



# 中州证券

## Central China Securities Co., Ltd.

(a joint stock company incorporated in 2002 in Henan Province, the People's Republic of China with limited liability under the Chinese corporate name “中原证券股份有限公司” and carrying on business in Hong Kong as “中州证券”)  
Stock Code: 01375

## 2016 Environmental, Social and Governance Report

INVESTMENT



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## ABOUT ESG REPORT

### INTRODUCTION OF REPORTING

The Environmental, Social and Governance Report (the "ESG Report") of Central China Securities Co., Ltd. (operates as "中原证券股份有限公司" in mainland China) (the "Company") and its subsidiaries (the "Group") provides description of the Group's commitment to sustainable development and its fulfillment of corporate social governance. The ESG Report discloses the various initiatives for sustainable development and performance of corporate social governance of the Group.

### SCOPE OF REPORTING

The ESG Report focuses on the core business of the Group in People's Republic of China (the "PRC") with its environmental and social performance from 1 January 2016 to 31 December 2016 (the "Year"). For more information on corporate governance, please refer to "Corporate Governance" on Page 147 of the Group's Annual Report 2016.

### CRITERIA OF REPORTING

The ESG Report is prepared in accordance with the "Environmental, Social and Governance Reporting Guide" set out in Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

### STAKEHOLDER ENGAGEMENT

The compilation of the ESG report represents the joint efforts of the employees from different departments and enables the Group to better understand the development of its social and environmental aspects. The data collected serves as not only the summary of the environmental and social initiatives of the Group in 2016, but also a basis for the formulation of its short and long term strategies of sustainable development.

### INFORMATION AND FEEDBACK

For more details on the environmental and corporate governance of the Group, please refer to the official website of Central China Securities Co., Ltd. (<http://www.ccnew.com>) and the Annual Report. Your opinions will be highly valued by the Group. Should you have any advice or suggestions regarding this report, please email to the address: [investor@ccnew.com](mailto:investor@ccnew.com).



## PRESIDENT'S STATEMENT

2016 has been a truly remarkable year as it marks a new phase of development after the Group's successful issue of A share and becoming one of a few A share and H share listed companies among 120 securities firms in China. It was also a year of significant progress as the Group led the establishment of life insurance legal entity in Henan. 2016 also serves as a testament to how the Group stood as a united force in reaching out to international investment banks and accelerating its transition to modern operation model with "Investment and Cooperation with Investment Bank as the Important Guarantee" in the year of uncertain economic and market condition. It is also a year of achievement as the Group received a number of awards from Henan provincial committee and provincial government and earned the status as Grade A securities firm by China Securities Regulatory Commission (the "CSRC").

With investors' interest at the forefront of the Group's business, the Group's cash bonus amounted to RMB800 million with the dividend payout ratio reaching 111%. The Group also supported the poverty alleviation initiatives in many impoverished regions in Henan Province and assumed a leading position in charitable causes such as education subsidy scheme. This active fulfillment of corporate social responsibility has landed the Group as a director of poverty assistance foundation in Henan province.

The year 2016 has passed. In the coming year, the Group will continue to focus its objective on developing into a modern and international large-scale financial holding group and keeps stepping forward. Meanwhile, the Group will also contribute to the sustainable development of economy and society by taking advantage of its professionalism and increasing the investment in areas like environmental protection and pollution control.

In the foreseeable future, the Group will seize the advantage of being a dual-listed company and fulfill the essential requirement that finance should serve the economy. Complying with relevant rules and regulations while contributing to the community, the Group will commit to the goal of being a leading national securities firm in Hong Kong and China within 3 years through developing various financial services such as insurance.

**JIAN Mingjun**

*Chairman*



## ABOUT THE GROUP

Central China Securities Co., Ltd. is the only registered securities entity in Henan Province. Since it was founded 14 years ago, the conviction in serving the economy and seeking innovation has strengthened the development capacity of the Group. In particular, the Group has experienced rapid growth since 2012, from being listed in Hong Kong, increasing issues in Hong Kong to being listed on A share market. On track for continual and stronger growth, the Group is widely recognized as a representative financial enterprise in Henan. For two consecutive years in 2015 and 2016, the Group has been awarded merit prize by Henan provincial committee and provincial government and rated as Grade A Securities Firm by CSRC.

