

Hundsun Environmental, Social and Governance (ESG) & Corporate Social Responsibility (CSR) Report

2022



HUND SUN





TECHNOLOGY EMPOWERS FINANCE FOR A BETTER FUTURE

Note:

This document is a translated version of the “Hundsun Environmental, Social and Governance (ESG) & Corporate Social Responsibility (CSR) Report 2022 ” (“恒生电子环境、社会及治理报告暨企业社会责任报告 2022”), and the published announcements in the Chinese version shall prevail. The complete published Chinese Hundsun ESG & CSR report may be obtained at www.sse.com.cn.

HUNDSUN ESG & CSR REPORT

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Address by the Chairman



"Perseverance, endless growth" is Hundsun's spirit, the industry expectation, the commitment to the society, and also our dream of sustainable development.



Looking back on the past 2022, the financial industry has been constantly innovating, with policies related to personal pension business being implemented, the market-maker system being adopted for the Science and Technology Innovation Board, the *Opinions of the Communist Party of China Central Committee and the State Council on Building Basic Systems for Data to Better Play the Role of Data Factors* being released and the Guangzhou Futures Exchange being opened. In the context of the vigorous development of China's wealth and asset management industry, the Company took the initiative to seize opportunities and maintain stable growth in performance, and released many new products in various fields such as wealth management, asset management, intelligent investment research and data services, gradually launched the new generation of core products, further strengthened data capabilities in data intellectualization, and comprehensively promoted the implementation of IPD/LTC in the reform of management processes.

In 2022, we continued to deepen the core value of "customer first" and continuously improve product quality, resulting in a 28% decrease in the proportion of software defect demand. At the same time, we always put compliance management, information security and data privacy protection in the first place, and we are committed to providing customers with safe and reliable products and solutions.

In 2022, we continued to provide our employees with a good working environment and welfare guarantee, and help them achieve their self-fulfillment and personal dreams in Hundsun through a perfect growth and training system. As more young people join Hundsun, Hundsun has more than 13,000 employees in 2022. They are in Hangzhou, Beijing,

Shanghai, Shenzhen, Wuhan and other cities. We hope to create a good development platform for employees, establish and improve a long-term incentive mechanism for employees, and implement the second phase of the employee stock ownership plan and stock option incentive plan.

In 2022, we continued to devote ourselves to public welfare undertakings. Through Zhejiang Hundsun Public Welfare Foundation established in 2016 and Hundsun Investor Education Base put into operation in 2017, we continued to make efforts in the fields of targeted poverty alleviation, caring for autistic children, and finance business education for teenagers and jointly promoted sustainable development of enterprises and society. We also continuously explored new models of public welfare. In December 2022, Zhejiang Hundsun Public Welfare Foundation collaborated with Smile Coffee. Hundsun provided rent-free venues for Smile Coffee and used some of the store revenue to provide training for deaf and mute individuals on coffee making and baking skills through the Foundation, so as to provide equal employment opportunities for more people. To assist finance, boost development, and build a future -is the core concept of Hundsun in fulfilling its corporate social responsibilities, and is what we've been doing. We always believe that, while achieving our own development, we should also work hard to solve social problems and assume the responsibilities of corporate citizenship. In the future, we will continue to give full play to our technological advantages, take actual actions to fulfill corporate social responsibilities, and achieve the sustainable and healthy development of the Company and society

Liu Shufeng, Chairman of Hundsun Technologies Inc.

About Hundsun

Introduction to Hundsun

Hundsun is a financial technology company with the mission of "making the finance easy", headquartered in Hangzhou, China, established in 1995 and listed on the main board of Shanghai Stock Exchange (600570.SH) in 2003.

Hundsun focuses on the financial industry and devotes itself to offering integrated solution and services to the institutions of securities, futures, funds, trust, insurance, banking, exchange and private placement. Hundsun has been listed in one of the top 100 Financial technology global financial IT enterprises for 15 consecutive years, ranking 24th in 2022. Hundsun currently has more than 13,000 employees, among which product technology personnel account for about 73%. During these years, relying on the experience of financial IT construction and the profound insight and understanding on the internet, Hundsun encircles technical services and constantly energizes the innovative development of financial institutions by using high-quality products and services.

Meanwhile, Hundsun also actively fulfills its corporate social responsibilities and continuously contributes in the fields of investor education, poverty alleviation and extension of assistance to the needy, and caring for autistic children, realizing the common sustainable development

Mission

Make the finance easy

Vision

Become the world's leading fintech company

Core values

Customer first, integrity, professionalism & dedication opening up & cooperation, continued growth

Hundsun 2022

Total employees

13,347

Hundsun is headquartered in Hangzhou, and has established branches and local platforms in Beijing, Shanghai and Shenzhen and Wuhan

Turnover

RMB 6,502,387,143

Year-on-year growth

18.3%

Operating profit

RMB 1,091,088,380

In 2022, Hundsun's ESG practice was widely recognized by the public and won the honorary award of "2022 Best ESG in Asia" by *Institutional Investors*, an internationally renowned financial magazine.



Corporate Social Responsibility Management

Hundsun believes that CSR practice is closely related to and inseparable from Hundsun's long-term development. This is the fifth consecutive year that Hundsun has released the CSR Report since 2018. At the same time, Hundsun incorporated the *Index of ESG Report* of the Stock Exchange into the compliance standard since 2020, adjusted the importance of relevant substantive issues, and disclosed specific CSR practices in 2022.





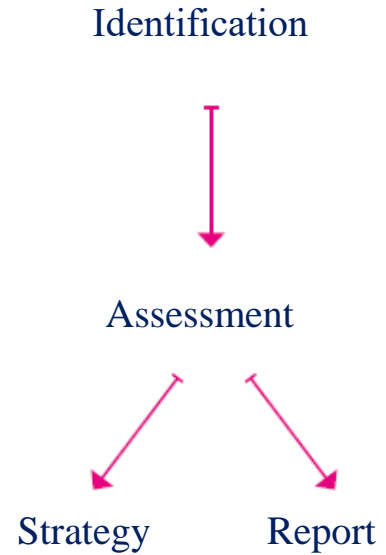
CORPORATE SOCIAL RESPONSIBILITY MANAGEMENT



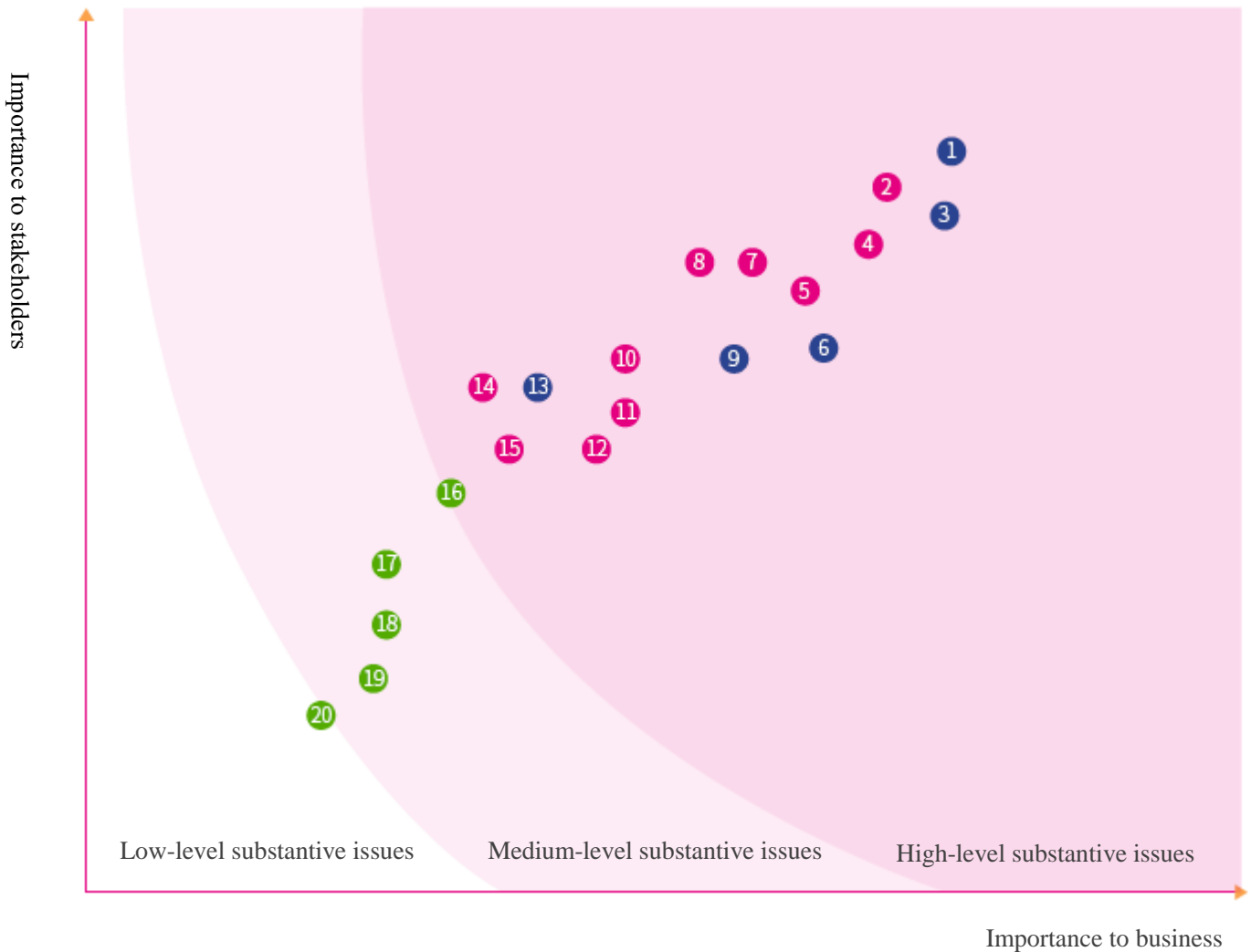
Corporate Social Responsibility Management

Analysis on substantive issues

In the context of sustainable development, in 2022, Hundsun reviewed and sorted out CSR practices since its establishment; analyzed and benchmarked them against international standards, macro policies, industry policies and peer practices; screened out important issues through interviews and questionnaires according to the importance of assessment and decision-making of the Company and stakeholders, and the importance of the economic, environmental and social impacts, established a substantive analysis matrix of the issues and submitted it to the Company management for confirmation. Hundsun took moderately or highly related substantive issues as key disclosures of this report after assessment according to Hundsun's current CSR strategy, and confirmed its scope and boundary.



High, medium and low-level substantive issues (refer to the *Index of ESG Report of the Stock Exchange*)



- Medium-level substantive issues
- Corporate governance issues
- Environmental issues

- | | | |
|---|---|--|
| ● 1 Compliance operation | ● 10 Serve the real economy | ● 17 Green building |
| ● 2 Information security | ● 11 Empower industry transformation and upgrading | ● 18 Energy saving and environmental protection |
| ● 3 High-quality products | ● 12 Promote industry independence and control | ● 19 Waste management |
| ● 4 Employee compensation and benefits | ● 13 Anti-corruption | ● 20 Greenhouse gas emissions |
| ● 5 Staff training and development | ● 14 Promote infrastructure construction | |
| ● 6 Stable performance | ● 15 Social welfare | |
| ● 7 Customer services | ● 16 Clean technology | |
| ● 8 Employee health and safety | | |
| ● 9 Corporate governance | | |

I Hundsun CSR Strategy

Hundsun has been actively been fulfilling the corporate mission of “making the finance easy” and jointly achieving the corporate social responsibility of sustainable development depending on technology and with “assist finance, boost development, and build a future” as the core concept of fulfilling its corporate social responsibilities. Based on the financial industry, Hundsun is committed to providing high-quality technology, products and services to assure the stable operation of the financial market and empower autonomous and controllable development of China’s financial industry while supporting the opening-up of China’s financial market, boosting the digital transformation of financial institutions, and consistently serving the real economy. In addition, Hundsun is also committed to growing together with our customers, employees and shareholders, contributing to the economy, environment and society and building a harmonious society.

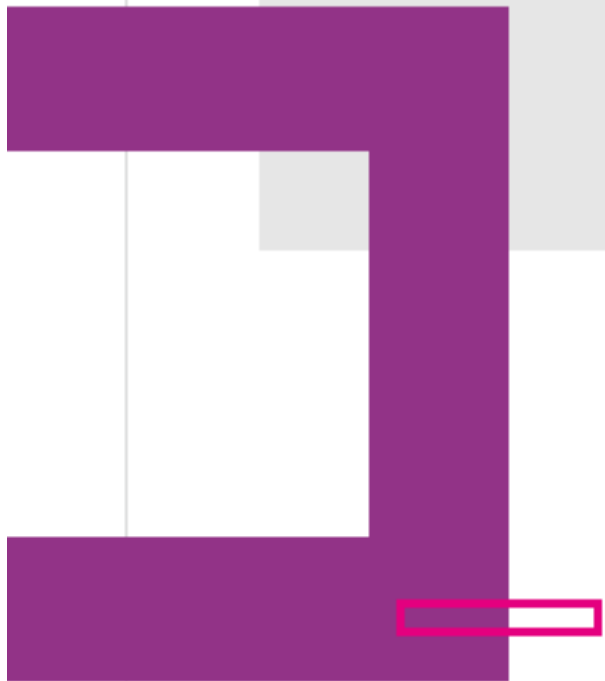
Technology empowers the development of the financial industry



Stakeholder involvement

Hundsun maintains regular communication with its stakeholders such as governments, regulators, customers, employees, partners, suppliers, shareholders, investors, universities, academic institutions, media and communities.

Stakeholders	Appeal & response	Communication mechanism
Regulators	Compliance operation Risk management Active response	Regular reporting and communication on special issues Special meetings and various trainings Submit, update and maintain daily information Learn and discuss regulatory policies and regulations Cooperate with regulatory questionnaire
Governments at all levels	Obey the law and pay taxes according to law Promote social progress Guarantee safety and stability of financial market Assist in the formulation of industry strategies	Emails Participate in government projects Visit & communication Related forum exchange activities Government visit reception Information submission
Customers	Provide high-quality products and services Provide a stable operating environment Guarantee data and information security Improve customer experience	Customer training Customer satisfaction survey U+ website / U+App Customer service hotline / Email / qq / website WeChat official account of customer service headquarters Customer complaint mechanism
Partners & suppliers	Keep good relations Cooperative development Just, fair and open Integrity, compliance and anti-corruption	Daily visits Participate in research Participate in industry exhibitions, forums, etc. Procurement and bidding procedures
Employees	Rights protection Competitive compensation and benefits Good working environment Perfect training system Fair promotion and development Health and safety Communication and care	Party committee Labor union Satisfaction survey Hearing/OA/Community/DingTalk/Email Performance communication mechanism Employee relations team / HR executive / visit and condolence Employee exchange meeting
Shareholders & investors	Continuous and stable return on investment Healthy development of company and business	Information disclosure Investor hotline, public investor mailbox, SSE E interactive communication Participate in the brokerage strategy meeting for roadshows Daily telephone communication, research, visit and reception Website/WeChat ID/Weibo multi-channel dissemination
Universities & academic institutions	School-enterprise joint training Promote employment	Provide internship opportunities Organize job training Production, education, research integration of universities
Media	Healthy development of company and business Product and technological innovation	Media interview and reception Daily communication and exchange
Community	Disseminate investor education knowledge Participate in public welfare undertakings Support community development	Investor Education Base Hundsun Public Welfare Foundation Hundsun Volunteer Association



Corporate Governance

Committed to establishing and improving a high standard corporate governance structure, Hundsun established a governance structure that is in line with its actual situation in strict accordance with relevant laws and regulations and regulatory requirements. The authority of various governance bodies is clear and distinct, and authorization and supervision are combined to ensure the effective operation of the corporate governance structure. Each governance body, in accordance with laws and regulations, regulatory regulations and the Company's Articles of Association, exercises its rights, fulfills its obligations, safeguards the legitimate rights and interests of the Company, continuously improves its governance structure, standardizes its operation and improves its governance level following the principles of performing its own duties and responsibilities, coordinated operation, and effective balances.





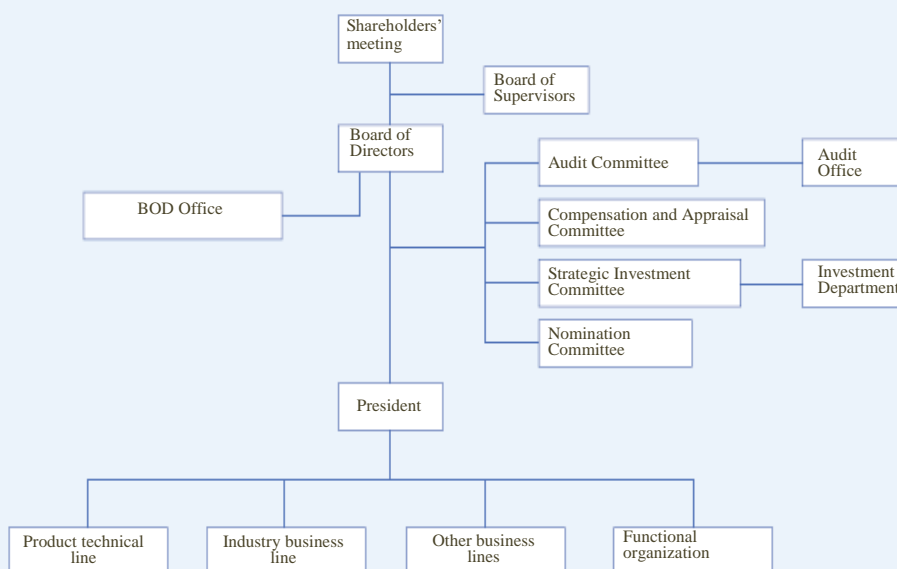
CORPORATE GOVERNANCE



Corporate Governance

Corporate governance framework

In accordance with relevant national laws and regulations and the Company's Articles of Association, the Company has clarified the setting of the Board of Directors, the Board of Supervisors, management and internal organizations at all levels, staffing, responsibilities, working procedures and related organizational hierarchy. The organizational hierarchy of the Company is as follows:



During the reporting period, the Company operated its business in strict accordance with the *Company Law*, the *Securities Law*, the *Rules Governing the Listing of Stocks on Shanghai Stock Exchange* and other relevant laws and regulations, as well as the Company's *Articles of Association*, the *Rules of Procedure for Shareholders' Meeting*, the *Rules of Procedure of the Board of Director*, the *Rules of Procedure of the Board of Supervisors*, the *Foreign Guarantee Management System*, the *Internal Audit Management System* and other rules and regulations. In 2022, the Company's Board of Directors deliberated and approved the *Proposal on Amending the Organization and Work Measures of the President's Office of Hundsun Technologies Inc.* and the *Proposal on Amending the Organization and Work Measures of the Strategic Investment Committee of the Board of Directors of Hundsun Technologies Inc.*

Corporate governance

About shareholders and shareholders' meeting

During the reporting period, the Company held a total of one annual shareholders' meeting and three extraordinary shareholders' meetings. The convening and voting procedures of the Shareholders' Meeting complied with the provisions of the *Company Law*, the *Articles of Association*, and the *Rules of Procedure of the Shareholders' Meeting* were witnessed by lawyers who issued legal opinions on their legality. The Company had smooth communication channels with shareholders, treated all the shareholders equally, and ensured that shareholders can fully exercise their rights so that they had the right to know and participate in decision-making on major issues.

