

17. Social Responsibility Report

17.1 Statement of the Board of Directors

In 2022, unswervingly guided by the 14th Five-Year Plan and the guiding principle of the 20th CPC National Congress, we practiced ESG concept and made solid efforts to build a New Huarong of high quality sustainable development, as a financial asset management company. In accordance with the *ESG Reporting Guide* of the Hong Kong Stock Exchange, we strictly implement ESG policy requirements, continuously improve ESG work performance, and actively undertake and practice corporate social responsibilities.

In an explicit manner, the Company specifies that the Board of Directors is responsible for formulating ESG strategies and reports; the management for coordinating and implementing specific ESG work, and has created a social responsibility performance and management mechanism where multiple functional departments coordinate for the sake of synergy; and various functional departments and branches for establishing their respective designated contact systems.

As the highest decision-making body, the Board of Directors adheres to the requirements of the *ESG Reporting Guide* of the Hong Kong Stock Exchange and responsible for finalizing ESG guidelines, strategies, and goals, as well as for assessing the Company's ESG risks and reviewing ESG related issues. Specifically, based on the Company's internal control mechanisms, the Board of Directors is mandated to identify key risk control matters relating to ESG, check on a regular basis ESG affairs that may bear on the Company's business or operation, Shareholders, or other stakeholders, evaluate and supervise the Company's operation in ESG. Besides, the Board of Directors will take into consideration key issues identified through consultations with stakeholders, and deliberate the ESG annual reports on the Company's progress in ESG management and practice in strict accordance with governance procedures, to ensure that the Board of Directors participates in the entire ESG process as well as relevant information disclosure.

In 2022, the Board of Directors reviewed and supervised the Company's policies and measures concerning such ESG issues as complying with laws and regulations, serving national development strategies, addressing climate change, performing social responsibility, etc. This report makes full disclosure of the Company's progress and accomplishments in respect of the foregoing work and other ESG issues in 2022. It has been deliberated and adopted by the Board of Directors on March 29, 2023.

17. Social Responsibility Report

17.2 Strategy and Governance

We strictly abide by the laws and regulations, such as the *Company Law of the PRC*, *Securities Law of the PRC*, and Listing Rules. Based on the Articles of Association, we continue to strengthen the leadership of the Party and constantly improve the corporate governance structure. While improving the corporate risk management system, we make more efforts to strengthen the Party Building, especially to improve conduct and build integrity. Additionally, we also take the initiative to perform corporate social responsibility, advocate compliance operation, and promote the sustainable and sound development.

17.2.1 Strategy and Corporate Culture

Company mission: implement national strategies, serve the real economy, and defuse financial risks.

Company vision: Focus on the main business of non-performing assets, and build a first-class financial asset management company.

Corporate culture concept: Being faithful, responsible, pragmatic, and dedicated.

17.2.2 The Guidance of Party Building

17.2.2.1 Adhering to the Guidance of Party Building and Strengthening Political Construction

Under the Guidance of Party Building in the new era, we make unremitting efforts to advance the high-quality development of China Huarong. We will give full play to the Party's ability to chart the course, make overall plans, and promote implementation, so as to achieve a deep integration of the Party's leadership with corporate governance and business management.

- We write the Party's leadership into the Company's Articles of Association, and clarify and implement the legal status of the Company's Party Leadership Group in the corporate legal person governance structure.
- We sort out the overall responsibility and decision-making process of the "Three Meetings and One Management", namely, the general meeting of Shareholders, the Board of Directors, the Board of Supervisors, as well as the senior management. Meanwhile, we have also formulated and issued the *Implementation Opinions on Promoting the Deep Integration of Huarong's Party Building with Corporate Operation and Business Management*, *Rules of Procedure for the Party Committee*, *Optimization Plan for Huarong's Decision-Making Approval and Process*, to standardize the Company's decision-making process.

17. Social Responsibility Report

- The leadership system of “concurrent Party/administrative posts” is optimized and implemented for the purpose that members of the Company’s party committee hold positions in the Board of Directors, Board of Supervisors, and the senior management to ensure that decision-making on major issues reflect the intentions of the Party Leadership Group of the Company.
- We strictly implement the pre-deliberation procedure of the Party committee to make sure the well-functioning of the pre-deliberation system that members of the Party committee act as the Board of Directors and the senior management to make decisions on major issues.
- We make it clear that the Party committee must play a role in the decision-making process of the Board of Directors and have strict control over its authorized scheme to ensure standardized authorization.

17.2.2.2 Arm Our Mind with Theory and Build up Our Firm Ideals and Beliefs

We have established a special study and discussion mechanism for General Secretary Xi Jinping’s important speeches. We have issued the 2022 study plan of the Party Committee Theoretical Study Center Group, and have clarified 12 key topics that need to be studied throughout the year. According to the study plan, a study seminar is carried out on a quarterly basis by the Group, to promote the normalized and systematic learning and implementation of the spirit of General Secretary Xi Jinping’s important speeches and the documents of the CPC Central Committee. In 2022, a total of 12 study sessions were held. Three special counseling sessions were conducted around in-depth study of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, the guiding principle of the 20th CPC National Congress, and China’s financial history, so as to guide the majority of party members, cadres and employees to base themselves on the financial industry and their own jobs, and enabled them to develop a deep understanding of the decisive significance of the “two affirmations”, strengthen the “four consciousnesses”, bolster the “four confidences”, and ensure the “two upholds”. All of these make us more determined to carry on the path of financial development with Chinese characteristics.

17.2.3 Governance Structure of “Three Meetings and One Management”

The Company constantly improves the modern corporate governance structure, continuously improves the internal management level, effectively safeguards the interests of all Shareholders, so as to achieve a healthy and stable development. The Company has formed a corporate governance structure featuring “Three Meetings and One Management”, composed of the general meeting of Shareholders, the Board of Directors, the Board of Supervisors, and the senior management, which perform their respective duties, and coordinate with and check one other. The details are set out in “12. Corporate Governance Report”, “14. Report of the Board of Directors” and “15. Report of the Board of Supervisors”.

17. Social Responsibility Report

In order to improve corporate governance, the Company has formulated the *Policy on Diversity of the Board of Directors*. When selecting candidates, the Nomination and Remuneration Committee takes diversification into account, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge, and tenure of office, in an effort to ensure that the Board members possess appropriate talents, experience and diverse perspectives. By the end of 2022, more than one-third of the Board seats are held by independent non-executive Directors. At least one independent non-executive Director has the professional qualifications that meet regulatory requirements. At least one of the Board members is a woman. In order to improve Directors' ability to perform their duties and enhance their understanding of the listing laws and regulatory measures on Hong Kong's capital market, the Company has organized training sessions for Directors, such as *Advanced Seminar on Enterprise Regulation of Listed Companies Outside China* hosted by the Hong Kong Chartered Governance Institute.

17.2.4 Internal Control Management

To ensure effective operation, reliable reporting and business compliance, the Group has continued to improve the internal control management system and strengthen internal control measures. We have strengthened the internal control management on the Company's Board of Directors, Board of Supervisors, senior management, headquarters departments, branches, subsidiaries, and other organizations at all levels. At the same time, the three internal control lines of defense composed of the operation management department, internal control management department and internal audit department have also been consolidated for the purpose of enabling each of them to perform its duties, complete and reinforce each other. By doing this, the entire company jointly serves the business development and risk prevention and control.

In 2022, in terms of internal control management system construction, the Group benchmarked the *Internal Control Management Measures of CITIC Group Corporation* in all respects. Combining with the new regulatory regulations and the status quo of the Company's organizational structure, a new version of the *China Huarong Internal Control Measures* has been revised and issued, so as to further consolidate the Group's internal control management at the basic systematic level. Based on self-assessment of the internal control, we have adjusted regulations such as the *China Huarong Internal Control Process Framework*, *China Huarong Internal Control Manual* and *Risk Control Matrix*. Regarding to compliance management and system construction, we have formulated and issued the *China Huarong Business Operation Manual*. Using it as a guide to our practical operations, we have made a summary of the past experiences from high-quality project management and lessons learned from risky projects. We have also formulated a *Negative List of Project Operations* to display the negative operational behaviors in major business links with an aim of clarifying the red line of business operations. In addition, we have carried out special self-inspection and rectification activities such as equity and related transactions, upgraded the rectification and inspection system for regulatory opinions by building a regulatory opinion compliance problem database and strengthening guidance to subsidiaries. In respect to publicity and training of compliance culture, we have stepped up compliance advocacy and continued to strengthen warning education. In 2022, we organized 10 compliance-themed training such as the "Lecture on Internal Control and Compliance". Besides, we strengthened the concept of legal and compliant operations by holding work conferences on internal control and compliance, system-wide conference on special warning and education of compliance, training sessions on internal control and compliance, online training meeting on strengthening overseas clean and compliant operations, etc. Other details relating to the Group's internal control are set out in "13. Internal Control".

17. Social Responsibility Report

17.2.5 Comprehensive Risk Management

The Group has built a unified and multi-tiered comprehensive risk management framework, and has established a three-dimensional risk management system consisting of three levels based on the corporate governance structure, three grades composed of professional risk management teams, and three lines of defense in practical operations.

In 2022, the Group properly responded to the changes in the external situation by adhering to the general principle of seeking progress while maintaining stability. While accelerating disposal of existing risks, we enhanced our comprehensive risk management system. We also improved system and tools in managing risks to constantly improve the quality of risk management and control. Meanwhile, we set up a system of risk chief inspector, who urges the risk management departments of branches and subsidiaries to earnestly carry out their work and perform their risk management and control responsibilities. Throughout the whole year, five sessions of risk management training were carried out, with more than 700 people in risk business lines and engaged in relevant businesses participating in. The training content involved the elaboration on authorization policy in 2022, the interpretation of the related party transaction system, credit information education, case study of valuation, and other business practices. In addition, combined with the problems found in the overall risk investigations, we lectured on employees the key points in managing risks to enhance their awareness of risk management and control. Additional details on the Group's risk management are set out in "9.4 Risk Management".

17.2.6 Supply Chain Management

In strict accordance with the relevant laws and regulations such as the *Tendering and Bidding Law of the PRC*, *Interim Provisions on Centralized Procurement Management of State-owned Financial Enterprises*, the Group continuously improves the supplier management system and strengthens supplier management. We have formulated the *Measures for the Management of Centralized Procurement and Implementation Rules of Centralized Procurement Management Committee* to comprehensively build the Company's centralized procurement management system. By doing so, we standardize the procurement operation process and improve the efficiency of procurement funds, enabling us to conduct overall management and supervision of the procurement of bulk goods, services or engineering construction. We make it clear that the Company's procurement should follow the principle of "openness, fairness, justice, honesty and efficiency". Additionally, we actively practice the principle of green procurement by advocating the concept of energy conservation, environmental protection, and green conception that products of energy-saving and environmental protection are given a higher priority in our procurement under the same conditions.

The Group pays attention to and identifies environmental and social risks in the supply chain, and is committed to strengthening the inspection and research on the supply market and suppliers for the purpose of expanding the source supply channels and preventing supplier risks comprehensively. Suppliers are required to provide good records on the "National Enterprise Credit Information Publicity System" in the bidding process, and in case of any violation of the law, they will be prohibited from participating in the bidding and procurement activities organized by the Company. Besides, the follow-up monitoring and management of cooperative suppliers are also being conducted continuously and effectively.

17. Social Responsibility Report

In response to possible corruption problems in the procurement process, the Company stipulates in the *Measures for the Management of Centralized Procurement* that the relevant departments should conduct supervision and inspection on centralized procurement activities, and disclose anti-corruption related supervision and reporting channels that reports can be made through various channels such as telephone, email, and online by employees, cooperative partners, and people from all sectors of society. Any unfair competition, embezzlement and corruption incidents should be completely eradicated.

In 2022, a single purchase with an amount of more than RMB1 million completed by Company's headquarters involved a total of 31 suppliers, including 21 of them in North China, 7 in East China, 2 in South China, and 1 overseas.

17.2.7 Anti-corruption and Build Integrity

The Group continuously strengthens the Party Building by improving conducts and building integrity, deepens the practice of rectifying the discipline and anti-corruption, in an effort to ensure the full and rigorous Party self-governance over the entire company. Using cases as a mirror and as a means to promote rectification, governance, and Party Building, we are committed to create a clean and upright political ecology and a good business and development environment that will help the Group's high-quality development.

In 2022, the Group continued to improve the system of anti-corruption and building integrity, by issuing the *Implementation Measures of the Party Committee of Huarong on Strengthening the Construction of a Large-scale Supervision Work System (Trial)* and implementing the requirements of rectification from the Central inspection team. We further promoted the modernization of the corporate governance system and governance capabilities, and optimized the supervision system. Notably, we built a large regulation mechanism integrating supervision, overall planning, coordination, and governance of all sorts of issues, which effectively enhance the systematization, continuity, and effectiveness of internal supervision, to ensure the sustainable and healthy development of the Company. In addition, we issued the *Measures of Party Committee of Huarong on Supervision of Leading Cadres' Illegal Intervention in Business Management (Trial)* to effectively regulate the leading cadres' exercise and use of power and to prevent violations of regulations and disciplines, such as abusing power, using power for personal gains, and interfering in the Company's normal operations. Meanwhile, the *Measures for the Supervision and Management of Employees' Clean Working Behaviors* was issued to further regulate employees' behaviors, to strengthen the supervision and restriction on the exercise of power, which effectively prevents moral hazards and keeps the bottom line of integrity and discipline.