The Group has received external recognition for its business performance, and was awarded business honors of "Outstanding Securities Firm", "The Most Influential Securities Services Brand of 2015 in Henan", "Outstanding Issuer of Short-term Commercial Paper", "Outstanding Wealth Management Service Award", "Fast Growing Enterprise Award", "Best Listed Company", "Grade A Securities Firm", "The Most Valuable Listed Company", and so on. The Group is also granted "Charity Model" in Xingyang and the other honor of corporate responsibility.



The Honor of "Charity Model"

## ENVIRONMENTAL COMMITMENT

### EMISSION MANAGEMENT

The majority of the Group's operation is undertaken by business departments and the offices. Therefore, domestic sewage, vehicle exhaust and solid waste constitute the main source of its emission. The domestic sewage generated by the Group is transferred to the property management of the business departments and the offices for centralized treatment. For reduction of patrol waste and air pollution, the Group's fleet staff has to perform regular maintenance to raise the efficiency of the vehicles and the drivers are encouraged to switch off idling engines. The solid waste of the Group is mainly office waste. To lessen the adverse environmental impact from the non-hazardous solid waste, measures of encouraging the reuse of office furniture, envelopes, document labels and stationery instead of one-off and non-recyclable products have been adopted. Meanwhile, there are initiatives to reduce hazardous solid waste, for instance, obsolete computers, used ink cartridges and batteries are recycled by qualified units. The business departments and offices are also furnished with environmentally friendly materials.



Vehicles Maintenance

### USE OF RESOURCES

It is the Group's belief that sustainable development should be the dominant concern in the daily operation of the Group. Therefore, much effort has been made to reduce the environmental impact through careful management of energy and resources.

As part of the Group's water saving initiatives, water saving labels are displayed in toilets and employees are constantly reminded to turn off the faucet tightly after use to avoid unnecessary waste. Other water saving measures include installation of infrared water tap and cistern flush, as well as repairing dripping tap and other devices in a prompt manner.



Water Saving Label





## ENVIRONMENTAL COMMITMENT

Since its business activities take place mainly in offices and business departments, it is the Group's endeavor to practise the concept of energy efficiency in the details of its daily office operation. Measures to enhance electricity efficiency are as follow:

- select Energy Star certified computers;
- require employees to turn off electrical appliances during non-working hours;
- implement sectional lighting system with independent switches designated for different areas;
- keep the lighting fixtures clean; and
- set the temperature of air-conditioner at 25.5 degree Celsius.



Electricity Saving Label

According to the 3-Data-Center recovery plan of the Group, the primary and backup data centers are located in Zhengzhou while the third disaster recovery center is located in Shanghai. The Group's data centers have employed the design of Type A computer room. Precision air conditioning is installed to maintain a normal temperature and humidity of the machine room, and the server rack is equipped with cool/hot aisle with downward air supply and upward air return to ensures cooling efficiency.

## PROTECTION OF ENVIRONMENT AND NATURAL RESOURCES

The Group puts the concept of green operation into full implementation and seeks to embed the environmentally friendly vision into its daily operation. The Group's effort in paper reduction can be reflected by the application of Office Automation (OA) System to administrative tasks such as material purchase, information dissemination, application and signature. Employees are also encouraged to set double-sided printing by default on their computers and use e-cards. In furtherance to its paper-saving commitment, the Group's investors are kept updated with information on rules and risks of securities transaction business via public media platform such as its official website, WeChat, online transaction terminal, and mobile transaction terminal. The Group also actively expands the operation of big data to provide better online general securities services, including online securities account opening, securities quote, securities trading, securities finance and business self-service. Looking ahead, the Group will explore the use of artificial intelligence in financial services and harness internet financial technology in various business areas. Meanwhile, the Group advocates the use of public transport and car-sharing to protect environment and natural resources as well as reduce carbon emission.

## COMMUNITY INVOLVEMENT

The Group's ongoing development has witnessed a gradual formation of the core notion "Kindness, Integrity, Meticulousness and Pragmatism" that defines its corporate culture. While pursuing business growth, the Group also takes part in various charitable causes to support the tertiary and secondary education of poor students, medical expenses of children from impoverished family and livelihood of elderly.