About directors and the Board of Directors

The number and composition of the Company's Board of Directors comply with the laws and regulations, and the Company's directors are diligent and responsible. The Company has a total of 11 directors, of which 4 are independent directors, including 2 accounting experts, 1 financial expert and 1 legal expert (female). Independent directors do not hold any positions other than directors in the Company, which meets relevant regulations.

During the reporting period, the Company held a total of 9 meetings of the Board of Directors, and the convening and voting procedures of the meetings were in compliance with the provisions of the *Company Law*, the *Company's Articles of Association*, and *Rules of Procedure of the Board of Directors*. The Company's Board of Directors has four special committees, namely the Strategic Investment Committee, the Audit Committee, the Nomination Committee and the Compensation and Appraisal Committee, and has formulated the terms of reference and detailed implementation rules for the special committees to give full play to professional advantages and effectively ensure that group decisions by the Board of Directors are legal, scientific and correct, which reduces the Company's operational risks.

According to the recommendation of the Party Committee of the Company, the Board of Directors studied and shared opinions on the *Interpretation of 43 Key Words in the 2022 NPC & CPPCC Government Work Reports*, the *Circular of the State Council on Issuing the "14th Five-Year" Plan for the Development of the Digital Economy*, the *"14th Five-Year" Plan for Software and Information Technology Service Industry Development* issued by the Ministry of Industry and Information Technology, and the *Circular of the Zhejiang Provincial People's Government on Printing and Distributing the "14th Five-Year" Plan for Technological Innovation and Development of Zhejiang Province*.

About supervisors and the Board of Supervisors

The Company's Board of Supervisors consists of 3 members, including 1 chairman of the board of supervisors and 1 employee supervisor (female). During the reporting period, the Company held a total of 9 meetings of the Board of Supervisors, and the convening and voting procedures of the meetings were in compliance with the provisions of the *Company Law*, the *Company's Articles of Association*, and *Rules of Procedure of the Board of Supervisors*. The Board of Supervisors can conscientiously perform its duties, supervise the legality and compliance of the Company's directors and senior managers in performing their duties, and safeguard the legitimate rights and interests of shareholders.

About information disclosure and transparency

True, accurate, timely and complete information disclosure is an important manifestation of the Company's fulfillment of social responsibilities. The Company shall make regular reports and disclose interim announcements in a true, accurate, timely and complete manner and pay special attention to delivering more effective information to the market from the perspective of investors in strict accordance with the regulations on information disclosure. Since its listing, the Company has been strengthening the construction of the information disclosure system. According to actual work needs and the relevant requirements of the CSRC and the SSE, the Company has formulated a series of information disclosure systems and administration measures: *Hundsun's Information Disclosure Management System*, *Hundsun's Insider Information Registration and Filing System*, *Hundsun's Material Information Internal Reporting System*, *Hundsun's External Information Reporting, Use and Management System*, etc., under which all responsible departments and persons in charge perform their respective duties and information disclosure channels are smooth.

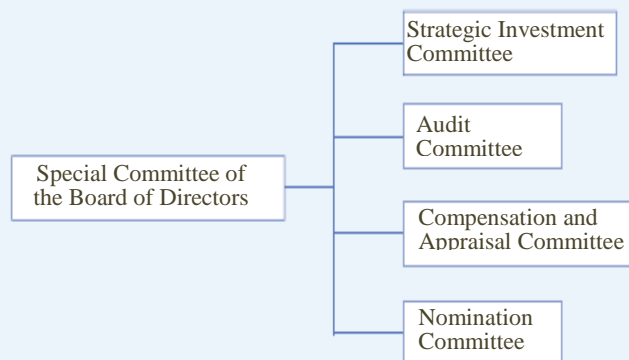
In 2022, the Company organized a study of the revised policies and regulations of the CSRC and the SSE, studying and discussing the *Rules Governing the Listing of Stocks on Shanghai Stock Exchange*, relevant self-regulation and regulatory guidelines and trading rules of the SSE. etc. Based on the latest regulatory guidelines and the actual situation of the Company, the Board of Directors deliberated and approved the revised *Organization and Work Measures for the President's Office of Hundsun Technologies Inc.* and the *Organization and Work Measures for the Strategic Investment Committee of the Board of Directors of Hundsun Technologies Inc.*, which further revised and improved the Company's internal management system and relevant processes of corporate governance.

About investor relations management

The Company has attached great importance to investor relations management, and has formulated the Investor Relations Management System, and has maintained investor relations through the investor hotline, public mailbox for investors, and SSE E-interaction, reception of individual investors and institutional investors, summit for securities companies, etc. During the reporting period, the Company directly conveyed to investors the Company's strategic planning goals and confidence in future sustainable development by holding 2021 annual performance meeting, 2022 semi-annual performance meeting and 2022 Q3 performance meeting which effectively enhanced investors' understanding of the Company and maintained the relationship between the Company and investors. Through information disclosure and exchanges, the Company strengthened communication with investors, enhanced investors' understanding and recognition of the Company, improved corporate governance, maximized the Company's overall interests, and protected the legitimate rights and interests of the investors.

Overview of Board of Directors

The composition of the special committees of the Board of Directors is as below:



Strategic Investment Committee

Strategic Investment Committee is a permanent independent body under the Company's Board of Directors. It is composed of the Company's directors who are nominated by the Chairman and elected by the Board of Directors. It shall report its work to the Board of Directors, and accept the supervision of the Company's Board of Supervisors. In order to ensure the strict, standard, orderly and high efficiency work of the Strategic Investment Committee, the *Organization and Working Measures of the Strategic Investment Committee of the Board of Directors* is hereby formulated. The Strategic Investment Committee shall fulfill the following responsibilities: study and formulate the Company's long-term development strategy; formulate the Company's investment policies; formulate the Company's capital operation plan; manage and direct the work of the investment development department; submit foreign investment information for the previous year and the work plan for next year to the Board of Directors for approval; deliberate the Company's asset purchase and sales of non-associated transactions, foreign investment (equity transfer), and asset mortgage, and submit to the Board of Directors for approval after approval.

During the reporting period, a total of one meeting of the Strategic Investment Committee was held.

Audit Committee

In order to strengthen the decision-making function of the Board of Directors of the Company, carry out relevant audit work according to law, ensure the effective supervision of the Board of Directors over the management, further improve the corporate governance structure and safeguard the rights and interests of all shareholders, the Company has set up the Audit Committee under the Board of Directors according to the *Company Law*, the *Code of Corporate Governance for Listed Companies*, the *Articles of Association* of the Company and other relevant regulations, and formulated the *Organization and Working Measures of the Audit Committee of the Board of Directors*. The Audit Committee, as a special organization under the Company's Board of Directors, shall report its work to the Board of Directors and carries out its work under the leadership of the Board of Directors. It is mainly responsible for the Company's internal audit, communication with external audit institutions, the annual report audit, budget and final accounts management, construction and management of internal control system.

During the reporting period, a total of 8 meetings of the Audit Committee were held, at which the Company's regular reports, related-party transactions, stock option incentive plans, shareholding plan incentive plans, and other matters were deliberated.

Compensation and Appraisal Committee

In order to establish and improve the performance appraisal and assessment system for the Company's directors and senior managers, formulate a scientific and effective compensation management system, implement the Company's talent development and cultivation strategy and strengthen the planning and management of the Company's overall compensation strategy, the Company has established the Compensation and Appraisal Committee of the Board of Directors, and formulated the *Organization and Working Procedures of the Compensation and Appraisal Committee of the Board of Directors*. The Compensation and Appraisal Committee is a special organization under the Board of Directors. It shall report its work to the Board of Directors and carries out its work under the leadership of the Board of Directors. It is mainly responsible for formulating compensation strategies and plans for the directors and senior managers, reviewing the performance indicators of the operation management team, appraising the corresponding performance, implementing the Company's overall compensation strategy plan and working out the Company's equity incentive plan.

During the reporting period, a total of 4 meetings of the Compensation and Appraisal Committee were held, at which the equity shareholding plan and stock option incentive plan developed by the Company during 2022 were deliberated.

Nomination Committee

In order to further improve the corporate governance structure, realize the standard and scientific selection of directors and senior executives, improve work efficiency, and ensure scientific decision-making, the Company has set up the Nomination Committee under the Board of Directors and formulated the *Organization and Working Measures of the Nomination Committee of the Board of Directors* according to the *Company Law*, the *Code of Corporate Governance for Listed Companies*, the *Articles of Association* of the Company, the *Rules of Procedure of the Board of Directors* and other relevant regulations. The Nomination Committee is a special organization under the Board of Directors. It shall report its work to the Board of directors and carry out its work under the leadership of the Board of Directors. It shall be responsible for studying and formulating the criteria and procedures for the selection of directors and senior officers, review the qualifications of directors and senior officers, and make recommendations for their appointment and removal.

During the reporting period, a total of 1 meeting of the Nomination Committee was held.

The term of office of the Seventh Board of Directors and Board of Supervisors of the Company expired during the reporting period. The Company conducted an election in accordance with the *Company Law* and the *Articles of Association* and relevant regulation. After the Nomination Committee of the Board of Directors reviewed the candidates' qualifications and the approval of the 24th meeting of the Seventh Board of Directors and the First Extraordinary Shareholders' Meeting in 2022, and the new term has been elected, a new Board of Directors and Board of Supervisors were successfully elected and formed.

Performance Overview of the Past Three Years

	2020	2021	2022
Total assets	9,971,144,688.34	12,079,908,312.76	13,004,578,298.67
Net assets	4,554,029,323.59	5,695,031,051.05	6,811,761,050.50
Operating income	4,172,645,156.56	5,496,578,624.88	6,502,387,143.49
Operating profit	1,321,735,522	1,463,538,930	1,091,088,380
Share capital	1,044,090,754	1,461,560,480	1,900,006,442
Earnings per share	0.90	1.01	0.57



Unit: RMB





Technology Assists Low-Carbon Transformation

Technology is the core competitiveness of Hundsun. Since its establishment, Hundsun has taken root in the financial industry, stayed true to the mission, adhered to empowering the innovation and development of financial industry with the power of scientific technology, prevented financial risks and maintained the stable operation of the financial market. As a technology company, Hundsun actively gave play to its own advantages to build the digital transformation base and business platform of the industry, support the stable, safe and efficient operation and development of the financial market, continuously serve the real economy and achieve industrial carbon emission reduction.





TECHNOLOGY
ASSISTS
LOW-CARBON
TRANSFORMATION



Build the Digital Transformation Base and Business Platform of the Industry

The key for Hundsun to practice corporate social responsibility is to give full play to its own technological advantages and have a deep understanding of financial business, regulatory policies, etc., so as to, through the enhancement of digital technology and platform capacity, continue to help the industry and customers to reduce costs and increase efficiency, continue to improve and optimize customer experience, build an independent controllable technology platform for the industry, and promote the digital transformation of the industry.

Build the digital transformation base

In recent years, China's financial industry has begun to explore distributed transformation. Hundsun plays the role of "technology pioneer", and with keen market insight and solid technical innovation ability, builds distributed financial infrastructure and business products to help financial institutions to complete the digital transformation.

LIGHT is a financial digital infrastructure developed independently by Hundsun, and also a new generation of information technology applied innovation infrastructure, which provides 10 core technical capabilities for the digital transformation of financial business, and can meet the financial industry's technical needs for cloud native, high performance and digital intelligence, greatly reduce the learning cost of financial industry developers, improve the development efficiency and operational stability of financial business, enable rapid innovation of financial business, and commit to inject the most cutting-edge financial technology into the financial industry to promote the technical progress of the financial industry. It includes two technical bases:



Light-JRES is Hundsun's new generation of distributed microservice technology platform, which is targeted for financial institutions' "digital business operating system", mainly for financial product development, operation and maintenance and operation personnel, can provide a complete financial enterprise application development kit to reduce the technical requirements of business development personnel and improve the development efficiency and system stability, and has the features of reuse, extend, and security.



Light-LDP is Hundsun's new generation of low-latency, distributed and highly available technology platform, which provides products and solutions such as rapid exchange, fast market and fast risk control for financial institutions' brokerage business, institutional service, asset management, self-run market making and other business fields, and provides rich development tools and components to support the secondary development of financial institutions and make high performance scenario development easy.

Upgrading and launching of the new generation core products

In the 28 years of development, Hundsun has emerged many star products, and has won market and industry recognition by virtue of its own strength. On the basis of fully understanding the changes in financial business needs, we have accelerated the R&D and upgrading of the new generation core products, hoping to help financial institutions

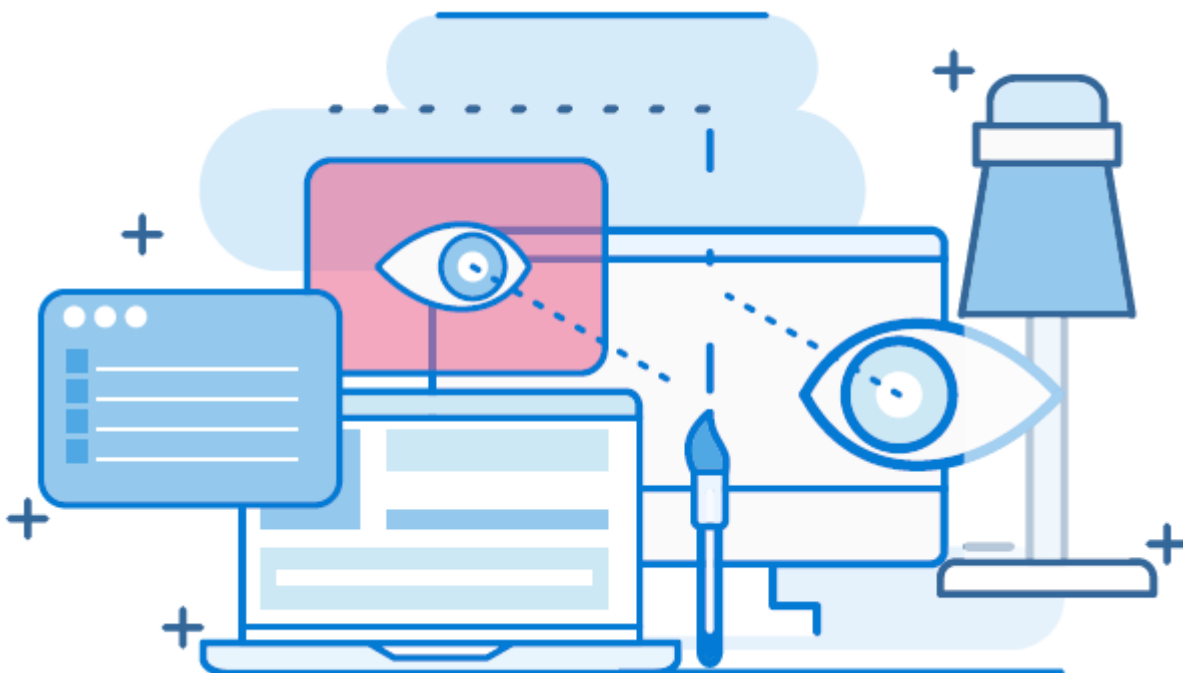
In 2022, Hundsun launched new products such as O45, UF3.0, new generation TA and new generation insurance core system based on the new generation of technical architecture, successfully and successively acquired benchmarking customers from securities, fund, bank, insurance, trust and other financial institutions, and supported financial institutions in upgrading their technical architectures.

In the field of brokerage business, on December 26, 2022, Hundsun's new generation centralized trading system UF3.0 was launched by Orient Securities, and new generation operation system was fully launched in the exhibition industry.

In the field of asset management, in March 2022, HundsunO45 assisted Huatai Securities to complete a full switch and smooth launch of significant accounts, and Huatai Securities also launched AST rapid exchange system and AST joint risk control system to enter the speed era of low latency.

In the field of capital management and operation, in 2022, the new generation TA system was officially launched by institutions such as Southern Asset Management and Everbright Wealth Management, helping to enter a new stage of operation and management.

In the core field of insurance, on December 13, 2022, the new generation insurance core system (Phase I) created by Hundsun's subsidiary Hundsun iBontal was successfully launched by King Dragon Life. It was the first application of a new generation digital life insurance core business system.



Build an independent and controllable technology platform for the industry

At the 13th collective study session of the Political Bureau of the CPC Central Committee, General Secretary Xi Jinping emphasized that, “it is necessary to accelerate the construction of financial market infrastructure and steadily promote the localization of key information infrastructure in the financial industry”. The independent and controllable innovation of information technology has become an important part of ensuring our information security, and the financial industry is always in the forefront. Hundsun has been in deep cooperation with financial institutions and information technology applied innovation manufacturers, actively participated in the construction of financial independent and controllable innovation, and created independent credible infrastructure technology innovation laboratory to boost the realization of financial information technology applied innovation.

At present, Hundsun has formed an overall financial information technology applied innovation solution integrating “consulting and planning - architecture design - implementation and delivery - after-sales operation and maintenance”. In the independent product development of key fields, Hundsun has also released three technical products: financial distributed database LightDB, distributed microservice middleware Light-JRES, and distributed low-latency middleware Light-LDP. In terms of information technology applied innovation adaptation, Hundsun’s more than 70 products have completed adaptation compatibility, including UF3.0, TA system, UST rapid exchange, capital operation system, managed valuation system and other core business systems.

Core business: UF3.0 / LDP securities / O45 / TA6 / valuation / wealth management and sales...

Middleware

Database

Cloud platform

Operation system

Chip

Case

► Founder Securities’ rapid exchange system

In 2022, Founder Securities and Hundsun jointly built the securities rapid exchange system. Hundsun’s information technology applied innovation laboratory built the test environment, and verified the platform suitability based on the LDP platform. Through the introduction of B/S mode, etc., the main trading program, pre-access system, monitoring program and other related programs were all adapted to the domestic operating system and domestic server.

Support the stable, safe and efficient operation of the financial market

Actively construct financial infrastructure

Improving the construction of financial infrastructure and mechanism is an important link of ensuring the stable operation of the financial market. Hundsun has proactively constructed the financial infrastructure and participated in the top-level design and construction of China's financial IT field to respond to the national call. Technology empowers finance and technology supports supervision. Since 2009, Hundsun has been undertaking the construction of national or local financial infrastructure platforms, and provided comprehensive solutions for registration and settlement, trading, risk control, and comprehensive member agency clearing for large national financial institutions. As of 2022, there have been over 15 projects in total.

Case

▶ Hundsun built the unified trading platform system for China Water Exchange

China Water Exchange is a national water exchange platform jointly initiated and established by the Ministry of Water Resources and Beijing Municipal Government with the consent of The State Council and the implementation of the decision and deployment of the CPC Central Committee and The State Council on the construction of water market. It aims to give full play to the decisive role of the market in water resources allocation and better play the role of the government, promote the standardized and orderly water exchange, comprehensively improve the efficiency and benefit of water resources utilization, and provide strong support for the sustainable use of water resources and sustainable economic and social development.