17. Social Responsibility Report

The Group attaches great importance to the corporate culture construction and anti-corruption training, striving to create an atmosphere of clean and honest culture. We have issued the *Work Plan for Building a Clean and Honest Financial Culture of Huarong* to strengthen the ideals and beliefs of the Party members and cadres, to enhance their awareness of integrity, and to create an atmosphere of advocating clean and honest behavior. We put great emphasis on the anti-corruption training so that we actively encourage and organize our Directors and Supervisors to participate in anti-corruption related training. In the routine work, all members of the Board of Directors and the Board of Supervisors of the Company are required to continue to learn anti-corruption related regulatory policies and requirements, including the regulations on *Combating Money Laundering and Terrorist Fund Raising (Chapter 615 of the Laws of Hong Kong)*, *Hong Kong Prevention of Bribery Ordinance (Chapter 201 of the Laws of Hong Kong)*, *Practical Guidelines for Listed Companies Anti-Corruption System*, *Anti-Unfair Competition Law of the PRC (Revised in 2019)*, *Anti-Money Laundering of the PRC*, and other laws and regulations. The Group held two system-wide warning education meetings on May 31 and July 19, 2022 respectively, on which we made a summary on lessons learnt from internal and external violations of laws and disciplines and risk events. The meeting urged that integrity should be taken as an internal requirement to enhance the ideological level of all employees to resist against bribery and enforce the discipline and state laws.

17.2.8 Anti-Money Laundering and Anti-Terrorist Financing

In strict conformity with laws and regulations on anti-money laundering and anti-terrorist financing, the Group earnestly implements regulatory requirements, and formulates such corporate rules as *Internal Control Regulations on Anti-Money Laundering and Anti-Terrorist Financing*, *Measures on Money Laundering Risk Assessment and Customer Classification Management*, *Measures for the Management of Self-Assessment of Money Laundering and Terrorist Financing Risks*, to consolidate the foundation of money laundering risk management and fulfill anti-money laundering obligations.

In 2022, the Company continued to optimize the management system and working mechanism of anti-money laundering and anti-terrorist financing. Through optimization and integration of the special leading group, we issued the *Working Rules on the Risk Management and Internal Control Committee of China Huarong's Senior Management*, incorporating the Company's anti-money laundering work leading group into the risk management and internal control committee of senior management of the Company, and clarifying that issues related to anti-money laundering should be deliberated in the form of special meetings. At the same time, we constantly upgraded the functions of the anti-money laundering system by taking into account of the actual situation of business management. The Company's annual special audit work on anti-money laundering and anti-terrorist financing in 2022 was carried out to implement audit inspections on the money laundering and terrorist financing risk management of the Company with an emphasis on high-risk links. During the Reporting Period, units at all levels of the Group were not punished by anti-money laundering supervision, and no major money laundering risk events occurred.

17. Social Responsibility Report

17.2.9 Social Responsibility Management

17.2.9.1 Concept of Social Responsibility

The Company, positioning itself as a financial asset management company, is committed to serving the real economy, safeguarding against financial risks, and deepening financial reform. While building a New Huarong of high quality, we earnestly serve the national development strategy by actively participating in rural revitalization, environmental protection, and social welfare, and continuously improve the Company's ability to promote coordinated economic and social development to create value for the country, customers, Shareholders, investors, employees, and society.

- For the country: Focusing on the main responsibility and the core business, serving the real economy, and diffusing financial risks to safeguard the country's economic stability and financial security.
- For customers: Offering high-quality financial services to help customers achieve value enhancement and corporate reengineering.
- For Shareholders and investors: Engaging in steady and compliant operations and continuously enhancing the Company's value to achieve good returns to Shareholders, investors, and the market.
- For employees: Building a career platform, caring for employee growth, and enhancing employees' cohesiveness and sense of gain to realize the common development of personal value and corporate value.
- For the society: Caring for social development, improving social well-being, actively responding to the national strategy of rural revitalization, and actively carrying out social welfare activities such as targeted assistance and charitable donation.

17.2.9.2 Stakeholder Engagement

The Company consistently engages in multi-channel communications with stakeholders. It created regular communication mechanisms with 7 key stakeholders, including regulators, local governments, Shareholders and investors, clients, communities, employees, and suppliers. Furthermore, it incorporated the appeals of various stakeholders into its operating and decision-making processes with a view to taking timely, effective measures to meet the reasonable expectations and needs of its stakeholders. This report, which serves as a focal display of the corporate social responsibility (CSR) work, actively conveys the Company's social responsibility concept to various stakeholders, demonstrates the effectiveness of the Company's practice in this area, and further enriches the Company's communications and interactions with its stakeholders.

17. Social Responsibility Report

Stakeholders' Key Issues of Concern and Communication Channels Chart

Types of Stakeholders	Key Issues of Concern	Key Communication Approaches	Key Measures to Respond
Regulatory Authority	<ul style="list-style-type: none"> Steady business operation A well-developed internal control system and risk management system Actively fulfilling social responsibility of financial enterprise 	<ul style="list-style-type: none"> Regular report Participation into industry meeting Official website China Huarong WeChat subscription 	<ul style="list-style-type: none"> Establishing a comprehensive corporate internal control system, and improving corporate governance, and active action to relieve financial risks Improving business operation efficiency
Local Government	<ul style="list-style-type: none"> Promoting local and peripheral industrial development Compliant operation Tax payment in accordance with laws 	<ul style="list-style-type: none"> Government meeting Irregular visits Public servants' supervision and inspection Official website China Huarong WeChat subscription 	<ul style="list-style-type: none"> Providing employment opportunity and contributing to tax revenue Cooperation with government's supervision and inspection work, and improvement of the internal compliance supervision and inspection system Compliance with laws and regulations

17. Social Responsibility Report

Types of Stakeholders	Key Issues of Concern	Key Communication Approaches	Key Measures to Respond
Shareholders & Investors	<ul style="list-style-type: none"> Sustained and stable return on investment Timely information disclosure Compliance business operations 	<ul style="list-style-type: none"> General meeting of Shareholders Regular report and company announcements Investor meetings, results announcements, roadshow and other information distribution channels Investor Relations telephone and email Official Website China Huarong WeChat subscription 	<ul style="list-style-type: none"> Enhancing diversified business, and consolidating the leading role in the industry Receiving investors and their calls and letters, strengthening effective communication and information disclosure Improving internal compliance system
Customers	<ul style="list-style-type: none"> Products and services with high quality Timely response to customer demands Providing integrated solutions 	<ul style="list-style-type: none"> Customer revisits Regular visits Customer satisfaction survey Official website China Huarong WeChat subscription 	<ul style="list-style-type: none"> Establishing a comprehensive service response system Improving customer complaint handling process Developing guidelines for service standardization

17. Social Responsibility Report

Types of Stakeholders	Key Issues of Concern	Key Communication Approaches	Key Measures to Respond
Community	<ul style="list-style-type: none"> Supporting community development Respecting community culture and participating into community activities 	<ul style="list-style-type: none"> Community delegates survey Routine visits Official website China Huarong WeChat subscription 	<ul style="list-style-type: none"> Supporting community development activities Carrying out charity service activities in communities Maintaining good communication
Employees	<ul style="list-style-type: none"> Good career development and growth opportunities Great pay and benefits Protection of health and safety 	<ul style="list-style-type: none"> Internal website Internal journal Employee Congress Official website China Huarong WeChat subscription 	<ul style="list-style-type: none"> Improving staff recruitment, promotion and other internal management regulations and systems Enriching employee's spare time Providing a variety of working and living security for employees
Suppliers	<ul style="list-style-type: none"> Fair and open procurement process Fulfilling the contract on time Helping the growth of suppliers to achieve a win-win situation 	<ul style="list-style-type: none"> Regular meeting of quality communication Official website China Huarong WeChat subscription 	<ul style="list-style-type: none"> Ensuring the transparency of the procurement process, and accepting internal and external supervision and inspection Reasonable control of corporate cash and ensuring timely payment Promoting communication with suppliers

17. Social Responsibility Report

17.2.9.3 Materiality Issues Analysis

Following the ESG Reporting Guide of the Hong Kong Stock Exchange, ESG rating indicators of leading rating agencies, and relevant regulatory policies, the Company conducted a lot of preliminary researches and analyses to create a list of material issues for the 2022 social responsibility report by way of industry benchmarking, stakeholder questionnaire surveys, etc. Based on a thorough assessment of the impact of various issues on external stakeholders and the Company, 21 substantive issues highly pertinent to the Company were identified and used as important reference for the formulation of ESG strategies, the setting of goals and the sustained disclosure of information. The identification of material issues was carried out by independent third-party consultants hired by the Company.

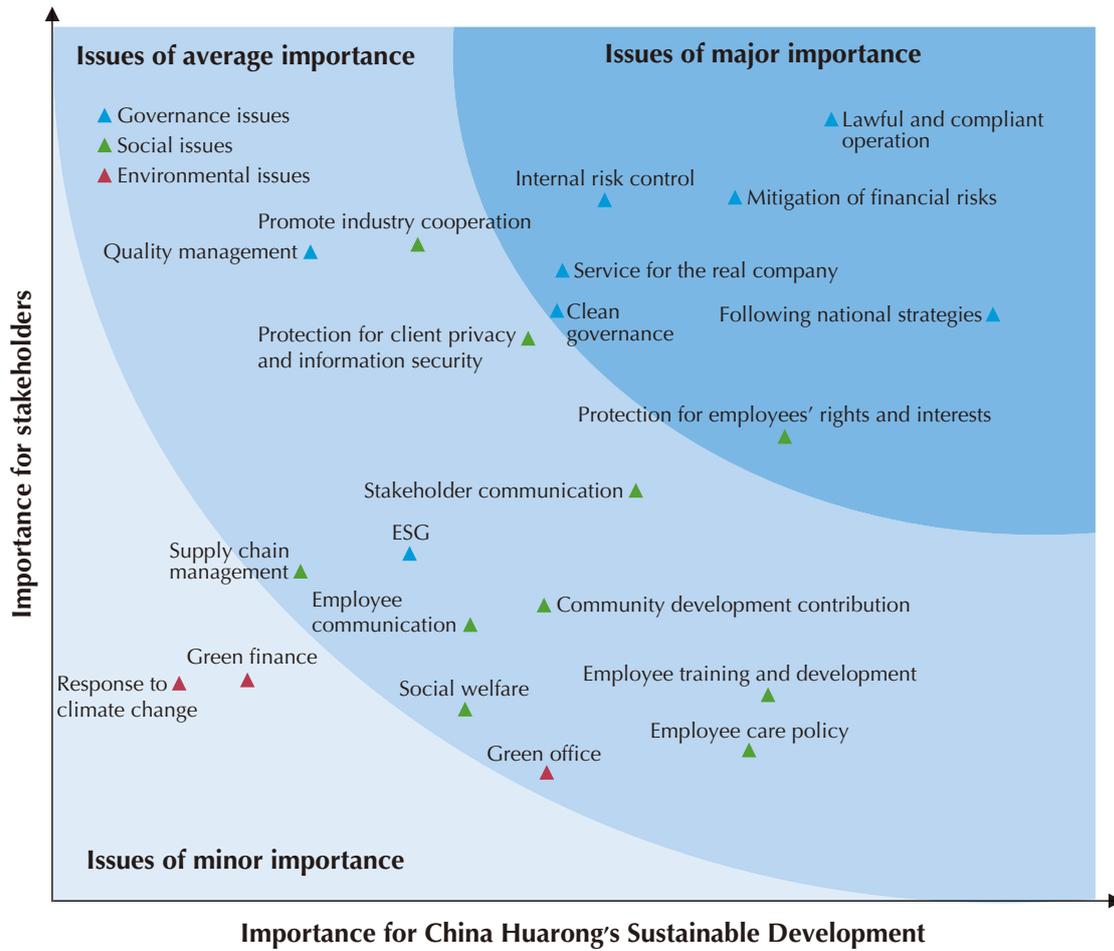
In 2022, the Company adopted the following processes to identify social responsibility issues of major significance:

- 1** Identify related issues: China Huarong assessed and collected a total of 21 CSR issues by extensively benchmarking the Company's performance against the ESG Reporting Guide and ESG rating indicators, and analyzing macro-economic hotspots.
- 2** Survey the extent of attention: A total of 543 valid questionnaires were collected by issuing questionnaires to the external and internal stakeholders.
- 3** Analyze the degree of influence: Through the questionnaire, China Huarong identified material issues by thoroughly evaluating the impact of various issues on stakeholders in light of its operation and management priorities.
- 4** Rank the material issues: Based on identification and analysis, the issues were ranked in order of their significance and a materiality matrix was developed, which served as important reference for preparing the Report.

17. Social Responsibility Report

In 2022, the Company's CSR (Corporate Social Responsibility) materiality concerns were determined as follows:

CSR Materiality Matrix in 2022



17. Social Responsibility Report

17.3 Financial Responsibility

Focusing on the main responsibility positioning, the Group leverages its unique counter-cyclical advantages and give full play to its financial assistance service. In respond to national development strategy, the Group actively and steadily develops its main business of non-performing asset management with the focus on ensuring people's livelihood, preventing and defusing risks, and serving the real economy.

17.3.1 Leverage Unique Advantages and Serve National Strategies

The Group as a financial asset management company, actively undertakes the "responsibilities and missions entrusted by the state and do whatever we can do for the country". In accordance with the working idea of "strengthening the foundation, making progress while maintaining stability, and improving quality and efficiency", China Huarong has issued multiple measures "to stabilize the economy, to tap the full potential of existing resources, and to defuse risks". We have also made intensive efforts in the field of non-performing assets with a purpose of contributing our strengths to fully serve the national strategy.