In 2016, CSRC introduced an assistance programme, "County Twinning", which was a precious opportunity for the Group to step up community engagement and fulfill corporate social responsibility. A donation of RMB0.2 million and RMB5 million has been made respectively to Yiyang County and Henan Province Foundation for Poverty Alleviation with a vision towards poverty eradication and prosperity. In compliance with relevant requirements on the "Suggestions on Corporate Social Responsibility of Poverty Alleviation" set out by CSRC, the Group founded Commission and Offices on Poverty Eradication in Lankao County and Gushi County. Steered by the practical economic needs of Lankao County and Gushi County, both parties cooperate in the joint provision of enterprise aid, education aid, financial consultation and talent cultivation to expand the developmental capacity of the impoverished regions. With the Financial Poverty Alleviation Workstation successfully listed in Lankao County, the Group made a donation of RMB0.3 million and RMB0.4 million to Lankao Enterprise Association on Poverty and Gushi County respectively. A sum of RMB0.24 million was donated in support of E-Commerce poverty alleviation in Lankao County and Gushi County.



Donation Ceremony for Zhongyu Village, Yanzhen Town, Yiyang County



Donation to the Foundation for Poverty Alleviation



Cooperation Agreement Signing Ceremony with Gushi County



Cooperation Agreement Signing Ceremony with Lankao County

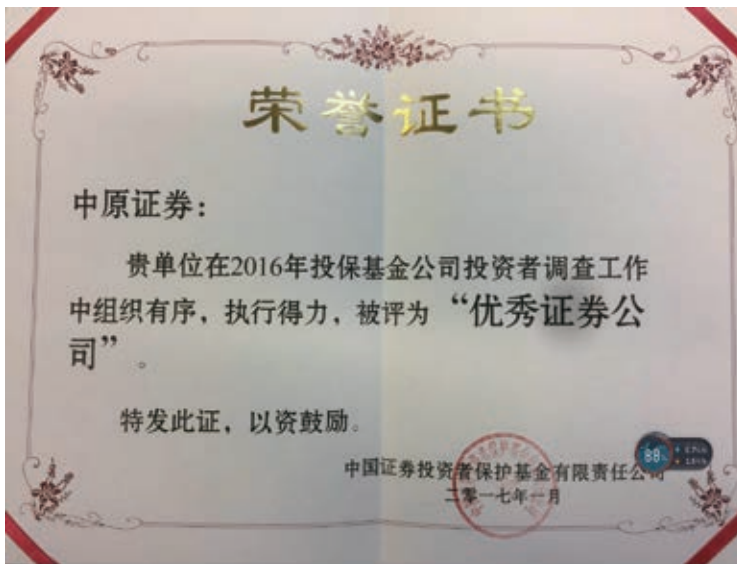




## COMMUNITY INVOLVEMENT

General support for small enterprises and local job growth is among the indirect economic contribution of the Group through its cooperation with local enterprises and the creation of more employment opportunities. Committed to the provision of quality financing platform for environmental entities and the development of green financial services, the Group successfully completed the refinancing project through private placement for environmental entities such as Central Plains Environmental Protection Co., Ltd., Senyuan Electric Co., Ltd. and Qingshuiyuan Technology Co., Ltd..

Apart from the abovementioned economic contribution, the Group also actively launches campaigns against unlawful securities activities. Keynote talks on capital markets are usually held on an irregular basis throughout the year. So far, 3 sessions of "Investors Education in University" and 5 sessions of "Investors Education in Community" have been held. The Group received Merit Prize in the Rational Investment Essay Competition organized by Shenzhen Stock Exchange and the honor of "Outstanding Securities Firm" by China Securities Protection Fund Corporation. The Group's unique and effective corporate culture, permeated with humanistic care, has fostered employees' cohesion and ensured smooth enforcement of its development strategies, and thereby strengthened the soft power of the Group.