In 2022, Hundsun started the building the trading system for China Water Exchange, which means that in the field of water use, Hundsun will continue to contribute to the construction of national infrastructure in the field of ecological environment.



Participate in the formulation of industry standards

Hundsun has successively participated in many projects of formulation of financial technology standards, and provided professional technical advice for the national financial standards, to escort the smooth operation of the financial system.

For more than 20 years, Hundsun has been committed to providing technical solutions in the financial field, and always adhered to the road to independent and controllable development. On the road to exploring technology, its many advanced technologies have gradually become the industry benchmark. At present, Hundsun is a member of the Securities Industry Standards Committee and the National Financial Standardization Technical Committee. It participates in the formulation of a number of financial industry technical standards, and provides professional technical advice for the national financial standards, to escort the smooth operation of financial IT and improve the security.

In 2022, Hundsun has participated in the development of six industry standards, including the *Specification for Exchange of Customer Information in Securities Company*, the *Guidelines for Data Security Management and Protection of Securities and Futures Industry*, the *Internal Interface of Securities and Futures Institutions - Stock Exchange*, the *Transmission Interface of Off-market Universal*, the *Securities and Futures Industry Data Model Part 4: Fund Company Logical Model*, and the *Specification for the Design of Mobile Internet Applications in the Securities and Futures Industry for the Elderly*.

In addition, Hundsun continued to develop and declare relevant standards such as electronic evidence standard of credit business blockchain, industry standard of industry event system, and technical specification of industry mini programs.

Respond to new policies and new business

Hundsun actively responded to the national new policy to carry out personal pension system connection, e-RMB payment system and other new business, helping the implementation of the new policy.

Case

► New policy for personal pension

On November 4, 2022, great progress was made in the business of personal pension, and relevant detailed rules were announced successively: personal pension system, measures, tax policies, interim regulations on public investment, etc. This business is a major supplement to China's pension policy, and Hundsun responded immediately after the release of the policy.

At present, Hundsun has cooperated with a number of commercial banks to complete the personal pension fund account management, investment management business process and technology construction mode organization, and has, under the leadership of the Ministry of Human Resources and Social Security, cooperated with CSDC, banks and sales agencies in four-side test. Hundsun's fund sales system has completed the connection with the personal pension investment public offering fund information platform, and successfully assisted some customers in the first batch to pass the network test. Hundsun has helped 8 leading securities traders including Citic Securities, GF Securities, Industrial Securities and Changjiang Securities to pass China settlement acceptance test, fully ensuring that securities companies respond to the call of the state to carry out personal pension business; Hundsun supports the construction of an independent pension zone in the terminal APP or financial

Boost supervision and maintain financial security

While embracing regulatory compliance operations, Hundsun also paid close attention to changes in regulatory policies, actively assisted supervision and provided financial institutions with anti-money laundering systems and overall solutions relying on its own technological advantages and industry experience.

Case

▶ Technology empowers anti-money laundering

Anti-money laundering is of far-reaching significance in dissolving financial risks and safeguarding national financial security, and financial institutions are the first line to implement anti-money laundering policies. Actively promoting the implementation of regulatory policies is an important measure for Hundsun to fulfill its corporate social responsibility. Hundsun pays close attention to the changes in regulatory policies, assists financial institutions in anti-money laundering and maintains financial market stability by immediately interpreting the policies, providing corresponding system support and quickly releasing new versions.

As early as 2007, Hundsun began to focus on the construction of anti-money laundering systems for financial institutions, covering securities, funds, insurance, asset management, futures, trusts, third-party payments, wealth management subsidiaries and other financial industries, and promoted the comprehensive upgrade and reconstruction of the new generation of anti-money laundering management system to adapt to the new regulatory situation.

In 2022, we fully supported hundreds of customers in various industries to carry out the first round of risk self-assessment, and helped CITIC AMC and CICC AMC to launch a new generation of anti-money laundering system. In the banking management industry, following Bank of Communications wealth management, PSBC wealth management, Bank of Beijing wealth management, Zhejiang Rural Credit Cooperatives, Bank of Dongguan and other anti-money laundering projects have been established, helping financial institutions to continuously improve the efficiency of anti-money laundering.

Help “go global” and actively “bring in”

Under the background of expanding financial opening, Hundsun provided system and overall solution support for foreign & joint venture financial institutions entering the Chinese market on the one hand, and enabled domestic financial institutions to link the international market through technological innovation on the other hand.

Since 2016, Hundsun has successively provided system and solution support for the preparation and exhibition of CEPA securities traders Shengang Securities, Huajing Securities, DBS Securities, Daiwa Securities and other foreign and joint venture financial institutions that have entered the domestic financial market. On January 26, 2022, the third Sino-foreign joint venture financial management company Schroders BOCOM Wealth was approved by China Banking and Insurance Regulatory Commission to open, and Hundsun built integrated solutions for it.

In recent years, Hundsun is also actively introducing the products and experience of leading international fintech companies to complement its own strength. Hundsun has taken a key step in its internationalization strategy by forming a strategic partnership with Finastra. The two sides announced that they will jointly develop and launch a new version of Finastra’s portfolio management system Fusion Invest. Hundsun’s subsidiary acquired from Finastra the exclusive product operation right and exclusively licensed development right for Opics fund management system and bank fund management system Summit in Mainland China, Hong Kong and Macao.

Hundsun is also actively promoting advanced and efficient domestic financial technology applications to go abroad. Hundsun, through its subsidiary Hundsun Ayers, undertook the “go global” part of the internationalization strategy, and constantly helped the connectivity of the two markets. On the one hand, Hundsun provided system support for securities traders and provided financial services for investors to carry out Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect business. For example, Hundsun helped launch GF Securities (Hong Kong) Alpha Broker trading system technology in 2022. On the other hand, for the investment needs of institutional investors, Hundsun provided overseas securities investment management system to help domestic QDII institutions seamlessly connect to overseas trading agents and achieve investment transactions in global markets through global transaction network services.

Serve the real economy and promote high-quality development

At the 13th collective study session of the Political Bureau of the CPC Central Committee, General Secretary Xi Jinping stressed that, “we should deepen supply-side structural reform of the financial sector and enhance the ability of finance to serve the real economy”. The bulk commodity is the blood of the real economy. Hundsun has continued to provide supply chain products and solutions for bulk commodities and other real economy fields for many years, and has penetrated its technology into all links of the real economy, promoting the integration of finance and real economy, and supporting the supply-side reform.

Hundsun has served more than **150** bank customers

and more than **200** industrial customers in more than **20** industries

and boosted innovative development of more than **100,000** enterprises

Case

▶ Supply chain integrated service platform of Zhejiang Communications Investment Group Finance Co., Ltd.

Zhejiang Communications Investment Group was established in 2001 and ranked 89th in China’s Top 500 Enterprises by 2022. Hundsun helped Zhejiang Communications Investment Group to build industrial chain financial operation platform. With focus on its credit and scale potential in the industry, the help of “digital communications investment” multi-system, the means of integrating the trade, data, science and technology and capital resources in the industrial chain and the path of ecological platform created by digital technology, it benefited the healthy development of all parties in the industrial chain.

▶ Factoring financial service platform of Hengqin Financial Investment

In 2022, the “Factoring system of Hengqin Financial Investment Group Co., Ltd.” (Phase I) built with the help of Hundsun was officially launched and put into production, and supported the group’s two major business sections: digital electronic vouchers and factoring, by means of technology and digitalization. By standardizing accounts payable and closing capital flow, it provided comprehensive financial products and services to upstream and downstream enterprises in the supply chain, promoted the integration of upstream and downstream enterprises in the industrial chain into the digital ecology, and improved the quality and efficiency of the industry with digital technology.

Use clean technology to achieve industrial carbon emission reduction

Embrace cloud computing and reduce carbon emissions

Today, many enterprises are undergoing digital transformation, and fully embracing cloud computing has become the choice of more and more enterprises. Hundsun uses cloud business and cloud service to host large energy-consuming equipment such as servers, storage hardware, the power management and dedicated network to the industry cloud platform, helping financial institutions reduce carbon emissions.

Yunji network, as Hundsun's holding subsidiary, is responsible for the operation of "Hundsun i private placement" one-stop private placement service brand, and committed to providing private placement managers with a full range of SaaS cloud services to help solve the problems such as high early self-construction cost and difficult new business development for small and medium-sized private placement customers. By the end of 2022, Yunji Network had provided services to more than 400 private placement customers, and the IT equipment supporting the service system mostly used the cloud resources of Shanghai Securities Connect industry. In addition, Yunji Network's special operation and maintenance team provided 7x24 escort service, saving operating costs for private placement customers and ensuring business security.

As an innovative fintech company under Hundsun, Yunyi Network is committed to becoming an integrated wealth management platform, focusing on providing software SaaS services for customers in the wealth management field. As of December 2022, more than 200 financial institutions had adopted SaaS solutions and innovative products provided by Yunyi, which simplified system configuration and helped these institutions move towards "low carbon" development.

Case

In 2021, helped Kaiyuan Securities build a counter

▶ industry cloud disaster recovery system

According to experts, every kilowatt-hour saved saves 0.4 kg of standard coal and reduces pollution emissions by 0.272 kg of carbon and 0.785 kg of carbon dioxide.

At present, in addition to Kaiyuan Securities, Hundsun's securities counter industry cloud disaster recovery system has also been launched in Shanxi securities, Zheshang securities and other financial institutions.

Machine energy consumption reduced to 9.5kw/h after launch on cloud

basically 1/2 of self-built IDC

A total of 74,460 watt-hours of power consumption can be saved in a year

This is equivalent to saving 30 tons of standard coal every year

It also reduces pollution emissions by 20 tons of carbon and 58 tons of carbon dioxide

In 2022, built production environment in industry

▶ cloud for Xinyuan Asset Management

Hundsun assisted Xinyuan Asset Management to complete the deployment, test and verification of the production environment in the industry cloud. The system includes fund accounts, fund sales, market display, website and other businesses, and is the core trading system of the client.

It can reduce energy consumption by 37%-43% per year after launch on cloud

It is equivalent to a 48-55% reduction in carbon emissions and a 3,850-5,100kg reduction in carbon dioxide emissions

It saves 10+ tons of standard coal every year

Apply blockchain technology to promote green and low-carbon development of the industry

Hundsun's blockchain technology has provided electronic contract-related services for many companies, including Yantianhua Group, Yunji Network, Avic Securities, Shanxi Securities, etc. In 2022, the cumulative annual usage totaled 106,000+ times. If averagely 10 pieces of paper are used for a document (in duplicate), 1.06 million pieces of A4 paper are saved and 353 trees that are 20 years old are protected, not only saving the energy used for paper making, but also reducing a lot of carbon emissions.



Customer Focus

“Customer first” is Hundsun’s consistent value, and close attention to customer feedback and continuous process improvement are the cornerstone of Hundsun’s development. Better and higher-quality technologies, products and services are the goals we have been striving to pursue, and are also the direction we must strive for in fulfilling the mission of “making the finance easy”



04



CUSTOMER FOCUS



Improvement of Product Quality

Hundsun adheres to the quality principle of “continuous process improvement, improvement of process performance, and improvement of product and service quality to achieve customer satisfaction”, adheres to customer-centered quality culture, and pays attention to customer feedback. “Customer first” is Hundsun’s consistent value, and also the cornerstone of Hundsun’s development. Hundsun has the industry recognized excellent quality management and service, is one of the first domestic software enterprises that have passed the ISO9001 international quality certification, and also one of the first domestic software enterprises that have been upgraded to CMMI2.0 level 5.

Customer-oriented IPD development process

In recent years, Hundsun has continued to explore, introduced the industry’s advanced management concept, promoted the implementation of IPD changes, and optimized the entire research and development management system and delivery management system, including product project approval, research and development, release, delivery, operation and maintenance, after-sales service and other product life cycle and service life cycle management. It has strictly controlled the key quality nodes of the internal research and development management process, continuously iterated the cycle from requirements, design, development, integration, testing, release, operation and feedback, improved the coverage of automation, introduced the industry’s leading performance and terminal test platform and technology, improved the quality assurance ability through the online management of the research and development management platform, and effectively achieved “quality first” to provide better products and services to customers.

Product quality radar map

Hundsun focused on the product quality radar map (functionality, reliability, user experience, performance, maintainability and easy installation) for analysis, established a clear quality goal, and decomposed it to all levels to comprehensively achieve quality first. It strengthened the quality points in the process, and adhered to the quality release principle. Through the hall of fame and shame, quality empowerment and other actions, it strengthened the quality awareness of employees in all links, and effectively achieved comprehensive and continuous product quality improvement.

Related certifications

- ▶ The Company passed the ISO9001 certification in the domestic securities software industry and was approved for registration as the first company in 1999.
- ▶ The Company passed CMMI L4 assessment in 2007.
- ▶ The Company passed ISO27001 certification in 2008.
- ▶ The Company passed ISO20000 certification in 2011.
- ▶ The Company passed CMMI L5 assessment in 2017.
- ▶ The Company passed CMMI V2.0 L5 assessment in 2020.



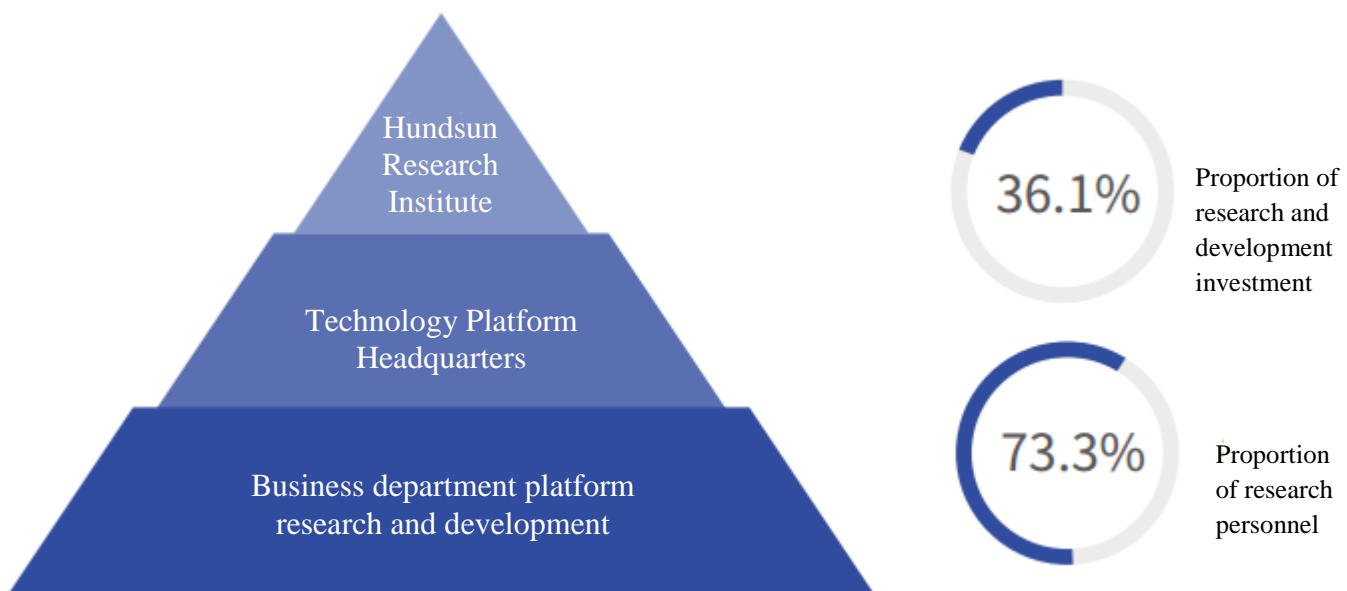
(The above are for assessment of Hundsun or Hundsun’s quality management system, service system, etc.)

Investment in technological innovation

According to the *China Securities Industry Development Report (2022)* released by the Securities Association of China, the financial industry has increasing demand for digitalization and investment in technology. Over the years, Hundsun has been concerned about the research of cutting-edge technology and invested in it continuously, built a three-level research and development architecture system with the core of Hundsun Research Institute, Technology Platform Headquarters and business department platform research and development, and maintained a high investment in research and development all year round.

In 2022, Hundsun's research and development investment totaled RMB 2.35 billion, accounting for 36.1% of revenue, and the number of product technical staff accounted for 73.3%, both at the leading level of the industry.

Three-level research and development architecture system



Approved to set up national postdoctoral research station

Hundsun formally set up a postdoctoral station in 2017, and recruited and trained postdoctoral fellows jointly with Zhejiang University Postdoctoral Mobile Station, so as to transfer talents and innovative forces for the country. In 2022, Hundsun was approved to set up a national postdoctoral research station. This approval is the national recognition of Hundsun's scientific and technological innovation, talent training and achievement transformation, and also marks a new level of Hundsun's independent research and development ability and talent platform construction.

Released the financial technology trend report for the second year in a row

On December 8, 2022, Hundsun held 2022 Hundsun financial technology conference, and released the *2023 Financial Technology Trend Research Report*, which collated and analyzed 20 trends of technology development including database, cloud native, big data, artificial intelligence, high performance and other core financial technologies. This is also the second year Hundsun released annual technology trend research report, which was written and released by Hundsun together with technical experts of 19 institutions including the Securities Information Technology Research and Development Center (Shanghai) and Galaxy Securities, China Securities, etc., aiming at providing technical direction reference for the financial industry to deepen the digital transformation.

Enhancement of customer satisfaction

Hundsun always adhered to the core value of “customer first”, constantly improved the end-to-end management system and innovative working methods, and, with the customer satisfaction as the starting point, adopted a number of measures to comprehensively improve products and services.

Construct a perfect end-to-end customer satisfaction management system

- Hundsun has conducted customer satisfaction survey for 21 consecutive years, listened to customer voice focusing on quality, implementation, maintenance, market, marketing, solutions, etc., analyzed, summarized and made improvement measures according to customer opinions, reviewed and tracked regularly.

2022 customer satisfaction survey:

More than **1,000** customers were surveyed

More than **7,000** questionnaires were collected

Overall customer satisfaction reached **86%**
- Hundsun has established a perfect evaluation system for daily important contact points of customers. Customers can directly evaluate the service records, demand processing and delivery that interact with them through the call center, U+Online, etc. For unsatisfied evaluation, Hundsun will pay a return visit timely and quickly solve it to achieve end-to-end closed-loop management. In 2022, the daily customer contact point evaluation channel received more than 100, 000 customer evaluation data throughout the year, with a satisfaction rate as high as 99.51%. Customers had high comments on the products, project delivery and after-sales service, and suggestions to improve the products and services were also received.
- Through executive duty and customer satisfaction conference mechanism, Hundsun promoted more than 30 management measures to improve customer satisfaction in 2022, covering product quality improvement, effective communication mechanism for customer needs, personalized customer need satisfaction, core product delivery efficiency improvement and other aspects.