Case: Support the reform of state-owned enterprises and play the role of a rescue financial "stabilizer"

Amid the final year of the "Three-Year Action Plan", China Huarong fully supported the reform of state-owned enterprises by visiting more than 400 state-owned enterprises in depth. **Henan Branch** helped a certain energy state-owned enterprise get out of trouble caused by the impact of international oil prices fluctuations which result in losses in its chemical sector. Through an overall debt restructuring of RMB1.29 billion, the Henan Branch pushed the enterprise to break the ice in its business operation. To help a Shandong transportation enterprise address the problem of long-term shutdown in its subsidiaries, **Shandong Branch** introduced industrial investors to reshape the management structure and to restructure on the inefficient and ineffective assets. Under our assistance, the enterprise succeeded in stripping off its non-principal subsidiaries to ease its operating pressure and to accelerate transformation and upgrading. **Chongqing Branch** offered timely support to a Chongqing leading enterprise by acquiring RMB450 million of its non-performing debts and assisting in the introduction of strategic investors, which helped the enterprise remove inefficient assets, optimize financing structures, and implement equity reforms. **Hunan Branch** offered help to a fertilizer company in addressing its difficulties of continuous deterioration in business conditions and the stagnation in construction of a 100,000 tons ammonium nitrate project. Through coordinated efforts with the government and the court, it designed a financial service scheme of "unblocking certificate + phased debt restructuring", which gradually solved the problems left over from history and gave the enterprise a grace period for repayment through debt restructuring. At the same time, the legitimate rights and interests of corporate creditors and all parties were also guaranteed. At last, the enterprise's project was completed and went through the tests.

17. Social Responsibility Report



Case: Help the high-quality development of the Guangdong-Hong Kong-Macao Greater Bay Area

In active response to the call of the development of the Guangdong-Hong Kong-Macao Greater Bay Area, Huarong International cooperated with an institution to acquire the collateral of a large state-owned commercial bank located in the Greater Bay Area. Through cross-border equity transaction, we opened a new channel for non-performing assets business and developed a new win-win model in cross-border cooperation to offer cross-border solutions to resolve financial risks.



Case: Serve the national big health strategy

On August 22, 2022, Shanghai United Imaging Healthcare Co., Ltd. (“United Imaging”), a company invested by Huarong Rongde, was officially listed on the Science and Technology Innovation Board, becoming the largest IPO since 2022. As a design, R&D and production enterprise of high-end medical imaging diagnostic products, United Imaging actively responded to the national medical equipment localization strategy, succeeding in the completely independent research and development of a series of medical equipment which is basically considered as the import substitution of high-end imaging diagnostic and treatment equipment.



Case: Contribute the building of the Yangtze River Economic Belt

In 2022, Via the “Alliance of Financial Leasing Companies Serving the Yangtze River Economic Belt Strategy”, Huarong Financial Leasing focused on funding the green eco-corridor development and the industrial transformation and upgrading initiative. Throughout the year of 2022, it invested a total of RMB23.9 billion in the financial leasing business across the Yangtze River Economic Belt, accounting for 62% of the total investment of its kind in the area.

17.3.2 Focus on Ensuring People’s Livelihood and Maintaining Social Stability

As the main force in the non-performing asset industry, the Group gives play to its functions of financial assistance and counter-cyclical tools to provide aids to fund key livelihood projects, including “ensuring timely deliveries of presold homes”, revitalizing unfinished buildings, and mergers and acquisitions of problematic assets. To defuse risks in the real estate sector and clean up the troubled real estate enterprises, we actively signed bailout and reorganization framework agreements with relevant enterprises, and carried out cooperation around “ensuring timely deliveries of presold homes, people’s livelihood, and stability”. Additionally, by participating in industrial upgrading, we helped ensure food security and maintain economic and social stability.

17. Social Responsibility Report



Case: Give full play to the advantages of “finance + industry” to support enterprises and ensure timely deliveries of presold homes

The Company makes full use of its unique financial toolbox such as “debt + equity” and “finance + industry” to actively support troubled real estate enterprises. By means of risk isolation, restructuring, resource integration, and merger and liquidation, we actively promoted the implementation of a number of projects and have achieved positive results in the aspect of defusing risks and revitalizing the unfinished buildings, on which major projects of the key real estate enterprises are used as breakthrough points.

- **Headquarters of the Company:** To assist the troubled real estate enterprises in defusing risks in stalled projects, the Company has set up a special working group to conduct in-depth and on-site researches about each of the projects, and has worked out solutions like classified policies and risk isolation to deal with the problems. Supported by the government, the Company conducted multiple rounds of negotiations with enterprises and finalized the plans like “equity transfer + reorganization”, “trust isolation + revitalization through entrusted construction”, “litigation preservation + using litigation to facilitate negotiations” to defuse risks. As a result, with more than 93% of the projects achieving risk isolation, the project companies gradually resumed their normal operations.
- **Jiangsu Branch:** It signed the Strategic Cooperation Agreement to Support the Transformation and Upgrading of Nantong Construction Enterprises with the Nantong Municipal Government. United with the local government and state-owned enterprises, a municipal-level cooperation body was formed to promote the transformation and upgrading of the local construction industry by carrying out resumption of project construction, mergers and acquisitions of high-quality project, revitalization of PPP or BT projects. In addition, by using the “bond acquisition + debt reorganization + property trust” business model and flexible design of the transaction structure, the Branch successfully resolved the bond redemption risk of a listed real estate company, and protected the creditor’s rights of more than 200 social investors.
- **Beijing Branch:** It invested RMB1.98 billion to revitalize a building in the Beijing Economic and Technological Development Zone. Through restructuring of debts, property, and management, it solved such problems as the long-term idle assets and ineffective operation. So far, about 2,000 talent apartment renovations have been completed. Once the whole renovation project is finished, it is estimated to provide 300,000 square meters of talent apartments and solve the accommodation problems of about 20,000 people in the Economic Development Zone. By doing so, it further promotes the integration of industry and city, and helps achieve balance between employment and residence amid the progress of creating high-end industrial science and technology parks in Economic Development Zone.

17. Social Responsibility Report

- **Hunan Branch:** By means of “restructuring of asset, debt, management”, a restructuring party was introduced to a stalled large “commercial + residential” complex in Changsha City to help restart the project. At present, the project has delivered more than 500 homes, and by doing so Hunan Branch effectively maintained the local economic development and the stability of people’s livelihood.
- **Fujian Branch:** In collaboration with the “government, the court and the restructuring party”, the Branch has introduced industrial investors to reorganize and revitalize a key livelihood project in the local area. At present, the project has been fully resumed, and more than 400 new homes have been delivered, with over 1,000 households to move in later. By saving the project, Fujian Branch helped ensure the local social stability.
- **Chongqing Branch, Sichuan Branch:** Chongqing Branch helped solve the problem of an unfinished real estate project in the main urban area. Through restructuring of equity, management, and debt, it provided an incremental capital of RMB986 million to the enterprise for the purpose of optimizing its financing structure and reducing its debt burdens. In addition, the Branch supported a subsidiary company of a large real estate enterprise to successfully market and transfer its inefficient commercial assets, ending in the reduction of more than RMB70 million in debts. Chongqing Branch and Sichuan Branch made concrete efforts to support “timely deliveries of presold homes and ensuring people’s livelihood”. By introducing escrow party and general contractor, collateral replacement, adjustment of repayment source, and regulatory measures, they brought in additional funds to revitalize some of the stalled real estate projects, to restart the construction, and to accelerate the sales.

17. Social Responsibility Report



Case: China Huarong fulfilling the responsibility of central enterprises to support materials supply and food security

- **Sichuan Branch:** It stepped up financial services to assist a national key material support enterprise that had difficulties in operating due to the impact of macroeconomic downturn. Through acquiring RMB400 million in debts, Sichuan Branch reorganized and revitalized the enterprise and helped it adjust production plans scientifically. With the production capacity of 120,000 tons/year of hydrogen peroxide and 12,000 tons/year of sodium hypochlorite, the enterprise provided sufficient material support for production and resident's life. Besides, Sichuan Branch helped the enterprise generate energy-saving benefits of about RMB200 million per year, achieving remarkable results in energy-saving and emission reduction. By doing this, Sichuan Branch performed the duty of serving the development of the real economy with green finance.
- **Huarong Rongda Futures:** It actively leveraged its professional advantages in the field of commodity risk management. It has carried out a total of 85 "insurance + futures" projects, involving corn, live pigs, eggs, sugar, natural rubber, and other varieties, and provided guarantee for 230,400 tons of agricultural products with the amount reaching RMB1.567 billion in 2022. In this way, it helps to ensure stable production and supply in the agricultural market.
- **Huarong Industrial:** Through measures such as reducing or exempting merchants' rent and promotion fees, and waiving customers' parking fees, Huarong Industrial offered a helping hand at critical times, aiding more than 200 small and micro enterprises and self-employed individuals in the resumption of work and production.



Case: Make coordinated efforts of "finance + industry" to ensure transportation and people's livelihood

Building roads creates prosperity in all sectors. Transportation is not only an important lifeline and leading project of the national economy, but also an important support for the high-quality and sustainable development of cities. Shaanxi Branch, deeply rooted in the local area, took the initiative to acquire the non-performing asset package of Weiluo Expressway, a key transportation construction project in Weinan City. By cooperating with the local government and introducing new investors, it effectively broke the bottleneck of project construction and promoted full resumption of work and production in the construction of Weiluo Expressway. The expressway greatly improves the traffic capacity and overall efficiency of the regional road network, enabling residents in the local area to enjoy safer, smoother, and more economical transportation services.

17. Social Responsibility Report



Case: The Company and Sunshine Group sign bailout strategic cooperation agreement

The Company has made concrete efforts to implement the requirements of the state on stabilizing the real estate market and on “ensuring the timely deliveries of presold homes and people’s livelihood”, so as to promote the positive and healthy development of the real estate industry. For such purpose, China Huarong and Sunshine Longjing Group Co., Ltd. (the “Sunshine Group”) signed the *Framework Agreement on Bailout and Restructuring*. The cooperation between the two parties was considered as a practical move to implement the requirements of the Party Central Committee and relevant departments on defusing risks in the real estate market. The Company will give full play to its rich experience in aiding troubled companies and revitalizing of non-performing assets to inject stronger momentum and to build up confidence for the future development of Sunshine Group.



Case: Shanghai Free Trade Zone Branch helps the high-risk real estate enterprises

In 2022, Shanghai Free Trade Zone Branch adhered to the guiding principle of “transformation and tackling difficulties”. Relying on Shanghai’s international financial center, the integrated development strategy of the Yangtze River Delta and the advantages of Shanghai’s capital market, the Branch gave full play to its main business advantages in non-performing assets and implemented the requirements of the Central Party Committee and the relevant regulatory authorities to aid the key real estate enterprises in trouble. In conjunction with other subsidiaries of the Company, the Branch restructured the local assets of high quality of a real estate group, one of the twelve medium and high-risk real estate enterprises, and reorganized and revitalized the Dongjiadu project.

17.3.3 Serving the Real Economy

Finance is the blood of the real economy, and the development of the real economy is the top priority for high-quality development. The Company gives full play to the advantages of its counter-cyclical tools and services of financial assistance to help local key enterprises defuse risks. Combining the corporate financial service needs, the Company innovates business models and provides a strong support for the development of entity enterprises in an effort to help stabilize the economic market and support the development of local real economy.

17. Social Responsibility Report



Case: Give full play to the advantages of the main business and help enterprises relieve their difficulties

The Company gives full play to its functional advantages of financial aid services, and innovatively carries out asset promotion to help enterprises to relieve their difficulties. In August 2022, Sichuan Branch took the lead in holding the activity “digging into Southwest to find more valuable assets”, the second online promotion meeting of selected assets in the Huarong Southwest Area, which focused on the promotion of 21 selected assets in Chengdu, Chongqing, Guiyang, Kunming, and other places, with a total debt principal of RMB4.555 billion. In September, Sichuan Branch and Chongqing Branch actively promoted the debt assets of Chengdu, Leshan, Nanchong in Sichuan Province and of Chongqing Municipality on China Huarong’s WeChat public account and the self-developed “China Huarong-Rongyitao” mini program for two consecutive weeks, which have attracted wide attention from the industry.



Sichuan Branch holds the second selected asset promotion meeting in Huarong Southwest Area

17. Social Responsibility Report



Case: Fujian Branch uses the “investment + investment bank” model to support corporate bailouts

A certain light industry company of limited liability was originally an enterprise producing high-grade fabrics in Quanzhou City, Fujian Province. In recent years, due to adverse effects such as risks triggered by the guarantee chain in the region, the company's operating conditions have continued to deteriorate, resulting in a break in cash flow. With an amount about RMB900 million in debt, the company entered the bankruptcy proceedings. Worse still, the bankruptcy and liquidation work came to a deadlock due to a series of complex issues such as major assets being occupied, leases and tax arrears, resulting in a long-term failure in the management of relevant assets.

After communicating with the Quanzhou People's Court and the bankruptcy administrator in a two-way manner, Fujian Branch flexibly designed a financial service plan of “fund + equity + restructuring”, and promoted the introduction of local powerful third-party restructuring investors to take over the main problematic assets, and jointly invested capital with Huarong Capital in the form of fund to gradually resolve the historical legacy of the assets.

At present, the transfer of relevant assets has been completed in a smooth and orderly manner. By doing this, the Company safeguarded the legitimate rights and interests of corporate creditors and all parties, supported the industrial integration and upgrading of the industrial park where it is located, and contributed to the effective prevention and resolution of regional financial risks and the promotion of local economic development.



Case: Revitalize the existing idle assets to support local economic development and to defuse risks

A cultural tourism company used to be a leading local private enterprise in Anhui Province. A debt crisis of the company broke out due to capital chain rupture, and as a result its business situation continued to deteriorate. In order to help solve this problem, Anhui Branch actively participated in the government's risk resolution plan and took the initiative to assist in improving the plan. Through many talks and repeated negotiations, Anhui Branch finally introduced a group to successfully delist the company and paid the consideration, resolving the immediate risks. This move helped revitalize stock projects of the company in the prosperous area of downtown and fix its historical tax arrears problems, which in turn supported the local economic development.