The Honor of "Outstanding Securities Firm"



## PRODUCT RESPONSIBILITY

### COMPLIANCE REGULATION

The Group endeavors to provide quality customer service through strict conformity to laws and regulations such as, the Listing Rules and the Securities and Futures Ordinance of Hong Kong, the Company Law of the PRC, the Securities Law of the PRC, the Regulation on the Supervision and Administration of Securities Companies and the Provisions for the Trial Implementation of the Compliance Management of Securities Companies. The Group requires employees to maintain the principles of high quality, professionalism and integrity for the insurance of compliance to all provisions and spirits of relevant laws, codes, rules, legislation, guidelines and codes of conduct.

Taking compliance promotion as the leading strategy in the cultivation of compliance culture, the Group accords great importance to the role of professional ethics in compliance management, and strives to make each employees and departments aware of their responsibility, legislations and rules. Through various measures such as legislative tracking, rules guidance, case study, risk alert, training and assessment, and pursuit of liability, the Group promotes the value of honesty and integrity, and nurtures an advanced compliance culture of “From Compliance to Value Creation” for compliant operation.

With compliance structure and mechanism being the pillar and foundation, the Group practises unified and centralized compliance governance. The four-tier vertical management structure consists of Board of Directors, compliance director, compliance headquarter and compliance officers of each departments and branch organizations. Well-defined job duties and effective reporting channel create interdependence and counterbalance among various departments on their exercise of authority, power of decision-making, supervision and execution. On the basis of articles of incorporation and rules and regulations, the compliance management mechanism of auditing and consultancy, supervision and examination, information isolation, anti-money laundering activities and assessment has been constructed and bettered. Meanwhile, each department shall establish a sound mechanism for risk control and embed compliance management requirements into each area of business to achieve full implementation of compliance. Internal control departments like compliance management and business operation department fulfill their roles to maintain an orderly and organized compliance management.

Compliance supervision has a core role to play in the creation of an effective compliance system. Under the premise of compliance risk identification and assessment, information technology and system are employed for the integration of compliance management mechanism and information monitoring system to prevent, alert, control and solve compliance risk. The information isolation system which is based on the theory of “Black Box” also results in the effective joint between information technology and business rules, the higher efficiency and accuracy in the compilation of isolation list, and the front-end control and real-time monitoring of conflict of interests. Anti-money laundering supervision also facilitates the analysis of customer information and capital flow supervision, reduces anti-money laundering blind spots, and thereby enhances risk response capability of the Group. Employee monitoring system involves formulation of relevant indicatives and imposition of rigorous control over any misconduct such as investment and financing in violation of rules, sales malpractice.



## PRODUCT RESPONSIBILITY

### COMPREHENSIVE MECHANISM FOR RISK CONTROL

Fully committed to the compliance principle of “Utmost Prudence”, the Group continues to strike a balance between business development and risk management. The internal system of compliance is established as the effective competitiveness to protect personal information of clients and other data and thereby promote sustainable development of the Group. All areas of business and departments of the Group must conform to the requirement set out in the Norms for Overall Risk Management of Securities Companies and the Measures for the Risk Control Indexes of Securities Companies. To prevent the occurrence of significant issues and foster scientific operation of the Group, a tracking mechanism is introduced to monitor every areas of its business.

To prevent market risk, much importance has been attached to the quality management and monitoring of products. The Group implements strict investment authorization system, establishes multi-index risk monitoring and evaluation system, and conducts metering assessment through the combination of centralized investment restrictions, scenario analysis, stress test, sensitivity analysis and other methods or tools.

To prevent credit risk, the Group considers the credit risk of different credit grade investment products from three aspects, namely investment variety, issuer and counterparty by means of credit rating. The financing business is controlled through credit investigation, credit extension, market to market, liquidation and other steps. The accounts receivables are fully accrued for the provision of bad debts.

To prevent liquidity risk, the Group strengthens the real-time monitoring and management of large amounts of funds to achieve centralized allocation of funds and coordination of liquidity risk management. By entering the interbank market and capital market, obtaining bank credit and developing other sources of liquidity, the Group reaches the requirements of liquidity in time. The Group also conducts real-time monitoring of the risk control index system with net capital being the core, and uses the stress test to assess the impact of business activities on net capital.