Case

▶ Executive duty mechanism

Hundsun arranges a senior executive to be in charge of the handling of major events and participate in the review of major events every month, so as to promote the solution of management problems at the company level that are difficult to solve with the most customer feedback. In the process, the problems at the company level are refined, the problem solving efficiency is systematically improved, the problem closing cycle is shorten, and all staff are led to better practice “customer first”. At the same time, the progress of work during the shift is reported in the company’s operation and management meeting, and major events that are not closed during the shift and the promoted management problems at the company level will be in the charge until the closure and implementation.

Customer service system construction

Hundsun has established a professional, standard and efficient customer service system, which has passed the ISO20000 management system certification. Adhering to the “efficient, professional and transparent” service concept, Hundsun is committed to providing customers with timely, high-quality and innovative IT services.



Service supervision mechanism

Set up an independent department to carry out regular satisfaction survey, and designate special persons to track the improvement measures of satisfaction; hold regular quality assurance meeting to promote product quality improvement; open complaint channels, and designate special persons to accept and track complaints.



Training system

With a complete system for new employee training, maintenance engineer continuous improvement training, implementation engineer continuous improvement training, product maintenance manager training, customer maintenance manager training, business experts training, etc., and through systematic training program arrangement, ensure the continuous improvement of service team members' ability.



Personnel management

With a professional background management support team, complete career planning and promotion mechanism, ensure the enthusiasm and stability of personnel.



Knowledge system

Establish a powerful knowledge base system, and set up a knowledge system of the whole process for different products, different businesses and different personnel levels to effectively ensure the effective inheritance of knowledge.

- Hundsun classifies events and service requests, and establishes the voice processing mechanism for customers. More than a thousand Hundsun engineers throughout the country provide customers with software implementation, maintenance and training services, customer service hotline works for 7*24 hours, and customer demand is replied within 2 working days; for customer complaints, customers are communicated within half working day and internal report is made to ensure timely and effective solution.
- Hundsun provides a full range of interactive customer service experience through U+ APP, U+ customer service website, WeChat service official account, WeChat mini program and other online services. Through the U+Online platform, Hundsun has made the internal software delivery process online and transparent.

In 2022, more than 300 live broadcasts were held in U+ live broadcast room for customers

A total of 8,400+ user experience online classes were provided throughout the year

The total number of customers has exceeded 200,000

- In 2022, the U+ brand was upgraded comprehensively and positioned as an ecological platform for financial institutions and Hundsun service interaction. U+ is committed to creating a financial IT value service ecosystem and continuously creating greater value for customers and the industry.



Customer service is the service, making services warmer

Receive convenient, efficient and transparent after-sales service and delivery service, and comprehensively improve the service experience



Knowledge is the service, making knowledge transferred

Access to professional and useful knowledge sharing, classroom, interaction and communication in the financial technology industry



Product is the service, making products accessible

Understand the latest and hottest financial IT products and solutions, and receive online component services

Organization management upgrade

In 2022, Hundsun launched the “high-speed rail plan” to move the focus of the business forward, so that each team can play the power. Hundsun built end-to-end organizational design on processes for customers through IPD and LTC. In terms of product reform, the Company is committed to creating a process-oriented organization through IPD reform, improving the Company’s response speed to customer needs and product innovation, and solving the Company’s organizational process management problems.

In terms of customer-centered construction, the Company ensured the smooth progress of all projects from leads to cash through the transformation of LTC process, and improved the efficiency of first-line collaborative operation. At the same time, through customer representatives, delivery representatives and solution representatives, the Company made the customer-facing interface thick and solid, so as to better solve the practical problems of customers.

In 2022, Hundsun comprehensively promoted IPD, and established 6 major IPMT and the Company’s ITMT for operation. IPD reform Phase II project was launched, IPD OBP management tools and product operations were fully put online and promoted, and PDT Kanban was fully enabled.





Build Employee's Company

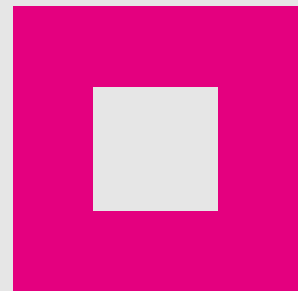
As a technology-driven fintech company, Hundsun regards talents as its most valuable asset. Hundsun always adhere to the talent concept of "equal stress on integrity and ability", and is committed to be an "employee's company" for employees to realize their self-fulfillment and personal dreams.



05



BUILD EMPLOYEE'S COMPANY



Talent Introduction

In order to attract more outstanding talents to forge ahead together with the Company, Hundsun formulated a series of policies to attract talents, always adhered to the principle of equal employment and actively carries out industry-university-research cooperation and training with major universities, and provided a competitive salary and welfare system in the industry. It was committed to building a “young and innovative” talent team of Hundsun.

Equal employment

Hundsun strictly abide by the *Labor Contract Law of the People’s Republic of China* and other relevant laws and regulations, pursue the employment policy of “open, fair and equal”, and eliminate the discrimination on the grounds of race, color, religion, gender, nationality, ethnicity, age, disability, marital status in the recruitment, selection, promotion, punishment, staff development, benefits and termination of labor contract.

Hundsun has formulated a complete Recruitment Management System and Qualifications Standards, formulated clear screening standards and qualifications for each post, made corresponding requirements and explanations on the position, core responsibilities, professional skills, general abilities and experience of the post. In addition, it stipulated the screening requirements of interviewers according to the post level to ensure the applicability and fairness of interviewers.



Hundsun has a total of 13,347 employees



27.4% of employees are female



The average age of the team is 30.6



73% of employees are engaged in technical work



More than 92.3% employees have a bachelor degree or above

Note: According to the *2022 Female Programmer Insight Report*, women make up 23.0% of the programmer population. Hundsun has a higher than average percentage of female employees.

In 2022, Hundsun had a total of 13,347 employees, of which 13,307 are from Mainland China, 7 from overseas, 33 from Hong Kong, Macao and Taiwan.

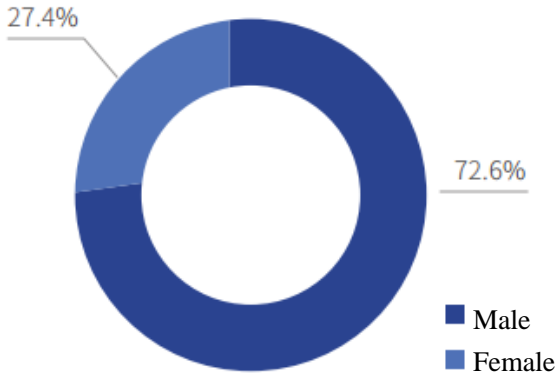
In order to optimize the staff structure and accelerate the development of the workforce, we carry out the industry-university-research cooperation with Zhejiang University, Fudan University and many other universities, and recruit fresh graduates from major universities every year. In 2022, Hundsun recruited a total of 673 fresh graduates and 350 interns.

Case

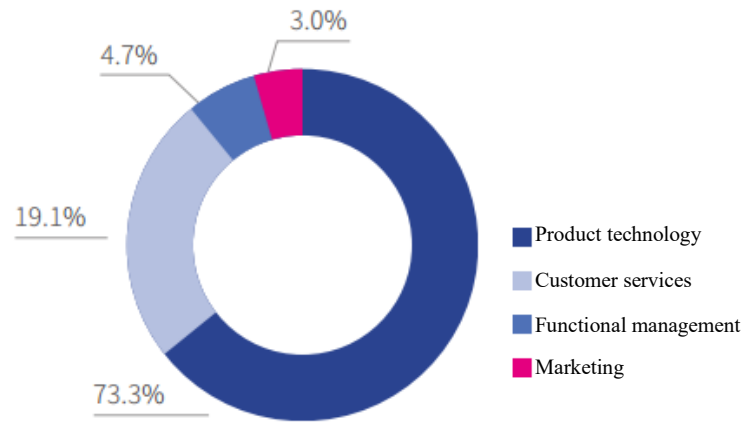
► Realize the informatization reform of human resource management

Hundsun launched the recruitment management system in 2013, and launched a new human resource management system in 2021. In 2022, we optimized and iterated the existing functions of the human resource management system and launched new modules such as employee welfare. To get through the human resource system and the surrounding system, solve the problems of data island, data flow difficulties and so on, we are committed to creating an automatic platform for selecting and retaining various scenes, so as to help the digital transformation of human resources.

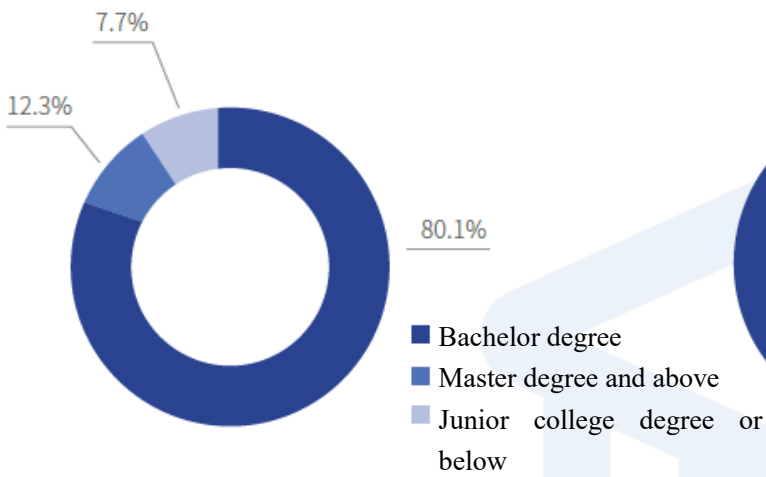
Sex distribution



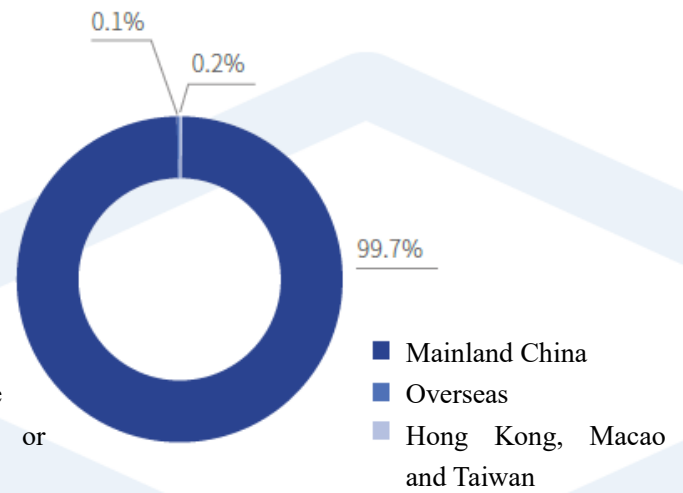
Post distribution



Degree distribution



Regional distribution



Salary and welfare system

Hundsun has established a sound salary and welfare system, and provide competitive salary in the industry according to employee posts. In addition to fixed wages, it also provides long-term incentive plans and rich welfare policies and items to enhance employees' sense of belonging, achievement and happiness.



Salary

Fixed salary, performance bonus, special incentive, long-term incentive, and multiple subsidies



Employee benefit

Five social insurances and housing fund, commercial insurance, holiday benefits, special cash gifts, health examination, shuttle bus, staff restaurant

Talent Motivation and Retention

Hundsun regards talents as the core resource for the future, and is committed to retaining key talents with sound management system and reasonable incentive measures, and constantly expanding the team of high-quality talents in the enterprise. Currently, Hundsun has established a relatively complete growth sharing plan. In terms of talent retaining, Hundsun has maintained a relatively low talent turnover rate compared to companies in the same industry.

Long-term incentive mechanism

ESOP: In order to establish and improve the benefit sharing mechanism for its employees and shareholders, enhance the cohesion of its employees and the competitiveness of the Company, the Company has formulated the employee stock ownership plan for 2020. Participants of the current employee stock ownership plan are the Company's directors (excluding independent directors), supervisors, senior managers, middle management of the Company and its holding subsidiaries, key employees, and other employees that should be motivated in the opinion of the Company's Board of Directors. In 2021, the total number of employees participating in this employee stock ownership plan does not exceed 5,500, including 16 directors (excluding independent directors), supervisors and senior managers, with an employee coverage rate of approximately 41.3%. On the basis of the first phase of the ESOP, the 2022 ESOP was launched, with a total number of participants not exceeding 600.

Stock option incentive plan: In August 2022, in order to further establish and improve the Company's long-term incentive mechanism, attract and retain talents, fully mobilize the enthusiasm of the Company's directors, senior officers and core backbone employees, effectively combine the Company's interests, shareholders' interests and core team's personal interests together, and make all parties jointly focus on the Company's long-term development, under the premise of fully protecting the interests of shareholders, Hundsun formulated the stock option incentive plan in accordance with the principle of equal income and contribution. The first grant of the plan covers a total of 267 persons, including directors and senior officers of the Company, and core management, technical and business personnel of the Company (including subsidiaries). Compared with the same industry, Hundsun's stock option incentive plan covers more people and has more extensive coverage.

Company name	Number of stocks	Number of persons	Coverage
Companies in the same industry	18.2 million	40	0.4%
Hundsun	16.66 million	267	2.0%

Equity plan of innovation subsidiaries

In order to guide the Company to enter the financial innovation business field, stimulate the entrepreneurial spirit and combat effectiveness of front-line core employees, continue to introduce Internet and innovative talents, and enhance the Company's long-term core competitiveness, the Company has launched the equity incentive plan. The employees participating in the subsidiary-level equity incentive plan include the Company's core management, core employees of business division, key front-line employees and core employees, as well as ordinary employees; the stock ownership plan is mainly applicable to the employees who have significant values and roles on the development of the Company.

HRBP system

In order to better empower the business department, Hundsun has established the HRBP system (Human Resource Business Partner). On the one hand, business management will be linked with goals, plans and schemes, there are standards, processes and manuals in the operation process, assessment, incentives, rewards and punishments in the management process, and business partners will play a supporting role. On the other hand, around Hundsun's mission, vision and value, HRBP helps confirm that business execution and oversight are in place, goals and plans are effective, standards and performance can be replicated, and assessments and indicator are specific and motivating. It is embodied in performance management mechanism, communication mechanism, incentive mechanism and talent echelon mechanism.

Retention of employees of merged & acquired companies

For companies newly joined in Hundsun through M&A, Hundsun will try its best to retain the original employees of the merged & acquired companies, and develop personalized employee retention plans according to the business characteristics and organizational characteristics of the companies.

In terms of cultural integration, in the initial stage of joining the Company, the management of the Company attended the welcome meeting of the new team in person, interpreted the essence of Hundsun culture, and adhered to the Company's culture in dealing with differences in organizational integration, and carried out cultural traction and shaping from top to bottom, and made the new team build a sense of identity and belonging. Meanwhile, in terms of products and technologies, relying on the scientific and mature management platform of Hundsun, Hundsun conducted comprehensive upgrade and empowerment. In addition to ensuring smooth transition, Hundsun helped the merged & acquired companies to further develop in a healthy and orderly manner.

Performance management

Hundsun formulated the *Performance Management System*, and organized the performance assessment as "KPI assessment". Performance grade is directly linked to bonus distribution coefficient, promotion and honor, so as to effectively motivate employees. In the performance management system, at the beginning of each year, the Company formulates annual and semi-annual KPIs at all levels according to its strategic objectives, and decomposes them down to each employee. In the semi-annual period, the performance plan can be adjusted according to the actual situation. The Company incorporated values into performance evaluation, and comprehensively evaluated personal performance grades (A/B/C) based on personal performance and values. After the completion of the performance evaluation of an employee, supervisor needs to have an interview with the employee. The employee can submit whether to accept the evaluation results through the performance system. If there is any objection to his or her own performance, the superior will provide timely feedback. At present, the performance management system of Hundsun has achieved comprehensive information management, and all online system operations such as performance plan filling, performance evaluation, performance result inquiry and result feedback.

Hundsun related employer brand awards in 2022

- ▶ China's Best Employer and Most Intelligent Employer of the Year - Top 30 Employers in China (Zhaopin)
- ▶ Outstanding Award in Human Resource Management (51Job)
- ▶ Outstanding Employer of the Year (Liepin)
- ▶ Favorite Employer for Chinese College Students (51Job)
- ▶ Kingship - Employer who Loves Talents (Zhipin)
- ▶ Popular New Employer of On-campus Recruitment (Nowcoder)
- ▶ Most Influential Employer (Haitou)

Growth and Training

Hundsun is committed to providing diverse development opportunities for its employees, developing a comprehensive training system and providing personalized course choices. In addition, we also provide employees with two different development directions: expert and management. Starting from professional level 5, employees can choose according to their own abilities, interests and career plans.



A total of 3,899 courses




More than 260,000 persons

More than 130,000 class hours

363 employees served as "lecturers" to teach and share knowledge

The Company creates a good knowledge learning atmosphere to ensure and improve the training quality and cultivate high-quality talents in the fintech industry.

Training system and programs

Training level	Trainee	Training program
 Training of young talents	New employee Campus recruitment of high-potential employees Grassroots team leaders	First-level training for new employees, intensified training for fresh graduates A Plan, Star Plan E2M
 Cadre leadership improvement	Department Manager BU Directors	Leadership Acceleration Program BU captain class and youth training class
 Professional quality improvement	All staff	"Cheese Class" Knowledge Sharing Column HSPMP Financial Knowledge Improvement



Training of young talents

Star Plan: In order to truly implement the core concept of “customer first, long-term continuous creation of value for customers”, the Company has been selecting outstanding fresh graduates to work and study at customer sites since 2022 through the “Star Plan”. Through the “Star Plan” project, the Company encourages and supports fresh graduates to enter the business site, helps them to understand the actual customer environment, cope with the increasing maturity and complexity of the Company’s products and business, and improve the overall working perspective and comprehensive ability.



A Plan: By 2022, A Plan had been carried out for 15 times in total and trained more than 550 people in total. In 2022, A Plan covered 4 classes and selected 147 outstanding fresh graduates for special training, including compulsory courses based on general ability model such as time management and problem analysis, elective modules such as technology roundtable and experience exchange meeting based on flexible selection of different majors, as well as actual projects, business scenarios, practical methodology and other challenging projects based on real needs, so as to train Hundsun’s reserve talents.

E2M: In 2022, Hundsun created 21 online high-quality courses for grassroots managers, covering nearly 1,000 grassroots managers, and carried out the offline course *The First Class of the Leader of the Basement Group (Role Change)* for 30 high-potential grassroots managers.



Cadre leadership improvement

Youth training class: Hundsun continues to build a management training system, pays attention to the new cadres and reserve, and trains the Company’s future leaders. In 2022, the thesis defense and completion ceremony of the third season were carried out, and 30 executive trainees successfully completed their courses.



Professional quality improvement

HSPMP program: Hundsun preliminarily established the knowledge system, training system and certification system for the growth and development of project managers, and efficiently incubated project management talents, in order to improve the success rate of the Company’s projects and provide strong guarantee and support to achieve the project objectives. In 2022, with PMP certification as the starting point, the Company carried out project management training, counseling and certification.