17. Social Responsibility Report



Case: The Company signs a strategic cooperation agreement with CTGH

On July 26, 2022, the Company signed a strategic cooperation agreement with China Tourism Group Hotel Holdings Co., Ltd. (CTGH). The two parties stated that they will give full play to their respective professional advantages according to the content of the agreement, further deepen the cooperative relationship. Focus on hotel management and operation improvement, various forms of cooperation will be carried out in hotel asset management, and non-performing asset disposal, etc. In addition, new exploration will be made for the value preservation and appreciation of state-owned assets through resource integration. In this way, the two parties will strive to achieve mutual benefit and common development. This agreement was an important measure for the Company to implement the requirements of the Party Central Committee, focus on its main responsibilities and core businesses, and serve the real economy.



Case: Expand business channels and make more efforts to serve the real economy

On May 24, 2022, Heilongjiang Branch signed a strategic cooperation agreement with a provincial state-owned assets management platform to strengthen cooperation in serving the real economy through such efforts as expanding the acquisition and disposal of non-performing assets, removing the auxiliary businesses of the state-owned enterprises, restructuring distressed enterprises, and aiding the troubled enterprises.

17.3.4 Mitigating Financial Risks

The Company conscientiously implements the regulatory requirements and takes participation in the risk defuse of small and medium-sized financial institutions as a major special task of the Company. Through coordinated efforts, we actively assist in the bankruptcy restructuring of the small and medium-sized financial institutions and the optimization of the asset structure of the regional banks to provide strong support to resolve local financial risks and to ensure the stable operation of the economy.



Case: Actively support small and medium-sized financial institutions to defuse risks and maintain market stability

Jilin Branch actively participated in the risk resolution of non-performing assets of a local commercial bank. It set up a special working group immediately to connect with the bank and to carry out works like due diligence investigation and pricing. Targeted financial solutions were formulated to promote the proceedings of the project. Finally, Jilin Branch successfully won the bidding of bank's asset package of RMB2.24 billion, which was the largest non-performing asset package in Jilin Province throughout the year. Thereby, it has greatly eased the pressure on local corporate banks to digest non-performing assets.

17. Social Responsibility Report



Case: Beijing Branch successfully implemented the common benefits debt project for small and medium-sized financial institutions

In 2022, Beijing Branch launched a common benefits debt project involving the bankruptcy reorganization of a property and casualty insurance company, which was the first time that the Company participated in the bankruptcy restructuring of small and medium-sized financial institutions as a common benefits debt investor. This project achieved a breakthrough in the risk management business of insuring small and medium-sized financial institutions. Through the common benefits debt investment project, it supported the regulatory agency to effectively promote the bankruptcy reorganization process, guaranteed the necessary expenses for maintaining stable operation during the reorganization period, and facilitated the introduction of investors to complete the reorganization process as soon as possible to resolve financial risks.

17.4 Environmental Responsibility

The Group, as a practitioner of green finance, actively faces the challenge of climate change and responds to the major strategic deployment of the Party Central Committee and the State Council on “carbon peaking and carbon neutrality”. In conformity with the trend of low-carbon transformation, we implement the concept of green and low-carbon development in the entire process of business operation and development. At the same time, we continue to innovate and expand green financial services to help enterprises with low-carbon transformation and development.

17.4.1 Responding to Climate Change and Promoting Low-carbon Concepts

- China Huarong has formulated *Basic Regulations for Business Access*, which incorporates environmental impact and climate risk into project risk consideration and assessment scope to strengthen risk identification, including requirements for environmental protection of the underlying asset projects, as well as the prohibition of projects restricted and eliminated in the *Guidance Catalogue for Industrial Restructuring*; projects clearly restricted or eliminated by policies such as the negative list of industrial restructuring issued by the local government; the underlying asset involves backward production capacity whose energy consumption and environmental protection standards do not meet national, local and industry requirements, or whose safety production does not meet the standards and has not been rectified; and the projects that the underlying assets involves in other projects that do not meet the bottom line standards of national industry policies and seriously affect the normal operation of the enterprise.

17. Social Responsibility Report

- In the *Guidelines for Key Points of Business Review*, China Huarong attaches great importance to the environmental and social risks. For instance, in the key points of non-property review, attention is paid to the dual control of energy and the impact of relevant environmental requirements on business operations. In the actual project review process, especially when reviewing real industry projects, we carry out substantive review of environmental and social risks in strict accordance with guidelines for key points of review. By prohibiting projects whose energy consumption and environmental protection standards do not meet national, local and industry requirements, we guide business units to prudently select projects that meet national environmental protection requirements, and further strengthen and urge various institutions to establish and improve risk management systems.
- Through the advantages of “finance + technology” business mode, we establish a risk early warning system and increase risk monitoring. By pushing information on corporate public opinion, we prompt and guide business units to prudently carry out related businesses. Additionally, we select enterprises that meet the national environmental requirements to conduct business.

17.4.2 Focusing on “Dual Carbon” Track and Innovating on Green Finance



Case: Innovate green leasing business

In 2022, Huarong Financial Leasing practiced the concept of green development. It established green leasing business marketing management mechanisms such as the Guidelines on Green Leasing Project Investment, and actively explored green leasing business in the fields of water treatment, solid waste treatment, and clean energy. A total of RMB2.083 billion has been invested in green leasing projects, such as resource recycling, renewable energy and clean energy, waste treatment and pollution prevention and control.



Case: Bailing out green energy enterprises

The Jin'anqiao Hydropower Station which is the only super-large hydropower station built with private investment in the country, with a total installed capacity of 2.4 million KW and an average power generation of 12 billion KWh per year, is one of the backbones in the “strategy of transmission of electricity from the west to the east”. In recent years, the power station ran into trouble in operation and failed to pay debts in the local financial institutions, due to debt problems of its original beneficial owner.

December 2022, Guangdong Branch successfully acquired a non-performing debt project of Jin'anqiao Hydropower Station Co., Ltd. through public bidding. This acquisition helped the original creditor bank to resolve the scale of non-performing loans of RMB2.421 billion at one time. It solved the urgent needs of local financial institutions in defusing risks and provided sufficient time and space for the green energy company to relieve its difficulties, thereby ensuring the normal operation of the hydropower station. At present, the hydropower station is gradually returning to normal production and operation with the support of the local government.

17. Social Responsibility Report



Case: Help enterprises recycle resources

In 2022, Huarong Financial Leasing raised RMB300 million for a new energy company in Shandong Province through leaseback of sludge disposal production line equipment. The main business of the enterprise is sludge disposal and resource utilization, and the financing fund is used for the independent investment and construction of the sludge harmless treatment cogeneration project. Through sludge dewatering, rod making to incineration for power generation, the project solves the problem of secondary pollution of urban sludge and the difficulty of industrial sludge disposal. The waste heat from the incineration can also be used to generate electricity on the one hand, and supply steam to the local industrial park on the other hand. After the completion of the project, its maximum sludge disposal capacity will be up to 1,200 tons.



Case: Serve the dual carbon strategy

Huarong Financial Leasing has established a long-term cooperative relationship with a new material company of limited liability in Zhejiang, one of the third batch of national specialized and sophisticated “little giant” enterprises. At present, the company has obtained the provincial green factory certification and has grown into the only domestic and the world’s largest chemical recycling polyester enterprise, which can reduce carbon dioxide emissions by about 46,600 tons, save 57,000 tons of standard coal, and save 126,000 tons of water every year.

17.4.3 Building a Low-carbon Enterprise and Advocating Green Culture

In strict accordance with relevant provisions of the *Environmental Protection Law of the PRC* and the *Energy Conservation Law of the PRC*, the Group constantly carries out the concept of green development, actively promotes green offices, advocates green travel, and strives to reduce the consumption of energy and resources and the emission of waste, with a view to growing into a green enterprise. In 2022, by taking a series of effective measures, the Group’s total energy and resource consumption and total waste generation decreased somewhat compared with 2021, as a result of the promotion and implementation of “energy saving and consumption reduction” policies and measures.

17. Social Responsibility Report

17.4.3.1 Green Operation

- Raising awareness of energy conservation and clarifying energy-saving goals. Under the guidance of Xi Jinping's thoughts on ecological civilization, in July 2022, the Company issued the *"Huarong Employees' Proposal for Green, Low-Carbon and Energy-saving Actions"* to further promote green, low-carbon, energy-saving practices and consumption-reducing measures. In 2022, China Huarong organized a special conference on energy saving and emission reduction. It stressed on raising the awareness of all employees to save energy, strengthened energy conservation in daily operation, and advocating a healthy lifestyle of "green, low carbon, energy saving, and environmental protection". It urged employees to turn off electrical equipment when leaving office and set up air conditioners at reasonably temperature. It advocated saving energy starting from me and bit by bit, and cherishing every kilowatt-hour of electricity, every drop of water, and every piece of paper, so as to contribute Huarong's strength to building an energy-saving institution and an energy-saving society.
- Improving energy saving efficiency of equipment. In view of the fact that the headquarters office building has been built for a long time, its structure, components, equipment and system are aging, leading to problems of low efficiency in its the energy-using system and high energy consumption in the operation, the company strengthened the energy-saving renovation of the office building and improved its functions, in an effort to do a good job in energy-saving and emission-reduction work. By means of updating energy-saving lighting equipment, refining the management of light sources in office buildings, and rationally compiling the lighting time of light sources in each area, the power consumption is minimized. At the same time, we strengthened daily safety inspections of office buildings, urged property management companies to strengthen inspections on daily operating equipment in office buildings, and reasonably arranged shutdown maintenance of equipment (refrigeration units, thermal equipment, etc.) in times of season changes, so as to improve equipment operation efficiency and energy-saving efficiency.
- Adjusting the operation mode of public facilities to optimize the energy-saving effects. In 2022, we adjusted the air-conditioning operation mode according to the requirements, with the office temperature not lower than 26 degrees during the period of cooling in summer, and the heating in winter was adjusted according to the heat source of the heating company in a timely manner. The elevator capacity of the office building was optimized to reduce the operating loss and to ensure the safety of the equipment. The lighting mode of the designated meeting rooms was reasonably selected according to the scale of the meeting. When people left, the lights in the meeting room were turned off and the air conditioner was adjusted to a low-power operation state. The direct drinking water equipment was adjusted to run from 7:00 am to 22:00 pm. So far, the number in the cumulative reduction in the use of white plastic bottles has reached 2,504,025, effectively alleviating the burden of ecological degradation.

17. Social Responsibility Report

17.4.3.2 Performance

Indicators	Indicators' unit	2022
Electricity consumption	kWh	15,386,434.38
Gasoline consumption	Liters	390,904.41
Natural gas consumption	Cubic meter	433,040.71
Outsourced heat	MKJ	20,730.69
LPG consumption	Cubic meters	45,057.03
Total energy consumption ¹	Tons of coal equivalent	2,886.82
Energy consumption intensity	Tons of coal equivalent per capita	0.69
CHG emissions in Scope 1 and Scope 2 ²	Tons of carbon dioxide equivalent	13,015.45
CHG emissions per capita	Tons of carbon dioxide equivalent/ per capita	3.10
Water consumption	Tons	144,318.57
Water consumption per capita	Tons per capita	34.39
Office paper consumption	Tons	63.29
Office paper consumption per capita	Tons per capita	0.02
Waste toner cartridges	Tons	0.35
Waste toner cartridges per capita	Tons per capita	0.0001
Waste ink cartridges	Tons	0.09
Waste ink cartridges per capita	Tons per capita	0.00002
Waste lamps	Tons	1.91
Waste lamps per capita	Tons per capita	0.0005
Electronic waste ³	Tons	37.69

1 During the reporting period, China Huarong conducted statistical calculations for various types of energy and resources consumed by the Company's headquarters, branches, and headquarters of subsidiaries, as the scope of disclosure in 2022. The energy consumed by China Huarong during its operations mainly includes office electricity, gasoline for office vehicles, and natural gas for office heating. The resources consumed are mainly office water and paper.

2 Scope 1 refers to the emission of greenhouse gases from gasoline, natural gas and other direct energy consumption, and Scope 2 refers to indirect greenhouse gas emissions from outsourced heat, electricity or steam. Scope 1 GHG emissions are calculated based on *HKEX Reporting Guidelines for ESG Environmental Performance Indicators* and are derived from the conversion of direct energy use such as gasoline, diesel and LPG. Scope 2 GHG emissions are calculated according to the "Notice on Doing a Good Job in the Management of Greenhouse Gas Emission Reporting and Management of Enterprises in the Power Generation Industry from 2023 to 2025" issued by Ministry of Ecology and Environment.

3 During the reporting period, China Huarong conducted statistical calculations for various types of wastes produced by the Company's headquarters, branches, and headquarters of subsidiaries, as the scope of disclosure in 2021. China Huarong's general wastes mainly include waste paper and office waste, without waste gas and waste liquid. Waste toner cartridges and ink cartridges generated during the operations are recycled by manufacturers, and waste light tubes and electronic waste are processed by qualified third-party institutions.

17. Social Responsibility Report

Indicators	Indicators' unit	2022
Electronic waste per capita	Tons per capita	0.01
Domestic garbage	Tons	522.45
Domestic garbage per capita	Tons per capita	0.12
Kitchen waste	Tons	475.02
Kitchen waste per capita	Tons per capita	0.11
Total amount of non-hazardous waste ⁴	Tons	1,035.16
Total amount of hazardous waste ⁵	Tons	2.35
Non-hazardous waste per capita	Tons per capita	0.25
Hazardous waste per capita	Tons per capita	0.0006

17.5 Employees' Responsibilities

In 2022, the Group focused on strengthening the construction of a high-quality professional talent team, by enhancing the overall plan of team building and employees training. While constantly optimizing the personnel management through the improvement of an open, transparent, scientific, and reasonable positive incentive and restraint mechanism, we continued to improve team building to ensure the reserve of talents in achieving the objectives of China Huarong's "One-Three-Five" strategy. During the Reporting Period, the Group closely focused on business development, highlighted work priorities, and strengthened resource coordination. Meanwhile, through enhancing employees training on an individual and overall basis and innovating on training methods, we effectively improved the work ability and professional quality of cadres and employees. Additionally, in terms of caring for employees, we actively responded to their concerns and protected their vital interests. With continuous improvement on the cohesion and combat effectiveness of the team, the Group demonstrates a new atmosphere, new actions, and new progress.