To prevent operation risk, a sound risk control system is established with relevant departments being combined for real-time monitoring of the Group’s business operations risk situation. The Group sets up positions of business risk control to control and report on the risks of the business under its jurisdiction. For risks difficult to be quantified, the Group establishes strict operation control procedures to reduce the risks caused by technical and man-made reasons and improve the risk management effectiveness.

## VALUE CREATION FOR CLIENT

As a customer-oriented enterprise, the Group is committed to the tenet of “Value Creation through Quality Service” with focuses on the enhancement of standardized and personalized service of its branch organizations, and established the service system “Wealth Central China” in 2010.

Under its consistent principle of “Proactive Service, Efficient Research, Pragmatic Research”, the Group seeks to strengthen the practicality of research and promote the application of research outcome for a better use of research resources and effective service management. The Group offers a diverse research service to help clients make rational investment decisions.

## MANAGEMENT OF CLIENT RELATIONSHIP

Under the leadership of the board secretary, the board office is mainly responsible for the management of affairs concerning investors’ relationship. Apart from information dissemination via legal means, other forms of interaction with investors include telephone, email, online platform, visitors’ reception, and investors meeting for stakeholders to fully exercise their own rights.

In 2016, based on the regulatory requirements and demands of business development, the Group organized various forms of interactive activities for investors and analysts, which include four shareholders’ meetings, two H share class meetings and two domestic share class meetings.



Shareholders’ Meeting



## VALUE CREATION FOR CLIENT

Works have been done for regular release of the Group's performance, including press conference of the annual results of 2015, telephone conference of interim results of 2016 as well as annual report road show which were held for investors in Hong Kong, the United States and Singapore, and thereby giving them a better idea of the operation and performance of the Group. In the face of emergency, the management of the Group convenes meeting with analysts and investors to help investor get acquainted with the investment value of the Group.



Road Show in Hong Kong

## TRANSACTION SAFETY FOR CLIENT

With "One Central Task and Three Focal Points" Being the underlying principle, the Group's information safety structure is in line with the safety strategy that has a 3-in-1 framework of safety management, safety protection and safety operation. In compliance with ISO20000 operation and maintenance system and IT operation platform, the Group aims to render its information technology more standardized, proceduralised and streamline. The Group continues to implement the ITIL standard to form a virtuous cycle of formulation, utilization, examination and refinement in management of information system, incidents, changes, devices and tasks. Ongoing improvement of information safety system is achieved through testing and evaluation of information security technology, network access control, desktop security management system, network supervision project, database auditing and user verification of each system.



## VALUE CREATION FOR CLIENT

In 2016, a total of three emergency drills for information system were held. The Group also expanded the process capacity of the disaster recovery site and strengthened the third backup centre to enhance the backup and failure tackling capability of information system.

### EFFECTIVE COMMUNICATION CHANNEL WITH CLIENT

According to the “Measures for the Administration of Customer Complaint of Central China Securities Co., Ltd.”, Customer Service hotline 93577 is dedicated to customer enquiries and complaints for better quality management and supervision of the Group’s products. A team of skilled and experienced engineers and technicians offers 7\*24 quality and efficient after-sale service. Complaints can also be filed through various channels such as QQ, WeChat, Fax, email, post, Customer Relationship Management (CRM) platforms of the Group. The Group’s real-time response to customer enquires was 34 percent more efficient compared to the previous financial year. Retail division shall report employees with unsatisfactory attitude to the senior management, which will conduct in-depth investigation, impose penalty, fill in the “Consumer Complaint Handling Report” and notify clients of the feedback and outcome.



Customer Service

In 2016, the total number of complaints by clients was 15, accounting for 0.0015% of all clients. There were no unresolved complaints letters or visits caused by the office or Business Department. The Group did not observe any misconduct of its employees. Palm Network, wealth management App, online transaction terminal, short message and WeChat have been used more than 2,300 times and accumulated 73,500,000 posts. A total of 48 issues of weibo magazines and 235 posts have been published with more than 1 million views. The Group’s customer hotline 93577 has served more than 115,000 people while its WeChat and automatic customer service have recorded about 50,000 visits. And 268,000 client in total received reviews, as illustrated in the graph below:





## VALUE CREATION FOR CLIENT

### INVESTOR EDUCATION

Proven by the development history of both mature market and newly fledged securities market, education for investors has an important role to play in a national or regional supervision organ and self-regulatory group. Investor education is also a long-term, fundamental and common work. Adhering and sparing no efforts to promoting investor education is crucial to the fundamental system of capital market and an important measure for the long-term stability of the Group.