Encourage and support personal growth of employees

In order to enhance professional ability and financial literacy of all staff, Hundsun established a certification center to encourage all staff to obtain the financial qualification certificate, including all kinds of financial qualification examination (securities, fund, futures, banking, etc.). In 2022, the Company was also approved as the pilot of vocational skill level recognition by the Department of Human Resources and Social Security, and carried out the recognition of computer programming staff internally.



Employee Care and Communication

Hundsun is committed to creating a “happy workplace”, providing employees with harmonious and comfortable, digital intelligent office environment, encouraging healthy, happy and efficient way of working through multiple benefits and security, services and activities, bringing a higher sense of belonging and cohesion, combining the employees’ personal value with the Company’s value, and creating a working atmosphere of equality, respect, freedom and openness.

Security and Benefits

Hundsun actively protects the rights and welfare of employees and extends the benefit to their families, and accompanies them to go through important stages. The Company provides security benefits for employees, and provides commercial insurance benefits for regular employees (covering outpatient and serious illness compensation), and also provides free tiered commercial insurance benefits for employees’ families according to the employees’ service time in the Company. In addition, the Company continues to deliver rich holiday benefits to employees, including Spring Festival cash gifts, red packets for opening, and Mid-Autumn Festival benefits.

Care for female employees: We pay attention to promoting women’s employment, strictly implement the provisions on female employees’ leave during pregnancy, childbirth and lactation, and ensure that female employees have equal salary and welfare as well as career development opportunities. We have elevators and fast track for meals for pregnant women, and set up love parking spaces for pregnant women in the parking lot and exclusive mother-and-baby rooms in the office building.



Total number of employees on maternity leave			
	Year 2019	151	persons
	Year 2020	114	persons
	Year 2021	185	persons
	Year 2022	179	persons

Safety and health

The Company pays attention to the physical health of employees. It provides health examination and interpretation of physical examination report for all staff every year. Meanwhile, it also provides expert health consultation, free diagnosis and health lectures. In addition, “Lv tong” provides professional medical consultation and related medical services for employees. Hundsun sets up the sun Hundsun first aid team and floor safety manager team to provide first aid services for protecting the safety of the building and nearby residents. The building is also equipped with AED (automated external defibrillator) to provide support for golden first aid 4 minutes.

Hundsun continues to focus on the psychological growth and development of its employees. In 2022, the Company continued to optimize the “Hengxin” EAP program, and organized psychological training courses by regularly releasing popular science tweets and situational dramas about physical and mental health knowledge every year, covering more than 10,000 employees of the Company. Based on the needs of employees’ families, it set up a parent-child workshop and invited authoritative experts in the education sector to open salons. At the same time, the EAP program team launched the *Manager Manual* jointly with professional consulting institutions to help improve the ability of EAP ambassadors and grassroots managers to identify common psychological problems of employees and the relevant handling methods and skills.

At the same time, through the internal hotline and external 7*24 hours consultation appointment hotline, Hundsun answered employees in stress management, parent-child relationship and other aspects. The internal EAP ambassador team set up by the Company covered the Company’s departments in a network manner, and the program team cooperated with the ambassador team to provide condolences to foreign platforms and employees on business trips.

Employee activities

Hundsun is committed to creating a happy workplace, focusing on employee feelings, meeting the needs of all kinds of groups, focusing on humanistic care, carrying out colorful employee activities, creating a happy and harmonious workplace atmosphere, and injecting vitality into the workplace for employees.

Hundsun focuses on the parent-child relationship of employees. Since 2004, it has held parent-child activities every year to increase the connection between employees and their families through parent-child interaction. In 2022, we sent Children’s Day gifts to more than 3,700 Hundsun babies and organized the exhibition of Hundsun babies’ works of “Different YOUNG in Childhood”.



The Company pays attention to growing together with the employees. Since 2012, in order to pay tribute to the continuous dedication of the old employees, the Company has held the celebration themed by “Always have you go forward together” every year. In 2022, Hundsun sent blessings to its employees for their 10th anniversary (10 Years’ Youth), 15th anniversary (Time Without Regret), 20th anniversary (20 Years’ Fragrance) and 25th anniversary (Golden Years) in various forms such as special birthday party, “cloud party” and departmental birthday party.



The Company is concerned about the happiness index of young employees. In order to create a happy space, and create a harmonious interpersonal relationship, youth fellowship activities have been a tradition in Hundsun for about 15 years. In 2022, the Company upgraded it to “Heart meets Hundsun” program to help young employees make friends through online and offline interaction and other ways.

Hundsun has gathered those with the same interests to set up their own distinctive circles. As of 2022, the Company has set up 10 circles (namely, the running circle, photography circle, music circle, movie circle, board game circle, parent-child circle, animation circle, U-point creative circle, pet circle and food circle) and carried out a variety of employee activities.

At present, Hundsun Union has 14 staff clubs, covering basketball, football, badminton, table tennis, tennis, table tennis, cycling, painting and calligraphy, parent-child, fishing, yoga, etc. There are a total of 1,100 club members. Employees in Hundsun can also find their favorite activities and like-minded friends. Each club holds or participates in 1-2 large activities every year, and interacts with enterprises on behalf of the Company.

In addition, Hundsun also has a service association (Hundsun Sunshine Volunteer Association), and a fixed party member activity day, first aid skills training, photography exhibition, art exhibition, weekend cinema, etc., so as to stimulate the vitality and creativity of employees.

Employee communication

Hundsun advocates humanized and transparent management, actively communicates with employees through a variety of channels, listens to employees' suggestions on all aspects of the Company, gives timely feedback and formulates action and plan to optimize the system and process, enhances employees' understanding of the Company's strategy, core business, corporate culture and core value, and enhances employees' confidence in the Company.

Hundsun's internal communication channels include:

▶ Functional satisfaction survey

Hundsun has been conducting functional satisfaction surveys since 2007, inviting all employees to rate and make suggestions for each functional department. In 2022, over 2,300 employees participated, and 2,402 comments and suggestions were received. The comments and suggestions fed back by employees were analyzed by relevant functional departments, and improvement measures were formulated and absorbed into the annual work plan, which promoted the optimization of the overall functional work of the Company.



▶ Staff meeting

At the annual meeting of the Company at the beginning of each year, the Chairman and the President pass on the Company's strategy and business layout to the employees, report the key information of business development, and commend the excellent team to boost the morale of the employees.

▶ Hundsun E community

Hundsun **E** community

Build an internal cross-departmental and flat communication bridge, pay attention to the voice of employees, and create an open, equal and transparent communication atmosphere within the Company. The forum covers all aspects of employees' work and life, links employees from all over the country, and supports employees to play the role of masters and provide positive suggestions for the development of the Company.

▶ Employee suggestion platform "T+2"

Employees are encouraged to put forward suggestions on the Company's processes, tools, systems, policies, cooperation, team management, culture, training and development in real-name or anonymous form. Treatment or feedback will be given within two working days. In addition, in the process of communication and fact confirmation, the information of the proposer will be desensitized.

► **Staff exchange meeting**

“Mr. Liu has a dinner party”. The Chairman communicates with excellent grassroots team members every year. “The President can be met once in a lifetime”. The President shares and communicates with mid-level cadres from time to time.

► **Executive mail**

The President communicates with all staff by e-mail from time to time.

Corporate Culture

Engineering culture

◀ ▶ **Technological culture**

Technology is the core competitiveness of Hundsun. Since its inception, Hundsun has been committed to building engineering culture. Hundsun encourages employees to innovate and use the code to change the world. The Company selects the quality star and the quality red list, so that the excellent example can infect every employee around.

In order to let the internal developers feel Hundsun’s technological culture of open innovation, quality efficiency and willingness to share, the Company launched the LIGHT technology competition. Through the team competition, the Company made the staff attach importance to the quality of code and interested in technological innovation. In 2022, we linked Hundsun’s employees and Hundsun’s customers to participate in the R1 Geek Ladder individual competition and R2 Geek Union team competition. The total number of participants reached 6, 908, and 75 teams registered for the team competition.



The Company encourages technology sharing and the inheritance of excellent experience. For internal employees, the Company published the technical journal *Hundsun Technology*, which contains articles related to cloud native, front-end technology, distributed technology, database, big data, artificial intelligence, blockchain, user experience and other cutting-edge technology fields. The submitted text is original from the Company’s technical staff.

The Company encourages technological innovation, turns inventions into patents, and enhances employees’ awareness of intellectual property rights protection and enthusiasm for invention and creation through activities such as Intellectual Property Rights Week and Patent Month. Every year, the Company launches a Technological Culture Week on Programmer’s Day (October 24). Through abundant technology activities and technology award selection, the Company lets the internal staff feel the technological culture of open innovation and willingness to share.

◀ ▶ **Technical evangelism**

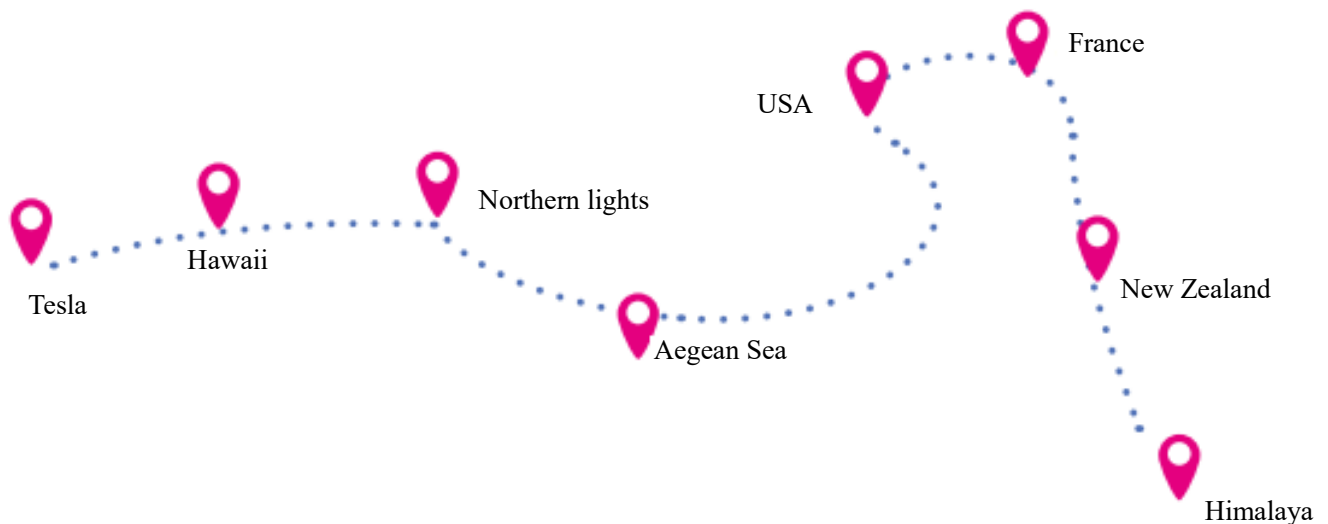
The Company released a series of special trainings of “evangelism plan”, focusing on the improvement of technical ability, and launched excellent courses including architecture design, technical development, testing, cutting-edge technical insight and technical platform analysis, which formed a professional technical training output platform of the Company.

In 2022, a total of 66 courses were given, covering 5 online learning groups, with the total number of students of nearly 5, 000, the cumulative learning person-time of more than 110, 000, and the cumulative learning time of over 3, 500 hours.

Challenge culture

Hundsun advocates a corporate culture that dares to challenge and innovate. The challenge series is the Company's internal brand culture activity different from the daily KPI assessment. The Company starts a new challenge theme every year to encourage each grassroots team and each member of the team to use their own motivation, and do challenging things with outstanding people. Challenge registration is opened at the beginning of the year, key goals are set by the team, and results are displayed in stages during the period. If the challenge is successful at the end of the year, the team will be eligible to enter the annual awards pool to hit the peak of glory, draw and enjoy the annual challenge awards, so that the exclusive memory of the challenge will be left, the sense of goal and responsibility of the staff will be strengthened, and the self-growth of the grassroots team will be driven, which reflects Hundsun's corporate culture of breaking through innovation and challenge.

From challenging Tesla in 2014, challenging Hawaii in 2015, to Dream Challenge in 2022, the challenge series has gone through 9 years. In the Dream Challenge in 2022, we have gathered nearly 600 teams, covering over 60% of physical grassroots teams and 160 virtual teams.



Core value iteration

In 2018, Hundsun updated the core values "Customer first, integrity, professionalism & dedication, opening up & cooperation, continued growth". In 2022, in order to better support the realization of the Company's vision and mission, and support the realization of strategic goals, Hundsun's core values were also optimized and iterated, adding the new value "dedication and responsibility". All Hundsun people are expected to face the difficulty, be brave to take on heavy responsibilities, and continue to work hard for the realization of Hundsun's mission and vision.

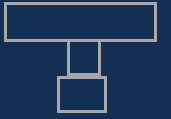
In order to make all staff better understand and practice the new core values, first of all, at the cadre level, the Company organized research and study to make cadres play a role of exemplary leadership. Secondly, at the level of all staff, the Company launched the online fun course of new core values, and 9,866 people took the initiative to learn it, with a coverage rate of 74%.



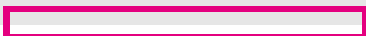
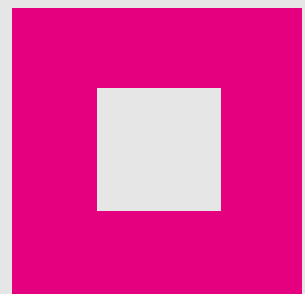
Observe Business Ethics

Hundsun always puts compliance management, information security and data protection in the first place, and it is committed to providing customers with safe and reliable products and solutions. In terms of protection of intellectual property rights, Hundsun strictly complied with the laws and regulations on intellectual property rights, and actively publicized and implemented the protection of intellectual property rights, including trade secrets. As for responsible procurement, Hundsun conducted procurement according to the principles of fairness, openness and justice, and signed and performed contracts with suppliers according to the basic principles of honesty and trustworthiness.

06



OBSERVE BUSINESS ETHICS



Information Security and Privacy Protection



Hundsun attaches great importance to information security and regards information security as one of the Company's core competitiveness. By establishing a complete information security assurance system, Hundsun has set an industry security benchmark, provided professional security technical support for the Company and its customers, and created a safe and credible business platform.



In the financial industry, information security is also the top priority in enterprise information construction. As a key unit of the "Large Internet Enterprises for Special Network Security Protection in Zhejiang Province", Hundsun has been implementing the national security work and national security strategy requirements, fully protecting the enterprise information security and data security, and fulfilling the compliance requirements and major issues necessary for the State. Hundsun has hired a third-party assessment institution every year to comprehensively assess information technology risk, control mechanism of each risk point and the effectiveness of the control mechanism. In 2019, Hundsun participated in the Zhejiang Information Security Administrator Knowledge and Skills Competition and won the provincial-level third prize.

In 2008, Hundsun passed the testing certification of ISO27001 information security management system for the first time. ISO27001 is currently a representative information security management system standard in the world, and an important reference for the enterprises to build an information security management system. After certification, Hundsun accepts supervision and audit every year and is re-certified every three years. The latest certificate is valid until December 2023, thus guaranteeing that the Company has sufficient and targeted security control options.



By the end of 2022, five major business systems of Hundsun and its holding subsidiaries have passed the assessment and filing of network security classified protection and were regularly retested. The relevant business systems have passed more than 300 items of detailed requirements for information protection, data security and confidentiality technology, including the Classified *Criteria for Security of Computer Information System*, the *Information Security Technology - Baseline for Classified Protection of Information System Security*, the *Information Security Technology - Common Techniques Requirement for Information System Security*, the *Information Security Technology - Security Techniques Requirement for Server* and so that its customers can enjoy the highest level of security in the industry in terms of resources, data and property. The products of its holding subsidiaries have passed the Payment Card Industry Data Security Standard (PCI DSS) security certification, including security management, security policies, processes, network architecture, software design requirements and data security protection requirements, to fully guarantee transaction data security.

Hundsun's privacy and data security have been put under executive management. The Company's President is responsible for the overall control, responsible for the Company's overall information security and privacy protection, and strengthening the data security system and emergency prevention capacity building.

In addition, Hundsun has established leading security technical means and a comprehensive information security management system to ensure that information assets and important data are safe. The Company has established multiple layers and sets of security detection and protection systems such as firewall, threat intrusion detection, threat detection and threat discovery to protect business information and core data from malicious attacks.

In 2021, in response to the requirements of the Personal Information Protection Law of China, Hundsun carried out the special governance inspection of privacy protection, and conducted data control on the R&D process and operational support with respect to the Company's self-sustaining system and conducted inspections on privacy protection through technical means of self-inspection and third-party service evaluation. In addition, it organized the interpretation and training of special laws to effectively strengthen the legal compliance management of the Company. At the same time, in order to strengthen the implementation of security management and control, the Company regularly carried out security audits of the headquarters and subsidiaries, analyzed and improved existing problems, and further improved the overall information security level of the Group.

Hundsun issued the company system *Legal Risk Prevention Management System*, which stipulates that Hundsun's data protection policy covers the Company's technical information and business information involving trade secrets. Hundsun has formulated the Hundsun's *Electronic Information Security Management System* for its employees, which clarifies information security policies, strategies and goals and controls the human resources safety, information assets safety, physical and environment security, communication safety, software development and maintenance safety and operation safety.

Hundsun has formulated responsibilities and ability requirements related to information security and service management, and conducted information security skills training for personnel involved in information technology services and information security management every year. The Company formulated information security training plans and courses for all employees, and organized all employees to conduct online training and examinations. At the same time, it further enhanced employees' awareness of information security through the forms of safety tips, safety tweets, safety cartoons, etc.

The Company formulated the *Emergency Management Standard* and conducted regular emergency drills to further improve the coordinated emergency response and actual capabilities of all relevant departments and enhance the comprehensive handling level of emergencies. The Company evaluated and supervised the emergency drills of business operation and maintenance and Light cloud basic operation and maintenance teams from the technical level, gave early warning and prompt to security incidents, and guided the emergency treatment from the security perspective.



Data security protection

Hundsun has been committed to protecting customers' privacy and data security. In order to standardize employees' professional behavior, improve service safety and compliance awareness, and ensure customers' information security, Hundsun formulated the Work Specifications on Customer Service Security and Compliance in 2016, covering package release specification, on-site implementation specification, and remote operation specification. In 2021, Hundsun revised the *Work Specifications on Customer Service Security and Compliance*.

For third-party service partners, Hundsun only provides employee information for employee protection, such as: buying insurance, etc. Hundsun will sign a confidentiality agreement with the service provider to legally bind such data.

In 2022, in order to ensure the security of data assets, Hundsun formulated the corresponding data classification and use specifications to control the storage, use, transmission and destruction of data. Software assets (such as source code and technical documents) of the Company are managed by the Information Security Center at the corporate headquarters. Software asset data of the Company is backed up by both disk and tape. Disk backup is a daily incremental backup, and tape backup is a monthly full tape burn and annual full tape burn to ensure the integrity of software asset data. An independent and protected research and development environment is created for the core data by security protection mechanism such as virtual desktop infrastructure and data leakage prevention to prevent the leakage of the core software assets. Through threat intelligence and Internet risk monitoring, sensitive data is regularly reviewed. Meanwhile, real-time hot backup of primary and secondary data, redundant storage, multi-place backup, and emergency drills are adopted to ensure the security, reliability, and continuous availability of service data.