17.5.1 Protect the Employees' Rights and Interests and Fulfill the People-oriented Concept

The Group has established a sound, equal, and democratic internal employee management system in accordance with the laws and regulations such as the *Labor Law of the PRC*, the *Labor Contract Law of the PRC*, and the *Social Insurance Law of the PRC*, to protect the rights and interests of employees and to safeguard their benefits, with the aim of building a harmonious and stable labor relationship.

⁴ Non-hazardous waste statistics include domestic garbage, office paper, and kitchen waste. The total amount of office and domestic garbage is calculated according to the *Manual of the First National Survey of Pollution Sources on Urban Living Sources and Wastewater Coefficients* issued by the State Council.

⁵ Hazardous waste statistics include waste lamp tubes, toner cartridges, and ink cartridges. Waste toner cartridges and ink cartridges generated during the operations are recycled by manufacturers, and waste lamps and electronic waste are processed by qualified third-party institutions.

17. Social Responsibility Report

The Group attaches great importance to the legitimate rights and interests of employees, providing them with equal and diversified career development paths and eliminating all forms of discrimination. The recruitment, selection and appointment of employees is strictly implemented in accordance with the *Regulation on Employee Recruitment, Management Rules on Talents Introduction of China Huarong, Management Measures on Employee Appointment and Dismissal of China Huarong*, and other regulations. Adhering to the principle of fairness and justice, the Company clarifies and standardizes the procedures of talent selection and appointment, and strengthens supervision and accountability, thereby forming a scientific, standardized, and effective talent selection and appointment mechanism to promote the employees' career development and to enhance team building. In order to ensure the safety and health of employees, we make it clear in the *Measures on Trade Union Financial Management* that labor protection funds should be used to carry out safety production, occupational disease prevention and control, construction of teams on employee safety supervision and management, and employee mental health maintenance.

In an explicit manner, issues regarding employee promotion, dismissal, retirement, working hours, vacations, training, and other remuneration and benefits are stipulated in the company rules and regulations such as the *Regulations on Employee Labor Contract Management, Employee Attendance and Leave Management Measures, Retired Personnel Management Measures, Cadre Employee Education and Training Management Measures*, to provide comprehensive protection for employees' career development and to build a diverse, inclusive, equal and fair working atmosphere. In addition, the Company implements people-oriented management, and practices of labor disputes like forced labor and child labor are strictly prohibited. The Group follows the principle of voluntary signing of labor contracts, with employee labor contract signing rate reaching 100% in 2022. Other details about employee rights and interests are set out in "9.3.7. Human Resource Management".

In 2022, the average headcount of the Group was 7,579. By the end of December 2022, the Group had 4,196 employees, including 1,894 female employees, accounting for 45.14%; 157 overseas employees, accounting for 3.74%.

Indicator	Unit	2022
Total number of employees	persons	4,196
Labor contract signing rate	%	100
Social security coverage rate	%	100
Number of employees by employment type		
Contract employees	persons	4,196
Labor dispatch employees	persons	24
Labor agreement employees	persons	0

17. Social Responsibility Report

Indicator	Unit	2022
Number of employees by gender		
Number of male employees	persons	2,302
Number of female employees	persons	1,894
Ratio of male employees	%	54.86
Ratio of female employees	%	45.14
Ratio of women in management	%	26
Number of employees by age		
Employees with age under 35	persons	1,787
Employees with age between 36 and 45	persons	1,367
Employees with age between 46 and 55	persons	734
Employees with age above 56	persons	308
Number of employees by region		
Number of domestic employees	persons	4,039
Number of overseas employees	persons	157
Employee turnover rate by gender⁶		
Turnover rate of male employees	%	3.44
Turnover rate of female employee	%	2.37
Employee turnover rate by region		
Turnover rate of domestic employees	%	2.47
Turnover rate of overseas employees	%	22.29
Employee turnover rate by age		
Turnover rate of employees with age under 35	%	3.54%
Turnover rate of employees with age between 36 and 45	%	3.10%
Turnover rate of employees with age between 46 and 55	%	1.63%
Turnover rate of employees with age above 56	%	1.77%

Indicator	Unit	2022	2021	2020
Number of work-related deaths	persons	0	2	0
Proportion of work-related deaths	%	0	0.02	0
Work days lost due to injury	days	53	262	0

⁶ Employee turnover rate = number of resigned employees in the category in 2022/((total number of employees in the category at the end of 2022 + total number of employees in the category at the end of 2021)/2)

17. Social Responsibility Report

17.5.2 Stimulate the Talents Vitality and Promote the Employee Growth

Adhering to the “people-oriented” concept, China Huarong provides employees with equal and diversified career paths. Meanwhile, to meet the needs of business development and employee growth, we continuously optimize the salary system and internal training system, and strive to build a high-quality professional talent team.

17.5.2.1 Career Development

In accordance with the spirit of the Central Working Conference on talents, China Huarong actively incorporates itself into the CITIC Group’s “big talent” program, strengthens forward-looking thinking and overall planning of talent work, builds a scientific and standardized mechanism for selecting and employing talents, with an aim of building an excellent talent team. We have formulated the *China Huarong’s “14th Five-Year” Talent Development Plan*, clarifying the overall requirements, basic paths, key measures and organizational guarantees for the cultivation of talent team during the “14th Five-Year Plan” period. We have also revised the *Measures on Talent Introduction Management of China Huarong* to further establish the correct orientation of personnel selection and appointment and to standardize the company’s talent introduction work. To benchmark the relevant systems of CITIC Group, we have revised the *Management Measures on Employee Appointment and Dismissal of China Huarong* to further standardize the company’s personnel selection and employment mechanism and to improve the work procedure of employee appointment and dismissal. Besides, according to the actual job needs, we have strengthened talent training by means of assignment to another post, post training, and secondment.

17.5.2.2 Employee Incentives

Focusing on the overall goals of “main business transformation and risk tackling” set by the Company’s Party Committee, we have formulated the *2022 Company Payroll Allocation Plan* to further improve the salary distribution mechanism that strengthens the link between performance salary and assessment results and the completion of key business tasks. We have increased incentives for risk reduction performance and cash repatriation from long-term package disposal, and gave play to the role of positive incentives and constraints on compensation. Furthermore, we have revised the *China Huarong Middle-level Management Salary Management Standards* to standardize the salary management and increase the role of performance incentives. In addition, the employees’ salary distribution and management are carried out in accordance with the *China Huarong Salary Management Measures (Trial)* and *China Huarong Performance Salary Deferral, Stop Payment, Recourse and Kickback Management Regulations (Trial)* and other rules. We will continuously optimize the Company’s compensation distribution mechanism and give play to the positive incentive and restraint role of compensation.

17. Social Responsibility Report

In 2022, the Company carried out regular performance evaluation and feedback process reform to standardize talent development methods, enhance employees' sense of job accomplishment, and stimulate the entrepreneurial enthusiasm of cadres. We formulated the *Employee Annual Assessment Procedures*, established a channel for employees to appeal the results of annual assessment, and gave the details of the appeal process. We carried out reforms on assessment methods by formulating quantifiable and assessable key performance indicators and important work task indicators. Moreover, we organized the 2022 annual assessment of the Company's leadership, corporate leaders, and employees of the headquarters. We took an assessment-oriented approach to conduct the annual assessment of five indicators of "morality, ability, diligence, performance, and integrity", and linked them with the individual's annual key task indicators. In this way, we focused on evaluating quality and timeliness of the annual key tasks that the employees have completed.

17.5.2.3 Employee Training

Centering around the "One-Three-Five" strategic objectives, the Group makes effort to enhance the professional quality of key talents and the overall business personnel team by focusing on strengthening the entire business process capacity building. The Company provides a systematic guarantee for scientific, systematic, and standardized training by stipulating the division of responsibilities and process specifications for education and training at all levels on *China Huarong Staff Education and Training Management Measures*. Meanwhile, we make more efforts to expand cadres' and employees' business insights through providing them with training of better top-level designs on professions, interpretation of policies, and research in professional fields.

In 2022, in order to further meet the employees' needs of growth and development, the Group took initiative to optimize the overall training programs, and to provide employees with abundant training resources. Through special lectures, online training, self-study, and other methods, we provided talent support and reserve for the Group's high-quality development. Furthermore, we improved the staff training in a rational and effective manner, by offering employees with targeted guidance and conducting ideological, political, professional and business training at different levels and classifications. Specifically, we carried out various training, such as "training camp of 100 young business backbones", "lectures on main business case " and "business training theme month", covering a series of topics including compliance, finance, business review, legal practice, risk management, and evaluation. Through such training, we promoted cadres and employees to continuously update business knowledge, optimize knowledge structure, improve business skills, and effectively transform learning results into actual productivity that boosts the corporate transformation. Meanwhile, we continuously promoted the construction of the "Huarong Cloud Classroom", an online learning platform, expanded internal and external high-quality training resources, and offered learning resource to employees at anytime and anywhere, so as to build a learning-oriented organization. Additionally, we organized employees to participate in CITIC Group's young and middle-aged cadre training

17. Social Responsibility Report

courses, new recruits training courses, etc., to further strengthen the responsibilities of cadres, improve their professional quality and comprehensive management capabilities, and broaden their visions. During the Reporting Period, more than 100 courses were released online, and online learning covered a total of 120,000 person-times and 70,000 credit hours.

Indicators	Unit	2022
Employee training coverage	%	100
Employee training expenses	RMB10,000	122.5
Training hours per senior management cadre	hours	86.8
Training hours per middle-level management cadre	hours	86.5
Training hours per staff	hours	146.3
Training hours per male employee	hours	137.4
Training hours per female employee	hours	137.4
Ratio of senior management training	%	0.11
Ratio of middle-level management training	%	5.87
Ratio of staff training	%	94.02
Ratio of male employee training	%	54.86
Ratio of female employee training	%	45.14

17. Social Responsibility Report



Case: The Company holds training courses on practical business operation

From August 22 to 30, 2022, the Company held training courses on practical business operation. By means of “concentration + video”, seven consecutive sessions were given by internal lecturers in the form of using cases, with a focus on the main business areas and the entire business process of the Company. The training gave full play to the advantages of the business line. The cadres and employees actively participated in the training, full of enthusiasm and interest. Through the training, they further opened their minds and broadened their horizons.



Case: Huarong Industrial held targeted business training

In order to strengthen the professional ability of business personnel and improve their professional level, Huarong Industrial provides targeted training for personnel in various professional lines. Specifically, it carried out training on “*Analysis of New Marketing Trends of Real Estate in the Black Age*” for marketing staff, teaching them how to find opportunities for marketing expansion from the current downward market. It conducted a special training of “*Dialogue Design*” for designers, offering them an opportunity to dialogue with experts in terms of design thinking and innovation. Besides, it carried out “*Analysis of the Pros and Cons of Real Estate Development Models*” for legal personnel, lecturing them on how to analyze the pros and cons of real estate development models from the perspectives of law, compliance, and risks.

17. Social Responsibility Report



Case: Holding a special training on “The History and Corporate Culture Inheritance of CITIC Group”

In order to further integrate into the CITIC Group in terms of ideological and cultural concepts, the Company held a training course on “The History and Corporate Culture Inheritance of CITIC Group” on April 8, 2022. We made a comprehensive review of the difficult and glorious course that CITIC Group has gone through, and gave an in-depth interpretation of its corporate culture system. This training was not only considered as a good start to create an excellent corporate culture of New Huarong, but also gave all cadres and employees a chance to learn the excellent history and culture of CITIC Group and promote comprehensive integration.



17. Social Responsibility Report

17.5.3 Focus on Development and Care for Employees' Health

Adhering to the “people-oriented” principle, the Group always serves employees wholeheartedly and pays attention to the physical and mental development of employees. We also earnestly seek benefits and offers practical services for its employees, so as to strengthen their sense of belonging and recognition of the Company, and continuously boost the team’s cohesiveness and synergy.

17.5.3.1 Employee Exchanges

In 2022, the Company held the 10th and 11th of the Third Workers and Employees' Congress, where major issues and seven regulations such as *Measures for Accountability for Non-compliant Management Actions*, the *Measures for Management of Employee Welfare Expenses*, and the *Measures for Management of Staff Job Appointment and Dismissal (Version F)* were deliberated and voted on. Throughout the year, subsidiaries and branches held more than 140 staff (representative) meetings, which reviewed candidates for employee directors and employee supervisors of subsidiaries; urged the grassroots units to review and adopt important matters and systems involving the vital interests of employees; informed the operation of the grassroots congress and put forward the requests for supervision and rectification.

In 2022, the Company's labor union conducted a work survey on several branches by means of video conference and on-site research, and collected 2,861 questionnaires to form a special research report for the management to refer in the decision-making.

17.5.3.2 Employee Care

The Group attaches great importance to strengthening the care and service guarantee of its employees, by formulating *Measures for Aid and Rescue Employees in Difficulty* and offering practical services for its employees in terms of medical insurance, online training, retirement protection, mental health, and working environment, etc. Through the intranet, forums, other methods, the Company listens to the opinions of employees in a timely manner, and smooth the internal communication channels.