Inadequate professional knowledge on capital market investment puts small and medium investors at a disadvantage in information collection. Therefore, investor education protects the legal rights of small and medium investors to certain degree. A variety of educational campaigns that revolve around “Being a Rational Investor” are organized where small and medium investors can understand how to take thorough consideration of their own age, income, affordable risks and expected return, select suitable products, pay attention to the timing of entering into the market, making careful investment, and effectively prevent risks. Meanwhile, there is also interactive investor education that covers necessary knowledge on new business, new products and markets to help investors achieve the best value from transaction, commission and financing service. Therefore, the continual education activities benefits small and medium investors. From the perspective in the long run, it also consolidates the foundation for the long-term stability of capital market, forms an indispensable part in the Group’s pursuit of sustainable development, and the magnificent goal of implementing the common growth of the Group and customers.

“Investor Education in Community” has also been launched in Mengzhou, Ruzhou, Changge, Changyuan and Hua County. The Group was also devoted to promotion campaign against unlawful securities activities. 3,686 investment seminars were also held by its branch organizations throughout the Year with around 100,000 person-time in attendance. Under the theme of “Being a Rational Investor”, the form and content of the courses underwent continuous refinement while committed to the goal of “Generating Benefits through Development of Central China”. In March 2016, an “Investor Education Centre” was set up, representing the joint effort of the Group and a prestigious university of finance and economics in Henan Province. The education base held 3 sessions of “Investor Education in University” such as the seminar of “Correctly Understand Private Equity and Stay away from Illegal Investment”, 5 sessions of “Investors Education in Community” and 6 sessions of “Investor Education in Listed Companies”. There was also a publication of 20 original investment education products, 5 types of paper material promotion, and 172 relevant writings in the column “Investor Education Centre” of the Group’s website. In 2016, the Group organized more than 50 sessions of keynote talks on an irregular basis and published more than 300 articles on the public WeChat account to spread the knowledge of multi-level capital market and improve entrepreneurs’ awareness and ability of understanding and using the market.

## VALUE CREATION FOR CLIENT



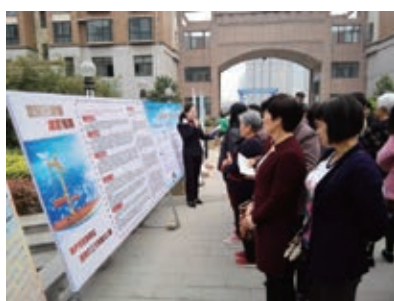
Inauguration Ceremony of the Central China Investor Education Centre



Activity "Correctly Understand Private Equity and Stay away from Illegal Investment"



Activity "Visit to Listed Company"



Activity "Investor Education in Community"



## SUPPLY CHAIN MANAGEMENT

The Group has no major suppliers due to the nature of its business. The Group's supply chain mainly comprises office suppliers and working uniform distributors. These suppliers are organized to bid together by the Group's headquarters. The bidding process is governed strictly by the policy of "Procurement System on Bidding Process of Central China Securities Co., Ltd. (revised in 2016)". Based on the internal requirement, the Group confirms the model and price of the office supplies needed before submitting relevant application to the business departments for effective use of resources. In charge of the procurement of working uniforms, the headquarters makes sure the quality of the sample is up to the Group's standard before placing bulk order.

Supplier selection for engineering infrastructure and other major projects should undergo bidding process, during which, bidders are required to compile relevant information such as bidding documents. Other information such as their operation license, after-sales service is also carefully examined to ensure the quality of suppliers and manage any environmental and social risks that may arise in supply chain. To enhance the transparency of the bidding process and encourage effective and fair competition, documents on procurement information and cooperation agreement are also disclosed.

Most of the Group's suppliers are leading brands in their industries, the products of which are in possession of certificates including ISO9001, ISO14001 and so on. The Group also encourages suppliers to use and provide environmentally friendly and reusable products.