As a holding subsidiary of Hundsun, Gildata strictly complied with the relevant regulations on information security by the national competent authorities, departments of securities, press and publication, radio and television, post and telecommunications, public security, industry and commerce and other administrative departments. The data information processed by Gildata includes: information about the issuance, trading and related activities of securities issued by securities authorities, stock exchanges, listed companies or other legal institutions according to legal procedures; information such as analysis reports and comments on the prediction of the securities market trend and other aspects made by securities institutions, securities consulting service institutions and stock analysts, etc. that may affect the price of the securities market; macro-economic and industrial economic information released by national departments or professional institutions. Gildata advocates the purpose of rational investment, and the information released always adheres to the principle of not making, believing, or spreading rumors, and never spreads all kinds of rumors and false information.

In terms of ensuring data security, "Gildata Application Data" has established a disaster recovery operation system after analyzing various abnormal events, consisting of two sets of production and application database systems that are mutually backup (the data of the two systems are subject to real-time synchronization) and three sets of managed server groups in Shanghai and Beijing (used to synchronize users' application databases). Once any local abnormal and uncontrollable disaster (such as earthquakes, plagues, etc.) occurs, the remaining system can still operate normally, so as to ensure the continuous updating of users' information.

Data security policy

- ▶ It is forbidden to modify customer environment data without authorization.
- ▶ It is forbidden to access customer data without authorization.
- ▶ It is forbidden to spread any information obtained from customers.
- ▶ It is forbidden to modify the source code of the release package without authorization.
- ▶ It is forbidden to conduct remote access to any customer's environment.
- ▶ It is forbidden to log in to any customer's intranet system by using media such as U flash disk without authorization.
- ▶ It is forbidden to change any customer's system without authorization.

Measures for protection of employee data security

Hundsun's employee information is stored in the HR system of the Company, which has a strict authority mechanism and realizes the hierarchical management mechanism of data from the system to the system that can be monitored. There are two scenarios for querying employee data:

► Employees query their own information

Employees can query their resume page through HR system, and can only query their registration information in the Company.

► The Company uses employee data

The Company generally does not provide employee information. If the Company has the need to provide employee data, such as employee data analysis, employee situation in the Company, etc., the demander shall submit the process of *Providing Employee Materials* in the system and get approval from the department head and HR head. After the approval, the human data manager shall provide it according to the *Measures for Management of HR Data Manager*. Human data manager provides data usually in the form of attached encrypted E-mail to the data demander.



Protection of Intellectual Property Rights

Hundsun strictly complied with the laws and regulations on intellectual property rights, and actively publicized and implemented the protection of intellectual property rights. The Legal and Compliance Department coordinated and managed the Company's intellectual property protection, and actively took various legal measures to severely crack down on unfair competitions such as infringement of company trademarks, copyright and patents rights. In addition, Hundsun also reduced the risk of infringement and prevented infringement of others' intellectual property rights by formulating and implementing the systems and procedures for the identification, investigation and use of infringement risks of third-party intellectual property products.

In order to strictly manage and effectively protect the independent intellectual property rights of the Company, Hundsun issued the Regulation on the Management of Software Copyright and Patent, the Guidelines for Copyright Registration, the Guidelines for Patent Management, the Guidelines for Intellectual Property Transfer and Licensing and other related systems, and conducts classified management over copyright, patent rights, trademark rights, trade secret rights, network domain name rights, enterprise names, etc.. In 2018, Hundsun successfully passed the audit of intellectual property management system and obtained the Intellectual Property Management System Certificate. Since the certification, Hundsun has been subject to supervision and audits every year. Re-certification is carried out every three years. The latest certification is valid until July 2024.

In order to protect Hundsun's trademark intellectual property rights, and maintain the Company's brand image, Hundsun pays great attention to trademark registration and maintenance, especially the registration, renewal, etc. of the core Category 9 and Category 42. We issued the *Brand Asset Management System*, and the Brand Public Relations Department is responsible for the unified management of trademarks, the review and authorization of new trademark registration of the Company and its holding subsidiaries, and the joint review of relevant departments. In 2022, Hundsun started trademark management system for online management, precipitation of brand assets through digital means, and unified management, protection and operation of trademarks.



In 2022, 99 new patents for invention were applied, with a total of 350 patents, among which 162 patents have been obtained

In 2022, 54 new software copyrights were registered, with a total of 500+ copyrights

In 2022, 28 new new trademarks were applied, with a total of 400+ trademarks

Compliance Management

Technology empowers finance and technology supports supervision. As a fintech company, Hundsun has been serving the financial market, keeping in mind the principles of “embrace supervision and make prudent innovation”, and actively promoting the healthy and efficient development of the financial market.

As technical services are included in the scope of supervision, Hundsun has been consistently embracing supervision, paying close attention to changes in supervisory policies, and actively promoting the implementation of relevant supervisory policies. The Company has established a perfect legal risk prevention system, and has set up a special legal risk prevention department - the Legal Compliance Department. The Company has been approved by the judicial department to establish the Company’s legal department, and has professional legal workers. In December 2020, Hundsun completed the filing of information technology service organizations as one of the first batch of enterprises.

Hundsun always maintains compliance sensitivity, maintains communication and interaction with relevant government authorities, industries and partners, disseminates compliance concepts, shares compliance practices, and works with the regulators and partners to create a good ecological environment that is conducive to industrial development.

Related-party transaction review

In strict accordance with the *Rules Governing the Listing of Stocks on Shanghai Stock Exchange* and other regulations, the Company examines and approves related-party transactions in accordance with relevant procedures. The audit committee and independent directors conduct a special audit on the authenticity of related-party transactions and the fairness of the pricing of related-party transactions and issue independent audit opinions. The Company discloses information about related-party transactions in accordance with relevant regulations, and the information disclosed is true, accurate and complete in accordance with relevant rules of the exchange.

Introduce full-time legal compliance executives

In 2022, Hundsun introduced full-time legal compliance management personnel to be responsible for the Company’s overall compliance risk prevention, responsible for forming a special anti-fraud supervision team, and strengthening the anti-fraud system and case investigation and disposal capacity building.

Focus on the construction of compliance risk control system

In order to effectively identify and manage compliance risks in business, Hundsun actively prevents the violations and promotes the compliance and safety development of the Company. Hundsun has set up the Legal Compliance Department to fulfill compliance functions, and takes the lead in the domestic financial technology field. The operating mechanism of compliance risk control & management and compliance supervision has been established and implemented, and the compliance risk control system has been established. The compliance of business units and subsidiaries can be monitored and managed in a timely manner to promote compliance management and ensure steady operation.

Integrate compliance operation into various business scenarios

During the entire life cycle of the planning, approval and online operation of new businesses, Hundsun provides compliance guidance, assessment, monitoring and auditing, clarifies compliance requirements, promptly and effectively identifies and prompts potential internal and external risks, so as to ensure that the business units and subsidiaries operate in compliance, and continuously promote the industry development with safe and compliant services.

Clarify and implement customer access standards

In some immature emerging industries, the organizations' operating capabilities and compliance awareness are inconsistent, easily leading to risk events. Hundsun's integrated business involves relevant factors such as regulatory requirements, required qualifications, customer operating capabilities, user risk credit status and background, and customer access requirements are sorted out and clarified. The existing business of all business units and subsidiaries have access standards, and those groups that fail to meet the access requirements after review would be resolutely rejected. Examined whether the access standards were in line with the business change and development by means of compliance audit year by year, and continuously updated the same.

Carry out compliance publicity, and the awareness of compliance is deeply rooted in people's hearts

The Legal Compliance Department of the Company set August as the "Legal Compliance Culture Publicity Month" every year, signed the *Compliance Commitment Letter* on the electronic signing platform, invited external professional lawyers to provide on-site legal consultation, and conducted a series of legal compliance lecture courses about "Legal Courses at Work". In order to improve the employees' knowledge of legal compliance, it conducted the examination about employees' knowledge of legal compliance. In addition, the Legal Compliance Department of the Company regularly publishes *Compliance Watch* every year, inviting experts from the Company or industries to discuss about legal issues related to financial technology and innovative business forms.

Intensify efforts to fight corruption and advocate integrity

Fighting corruption and advocating integrity is an important guarantee for the stable development of an enterprise, and integrity is Hundsun's corporate value. At the institutional level, the Company has issued the *Anti-fraud Management System* to clarify the employee code of conduct based on the *Existing Employees Management System* and the *Administrative Measures on the Receiving of Gifts by Employees*.

95% of the staff signed the compliance commitment letter

A total of 11, 500+ employees completed signing

100% executives completed signing

Since 2018, Hundsun has been continuously strengthening the construction of a compliance culture against corruption and fraud. 40 managers signed the *Integrity Undertaking* issued by the Legal Compliance Department and Audit Office of the Company. The Company continued to strengthen the promotion of legal and compliance culture (including online anti-corruption course training and examinations) and enhance the anti-corruption awareness of the staff. In addition, the Company implemented the complaint reporting mechanism, and further promoted the establishment of good corporate images of fair competition, honesty and trustworthiness.

In 2022, Hundsun strengthened anti-fraud training and post certification examinations for employees, and implemented the signing of the letter of integrity commitment for sensitive key positions and key points.

The Company holds a zero tolerance attitude towards fraud, advocates the core value of integrity, and creates a corporate culture environment conducive to anti-fraud. The Company opens an anti-fraud report mailbox, accepts anonymous reports and real-name reports, ensures the confidentiality of whistleblowers' personal information within the scope permitted by law, carefully handles all effective reporting information, and conducts independent investigations.

Hundsun set out a series of systems to protect whistleblowers in the *Anti-fraud Management System*: anti-fraud staff should be loyal to their duties, keep secret, and keep the whistleblowers' identity information and report materials strictly confidential to effectively protect the legitimate rights and interests of the whistleblowers. Those who leak the whistleblowers' information illegally or retaliate against the whistleblowers will be removed from their posts and their labor contracts will be terminated. Those who violate the law will be transferred to judicial organs for handling according to law. Whistleblowers should be protected in assisting investigations. The Company shall not disclose the identity information of whistleblowers unless it obtains the consent of whistleblowers when publicizing the report and rewarding the meritorious whistleblowers.

[Reporting channels]

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Tel: 0571-28829409

Address: Legal and Compliance Department, Hundsun Technologies Inc., Digital-intelligence
Hundsun Center, No. 1888 Binxing Road, Binjiang District, Hangzhou

Respond to supervision policies, timely promote and train

In 2022, Hundsun conducted compliance safety training and examination certification for employees in different position sequences to enhance employees' awareness of compliance safety. In 2022, Hundsun published 23 issues of compliance newsletter, 38 detailed policy interpretations, with the audience per issue/time of 2, 500+ important employees, and 297 targeted interpretations for business-related BU employees.

The institutions that issued the documents include: the People's Congress, The State Council, the National Development and Reform Commission, the Ministry of Industry and Information Technology, the Ministry of Science and Technology, the Ministry of Public Security, the Supreme People's Court and the Supreme People's Procuratorate, the State Administration for Market Regulation, the Cyberspace Administration of China and other ministries and commissions, China Securities Regulatory Commission and their subordinate bodies, local securities regulatory commissions, industry associations, People's Bank of China, insurance regulatory commissions, exchanges, futures exchanges, clearing companies, interbank markets, local financial offices and local governments. The policies include: 148 new policies (including laws, administrative regulations and rules) + amendments, 58 drafts for comments + drafts, and 36 regulatory actions and punishment cases.

Actively participate in compliance public welfare activities

Hundsun, as the President of the Association for the Promotion of Criminal Compliance of Binjiang District, actively participates in the compliance research and the compliance public welfare activities of the association, and provides the compliance system construction assistance for science and technology, production, manufacturing and other real economy small and medium-sized enterprises within the jurisdiction. In 2022, Hundsun helped a medical company within the jurisdiction.

Code of business conduct

In order to better implement the value “customer first”, adhere to the “efficient, professional, transparent” service concept, implement the first-inquiring responsibility system, and standardize the key behavior and communication elements, Hundsun developed the *Service Canon*, requiring every new staff to include the Service Canon into the compulsory course, the front-line supervisor to set an example, regularly organize learning and summary, and employees to strictly comply with the *Customer Service Safety and Compliance Specifications*. Here are some excerpts:

- ▶ Do not promise or refuse customers’ demand without authorization.
- ▶ Lock the screen when you leave the computer during work to avoid the leakage of customer data or information.
- ▶ Regularly sterilize the computer and related equipment used in work.
- ▶ Do not drop out of groups or unfriend customers.
- ▶ Do not discuss with customers about business price or Hundsun’s important information disclosure.
- ▶ Do not upgrade untested packages/scripts /Beta packages to production environment.
- ▶ It is forbidden to change a customer’s system without the customer’s permission.



I Responsible Procurement

Hundsun conducted procurement in accordance with the principles of fairness, openness and impartiality, and concluded and performed contracts with suppliers based on the basic principles of honesty and trustworthiness. During the whole procurement, it always abides by relevant national laws and regulations, such as the *Bid Invitation and Bidding Law of the People's Republic of China*, the *Regulations for the Implementation of the Bid Invitation and Bidding Law of the People's Republic of China*, the *Product Quality Law of the People's Republic of China*, the *Law of the People's Republic of China on Anti-unfair Competition*

Institutionalized supplier management

According to the policy of “unified management and centralized procurement”, Hundsun has formulated the Procurement Management System for effective management of supplier bidding and management audit. According to the Company's business needs, the Procurement Demand Department initiates procurement applications in the Company's collaborative system according to different procurement types, divides the procurement process into 12 processes, and manages and controls them in the process. Hundsun carries out strict management on the supplier's warehousing to ensure that the products and services provided by the supplier are “responsible” and avoid the associated liability risks. The procurement requires investigation and verification of the qualification of the supplier to be selected, and the supplier shall provide the *Supplier Credit Investigation and Evaluation Form* to ensure that the supplier has the relevant qualification. The Procurement Management Department will conduct supplier credit rating on an annual basis. The supplier shall sign the *Anti-Commercial Bribery Commitment Letter* when warehousing, and the Procurement Management Department shall sign the *Honesty Commitment Letter of Procurement Personnel* every year to avoid the exchange and transfer of interests in the procurement process.

For the supplier's data security and privacy protection policy, Hundsun will sign the *Confidentiality Agreement* with the supplier to protect both parties' operation, investment plan, employee information, user data and other operating data, as well as internal management information and related financial data, status and other financial information, social network, human resources and customer information.

Digital supplier management

Hundsun built a supplier management system to achieve the digitalization of procurement behavior through the digital procurement platform, achieve online collaboration and self-service, and achieve supply chain closed-loop management of the whole scene, the whole process and the whole cycle. The online bidding system connects key nodes such as online publishing, online bidding and online scoring into a complete work chain, so as to make the whole process of enterprise bidding online and digital, improve efficiency and reduce costs.



Charity and Community

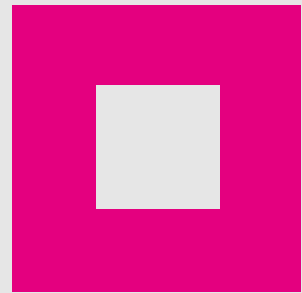
As a corporate citizen, Hundsun hopes to assume social responsibility better in the community. Hundsun Foundation was formally established in 2016. Hundsun Investor Education Base was put into operation in 2017. Since its establishment for more than 20 years, Hundsun has been based on sustainable development, and has made continuous contributions in areas such as targeted poverty alleviation, caring for autistic children, finance business education for teenagers and green and environmental protection. At the same time, Hundsun actively expanded cooperation in Industry-University-Research, and united universities to carry out various school-enterprise cooperation modes to realize the joint sustainable development of enterprises and society.



07



CHARITY AND COMMUNITY





Hundsun Foundation is committed to deeply integrating technical expertise with public welfare, actively exploring new sustainable public welfare models, participating in public welfare practices, and influencing more people to participate in public welfare undertakings.



Public Welfare Charity



Hundsun Foundation

Hundsun Foundation was established on December 26, 2016 under the administration of the Zhejiang Civil Affairs Bureau and is a non-public charitable organization. Hundsun Foundation is committed to deeply integrating technical expertise with public welfare undertakings, through active public welfare practices, to influence more people to participate in public welfare undertakings to promote sustainable development. In 2019, Hundsun Foundation passed the provincial social organization evaluation by the Zhejiang Civil Affairs Bureau and was rated as an AAAA-level social organization.



“Future Financier” FQ education public welfare classes

Benefited **1,740** teenagers in 2022, a total of more than **11,940**

Caring for autistic children rehabilitation projects

Benefited **40** families with autism difficulties in 2022, a total of **200** families

Financial risk prevention for middle-aged and elderly people

Benefited **154** middle-aged and elderly people in 2022, a total of more than **854**



In 2022, the Hundsun Foundation organized more than 32 public welfare activities with participation of 3,678 voluntary service participants, and the recipients of public welfare projects reached 4,850, and the total amount of public welfare assistance reached RMB 7,285,400.

“Pass on smile”, help people with disabilities improve their competitiveness in employment

In December 2022, Hundsun Foundation collaborated with Smile Coffee, a heart-warming coffee brand with stories. More than 85% of baristas and waiters in the store were deaf and mute. Hundsun provided rent-free venues for Smile Coffee, and donated some of the income from LIGHT PARK store of Smile Coffee to the foundation, which was then used to provide training for deaf and mute individuals on coffee making and baking skills.

