performance
A2.1	Environmental Performance	B5.2	Adhering to Business Ethics
A2.2	Environmental Performance	B5.3	Adhering to Business Ethics
A2.3	Promoting Green Development	B5.4	Adhering to Business Ethics
A2.4	Promoting Green Development	B6. Product Responsibility	Protect Customers’ Rights and Interests
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	Promoting Green Development	B6.2	Social Performance
A3.1	Promoting Green Development	B6.3	Adhering to Business Ethics
A4. Climate Change	Governance and Strategies Risk Management Metrics and Targets	B6.4	The Company only provides financial products and does not involve product recall
A4.1	Governance and Strategies Risk Management Metrics and Targets	B6.5	Improving Data Security and Privacy Protection

DFZQ 2023 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Part C: “Comply or explain” Provisions			
Aspect, general disclosure and key performance indicator	Reporting Chapter	Aspect, general disclosure and key performance indicator	Disclosure chapter
B. Social		B7. Anti-corruption	Adhering to Business Ethics
Employment and Labour Practices		B7.1	Social Performance
B1. Employment	Construction of Talents Team	B7.2	Adhering to Business Ethics
B1.1	Social Performance	B7.3	Adhering to Business Ethics
B1.2	Social Performance	Community	
B2. Health and Safety	Construction of Talents Team	B8. Community Investment	Building a Bright Future Together
B2.1	Social Performance	B8.1	Building a Bright Future Together
B2.2	Social Performance	B8.2	Building a Bright Future Together Social Performance
B2.3	Construction of Talents Team		

DFZQ 2023 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

GRI CONTENT INDEX

Statements of use	DFZQ prepared this report with reference to the GRI Standards, and the reporting period is from January 1, 2023 to December 31, 2023
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 Social Performance
	2-8	Social Performance
	2-9	Sustainable Development Management Consolidating the Foundation of Governance
	2-10	Consolidating the Foundation of Governance
	2-12	Sustainable Development Management
	2-13	Sustainable Development Management
	2-14	Sustainable Development Management
	2-22	Statement of the Board on Environmental, Social and Governance (ESG) Management Sustainable Development Management
	2-27	Consolidating the Foundation of Governance
	2-29	Communication with Stakeholders

DFZQ 2023 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

GRI Standards	Disclosures	Reporting Chapter
GRI 3: MATERIAL TOPICS 2021	3-1	Communication with Stakeholders
	3-2	Materiality Issue Assessment
Economy		
GRI 201: Business performance 2016	201-1	Economic Performance Table
	201-2	Governance and Strategies RISK Management Metrics and Targets
GRI 203: Indirect Economic Impacts 2016	203-1	Deepening ESG Risk Management
	203-2	Serving the Real Economy Governance and Strategies Risk Management Metrics and Targets Building a Bright Future Together
GRI 205: ANTI-CORRUPTION 2016	205-1	Adhering to Business Ethics
	205-2	
	205-3	

DFZQ 2023 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

GRI Standards	Disclosures	Reporting Chapter
Environment		
GRI 302: Energy 2016	302-1	Promoting Green Development Environmental Performance
	302-2	
	302-3	
	302-4	
GRI 303: Water and effluents 2018	303-1	Promoting Green Development Environmental Performance
	303-2	
	303-3	
GRI 305: Emissions 2016	305-1	Metrics and Targets Environmental Performance
	305-2	
	305-3	
	305-4	
	305-5	
GRI 306 : Waste 2020	306-1	Promoting Green Development Environmental Performance
	306-2	

DFZQ 2023 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

GRI Standards	Disclosures	Reporting Chapter
Society		
GRI 401: Employment 2016	401-1	Construction of Talents Team
	401-2	Social Performance
GRI 403: Occupational Health and Safety 2018	403-6	Construction of Talents Team
	403-9	Social Performance
	403-10	
GRI 404: Training and Education 2016	404-1	Construction of Talents Team
	404-2	Social Performance
	404-3	
GRI 405: Diversity and Equal Opportunity 2016	405-1	Social Performance
GRI 406: Anti-Discrimination 2016	406-1	Construction of Talents Team
GRI 408: CHILD LABOUR 2016	408-1	Construction of Talents Team
GRI 409: Forced or Compulsory Labour 2016	409-1	Construction of Talents Team
GRI 417: Marketing and Labelling 2016	417-1	Protect Customers' Rights and Interests
	417-2	
	417-3	
GRI 418: Customer Privacy 2016	418-1	Improving Data Security and Privacy Protection Social Performance