## ANTI-CORRUPTION

In strict compliance with the Criminal Law of the PRC in mainland China, the Group strives to maintain fair competition in the market to promote sustainable development of the industry. During the Year, to step up supervision, the Group's established the office for discipline inspection, which engaged in the formulation of rules and administrative discipline, such as the "Rules for Implementation of 'Three Vitals and One Major Policy' of Central China Securities Co., Ltd." and the "Prevention and Control System of Corruption and Risk of Central China Securities Co., Ltd.". It is also clearly stated in the contract and staff manual that any form of corruption, bribery or commission rebate is strictly prohibited. Special training offered by anti-corruption education expert is also available to ensure full compliance with relevant rules and regulations.

The Group has formulated the "Measures for the Administration of Internal Reporting of Central China Securities Co., Ltd.", and encourages employees to participate in the management of the Group positively. Employees may report violations within the Group to the leading team of whistle-blowing management. The team shall arrange for the investigation of the team office or other processing departments, and the relevant informed personnel shall keep the whistleblowers confidential.



Anti-corruption Education for Employees





## CONSTRUCTION OF HARMONIOUS LABOUR RELATIONS

### EMPLOYEE RIGHTS

Through the Group's rigorous adherence to relevant laws and regulations such as the Labour Law of the PRC and the Labour Contract Law of the PRC, every employee receives equal and fair treatment and is protected from discrimination on the basis of sex, region and race.

The Group firmly upholds the principle of "Recruitment by Needs" and sets forth the "Regulation on the Recruitment and Employment of Central China Securities Co., Ltd. (revised in 2015)". Preliminary recruitment is conducted by branch organizations of the Group according to the "Management Guidelines of Brokerage Business Line for Branch Organizations of Central China Securities Co., Ltd." while employment decision will be made by the head office of Human Resources Department. The Group's recruitment process comprises careful examination, written test, interview, health check and approval to prevent employment of child labour or forced labour.

According to the Social Insurance Law of the PRC and relevant laws and regulations, and the actual situation of the Group, employees are not only entitled to statutory welfare such as pension insurance, basic medical insurance, work injury insurance, unemployment insurance and maternity insurance, but also accessible to additional welfare such as annual bonus. The Group adopts a salary structure that is market-oriented and performance-based, and implements a multi-level and all-around assessment system with the performance and management objective as the core. In conformity to the Group's consistent principle of "Equal Pay for Equal Work", salary is composed of base salary, allowance, performance bonus and welfare regardless of gender and ethnicity. As a supplement to base salary, there are also allowances for specific positions and employees with professional skills. Meanwhile, the Group endeavors to refine the welfare package, actively explores the opportunities of staff incentives scheme and uses stock incentive compensation where appropriate if relevant laws and regulations allow.

Much attention is also put to the basic rights of employees. This includes rest period such as casual leave, sick leave, annual leave, wedding leave, maternity leave, work injury leave and funeral leave. Normal working hours shall not exceed 8 hours per day. To maintain a well-organized operation and deter forced labor, the Group practises attendance management to document the time the employees on and off duty.

Thorough consideration is given to the assessment result in the employment renewal and promotion. Intensive learning, position exchange, job rotation, temporary position in branches and temporary position exchange in provincial government and enterprises are also employed for employees to grow rapidly and play a core role. Meanwhile, internal recruitment offers a chance for employees to apply for another position.

The Group actively supports poor employees in its endeavor to safeguard the well-being of employees. For employees facing hardship, the Group offers a variety of assistance and compiles a file of employees in need. In 2016, 41 employees were benefited from the Group's assistance fund, which was amounted to RMB253,000. The Group's compassionate care policy is also put in place for employees suffering from illness and bereavement through formulating the "Opinions on Condolence to Employees of Central China Securities Co., Ltd.". Around 20 employees received compassionate and allowance timely in 2016.

## CONSTRUCTION OF HARMONIOUS LABOUR RELATIONS

### TRAINING SYSTEM AND DEVELOPMENT PATH

It is the Group's consistent goal to fully utilize the knowledge, skills, talent and passion of employees. The Group seeks to facilitate the growth of employees through comprehensive management, workplace refinement and emphasis on humanity.