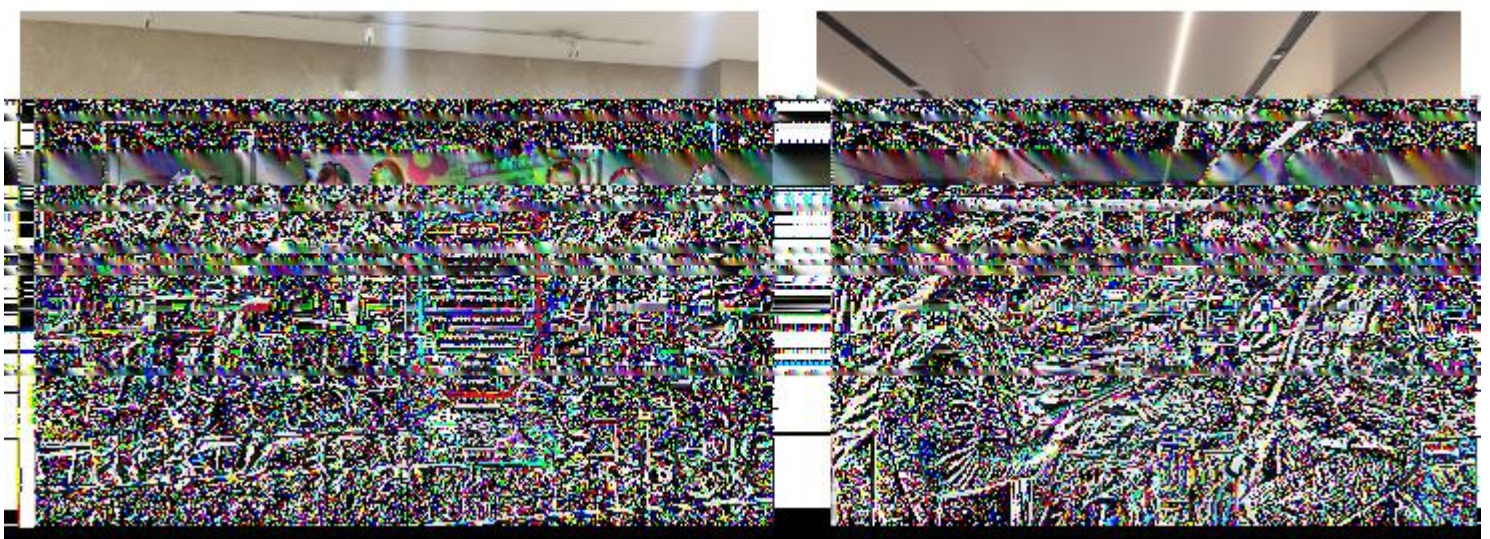
“It is more helpful to teach people how to fish than to just given them fish”. Hundsun hoped that through the subbranch of Smile Coffee, more people would get equal opportunities to work and achieve self-reliance. Every Hundsun employee who buys a cup of coffee or a piece of bread is also doing a public good.



“Light up the stars”, care for autistic children for 10 years

Guard every star for love for ten years. In 2012, Hundsun began to pay attention to the rehabilitation and rescue of autistic children, and cared for this special group by organization of material donation, charity sale of paintings, establishment of rehabilitation classrooms, volunteers companion and other ways of assistance. For this purpose, the foundation set up a special project – Light up the stars Action. By the end of 2022, the foundation had collected more than RMB 2 million in donations and materials for autistic children in Carnation Children’s Rehabilitation Center, and had helped 480 families with autistic children.

Hundsun encourages employees to widely participate in public welfare activities. Every year, it holds the micro public welfare activity “Micro love action – guard the star children”. Through star art exhibition, online subscription, charity sale and other activities, it enhances the attention and care of employees and people from all walks of life for autistic children.





Fight against COVID-19

As a listed enterprise with a sense of social responsibility, Hundsun was the first to join the fight against COVID-19, and used its technological advantages to help the epidemic prevention and control. Since 2020, Hundsun Foundation, together with Hundsun Party Committee, has donated RMB 2 million to the district Red Cross Society for the fight against COVID-19, and later donated medical and epidemic prevention materials worth more than RMB 270, 000.

During the 2022 Spring Festival, Hundsun organized a volunteer preparation team, with 225 volunteers, 167 people dispatched in total, and more than 1, 000 hours of service.

Case

▶ Digital response

Hundsun used its technological advantages to actively help the epidemic prevention and control. After receiving the demand from the Binjiang District Civil Affairs Bureau, 40 volunteer programmers formed a “technical team” to complete the delivery of two systems within 36 hours, namely, the epidemic prevention materials management system and the personnel flow management system, and delivered them to Hangzhou Binjiang District Party Committee for free use. These two management systems greatly reduced the manual registration and analysis time, and effectively improved the efficiency.

Public welfare mountain cleanup action

The public welfare mountain cleanup action, “Clean Mountain Forest”, was initiated by Cheng * zhu, an employee of Hundsun. This public welfare activity aimed to awaken people’s awareness of environmental protection, guide more people to enter nature responsibly, enjoy nature, and cultivate responsible civic awareness. In 2022, 20 public welfare mountain cleanup activities were carried out, with 760 participants, walking distance of 233 kilometers, and outdoor garbage collected of 930 kilograms. Hundsun sponsored garbage bags and other related cleanup materials for the public welfare mountain cleanup activity to ensure the smooth development of the activity. Hundsun hoped to call on more people to protect and cherish nature by supporting the public welfare mountain cleanup action.



As a fintech company, Hundsun devotes its expertise to inclusive finance and investor education. In 2017, it built and operated the Hundsun Investor Education Base, opened investment education classes to the public for free, and implemented investment education activities.

Investor Education

In recent years, investor education and protection issues have become a hot topic, and government departments are actively promoting the investor education to be included into the national education system. Relying on its technological advantages and accumulation in the financial field, Hundsun not only uses technology to facilitate the development of online investment education activities, but also establishes an investor education base to provide FQ education courses and financial risk prevention courses, open up new ideas for promoting investor education through both online and offline channels.

Hundsun Investor Education Base is a free and open investor education public welfare venue for the public and was approved in May 2017 to become the first batch of provincial investor education bases in Zhejiang. The Base is characterized by technology and interactive experience. It has more than 100 investment and education products, has held hundreds of investment and education activities since its establishment, and has received tens of thousands of investors. In addition, the Base also originally developed excellent investment and education products such as the “Future Financier” youth FQ education courses, the lectures on financial risk prevention for the elderly in the “Evergreen Project”, investment education cartoons and short videos and other excellent investment education products. In 2022, the Hundsun Investor Education Base held 21 investor education activities, covering 5, 046 participants, including FQ education courses, youth FA activities in Zhejiang, “Rational Investment and Anti Fraud” citizen experience day activities in Hangzhou, “Here are Shareholders” knowledge competition, etc. In addition, the Hundsun Investor Education Base carried out a total of 2, 049 participants

History of Hundsun Investor Education Base

December 2016

The Base was officially established and put into operation

May 2017

The Base was approved as the first batch of provincial investor education bases in Zhejiang

August 2018

The Base was rated as excellent provincial education base in the first assessment

June 2021

It won the “NEEQ Theme Special Award” and “Excellent Works Award” in the 2021 China (Shanghai) Excellent Investment Education Works Collection and Selection Activity

May 2022

It has been rated as an excellent provincial investment education base for the fourth consecutive year

Cases

▶ “Future Financier” FQ education courses for the youth

The “Future Financier” FQ education courses began to deliver the public welfare courses to the key primary and secondary schools in Hangzhou from 2017. The courses are developed around four aspects: understanding money, learning to save, understanding investment and understanding risks for the purpose of helping teenagers to establish correct outlook on wealth, popularizing basic financial knowledge and basic financial management skills, and raising awareness of risk prevention.

In 2022, the “Future Financier” FQ education courses covered about 20 schools in Hangzhou and Guizhou, including Hangzhou Binjiang Experimental Primary School, Phoenix Primary School, Binwen Primary School, Qinglan Primary School, Xincheng Experimental School, High-tech Experimental School, etc., as well as Guizhou Guanling Puli Ethnic Primary School, Puli Dongguan Primary School and Maocaoping Primary School. The courses cover 7 grades, namely, the first to the sixth grade of primary school and the first grade of junior high school; a total of more than 10 courses were delivered, covering 2, 000 teenagers. In addition, in November 2022, the courses entered Guanling, a county in Guizhou, and through in-depth cooperation with Dishui Commonweal, it helped local primary school students learn basic financial knowledge, enlightened local FQ education, and actively promoted educational public welfare undertakings.



▶ “Evergreen Project” - Financial risk prevention education for middle-aged and elderly people

According to the statistics of the United Nations, China’s aging degree will be the highest in the world in 2030, and almost one out of every three people is an old person. China is entering an aging society. With the increasing number of letters and complaints and sudden risks arising from financial services for the elderly, the relationship between improvement in financial services for middle-aged and elderly consumers and effective prevention of risks cannot be ignored. In order to remind middle-aged and elderly people to “safeguard their money bags”, the Hundsun Investor Education Base cooperated with the Zhejiang Hundsun Foundation to invite professional lecturers to explain financial risk prevention knowledge to the middle-aged and elderly in the community in a clear and intelligible way, and focus on analysis of influential cases in real life, so as to help the elderly identify financial risks and defend against financial fraud.



Volunteer Services

On December 1, 2015, the “Hundsun Sunshine Volunteers Association”, a non-profit organization spontaneously formed by employees of Hundsun, was established. Adhering to the concept of “Sunshine in Hundsun, warming the world”, they are daily active in various public welfare fields such as voluntary blood donation, first aid training, charity sales, low-carbon environmental protection and so on.

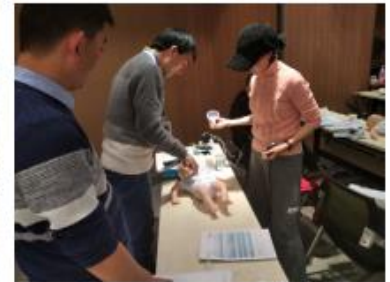


Since its establishment in 2015

The Association has organized and participated in **125** charity events

With a total of more than **3,908** volunteer service participants

With more than **15,806** hours



Hundsun volunteers supported the volunteer service of red vest traffic guide at the traffic light crossing on community road of G20 International Summit for three months. Hundsun volunteers won the honorary title of “Advanced Collective of Service Guarantee G20 Hangzhou Summit”, and set up sunshine Hundsun first aid team and floor safety manager team to provide first aid services to protect the safety of the building and nearby residents.

During the 2022 Spring Festival, Hundsun volunteers participated in the volunteer work of epidemic prevention and control in Binjiang District, Hangzhou, and participated in the work related to the needs of the epidemic prevention system and the offline epidemic flow survey in Binjiang District. To help to invigilate Hundsun’s internal financial professional examination, and undertake the Company’s floor safety manager work, all staff passed the safety management special certification, and continued to receive the Company’s internal first aid training, with a total of 439 people trained. AHA trained 45 people in total.

Industry-University-Research Cooperation

In order to deeply cultivate high-level applied engineering and technical talents needed by the development of digital economy and society, Hundsun united universities to actively develop various university-industry cooperation modes, including customizing exclusive training programs, and building vocational education platforms.

In 2022, Hundsun obtained approval for the “Ministry of Education’s first batch of supply and demand connected employment education project” in university-enterprise cooperation. A total of 23 universities applied for the project, and 26 project applications were received. At the same time, Hundsun strengthened the construction of “Young Talent Development Center”, and established Hundsun Joint Scientific Research Center in cooperation with Zhejiang University’s graduate students, as the leading unit of Zhejiang University awarded the national vocational education “double” teacher training base.

Case

▶ Financial Technology Innovation Training Camp

The “Financial Technology Innovation Training Camp” plans to select outstanding students from colleges and universities, customize the exclusive training programs according to the design concept of compound talent training integrating industry with university, stimulate students’ interest in the financial technology industry, enhance students’ awareness of the financial technology industry, improve students’ innovative practice ability, and finally cultivate the new era financial technology talents with deep integration of technology and business.



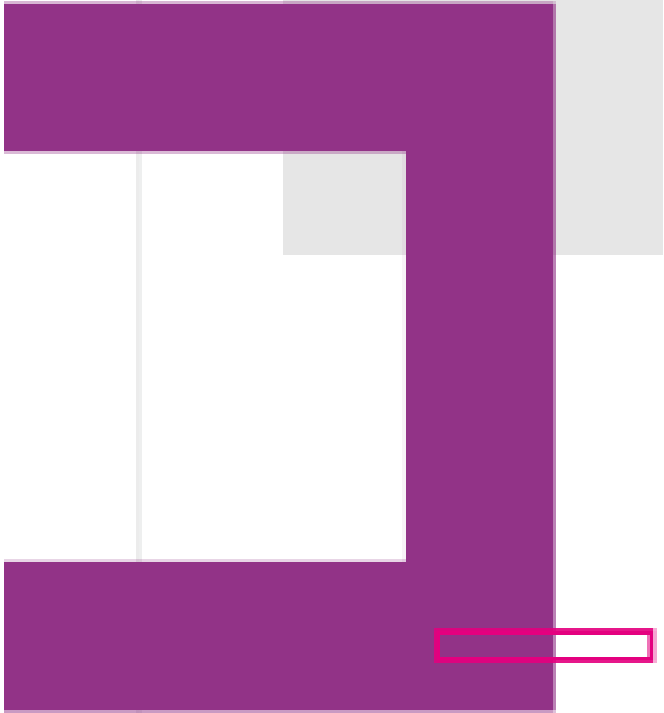
Party Committee Construction

Hundsun set up the Party branch in 2,000 and promoted it to a Party committee in 2,002. Up to now, there are a total of 2,091 members, with 8 general Party branches and 45 Party branches, and Party members at the management level account for 35%.

Hundsun focuses on the center to grasp the Party building, promote the deep integration of Party building work with business work and the resonance with the development of enterprise, and play the leading role of the Party organization in major tasks and critical moments. In December 2022, to actively respond to the national call of “the epidemic should be stopped, the economy should be stable, the development should be safe”, and implement the twenty measures of epidemic prevention and control, Hundsun Party Committee issued No. 2 official document at the first time, requiring all Party members to play a pioneering and exemplary role, take the lead in taking the responsibility, and fully support the safe operation of the Company’s financial system.

In 2022, in order to further study and implement Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era and the spirits of the 20th CPC National Congress, and give full play to the exemplary and leading role of women, the Party and Mass Organization Office of the Company continued to carry out the selection activities of woman pace-setter (advanced individual) and female civilized post (advanced collective). Focusing on “the beauty of thought”, “the beauty of career” and “the beauty of connotation”, they helped Hundsun’s female employees have a greater sense of belonging, happiness, achievement in Hundsun.





Green Operation

Hundsun pays more attention to the harmonious progress of economic development and ecological balance while seeking its own business development. It proactively sets carbon reduction targets and practices the environmental protection policy. In terms of energy conservation and emission reduction, it actively promotes green office, practices low-carbon and environmentally-friendly life, and advances resource recycling and sustainable development





GREEN OPERATION



■ Proactively set carbon reduction targets

For the sake of sustainable development and green operation, Hundsun has proactively set carbon reduction targets -- target power limit value of about 400KW for blocks AB of Hundsun Building, and target power limit value of about 600KW for block C of Digital-intelligence Hundsun Center.

Hundsun saves energy reasonably according to the daily temperature, and has formulated a power limit control plan. The power limit period is from noon to evening peak demand. On the basis of satisfying the operation, effective allocation control is carried out for major energy-consuming equipment according to different floors and functional areas to achieve peak power limit and energy saving effect.

■ Daily practice of energy conservation and emission reduction

Energy conservation and environmental protection

As a responsible corporate citizen, Hundsun pays more attention to the harmonious progress of economic development and ecological balance while constantly seeking business development. We actively promote green office, reducing carbon dioxide emissions and promoting resource recycling and sustainable development through the measures such as waste sorting, paper saving, water saving, air conditioning temperature control, and fixed switch lighting.

In order to practice a low-carbon and environmentally friendly life, we have carried out centralized control and transformation of the air-conditioning in the Hundsun park, and propose relevant requirements for the activation and management: the heating mode of air-conditioning system can only be turned on if the indoor temperature in the office area reaches 12 °C for three consecutive days in winter, and the given temperature should not be higher than 20 °C. In summer, the refrigeration mode of air-conditioning system can only be turned on if the indoor temperature reaches 28 °C or higher for three consecutive days, and the given temperature should not be lower than 26C. When the room temperature does not meet the aforesaid requirements, the air-conditioning equipment will be maintained in a power-off state. In addition, air-conditioned rooms have been provided for employees to use in the floors.

Case

▶ World Earth Day green operation activity

In April 2022, Hundsun held the “World Earth Day” green operation activity, in which 244 Hundsun employees spoke out and offered suggestions for the protection of the office environment. The green operation of flea market for exchange of goods was carried out offline to make resources flow. At the same time, we also recruited 10 Hundsun low-carbon planet ambassadors to organize co-creation meetings every quarter. According to the specific energy consumption of the building, the ambassadors put forward constructive and practical opinions in terms of air conditioning, lighting, paper saving, waste sorting, etc.



Due to a significant increase in the number of employees and the opening of all floors of the new headquarters building, Hundsun consumed 14.967 million KWH of power in 2022, an increase of 40.9% over 2021, and its total greenhouse gas emissions increased by 3, 410.6 tons of CO₂ equivalent over 2021.

	Power consumption per capita (kWh / person)	Greenhouse gas emissions (tons, CO ₂ equivalent)
Year 2022	1121.4	11749.3
Year 2021	798.10	8338.7
Year 2020	531.98	4067.3

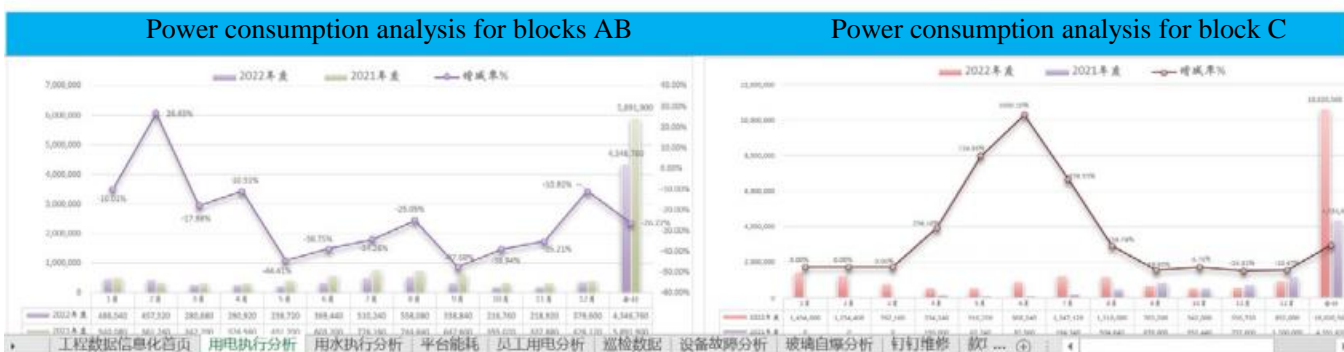
Digital energy consumption management

Hundsun Park IoT Management Platform was developed by Ali Cloud, and has included more than 20 function modules (heat source, air conditioning, intelligent lighting, electric transformer and distribution, elevator, energy, air supply and exhaust, water supply and drainage, fire protection, security, information release, public broadcasting, toilet spare, access control, station, parking, conference reservation). The management platform was in trial operation in September 2022, and the system was opened in stages in November. Through digital management means, the use was analyzed and corresponding measures were formulated to reduce energy consumption.

The screenshot displays a dashboard with several functional modules:

- Administrative**
- Energy consumption**: Power consumption management, Water management, Power consumption analysis, Platform energy
- Equipment management**: Inspection data, Glass spontaneous explosion, Fault statistics, Nail repair
- System management**: Fund payment Review, Maintenance plan, Address book

Park power consumption analysis table (2022)



Waste sorting

According to the *Hangzhou Municipal Domestic Waste Management Regulations* newly revised on August 2019, Hangzhou City fully implements waste sorting system. Hundsun has begun to officially implement the waste sorting system in its park from October 2019, and promote the employees' awareness of waste sorting through a series of promotional activities. Since October 2019, the average daily recyclable waste in the park is about 33.5kg after official implementation of garbage sorting in the park.