17. Social Responsibility Report

<p>Promoting the construction of “workers’ home”</p>	<ul style="list-style-type: none"> • The company’s labor union allocated RMB2.69 million special funds to support grassroots labor unions in improving employees’ working and living service facilities, for instance, to strengthen the daily management of staff gymnasiums, bathrooms and other facilities in the company’s headquarters; to upgrade and renovate the staff reading room, and to make subscriptions of electronic accounts of “iReader Technology”. • We completed the 2020–2021 annual “employee family” assessment and appraisal of the Company’s headquarters, and commended 11 advanced collectives and 18 individuals. • We encouraged the young employees to participate in the online and offline singles friendship activities of China Finance Union to enlarge their social circles, and promoted the “Youyuan — youth staff fellowship” social network section of the Company’s trade union “China Workers’ Home” WeChat mini-program to explore and innovate more ways for employees to make friends.
<p>Program of “sending support to people who are in need” becomes normal</p>	<ul style="list-style-type: none"> • In the New Year’s Day and Spring Festival of 2022, the Company invested RMB698,000 in the program of sending warmth to people who are in need and to those who stayed in Beijing for the Chinese Lunar New Year, which assisted 166 people. • We allocated RMB400,000 special subsidy to 7 grassroots trade unions including Inner Mongolia, Shanxi, Jilin, Shanghai, Guizhou, Xinjiang and Shanghai Free Trade Zone branch in 2022, and provided Sichuan Branch and Chongqing Branch a subsidy of RMB100,000 for high-temperature power outages.
<p>Continue to strengthen retirement service management</p>	<ul style="list-style-type: none"> • We further strengthened the care and concern for retired employees, paid visits to the retired employees, and distributed solatium to retired employees who suffer from serious diseases. • We set up a medical insurance system for retired employees, and arranged physical examinations for them each year.

17. Social Responsibility Report

<p>Effectively utilize the function of Huarong Charity Trust</p>	<ul style="list-style-type: none"> We maintained the well-function of “Huarong Charity Trust” in 2022. We allocated funds of RMB110,000 to employees who are in need throughout the year, and covered a payment of RMB200,000 for Sichuan Xuanhan Medical Equipment Configuration Project.
<p>Strengthen the protection of female employees</p>	<ul style="list-style-type: none"> We attached importance to the physical and mental health of female employees. We implemented the Company’s special health examination for female employees in headquarters, and carried out a series of themed activities around the celebration of the “Women’s Day”. We stepped up business guidance on the construction of “female employees’ care room” at the grassroots level. Huarong Zhiyuan and Jiangxi Branch were recommended as units to jointly build of “grassroots employees’ home” and “female employees’ care room” with the China Financial Union, so that such benefits can be further extended to the grassroots, sending warmth to the female employees.
<p>Offer practical care services to employees</p>	<ul style="list-style-type: none"> We carried out the work of “doing practical things” for employees in 2022, to further improve the comprehensive security and welfare service provided to the employees and to enhance their sense of gain, happiness and belonging. We set up a special column on employee care on the “Huarong Cloud Classroom” learning platform and provided courses like psychological adjustment and emotional management. We organized two lectures on mental health, and invited famous psychological consultants and workplace psychologists to give special lectures like “<i>Management Strategies on the Relationship Between Stress and Emotions</i>”. We held 2022 spring online brisk walks, fitness competitions, online yoga, cooking competitions and other cultural and sports activities for employees, actively guided employees to keep fit and build a healthy and upward concept of work and life.

17. Social Responsibility Report

17.6 Consumer Responsibility

17.6.1 Improving the Quality and Effectiveness of Services to Optimize Customer Experience

The Group constantly deepens the practice of customer relationship management. In order to fully understand customer demands, better establish and maintain customer relationships, and raise the satisfaction of customers with the Company's services, we have devised the *Management Regulations for Customer Sponsorship*, the *Management Measures for Customer Complaints*, the *Management Measures for Customer Return Visits*, etc. At the meantime, we carry out satisfaction surveys for existing customers and potential customers on a regular basis. In addition, we coordinate with various operating units to improve service quality and efficiency and optimize customer experience, so as to improve the customer satisfaction. By the end of December 2022, many business units of the Group have carried out customer return visits, which covered the Company's professionalism, service efficiency, service awareness, integrity, and self-discipline. It turned out that the customer satisfaction rate reached 99%.

We have established a customer marketing follow-up mechanism. To set up a targeted and distinctive marketing mechanism, the customer segmentation was also carried out based on different business categories. We have also established an asset disposal marketing center and seven regional marketing centers in the Yangtze River Delta, the Guangdong-Hong Kong-Macao Greater Bay Area, the Beijing-Tianjin-Hebei region, the Sichuan and Chongqing circle, Central China, Northwest China, and Northeast China to carry out related work in a coordinated manner. In addition, we have also set up special marketing teams for bankruptcy restructuring, state-owned enterprise reform, and small and medium-sized financial risk resolution to accurately meet customer needs.

In order to further optimize customer experience, we use technology to increase the marketing of asset disposal and establish a mechanism of "Weekly Promotion" and "Asset Disposal Marketing Month". As of the end of December 2022, we have introduced nearly RMB600 billion of debts through our WeChat Official Account, "China Huarong-Rongyitao", and online live broadcast, etc. A total of 32 issues of "Weekly Promotion" have been launched, with a total of RMB100.9 billion of promoted debts. Regional live asset promotion sessions were held 11 times, involving debt size of over RMB123.4 billion. The highest number of viewers of a single live broadcast was nearly 100,000 and the total number of viewers reached nearly 600,000.



Case: Popularizing financial knowledge and benefiting people's lives

Guizhou Branch: It carried out the 2022 financial service promotion activities for new citizens. By launching "online + offline" publicity and carrying out the "Publicity Month" activity, it enhanced the financial literacy and risk prevention awareness of new citizens and improved the coverage and influence of financial knowledge among the public.

Huarong Financial Leasing: By distributing materials such as "Ten Questions and Ten Answers on Anti-Money Laundering" and "Popularizing Financial Knowledge for the Public", it provided financial knowledge on fraud prevention and formal lending, and explained relevant fraud cases to the residents for the sake of improving their understanding of finances and risk awareness.

17. Social Responsibility Report

17.6.2 Promote Information Construction and Strengthen Financial Technology

The Group continues to improve the technology system and to enhance the information security defense mechanism. Through promoting digital transformation, we enhance our information service capability and highlight the role of technology. In terms of financial technology development and digital transformation, we seize the opportunity and actively carry out work in the area. In the “14th Five-Year Plan” of China Huarong, we proposed to implement the strategy of “technology empowerment”. Meanwhile, based on the 14th Five-Year Plan, we have clarified the direction of digital transformation application. By conducting business researches, we have formed a preliminary design and will promote the continuous updating of “China Huarong-Rongyitao” WeChat mini program.

In 2022, with respect to the development of information security systems, in line with the laws and regulations on security such as *Network Security Law*, *Basic Requirements for Information System Security Protection*, *Commercial Bank Information Technology Risk Management Guidelines*, *Data Security Law*, etc., we formulated the *Rules for Managing Information Technology Risks and Information Security of China Huarong*, the *Measures for Managing Information System Emergencies of China Huarong*, *China Huarong Information Technology Outsourcing Risk Management Regulations*, and other rules and regulations, to regulate the control requirements and workflow of information security and risk management in the sector of information technology.

In 2022, regarding to cybersecurity system, the availability rate of the Group’s information system reached 99.9% and no network security incident occurred. Through internal and external network isolation, grade protection 2.0 evaluation and rectification, and classification and filings, we enhanced the Company’s network and information security and improved security defense capability. To further safeguard cybersecurity management system, the Company conducted regular audits on information security management and information systems, including special technology audits by the audit department, annual audits on information technology by third-party organizations, and internal control compliance audits conducted by the science and technology department itself. So far, the company has passed ISO27001 (information security system) and ISO20000 (IT service management system) certifications.



Case: Deepen “internet + non-performing assets” model based on main business and technology empowerment

Based on its main business of non-performing assets and relying on technology empowerment, Huarong Huitong created an “internet + non-performing assets” online promotion model, which optimized the asset disposal method and introduced asset promotion and public bidding process online. At the same time, by fully utilizing the market-oriented platforms such as Jingdong and Ali, together with the “China Huarong-Rongyitao” WeChat mini-program developed by the Company, it promoted high-quality assets through such channels, alleviating the difficulties in developing prospective customers, negotiation of transaction structure, and long asset disposal cycle, etc. In 2022, Huarong Huitong promoted more than 50 assets through these platforms, involving an amount of RMB10.3 billion.

17. Social Responsibility Report

17.6.3 Protecting Customer Privacy to Ensure Data Security

The Group attaches great importance to privacy and data security. The Company's Data Governance and Information Technology Management Committee is the highest decision-making body for personal information protection, and the Board of Directors deliberates information security and technology risk matters as authorized. In 2022, the Group put customer privacy protection and data security and personal information security into practice in all respects.

- Huarong Headquarters: The current business of China Huarong Headquarters mainly centers on corporate business, which rarely involves the collection of personal information. Only the non-performing asset promotion WeChat mini-program involves automatic collection of user information, but it has clearly stated user privacy when the user logs in for the first time, and in its privacy policy, it clarifies the ways for users to correct and delete information.
- Huarong Financial Leasing: In 2022, it formulated the Confidentiality Management Regulations of Huarong Financial Leasing Co., Ltd., which stipulates that customer information is managed as trade secrets. In the information system report, it desensitizes individual customer ID numbers and communication addresses to protect customer privacy data. In addition, it also formulated the Personal Information Protection Strategy.
- Huarong of Overseas Chinese: Strictly abiding by the Management Regulations for Customer Sponsorship, it has formulated the Confidentiality Work Management Regulations to keep the customer information collected in business operations confidential.
- Huarong Technology: It has formulated Production Data Operation Management Rules, Information Technology Risk and Information Security Management Rules, and Data Backup Management Rules. It specifies that, daily operation acts like extraction, revision, transmission, backup, desensitization, and cleaning of production environment data shall be approved and authorized before the designated personnel are responsible for the operation. Without approval or authorization, all kinds of production data shall not be contacted, queried, recorded, carried, copied, transmitted, modified, deleted, and disclosed.

17. Social Responsibility Report



Case: Raise the employee privacy awareness through multiple measures

- The Group conducted five online and offline training for all employees (including outsourced personnel), and the training subjects included network security self-examination and sensitive information self-examination, and employee security awareness enhancement.
- We gave liaisons in charge of personal information protection of the Company's headquarters and subsidiaries a training on Regulations on China Huarong Personal Information Protection Management, with a focus on explaining the requirements for personal information protection.
- We issued the Tips on Cybersecurity for all employees, requiring all departments to conduct training for outsourced personnel and to sign the Letter of Confidentiality Commitment with suppliers.

17.7 Industry Responsibility

Actively fulfilling its industry responsibilities, the Group has signed strategic cooperation agreements with a number of central and state-owned enterprise customers and local governments to cultivate its long-term and stable business customer circle, ecological circle, and circle of friends in the field of non-performing asset. We visited and met with enterprises, investment banks and other cooperation organizations, and conducted in-depth exchanges and interactions on business development with them, so as to give full play to their respective advantages and to achieve resource sharing and common development.

17.7.1 Deepen Industry Cooperation to Achieve Mutual Benefits

In 2022, to expand and cultivate the main business of non-performing assets, the Company hosted several seminars, where in-depth discussions on business development were conducted to set out the development plan for the next stage scientifically and to expand the main business ecosystem of non-performing assets.

- Held a **business cooperation seminar for industrial investors**. We shared the latest progress of the Company's plan on introducing strategic investment and the construction of a New Huarong to nine leading companies, including Golden Concord Holdings Limited and Shanghai Fosun, and established extensive and deep partnership with the industrial investors to jointly serve the high-quality development of the real economy and to defuse risks.

17. Social Responsibility Report

- **Held a seminar on the main business exchange with banks and financial asset investment companies.** We invited 11 financial institutions, including ICBC, ICBC Investment, Agricultural Bank, Agricultural Bank Investment, Bank of China, Construction Bank, Bank of Communications, China Development Bank, Minsheng Bank, Ping An Bank and CITIC Bank, to attend the meeting. We introduced the business transformation and prospects of the Company's exploration on non-performing asset industry and had a discussion, and exchanged on the market situation, disposal experience, innovation model and future cooperation with them.
- **Held a business cooperation exchange meeting among institutions such as investment banks, law firms, and accounting firms.** We invited 14 outstanding domestic and foreign service institutions such as Zhong Lun, Dentons, CICC, CITIC Securities and Ernst & Young to attend the meeting. We conducted research and exchange on the development trend of non-performing asset investment and other business fields, and talked with them freely about the room for collaboration and modes of cooperation.
- **Held an exchange forum with local asset management companies.** We invited 10 local asset management companies, including Zheshang AMC, Shandong Financial Asset Management, Guangzhou AMC, China Merchants Ping An AMC, Jiangsu Asset Management, Everbright AMC, UTRUST AMC, China Industrial Asset Management, GOHO AMC and Shenzhen AMC, to attend the forum. Around the topics of business development, regional market conditions, future industry development, scope of cooperation and other aspects, we conducted in-depth communication and exchange with them to build a circle of friends and an ecosystem of non-performing assets, and promoted the healthy and orderly development of the industry.



Case: Huarong International launched a “cross-border assets + cross-border funds” innovative transaction model and completed the first transaction

Huarong International and Guangdong Financial Assets Trading Center Co., Ltd. signed a strategic cooperation agreement. Relying on the pilot business of cross-border transfer of bank non-performing assets and utilizing their respective advantages, the two parties strengthened cooperations on cross-border business, non-listed state-owned property rights business transactions of financial enterprises, and other aspects, and jointly explored financial service innovation. After the successful implementation of the first cross-border assets + cross-border capital non-performing asset package project, Huarong International successfully completed the transfer of a US\$40 million asset package project, which further innovated the transaction model for domestic and overseas linkages.