DFZQ 2023 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

THIRD-PARTY INDEPENDENT ASSURANCE STATEMENT



ASSURANCE STATEMENT

SGS-CSTC'S REPORT ON ESG&SUSTAINABILITY ACTIVITIES IN THE ORIENT SECURITIES CO.,LTD.'s ESG REPORT FOR 2023

SGS-CSTC STANDARDS TECHNICAL SERVICES CO., LTD. (hereafter as "SGS") was commissioned by ORIENT SECURITIES CO.,LTD. (hereafter as "ORIENT SECURITIES") to conduct an independent assurance of the ESG&SUSTAINABILITY ACTIVITIES Report in the ORIENT SECURITIES CO.,LTD. for 2023.

INTENDED USERS OF THIS ASSURANCE STATEMENT

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

RESPONSIBILITIES

The information in the Report and its presentation are the responsibility of the Board of directors and relevant governance bodies, 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 verification with the intention to inform all ORIENT SECURITIES's stakeholders.

ASSURANCE STANDARDS, TYPE AND LEVEL OF ASSURANCE

The SGS ESG & Sustainability Report Assurance protocols used to conduct assurance are based upon internationally recognised assurance guidance and standards including the principles of reporting process contained within the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards) GRI 1: Foundation 2021 for report quality, GRI 2 General Disclosure 2021 for organisation's reporting practices and other organizational detail, GRI 3 2021 for organisation's process of determining material topics, its list of material topics and how to manages each topic, and the guidance on levels of assurance contained within the AA1000 series of standards and ISAE3000.

The assurance of this report has been conducted according to SGS ESG & SRA Assurance Protocols (based on GRI Principles and guidance in AA1000) at a moderate (limited) level of scrutiny.

SCOPE OF ASSURANCE AND REPORTING CRITERIA

The scope of the assurance included evaluation of quality, accuracy and reliability of specified performance information as detailed below and evaluation of adherence to the following reporting criteria:

GRI (Reference)

HKEX'Environmental,Social and GovernanceReporting Guide

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 with external bodies and/or stakeholders where relevant.

LIMITATIONS AND MITIGATION

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

The assurance scope only covered ORIENT SECURITIES office. The data for assurance of report information was from the above scope.

The assurance process only involved interviews with the heads of relevant departments and certain employees and consultation with relevant documents did not involve external stakeholders.

STATEMENT OF INDEPENDENCE AND COMPETENCE

The SGS Group of companies is the world leader in inspection, testing and verification, operating in multiple countries and providing services including management systems and service certification; quality, environmental, social and ethical auditing and training; environmental, social and sustainability report assurance. SGS affirm our independence from ORIENT SECURITIES, 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, and comprised auditors registered with CSR Lead Assuror, SAI Registered SA8000 auditor, CCAA Registered ISO 9001 auditor, ISO 14001 auditor, ISO 45001 auditor and ISO 14064 auditor.

DFZQ 2023 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

FINDINGS AND CONCLUSIONS

ASSURANCE/VERIFICATION OPINION

On the basis of the methodology described and the verification work performed, the specified performance information included in the scope of assurance is accurate, reliable, and has been fairly stated providing a fair and objective representation of ORIENT SECURITIES's ESG activities in 2023.

The assurance team is of the opinion that the report has referred GRI Standard and was presented in accordance with the reporting principles, mandatory disclosure requirements and the KPIs disclosures of the HKEX listing rules appendix 27 'Environmental, Social and Governance Reporting Guide'.

Principles

Accuracy

ORIENT SECURITIES's reporting process is objective and complete, which can disclose more information to stakeholders and reveal that the concept of social responsibility management is consistent with the expectations of stakeholders

Balance

ORIENT SECURITIES's actively discloses its own positive and negative performance based on the expectations of stakeholders, and gives stakeholders more objective performance of social responsibility performance.