In 2022, Hundsun sorted out more than 7, 900 barrels of garbage totalling 1, 896, 000kg, and sorted out 4, 500kg of recyclable garbage in the whole year, and passed multiple inspections and verifications by relevant regulatory departments.



Paperless office

Hundsun has gradually promoted paperless office, except for the required paper for bidding documents and contracts. The office paper use has been declining year by year. In 2021, the Company used 2, 410 bags of paper, and in 2022, the Company used 2, 072 bags of paper, with the overall paper use decreasing by 20%.

Green new headquarters

Digital-intelligence Hundsun Center, the No.1 building of the new headquarters of Hundsun, was officially put into use in September 2021, with a total construction area of 152, 148.72 square meters. The No. 2 building is under construction. During the design stage and construction stage, the new headquarters buildings used ten special energy-saving technologies (namely, energy-saving curtain wall, fabricated steel structure, energy-saving wall materials, three-in-one landscape, environmental protection municipal supporting, smart elevator system, air conditioning and fresh air system, special water-saving measures, special power-saving measures, energy consumption monitoring system), in order to create a new type of “green, energy-saving, and environmentally friendly” smart buildings, and provide employees with an “applicable”, “healthy” and “environmentally friendly” office environment. Such ten special energy-saving technologies are

Hundsun’s new headquarters follows the use of environment-friendly materials as far as possible in the procurement of administrative materials. For example, coke bottle recycled materials are used for carpets, and ergonomic chairs with good quality are used as office chairs, with warranty period of 10 years and low damage, so that the service life of the chairs can be improved and the rate of waste and replacement can be reduced.

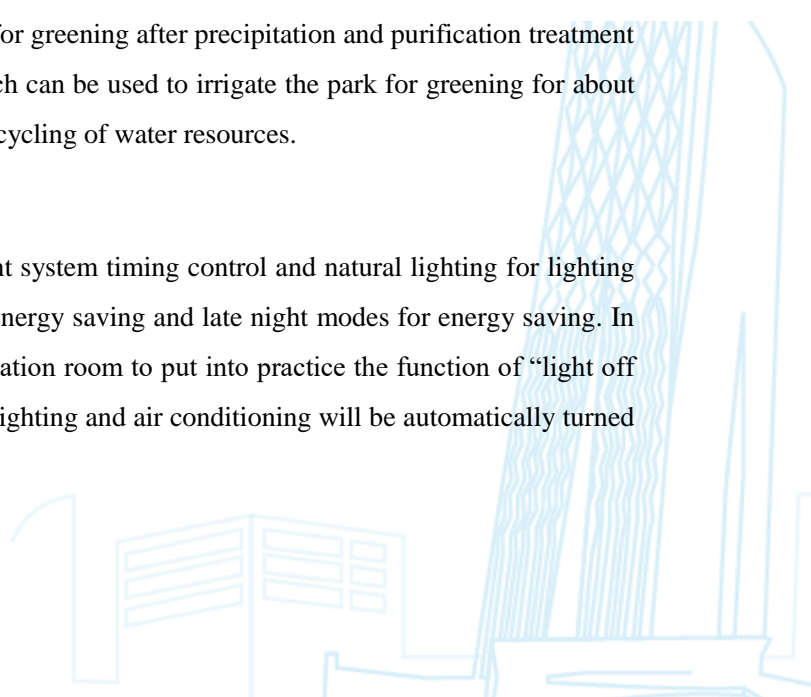


► Special water-saving measures

In the middle of July 2022, the outdoor rainwater collection pond was officially put into use. The collected rainwater was used to irrigate the pavement and the park for greening after precipitation and purification treatment through the modular storage tank (100 cubic meters, which can be used to irrigate the park for greening for about 3 days in the morning and evening), so as to realize the recycling of water resources.

► Special power-saving measures

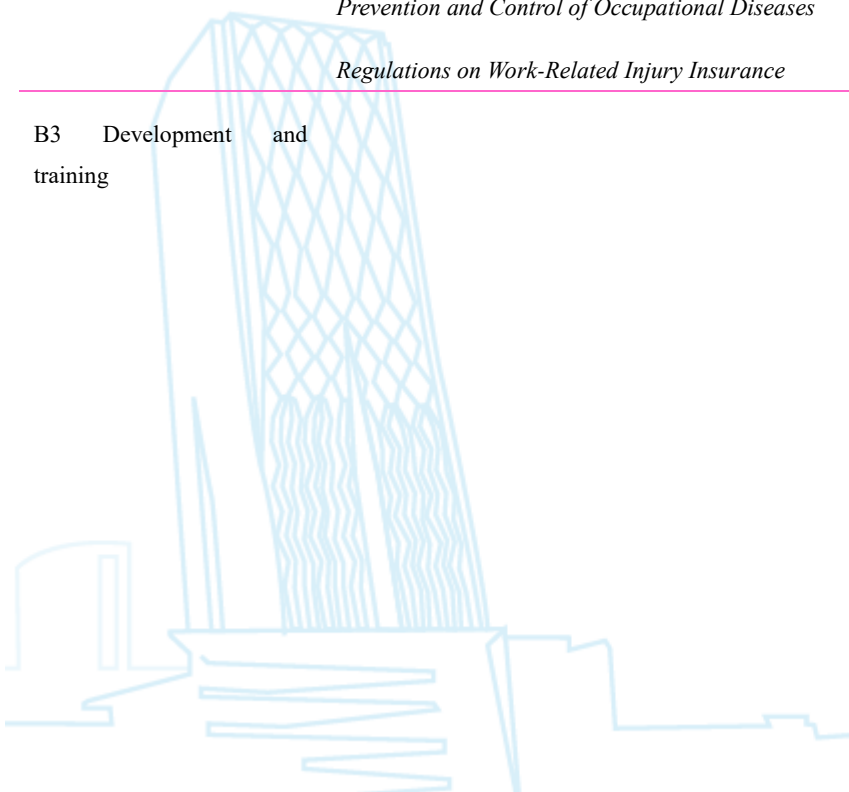
Since May 2022, Hundsun has made full use of intelligent system timing control and natural lighting for lighting in office areas to be turned on as needed, and set lunch, energy saving and late night modes for energy saving. In October, we promoted the floor meeting room and negotiation room to put into practice the function of “light off when you go”. In the case of no one and no meeting, the lighting and air conditioning will be automatically turned off within 5-15 minutes.



Overview on the Performance of Sustainable Development

List of Policies

ESG indicators	Corresponding applicable national laws, regulations and policies	Corresponding internal policy of the Company
A1 Emissions	<i>Environmental Protection Law of the People's Republic of China</i>	
A2 Resource utilization		<i>Self-use IT Equipment Management System of Hundsun Technologies Inc.</i>
A3 Environment and natural resource	<i>Energy Conservation Law of the People's Republic of China</i>	
B1 Employment	<i>Labor Law of the People's Republic of China</i> <i>Labor Contract Law of the People's Republic of China</i> <i>Trade Union Law of the People's Republic of China</i> <i>Employment Promotion Law of the People's Republic of China</i> <i>Social Insurance Law of the People's Republic of China</i> <i>Law of the People's Republic of China on the Protection of the Rights and Interests of Women</i>	<i>Recruitment Management System Hundsun Technologies Inc.</i> <i>Performance Management System Hundsun Technologies Inc.</i>
B2 Health and safety	<i>Labor Law of the People's Republic of China</i> <i>Fire Protection Law of the People's Republic of China</i> <i>Law of the People's Republic of China on the Prevention and Control of Occupational Diseases</i> <i>Regulations on Work-Related Injury Insurance</i>	
B3 Development and training		<i>Training Management System of Hundsun Technologies Inc.</i> <i>Organization and Post Management System of Hundsun Technologies Inc.</i> <i>Employee Promotion Management System of Hundsun Technologies Inc.</i> <i>Cadre Management System of Hundsun Technologies Inc.</i>



B6 Product liability	<p><i>Constitution of the People's Republic of China</i></p> <p><i>General Principles of the Civil Law of the People's Republic of China</i></p> <p><i>Tort Law of the People's Republic of China</i></p> <p><i>Trademark Law of the People's Republic of China</i></p> <p><i>Advertisement Law of the People's Republic of China</i></p> <p><i>Product Quality Law of the People's Republic of China</i></p> <p><i>Law of the People's Republic of China on Protection of Consumer Rights and Interests</i></p> <p><i>Cybersecurity Law of the People's Republic of China</i></p> <p><i>Intellectual Property Law of the People's Republic of China</i></p>	<p><i>VOC (Voice of Customers) Management System of Hundsun Technologies Inc.</i></p> <p><i>Information Security Outsourcing Management System of Hundsun Technologies Inc.</i></p> <p><i>Data Asset Classification and Protection Specification of Hundsun Technologies Inc</i></p> <p><i>Product Development Project Management Regulations of Hundsun Technologies Inc.</i></p> <p><i>Customer Service Safety and Compliance Work Specification of Hundsun Technologies Inc.</i></p> <p><i>After-sale Service Management System of Hundsun Technologies Inc.</i></p> <p><i>Software Copyright and Patent Management Regulations of Hundsun Technologies Inc.</i></p> <p><i>Copyright Registration Operation Guide of Hundsun Technologies Inc.</i></p>
B7 Anti-corruption	<p><i>Criminal Law of the People's Republic of China</i></p> <p><i>Bid Invitation and Bidding Law of the People's Republic of China</i></p>	<p><i>Existing Employee Management System of Hundsun Technologies Inc.</i></p> <p><i>Administrative Measures of Hundsun Technologies Inc. on the Receiving of Gifts by Employee</i></p>
Others		<p><i>Legal Risk Prevention Management System of Hundsun Technologies Inc.</i></p> <p><i>Business Compliance Assessment Guide of Hundsun Technologies Inc.</i></p> <p><i>Business Compliance Audit Guide of Hundsun Technologies Inc.</i></p> <p><i>Information Technology Service Compliance Manual of Hundsun Technologies Inc</i></p> <p><i>Brand Asset Management System of Hundsun Technologies Inc</i></p>

List of Key Performance Indicators

ESG indicators	Unit	2021	2022
A1 Emissions			
A1.2 Greenhouse gas emissions and density			
Greenhouse gas emissions	Tons CO ₂ equivalent	8338.7	11749.3
Greenhouse gas emission intensity (Per million of turnover)	Tons CO ₂ equivalent / Million of operating income	1.52	1.81
Greenhouse gas emission intensity (Per square meter)	Tons CO ₂ equivalent / Square meter	0.038	0.056
A2 Resource utilization			
A2.1 Energy consumption and density			
Total power consumption	10, 000 kWh	1062.2	1496.7
Electricity usage density (Per square meter)	kWh / square meter	48.5	71.28
Electricity usage density (Per person)	kWh / person	798.05	1121.3
A2.2 Water consumption and density			
Total water consumption	Tons	83328	49587
Water consumption density (Per square meter)	Tons / square meter	0.38	0.24
Water consumption density (Per person)	Tons / person	6.26	3.72
A2.3 Resource usage			
Office paper	Kg	5020	4222
Paper consumption per capita	Kg / person	0.38	0.34
Gasoline	Litre	11803	6963.07

(Remark: Data in 2022 covers Hundsun Building, Digital-intelligence Hundsun Center, Beijing Branch, Shanghai Platform, Shenzhen Branch and Wuhan R&D Platform)

ESG indicators	Unit	2021	2022	
B1 Employment				
B1.1				
By gender	Total number of employees	Person	13310	13347
	Male employees	Person	9680	9694
	Female employees	Person	3630	3653
By professional composition	Marketing	Person	369	394
	Functional management	Person	499	622
	Product technology	Person	8659	9788
	Customer service (including on-site implementation)	Person	3783	2543
By educational background	Master degree and above	Person	1418	1636
	Bachelor degree	Person	10671	10687
	Junior college degree or below	Person	1221	1024
By age	Born before 1980	Person	420	430
	Born after 1980 (inclusive)	Person	3274	3290
	Born after 1990 (inclusive)	Person	9616	9627
By nationality	Han nationality	Person	12919	12937
	Man nationality	Person	92	99
	Tujia nationality	Person	58	65
	Zhuang nationality	Person	60	63
	Hui nationality	Person	48	42
	Mongol nationality	Person	29	35
	Miao nationality	Person	27	31
	Yao nationality	Person	15	17
	She nationality	Person	22	17
	Dong nationality	Person	10	11
	Buyi nationality	Person	7	7
	Yi nationality	Person	7	5
	Korean nationality	Person	3	4
	Li nationality	Person	4	4
	Gelao nationality	Person	4	3
	Bai nationality	Person	3	2
	Mulao nationality	Person	0	1
	Uygur nationality	Person	0	1
	Qiang nationality	Person	1	1
Daur nationality	Person	0	1	
Shui nationality	Person	0	1	
Tu nationality	Person	1	0	

ESG indicators	Unit	2021	2022
B2 Health and Safety			
B2.1			
Number of work-related deaths each year	Person	0	0
Number of employee on / with maternity leave	Person	185	179
B3 Development and Training			
Number of employee training sessions	Session	2360	3899
Total number of employees participating in training	Participants	40808	260000
Training time	Hour(s)	20000	130000

Index of Environmental, Social and Governance Reporting Guide

<u>ESG indicators</u>	Content of report
<u>A1 Emissions</u>	Proactively Set Carbon Reduction Targets Energy Conservation and Emission Reduction List of Policies List of Key Performance Indicators
<u>A2 Resource Utilization</u>	Proactively Set Carbon Reduction Targets Energy Conservation and Emission Reduction List of Policies List of Key Performance Indicators
<u>A3 Environment and Natural Resources</u>	Proactively Set Carbon Reduction Targets Energy Conservation and Emission Reduction List of Policies List of Key Performance Indicators
<u>B1 Employment</u>	Equal Employment Salary and Welfare System List of Policies List of Key Performance Indicators
<u>B2 Health and Safety</u>	Employee Care List of Policies List of Key Performance Indicators
<u>B3 Development and Training</u>	Growth and Training List of Policies List of Key Performance Indicators
<u>B6 Product Liability</u>	Continuously Improve Product Quality Compliance Operation Information Security and Privacy Protection Protection of Intellectual Property Rights List of Policies
<u>B7 Anti-Corruption</u>	Intensify Efforts to Fight Corruption and Advocate Integrity
<u>B8 Community Investment</u>	Public Welfare Foundation Investor Education Party Committee and Labor Union Hundsun Volunteer Services Industry-University-Research Cooperation

Notes:

Some indicators in the Environmental, Social and Governance Reporting Guide, including “A4 climate change”, “B4 Labor standards”, “B5 Supplier management” etc., are determined to be non-substantive issues through the substantive analysis process, and are not required to be disclosed in this Report. For more information, please visit the official website: <https://gongyi.hundsun.com/gy/>.

Index of the Global Reporting Initiative (GRI) Standards

Index No.	Content of index	Content of report
101	Basis	Company Profile; Corporate Social Responsibility Management; Overview on the Performance of Sustainable Development; About this Report
102	General Disclosure	Address by the Chairman; Company Profile; Corporate Social Responsibility Management; Corporate Governance; Products and Services; Outline of Each Chapter; Overview on the Performance of Sustainable Development; About this Report
103	<u>Management Method</u>	Corporate Social Responsibility Management; Corporate Governance
201	<u>Economic Performance</u>	Enterprise Scale; Overview of Performance in Recent Three Years
202	<u>Market Performance</u>	Build a Sound Salary and Welfare System
203	<u>Indirect Economic Impact</u>	Actively Undertake Financial Infrastructure; Empower Industry Transformation and Opening Up to the Outside World; Empower Industries to Reduce Carbon Emissions and Continuously Serve the Real Economy; Enable the Safe and Controllable Development of the Financial Industry; Empower Suppliers
205	<u>Anti-Corruption</u>	Intensify Efforts to Fight Corruption and Advocate Integrity
302	<u>Energy</u>	Proactively Set Carbon Reduction Targets; Energy Conservation and Emission Reduction; List of Key Performance Indicators
303	<u>Water Resources and Sewage</u>	Energy Conservation and Emission Reduction; List of Key Performance Indicators
305	<u>Emission</u>	Energy Conservation and Emission Reduction; List of Key Performance Indicators
401	<u>Employment</u>	Equal Employment; Salary and Welfare System
402	<u>Labor Relations</u>	Talent Motivation and Retention; Salary and Welfare System; Growth and Training
403	<u>Occupational Health and Safety</u>	Provision of a Safe and Healthy Working Environment; List of Key Performance Indicators
404	<u>Training and Health</u>	Growth and Training; List of Key Performance Indicators
405	<u>Diversity and Equal Opportunity</u>	Equal Employment
406	<u>Anti-Discrimination</u>	Equal Employment
413	<u>Local Community</u>	Public Welfare Foundation; Investor Education; Hundsun Volunteer Services; Party Committee and Labor Union; Industry-University-Research Cooperation
418	<u>Customer Privacy</u>	Information Security and Privacy Protection
419	<u>Social and Economic Compliance</u>	Compliance Operation; Responsible Procurement

Notes:

Some indicators in the GRI Standards, including “204 Procurement practices”, “206 Unfair competition”, “207 Taxation”, “301 Materials”, “304 Biodiversity”, “306 Sewage and waste”, “307 Environmental compliance”, “308 supplier environmental assessment”, “407 freedom of association and collective bargaining”, “408 Child labor”, “409 Forced or compulsory labor”, “410 Security practices”, “411 Aboriginal rights”, “412 Human rights assessment”, “414 Supplier social assessment”, “415 Public policy”, “416 Customer health and safety”, “417 Marketing and labeling”, etc. are determined to be non-substantive issues through the substantive analysis process, and are not required to be disclosed in this Report. For more information, please visit the official website: <https://gongyi.hundsun.com/gy/>.

About this Report

This Report is the fifth CSR report released by Hundsun Technologies Inc. (referred to as “Hundsun”, “Company” or “We”).

This Report covers some sub-affiliated companies such as Hangzhou Yunyi Network Technology Co., Ltd.

Basis of preparation:

This Report is prepared by referencing the *GRI Standards* issued by the Global Sustainability Standards Board (GSSB) and the *Environmental, Social and Governance Reporting Guide* issued by the Stock Exchange of Hong Kong Limited.

Time span:

The time span of this Report is 2022, i.e., from January 1, 2022 to December 31, 2022, part of the content is beyond this time span.

Data sources:

Unless otherwise specified, the data in this Report is taken from Hundsun’s prospectus, internal statements and related statistics. If the data statistics use the natural year as the span, it shall be marked as “year”, such as “2022”.

Currency:

Unless otherwise specified, the amounts shown in this Report are all presented in RMB.

Accessibility of the report:

In order to protect the environment, we recommend that you read the electronic version of the report in PDF format. You can download it by visiting Hundsun’s Corporate Social Responsibility website (<https://gongyi.hundsun.com/gy/>).

If you have any questions, comments or feedback about this Report, please contact the Brand & Public Relations Department of Hundsun via email (marketing@hundsun.com).

We have opened the WeChat official account of Hundsun Technologies Inc. (hundsun600570) to release the information about the Company’s business development in real time



 Official WeChat