17. Social Responsibility Report

17.7.2 Strengthening Innovation Capability to Promote Industry Development

The Company continues to explore in business practice, and actively participates in industry policy research and industry hotspot research around the non-performing assets industry. We strengthen on research empowerment, with the aim of driving innovation through research. At the meantime, we participate extensively in industry and cross-sector cooperation, in order to contribute China Huarong's wisdom and strengths to the development of non-performing industry. In addition, the Company continues to improve the post-doctoral scientific research workstation training system, enabling it to play an active role in the construction of a high-quality Huarong and to cultivate scientific and research management talents for the development of the industry.

Industry development: In 2022, the Company continued to work on research and innovation, successively releasing *Research Report*, *Industry Research Report* and *Market Hotspot Report*. More details are listed as follows:

- Completed 25 articles in *Research Report*, with themes related to common prosperity strategy, regional coordinated development strategy, strengthening responsible investment, etc.
- Completed 37 articles in the *Industry Research Report* and *Market Hotspot Report*, with themes related to achieving dual carbon targets, promoting green finance and low-carbon economy, etc.
- Completed 8 customized special research reports, with topics related to the analysis of the new energy industry, the resolution of default debt risks, and the divestiture of auxiliary and weak business as well as invalid and inefficient assets, etc.
- Held 6 industry exchange meetings, and released the research report *Automobile Suspension and Brake Segment Industry Analysis*, *Photovoltaic Module and Photovoltaic Application Segment Industry Analysis*, etc.

Post-doctoral workstation: The Company continues to improve the post-doctoral workstation training system and optimizes the system on postdocs leaving the station to consolidate its management and to give full play to its role in talent cultivation. In 2022, the Company issued *Specifications on the Recruitment of Postdocs after Leaving the Post-doctoral Workstation of China Huarong*. Based on the document, the Company arranged the issues in relation to leaving the station or remaining in employment of the 17th batch of postdocs. In addition, the Company also strengthened communication with the Office of the National Administrative Committee of Postdoctoral Researchers, cooperative universities, and its counterparts, and coordinated postdocs to go to the subject departments to work on their project subjects. During the Reporting Period, the Company's postdocs published 6 papers, covering multiple fields such as the reform of small and medium-sized banks, data asset research, and intervention model of bankruptcy restructuring of problematic enterprises.

17. Social Responsibility Report

17.7.3 Protecting Intellectual Property Rights and Preventing Infringing Behaviors

The Group attached great importance to the maintenance and protection of intellectual property, and accordingly, it complied with the *Copyright Law*, the *Trademark Law*, the *Patent Law*, and other intellectual property-related laws, to regulate the management of intellectual property rights, to prevent infringement of the Company's intellectual property rights, and to protect its own research and innovation achievements. The Group respected the research results of its employees and post-doctoral researchers, formulated the *Postdoctoral Management Work Regulations*, and determined the attribution of rights and interests in a fair and reasonable manner.

17.8 Community Responsibility

The Group actively assumes its mission and tasks as a state-owned financial enterprise to respond to the country's policy of rural revitalization. We provide targeted assistance to the paired areas, by carrying out multi-level, wide-ranging, and all-round assistance activities in terms of financial industry support, consumption support, party building support, education support, people's livelihood and health support, and poverty alleviation by bringing in enterprises. By doing so, we help consolidate and expand the achievements of poverty alleviation, and forge ahead and continue to write a new chapter in rural revitalization. At the same time, we actively participate in public welfare undertakings, support the prosperity and development of communities, and promote social harmony and progress.

17.8.1 Deepen Targeted Assistance to Help Rural Revitalization

The year 2022 was a critical year for the full implementation of the rural revitalization strategy. During the Reporting Period, the Group actively participated in consolidating and expanding the achievements of poverty alleviation to effectively link up with rural revitalization. While helping paired areas keep the bottom line of preventing large-scale relapse into poverty, we made new breakthroughs and achieved new results in rural revitalization.

17. Social Responsibility Report

17.8.1.1 Poverty Alleviation by Party Building

The Group combined the implementation of the guiding principles of the 20th CPC National Congress with the task of targeted assistance. Thirty-two units in the system participated in the pairing of 37 targeted counties, and went deep into the poverty-stricken villages to carry out joint construction of grass-root party organization, strengthened the construction of grass-root party organization and promoted the mutual benefit between party building and poverty alleviation, and achieved virtuous circle in both party building and assistance work.

The Group incorporated paired joint construction into its annual party building work, and more than 200 party members and cadres carried out over 70 activities with the paired villages through online and offline methods throughout the year. Through carrying out theme party day activities, we supported the construction of party building bases and strengthened the publicity of party building. Taking the paired joint construction as an opportunity, we search for suitable projects and bring in assistance funds to the targeted areas. In addition, we spread the guiding principles of the 20th CPC National Congress among the grass-root party organizations, publicized financial knowledge in the countryside, and bringing technical training for the villagers. Throughout the year, nearly 500 people have received training in terms of party building, finance, and industry.

17.8.1.2 Poverty Alleviation by Financial Industries

Industry development is the fundamental strategy to consolidate the results of poverty alleviation and rural revitalization. The Group has strengthened cooperation and linkage with Xuanhan County and eastern and western regions, using its capital to support a dozen of agricultural projects with local advantages and radiation effects, such as peach blossom rice and cherries. In paired assistance, we used market-oriented means to change the approach from generalized broad-brush policies to targeted measures based on specific conditions of the local area. At the same time, we actively leveraged our financial advantages, and gave a combination of financial support measures of “lease + fund + trust + insurance + training”.

17. Social Responsibility Report

- **Fund:** We innovatively set up and made good use of the “Huarong-Xuanhan Rural Revitalization Industrial Development Fund”. To implement the requirements of the Central Document No. 1, the fund has raised capital in the form of equity + debt, and has invested RMB6 million to support the development of local specialized agricultural projects, such as “Ba Gu Lao Che” brand cherry and Chinese herbal medicine by fully using Xuanhan County’s resources. Most importantly, we helped to build the largest cherry industry demonstration base in east Sichuan.
- **Leasing:** We copied and promoted the financial leasing assistance model. Based on the cultural and tourism resources of the 4A-level scenic area of Bashan Grand Canyon in Xuanhan County, we carried out equipment leaseback projects, benefiting more than 100,000 Tujia people in the townships of the Daba mountainous area.
- **Insurance:** In cooperation with insurance companies, we carried out anti-poverty insurance support and provided free insurance coverage for 58,000 households who have gotten rid of poverty, marginal households prone to poverty, and households in serious difficulties in Xuanhan County. In addition, we cooperated with banks to carry out loan subsidy projects to solve the difficulties faced by farmers, and small and micro-sized enterprises in accessing affordable financing.
- **Training:** Based on the main business of non-performing assets, China Huarong Sichuan Branch and Chongqing Branch provided consulting support for non-performing assets and debt optimization for Xuanhan County, by providing financial training and consulting services and publicizing financial knowledge in the countryside. Since 2016, the Company has accumulatively supported the training of three teams for more than 11,000 person-times, supporting Xuanhan County to enhance the driving force of endogenous development.



Case: Implementing responsibility to strengthen project management

We signed the *Asset Management Agreement for Targeted Assistance Projects* with Xuanhan County to urge and support the target counties to implement the main responsibilities in terms of “clarifying ownership, liberalizing operation, strengthening management and implementing supervision” to help rural revitalization.

17.8.1.3 Poverty Alleviation by Consumption

The Group takes poverty alleviation by consumption as an innovative way for targeted assistance, and actively solves the problem of stagnant agricultural products through various forms such as self-purchase and assisting in sales. Over the years, we have purchased and sold more than RMB28 million of agricultural products in poverty-stricken areas.

17. Social Responsibility Report

“Self-purchase”: Intranet columns, initiative letters and emails were used to strengthen publicity for the purpose of promoting purchases. The products purchased from the poverty-stricken areas were used as water and official tea serving at meetings. Labor unions delivered agricultural products to canteen as a sort of food supply.

“Assisting in sales”: The “online section plus live broadcast marketing”, a special promotion activity was carried out by means of livestreaming marketing by the primary secretary of the village to promote the sales of cherries. The whole system has introduced banks, supermarkets, and other enterprises to help sales. Efforts were made to promote enterprises to buy the agricultural products directly from the growers. In addition, sales channels were expanded by establishing cooperation with the supply and marketing enterprises as well as and e-commerce platforms.

The collage consists of several parts:

- Top Left:** A screenshot of a mobile app interface for 'China Huarong' (中国华融) showing products like rice and tea from Xuanhan County (宣汉县).
- Top Right:** A photo of people handling goods, likely agricultural products, in a warehouse or market setting.
- Middle Right:** A photo of a group of people in a meeting or presentation, possibly discussing business or social responsibility initiatives.
- Bottom Left:** A promotional poster for 'China Huarong Assistance Special Zone' (中国华融帮扶专区) with the text '助力乡村振兴 实现共同富裕 重塑中国农人尊严与价值' (Assisting in rural revitalization, achieving common prosperity, and reshaping the dignity and value of Chinese farmers).
- Bottom Right:** A 'Recommended Assistance Products' (帮扶产品推荐) section listing various products and their prices:

Product	Price
【产地直发】当春玉芽茶 雅致礼盒...	¥880
【产地直发】猕猴桃 宣汉桃花米真空...	¥118
【产地直发】猕猴桃 宣汉桃花米 5kg	¥138
【产地直发】猕猴桃 宣汉桃花米 2.5kg	¥68
【产地直发】南坝 印象 麻辣牛肉干...	¥53
【产地直发】南坝 印象 五香牛肉干...	¥53

17. Social Responsibility Report

17.8.1.4 Poverty Alleviation by Education

The report of the 20th CPC National Congress pointed out that education is the foundation for building a modern socialist country in all respects. At the same time, it is also pointed out that education plays a fundamental and key role in rural revitalization, as it helps enhance the endogenous development motivation of poverty-stricken areas and people who have been lifted out of poverty, which is key to consolidate and expand the achievements of poverty alleviation. Poverty alleviation by education has always been the focus and feature of China Huarong's assistance work. The Company carried out education support by closely focusing on the elements of "schools, teachers, and students". With the continuous support of China Huarong and the unremitting efforts of Xuanhan county for many years, the teaching conditions and education level in the mountainous areas of Xuanhan county have been significantly improved, and the education support has achieved remarkable results.

- Schools were built to achieve "full coverage" from kindergarten, primary school, and middle school. Over the years, a total of 3 schools, 27 teaching buildings, 6 student dormitories, 8 sports fields, and 38 drinking wells were constructed under our sponsorship. We also donated 1,800 Huarong student beds and desks, continuing to provide teaching support for tens of thousands of students in mountainous areas. Specifically, under our support, the construction of Huangjin Middle School was completed, with its number of classes expanded from 22 to 40 and the number of students expanded from 1,700 to 2,500, benefiting 80,000 people in 6 townships.
- We cultivated more teachers by continuously carrying out the "China Huarong's Most Beautiful Mountain Village Teachers" assistance project. Through rewards and training, more than 410 outstanding mountain village teachers have been encouraged to stick to the rural front-line teaching posts.
- To support students, we have continued to implement the "China Huarong Scholarship Project" and "One-to-One" scholarship program, through which we aided more than 5,000 students in need and helped them realize the dream of schooling.

17. Social Responsibility Report

17.8.1.5 Assistance in Ensuring People's Livelihood

For more than 20 years, China Huarong has focused on projects of offering health assistance and ensuring people's livelihood. In response to the difficulties and pain points of poverty and re-poverty due to illness in mountainous areas, China Huarong has innovatively built an insurance network featuring "equipment + insurance + surgery + training".

- In response to the resource shortage in the rural public medical care, we have provided medical equipment and 10 ambulances to 26 township hospitals in Xuanhan county over the years.



- Through "Pillar" insurance projects over the years, a total of 330,000 person have received the supplementary medical insurance, more than 500 cataract patients have received free surgical treatment, and over 720 rural doctors have received skill training. The projects have benefited more than 400,000 people in 37 townships of the whole county.
- Relying on CITIC Group's advantages in both industry and finance, we have joined hands with CITIC Healthcare to carry out online medical library and free cleft lip and palate surgery and other support programs to help improve medical standards and solve practical difficulties in the Daba mountainous areas.

17. Social Responsibility Report

China Huarong focuses on “Two Assurances and Three Guarantees”, referring to assurances of adequate food and clothing, and guarantees of access to compulsory education, basic medical services, and safe housing for impoverished rural residents. Over the years, we have built and maintained more than 16 kilometers of village roads. We have constructed 7 new village settlements and housing facilities. We have built 5 garbage and sewage treatment pools for the paired villages, benefiting 378 villagers. In order to solve the problem of accessing to clean drinking water for the people in mountainous areas, we have built several drinking water engineering facilities. We supported the construction of Xujiapo water supply project, and helped to solve the sewage treatment problems of Juntang township and Qingxi township. Through such efforts, we ensured the health and people’s livelihood in Xuanhan county.

17.8.1.6 Poverty Alleviation by Bringing in Enterprises

Taking full advantage of its platform effect, China Huarong promotes poverty alleviation by bringing in enterprises in an all-round way to consolidates the achievements of assistance and to help in the rural revitalization.



Case: System-wide publicity to take full advantage of platform effect

China Huarong has fully explored the advantages of Xuanhan County in terms of resources and supporting policies, and helped formulate the *Xuanhan County Investment Promotion Plan*, which was publicized and promoted throughout the system. To take full advantage of platform effect, we brought in assistance funds, and combined the needs of the targeted county with the services that enterprises can offer. In 2022, RMB3.06 million of assistance funds were introduced, and more than 10 branch companies brought in industrial support projects. Provisional cadres brought in securities companies to sign long-term assistance agreements with Xuanhan county, providing funds and free listing counseling services. Investments were introduced to build 200 mu of new cherry plantations and to develop tea and bacon industries. In addition, combined with the local unique mineral resources, we also brought in investment projects of the leading enterprise investment projects, and invited scientific research institutes to provide professional technical support.