In order to continuously improve the professional ability and quality of cadres, the Group adopts level-by-level classification, comprehensive planning and various innovative training courses through face-to-face or mobile network training. The Group focuses on providing management with trainings for improving their recognition of the development of securities industry, management theories and skills, strategic thinking abilities, management capabilities and so on. The Group also focuses on providing employees from various departments with trainings for strengthening their business knowledge, product development abilities, marketing skills, service capabilities, and so on. At the same time, the Group also actively sends staff to participate in CSRC, China Securities Industry Association, exchange inspectors to organize training programs to improve the quality of staff. Encourage employees to participate in vocational qualification examination and other self-learning means to improve the quality of their skills, and promote the professional development of employees.



Training for New Employees



Cadre Training for Brokerage Business Branches



Special Training for Investment Bank and Capital Brokerage Business



Consulting Training of Option Strategies in Shanghai Stock Exchange



## CONSTRUCTION OF HARMONIOUS LABOUR RELATIONS

Qualification examination fee and training cost are covered by the Group. The Group's training payroll amounted to a total of

**RMB 1,684,500** in 2016,



delivering

**14 sessions and 288 hours**  
of training in total for **1,154**  
person-time with the content  
regarding internal training,

training for newly recruited employees, training on the investment bank and capital-based intermediary business, information technology and customer service-related training. Relevant external training organized by units such as CSRC, Shanghai Stock Exchange, Shenzhen Stock Exchange have been attended by 100 employees. Online courses for professional development also delivered 15 hours of training per employee.



## CARE FOR EMPLOYEE WELL-BEING

To safeguard employees' health and safety, the Group abides by relevant laws and regulations such as the Law of the PRC on Prevention and Control of Occupational Diseases. During the Year, recreational activities of great variety such as sports day, race walking and Zhengzhou Marathon were held.



Zhengzhou Marathon





## CONSTRUCTION OF HARMONIOUS LABOUR RELATIONS



Race Walking



The 6th Sports Meeting for Organs Directly under the Authority of Henan Province



## CONSTRUCTION OF HARMONIOUS LABOUR RELATIONS

The Group acts in a prudent manner in the selection of healthcare services for its employees. Body check was closely followed by health talk, where medical experts were arranged to explain the details of the health report. To prevent influenza, the Group purchased four sterilizers, organized the lecture of “Health Delivery” and the talks by experts from provincial healthcare centre which featured emergency first aid, prevention of environmental pollution, treatment of work injury and health cultivation by Chinese medicine. During the Year, the group organized one employee health talk which had an attendance of 56 people.

Relevant members of the Group are also required to get full acquaintance with the two child policy of the state and take relevant measures in a prompt manner. The Group also assists retired employees on the application of one-child certificate and improves the services for retired employees.

Green plants are placed in the office area as part of the Group’s measures to create a comfortable and healthy workplace. Meanwhile, the Group adjusts office lighting, temperature of air-conditioner and internal air quality to protect employees from work injury.



Green Plants in Office



## APPENDIX: INDEX OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE

ESG Indicators	Description	Chapter	Page
<b>A1 Emissions</b>			
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Environmental Commitment – Emission management	5
<b>A2 Use of resources</b>			
General disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Environmental Commitment – Use of resources	5-6
<b>A3 The environment and natural resources</b>			
General disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources.	Environmental Commitment – Protection of environment and natural resources	6
<b>B1 Employment</b>			
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Construction of Harmonious Labour Relations – Employee Rights	18
<b>B2 Health and safety</b>			
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Construction of Harmonious Labour Relations – Caring for Employee Well-being	20-22



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ESG Indicators	Description	Chapter	Page
<b>B3 Development and training</b>			
General disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Construction of Harmonious Labour Relations – Training System and Development Path	19-20
<b>B4 Labour standards</b>			
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Construction of Harmonious Labour Relations – Employee Rights	18
<b>B5 Supply chain management</b>			
General disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management	16
<b>B6 Product responsibility</b>			
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Product Responsibility, Value Creation for Client	9-15
<b>B7 Anti-corruption</b>			
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Anti-corruption	17
<b>B8 Community investment</b>			
General disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Involvement	7-8