Clarity

Report was presented different ways with words, charts, graphics and pictures, also describe with actual cases as well to ensure the stakeholders understanding easily.

Comparability

The Report disclosed various relevant performance indicators of ORIENT SECURITIES in 2023, and some of the performance indicators disclose historical data, which allow stakeholders to visually compare and understand its CSR performance

Completeness

The report included coverage of material aspects and boundaries, complete to reflect significant economic, environmental and social impacts and also remark and interpretation is marked in the Report to enable stakeholders to assess the organization's performance in the reporting period.

Sustainability context

ORIENT SECURITIES demonstrates its sustainability efforts from the economic, environmental and social perspectives, and puts these performances in the context.

Timeliness

ORIENT SECURITIES discloses its sustainability performance timeliness. Stakeholders can obtain information to make a reasonable decision in a timely manner.

Verifiability

The data and information can be traced and verified by internal collection, recording, compiling, analysis and disclosure to ensure the quality and materiality of information. In addition, an independent external organization also provides the reliability of the report.

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.20th 2024

WWW.SGS.COM

DFZQ 2023 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ON THIS REPORT

This report is the eighth report on social responsibility issued by DFZQ (hereinafter referred to as the “Company” or “DFZQ”), and is also the first 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, 2023 to December 31, 2023, with certain content beyond this scope.
Period of release:	This report is an annual report and its precedent was prepared for year 2022.
Organisational scope:	Unless otherwise stated, the scope of this report corresponds to that of the annual consolidated financial statements of the Company. 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

DFZQ	DFZQ or the parent company
Orient Securities Investment Banking Co., Ltd.	Orient Investment Banking
Shanghai Orient Securities Asset Management Co., Ltd.	Orient Securities Asset Management
Orient Finance Holdings (Hong Kong) Limited	Orient Finance Holdings
Orient 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.

DFZQ 2023 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Basis of preparation

This report was prepared according to the Guidelines for Self-Regulation of Listed Companies on the Shanghai Stock Exchange No. 1 – Regulation of Operations (revised in December 2023) of the Shanghai Stock Exchange and the Environmental, Social and Governance Reporting Guide of Hong Kong Stock Exchange (Effective from December 31, 2023) with reference to the Guidelines for the Content and Format of Information Disclosure by Companies Offering Securities to the Public No. 2 – Content and Format of Annual Reports (amended in 2021) issued by the CSRC, and with reference to the Global Reporting Initiative (GRI) Sustainability Reporting Standards (2021), the Sustainability Disclosure Standards for International Financial Reporting Standards No. 1 – General Requirements for Sustainability-Related Financial Information Disclosure (IFRS S1) and the Sustainability Disclosure Standards for International Financial Reporting Standards No. 2 – Climate-Related Disclosures (IFRS S2).

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 operation that are of concern to investors and other stakeholders as the focus of this report. The reporting on material topics in this report also focuses on the characteristics of the industry and the region in which the Company operates. The analysis process and results of material topics are detailed in the sectioned headed “Analysis of material topics” in this report. At the same time, this report focuses on matters that may have a significant impact on investors and other stakeholders in terms of environmental, social and corporate governance.
- **Accuracy:** This report ensures the accuracy of information as much as possible. Among them, the calculation of quantitative information has explained the data calibre, 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 “Pragmatic: Sustainable Development Performance” in this report. The Board guarantees that there are no false records, misleading statements or material omissions in this 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.

DFZQ 2023 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

- **Quantitative and Consistency:** This report discloses key quantitative performance indicators and discloses historical data as much as possible. This report is consistent with the statistics and disclosure of the same indicator in different reporting periods; if there are changes in the statistical and disclosure methods, sufficient explanations are provided in the notes to the report to enable stakeholders to conduct a meaningful analysis and evaluate the development trend of the Company's ESG performance.
- **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, covering the period from January 1, 2023 to December 31, 2023. 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.
- **Cerifiability:** 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/>).