Case: Expanding the assistance platform

With the support of CITIC Group and its member units, China Huarong expanded its assistance platform to carry out assistance projects such as online consumption support, free surgery, medical specialist training, online library, and rural revitalization cloud classroom for Xuanhan county, and achieved positive results.

17. Social Responsibility Report

17.8.1.7 Relevant Honors

In May 2022, the Organization Department of the CPC Dazhou Municipal Committee awarded the medal of “The City’s 2021 Advanced Village Party Organization (4A Level)” to Renyi village, Xuanhan county, Sichuan province. It was the second consecutive year that the village receiving paired assistance from China Huarong won such an honor, and it was also the only one of the 343 administrative villages in Xuanhan county that its primary-level Party organization has successively won the “Dazhou Advanced Grassroots Party Organization” and “The City’s Advanced Village Party Organization (4A Level)”.



In the activities of “The Second Banking Industry Excellent Cases Collection in 2022” and “2022 (Second) Researches on Rural Revitalization Excellent Cases” hosted by China.com, China Huarong’s targeted assistance cases “Deepening Model Innovation and Amplifying Assistance Effects — China Huarong Achieved Remarkable Results in Rural Revitalization by Providing Financial Assistance”, “Small Cherries Unleash Great Energy — China Huarong Set An Good Example of Rural Revitalization through Multiple Assistance Measures” stood out from many cases and won the awards of “2022 Excellent Cases of Rural Revitalization”, and “Excellent Cases of Asset Management Companies in Serving Rural Revitalization in 2022”.



The survey article “Taking the Spirit of General Secretary Xi Jinping’s Important Instructions on Rural Revitalization as a Guide to Innovate Financial Assistance Models to Identify the Key Points for Asset Management Companies to Serve Rural Revitalization”, written by China Huarong’s Target Assistance Office, won the third prize for excellent research results in ideological and political work and cultural construction of the national financial system in 2022.

17. Social Responsibility Report

17.8.2 Engaging in Public Welfare and Promoting Social Well-Being

China Huarong regards giving back to the society and promoting the common prosperity and progress of the community as an important social responsibility. Focusing on national policies, we actively integrate into the community, and support the prosperity and development of the community in many aspects. In 2022, the Youth League Committee of the Company enthusiastically engaged in the public welfare undertakes to serve the community by forming youth commando teams, organizing youth volunteer activities, and organizing social welfare and environmental protection exchange activities.

- On February 7, after a heavy snowfall in Wuhan, the icy roads caused a lot of inconvenience to the public. The Youth League Committee of Wuhan Branch organized young volunteers to carry out voluntary deicing and snow removal activities on key road sections, such as community residential streets and subway exits.
- On July 1, the Youth League Committee of Qinghai Branch went to Xincun Primary School in Sala village, Mangqu town, Guinan county, Qinghai province to hold a public welfare volunteer activity. After learning about the actual difficulties in Xincun Primary School, we raised books, stationery and sports supplies, toys and other materials through employee donations for the children to help them broaden their horizon and mind and enrich their after-school life.
- On July 15, the Youth League Committee of Hubei Branch organized young volunteers to participate in community voluntary services, and delivered heat prevention and cooling materials to grassroots workers in the community.
- On November 9, we organized the members of the Communist Youth League in Beijing to visit the “Carbon Neutral” theme exhibition in Wenyu River. By visiting the carbon neutral science base, observing the carbon credit wisdom system, participating in the low carbon quiz challenge, experiencing the interactive low carbon virtual ride, and learning more than 200 “carbon neutral” stories, they were able to learn the “carbon neutral” expertise in an immersive way. This activity promoted low-carbon consumption, raised young people’s awareness of energy saving and carbon reduction, and contributed to the realization of “Dual Carbon” goals.
- On December 9, the Youth League Committee of Jiangxi Branch organized a youth volunteer service activity of “fighting the severe drought together and protecting the Ganjiang River hand in hand”. Since the drought in Jiangxi has lasted for more than 100 days, the youth volunteer service team of the branch was guided to actively respond to the call, cultivate an awareness of loving water, and strive to be “guardians”, “propagandists” and “practitioners” of water conservation.

17. Social Responsibility Report

17.9 Appendix

17.9.1 Independent Assurance Report of the Social Responsibility Report



Ernst & Young Hua Ming LLP
Level 17, Ernst & Young Tower
Oriental Plaza, 1 East Chang An Avenue
Dongcheng District
Beijing, China 100738

安永华明会计师事务所（特殊普通合伙）
中国北京市东城区东长安街1号
东方广场安永大楼17层
邮政编码：100738

Tel 电话: +86 10 5815 3000
Fax 传真: +86 10 8518 8298
ey.com

Independent Assurance Report on the Social Responsibility Report

安永华明（2023）专字第60098698_A01号
China Huarong Asset Management Co., Ltd.

To the Board of Directors of China Huarong Asset Management Co., Ltd.

Scope

We have been engaged by China Huarong Asset Management Co., Ltd. (the “Company”) to perform a “limited assurance engagement”, as defined by International Standards on Assurance Engagements, here after referred to as the engagement, to report on the selected data as at 31 December 2022 and for the year then ended (the “Subject Matter”) in the 2022 Social Responsibility Report of China Huarong Asset Management Co.,Ltd. (the “Social Responsibility Report”) prepared by the China Huarong Asset Management Co., Ltd. (the “Company”).

Selected Data

The selected data in the Social Responsibility Report of the Company as at 31 December 2022 and for the year then ended that is covered by this report is as follows:

- Total number of employees (persons)
- Number of female employees (persons)
- Natural gas consumption (cubic meters)
- Gasoline consumption (litres)
- Office paper consumption (tons)
- Water consumption (tons)
- Electricity consumption (kWh)

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Social Responsibility Report, and accordingly, we do not express a conclusion on this information.

Criteria applied by the Company

In preparing the Subject Matter, the Company applied the criteria as set out in the Reporting Criteria of the selected data within the “Appendix” of the Social Responsibility Report (the “Criteria”).



17. Social Responsibility Report



Independent Assurance Report on the Social Responsibility Report

安永华明（2023）专字第60098698_A01号
China Huarong Asset Management Co., Ltd.

The Company's Responsibilities

The Board of Directors of the Company is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with the Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the subject matter, such that it is free from material misstatement, whether due to fraud or error.

EY's Responsibilities

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

We conducted our engagement in accordance with *International Standard on Assurance Engagements 3000 (Revised): Assurance Engagements Other than Audits or Reviews of Historical Financial Information* issued by the International Auditing and Assurance Standards Board. The standards require that we plan and perform our engagement to obtain limited assurance about whether, in all material respects, the Subject Matter is presented in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.

Our Independence and Quality Control

We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, and have the required competencies and experience to conduct this assurance engagement.

EY also applies International Standard on Quality Control 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.



17. Social Responsibility Report



Independent Assurance Report on the Social Responsibility Report

安永华明（2023）专字第60098698_A01号
China Huarong Asset Management Co., Ltd.

Description of Procedures performed

Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the Subject Matter and related information, and applying analytical and other appropriate procedures.

Our procedures included:

- 1) Interviews with management and personnel in the departments involved in providing information for inclusion in the Social Responsibility Report in relation to the selected data to understand the business and reporting process of the selected data;
- 2) Analytical procedures;
- 3) Examination, on a test basis, of documentary evidence;
- 4) Recalculation.

We also performed such other procedures as we considered necessary in the circumstances.

Conclusion

Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the Subject Matter as at 31 December 2022 and for the year then ended in the 2022 Social Responsibility Report, in order for it to be in accordance with the Criteria.



17. Social Responsibility Report



Independent Assurance Report on the Social Responsibility Report

安永华明（2023）专字第60098698_A01号
China Huarong Asset Management Co., Ltd.

Restricted use

Our report is intended solely for the information and use of the board of directors of the Company and is not intended to be and should not be used by anyone other than those specified parties.


Ernst & Young Hua Ming LLP
Beijing, China
17 April 2023



17. Social Responsibility Report

17.9.2 ESG Index of Hong Kong Stock Exchange

ESG Indicators Index of Hong Kong Stock Exchange

Aspects, General Disclosures and KPIs	Description	Reporting Location
Mandatory disclosure requirements		
Governance Structure	<p>A statement from the board containing the following elements:</p> <ul style="list-style-type: none"> (i) a disclosure of the board’s oversight of ESG issues; (ii) the board’s ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer’s businesses); and (iii) how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer’s businesses. 	Statement of the Board of Directors
Reporting Principles	<p>A description of, or an explanation on, the application of the following Reporting Principles in the preparation of the ESG report:</p> <p>Materiality: The ESG report should disclose: (i) the process to identify and the criteria for the selection of material ESG factors; (ii) if a stakeholder engagement is conducted, a description of significant stakeholders identified, and the process and results of the issuer’s stakeholder engagement.</p> <p>Quantitative: Information on the standards, methodologies, assumptions and/or calculation tools used, and source of conversion factors used, for the reporting of emissions/energy consumption (where applicable) should be disclosed.</p> <p>Consistency: The issuer should disclose in the ESG report any changes to the methods or KPIs used, or any other relevant factors affecting a meaningful comparison.</p>	Appendix — About This Report

17. Social Responsibility Report

Aspects, General Disclosures and KPIs	Description	Reporting Location
Reporting Boundary	<p>A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report.</p> <p>If there is a change in the scope, the issuer should explain the difference and reason for the change.</p>	Appendix — About This Report
“Comply or Explain” provisions		
A. Environmental		
Aspect A1: Emissions		
General Disclosure	<p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.</p>	Environmental Responsibility
KPI A1.1	The types of emissions and respective emissions data.	Company’s normal operations mainly concentrated on the office space, which has little impact on the environment
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Responsibility
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Responsibility
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Responsibility
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	Environmental Responsibility
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Environmental Responsibility

17. Social Responsibility Report

Aspects, General Disclosures and KPIs	Description	Reporting Location
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Environmental Responsibility
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Environmental Responsibility
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Environmental Responsibility
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Environmental Responsibility
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Environmental Responsibility
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Company only provides business services and does not involve packaging materials
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	Environmental Responsibility
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environmental Responsibility
Aspect A4: Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Environmental Responsibility
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Environmental Responsibility

17. Social Responsibility Report

Aspects, General Disclosures and KPIs	Description	Reporting Location
Employment and Labor Practices		
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employment Responsibilities
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Employment Responsibilities
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Employment Responsibilities
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Employment Responsibilities
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Employment Responsibilities
KPI B2.2	Lost days due to work injury.	Employment Responsibilities
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Employment Responsibilities
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Employment Responsibilities
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Employment Responsibilities
KPI B3.2	The average training hours completed per employee by gender and employee category.	Employment Responsibilities

17. Social Responsibility Report

Aspects, General Disclosures and KPIs	Description	Reporting Location
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Employment Responsibilities
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Employment Responsibilities
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Employment Responsibilities
Operating Practices		
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	Supply Chain Management
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Supply Chain Management
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply Chain Management
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Management
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Consumer Responsibility

17. Social Responsibility Report

Aspects, General Disclosures and KPIs	Description	Reporting Location
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Company does not directly provide physical products
KPI B6.2	Number of products and service-related complaints received and how they are dealt with.	Consumer Responsibility
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Consumer Responsibility
KPI B6.4	Description of quality assurance process and recall procedures.	Company does not directly provide physical products
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Consumer Responsibility
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Governance Responsibility
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	No occurrence during the Reporting Period
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Governance Responsibility
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Governance Responsibility
Community		
Aspect B8: Community Investment		
General disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Responsibility
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community Responsibility
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Community Responsibility

17. Social Responsibility Report

17.9.3 About This Report

This report is the seventh publicly disclosed Social Responsibility Report of the Company, complied with the ESG Reporting Guide of the HKEX. This report aims at responding to stakeholders' expectation and demonstrates the Group's concept, management, actions and performance of environmental, social, corporate governance and sustainability.

17.9.3.1 Reporting Standards

This report is prepared with reference to the ESG Guide, *the Opinions Concerning Enhancing the Social Responsibility of Banking and Financial Institutions* issued by CBIRC and *the Guidelines for Corporate Social Responsibility of Chinese Banking and Financial Institutions* released by China Banking Association. This report also meets the requirements set out in the *Chinese Corporate Social Responsibility (CSR) Report Preparation Guide (CASS-CSR4.0)* issued by the Chinese Academy of Social Sciences and other national and international corporate social responsibility reporting guidance.

17.9.3.2 Scope of the Report

Unless otherwise stated, this report includes the Company's headquarters, all its branches and subsidiaries.

17.9.3.3 Report Data Specification

All key financial data disclosed in this report are collected from "2022 Annual Results Announcement of China Huarong Asset Management Co., Ltd.", other data are mainly sourced from internal information of the Company.

17.9.3.4 Reporting Period

January 1, 2022–December 31, 2022. Some content is sourced from historical data.

17.9.3.5 Reporting Principles

- **Materiality:** This report identifies and responds to important social responsibility issues that affect the sustainable development of the Company based on industry characteristics, expectations of stakeholders, and its own development plan. More details are set out in the section of "17.2.9.3 Materiality Analysis";
- **Quantitative:** The Company provides quantitative disclosure of applicable ESG key indicators and disclosure of data on statistical criteria, methods, assumptions and/or calculation tools for emissions/energy consumption, and sources of conversion factors, as described in the section of "Environmental Responsibility";
- **Consistency:** This report tries to keep the indicators used in different reporting periods consistent, and if there are changes in key performance indicators, explanations are provided for the indicators that have changed.