



中信证券股份有限公司
CITIC Securities Company Limited

2019 Social Responsibility Report

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I. About This Report

This report presents the activities and performance of CITIC Securities Co., Ltd. (hereinafter referred to as “**the Company**”, “**CITIC Securities**”, or “**We**”) in the economic, social and environmental responsibility in 2019.

(i) Reporting Scope

Unless otherwise stated, the scope of this report covers the social responsibility performance of CITIC Securities Co., Ltd., including the headquarter, five wholly owned subsidiaries, and one majority-controlled subsidiary. Unless otherwise stated, this report covers the period from January 1, 2019 to December 31, 2019.

(ii) Reporting Frequency

The social responsibility report is released annually.

(iii) Reporting Reference and Standards

This report is prepared based on the *Notice about Strengthening the Social Responsibility of Listed Companies and Issuing the Guidelines on environmental information disclosure of listed companies in Shanghai Stock Exchange* and *Guidelines on environmental information disclosure of listed companies in Shanghai Stock Exchange* issued by the Shanghai Stock Exchange, and the *Environmental, Social and Governance Reporting Guide*, also known as the ESG Reporting Guide, issued by the Hong Kong Stock Exchange(hereinafter referred to as the “HKEX”).

(iv) Data

All data in this report are from the official documents and the relevant statistical report of the company. PricewaterhouseCoopers Zhong Tian LLP conducted limited assurance on the 2019 data in the Table of Key Data in Chapter VIII, section iii of this report.

The currencies in this report are all in RMB except for special marks.

(v) Reporting Approval and Release

The content and data disclosed in this report are reviewed and approved by the Company’s Board of Directors and the Board of Supervisors.

This report is published as a PDF version on:

The website of Shanghai Stock Exchange (<http://www.sse.com.cn>)

The HKEX news website of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>)

The website of CITIC Securities(<http://www.citics.com>)

II. About CITIC Securities

(i) Company Profile

CITIC Securities is one of the first batch of comprehensive securities companies approved by China Securities Regulatory Commission (hereinafter referred to as the “CSRC”). It was formerly known as CITIC Securities Co., Ltd. and was established in Beijing on October 25th, 1995 with a registered capital of RMB300 million.

CITIC Securities is the first A + H shares listed securities company in China. In December 2002, the Company undertook an initial public offering of 400 million common A shares. On January 6th, 2003, the Company was listed on the Shanghai Stock Exchange for transaction (referred to as CITIC Securities, stock code “600030”). From September to October in 2011, the Company undertook an initial public offering of 107,120.70 H shares, including the part with partial exercise of over-allotment rights, and was listed on the main board of Hong Kong Stock Exchange for transaction. (referred to as CITIC Securities, stock code “6030”). By the end of the reporting period, the total number of shares of the company was 12,116,908,400, including 983,858,700 in A-shares and 2,278,327,700 in H-shares.

The business scope of the Company covers: securities brokerage (for areas other than Shandong Province, Henan Province, Tiantai and Cangnan Counties of Zhejiang Province); securities investment consulting; financial advisory services related to securities trading and securities investment activities; securities underwriting and sponsorship; securities proprietary business; securities asset management; margin financing and securities lending; securities investment fund sales agency; distribution of financial products; and stock options market making.

As at December 31, 2019, CITICS holds controlling stakes in five principal subsidiaries, namely: CITIC Securities (Shandong) Limited (hereinafter referred to as “**CITIC Securities (Shandong)**”), CITIC Securities International Co., Ltd (hereinafter referred to as “**CITIC Securities International**”), GoldStone Investment Co., Ltd (hereinafter referred to as “**CITIC Securities GoldStone**”), CITIC Securities Investment Co., Ltd (hereinafter referred to as “**CITIC Securities Investment**”) and CITIC Futures Co., Ltd. (hereinafter referred to as “**CITIC Futures**”), and holds non-controlling stakes in one principal non-controlling subsidiaries, namely China Asset Management Co.,Ltd (hereinafter referred to as “**China AMC**”).

As at December 31, 2019, the Company and CITIC Securities (Shandong), CITIC Futures, Jintong Securities Co., Ltd. (hereinafter referred to as “**Jintong Securities**”) have a total of 78 branches and 277 outlets (including 273 securities outlets and 4 futures outlets) in China. In addition, CITIC Securities International has 4 branches in Hong Kong through its subsidiaries.

After listing on the Shanghai Stock Exchange, the Company was included in SSE 180 Index, SSE 50 Index, CSI 300 Index, SSE Corporate Governance Index, Xinhua FTSE A50 Index, Dow Jones China 88 Index, SSE Social Responsibility Index, etc. After listing on the Stock Exchange of Hong Kong, the Company was included in the Hang Seng China H-Financials Industry Index, Hang Seng China AH Index Series, Hang Seng Global Composite Index, Hang Seng Composite Index, Hang Seng Composite Industry Indexes — Financial Industry, Hang Seng Composite MidCap Index, Hang Seng China Enterprises Index, Hang Seng Mainland 100 Index, Hang Seng CSI Shanghai-Hong Kong AH Smart Index, SSE SH Equities Index, FTSE China 25 Index, MSCI China Index, and other constituent stocks. It greatly enhanced the Company’s image. After the opening of Shanghai-Hong Kong Stock Connect on November 17th, 2014, the Company’s stock became the underlying stock of Shanghai Stock Connect and Hong Kong Stock Connect. After the opening of Shenzhen-Hong Kong Stock Connect on December 5, 2016, the Company’s H shares became the underlying stock of Shenzhen-Hong Kong Stock Connect.

(ii) Corporate Governance

As a company listed in mainland China and Hong Kong, the Company operates in strict accordance with the laws, regulations and regulatory documents of listing locations both domestically and internationally, and is constantly committed to maintaining and enhancing its good market image. The Company continuously improves the corporate governance structure in accordance with the *Company Law of the People’s Republic of China*, the *Securities Law of People’s Republic of China* and relevant rules and regulations of CSRC. The corporate governance of the Company is in compliance with relevant laws and regulations, forming a mutual-separated and mutual-restricted corporate governance structure among the Shareholders’ General Meetings, the Board of Directors, the Board of Supervisors and the management, so that all levels perform their own roles within the scope of their respective duties and authorities, ensuring the standardized operation.

During the reporting period, in strict accordance with the *Corporate Governance Code* and the *Corporate Governance Report* (hereinafter referred to as “**the Code**”) in Appendix XIV of the *Hong Kong Listing Rules*, the Company fully followed all code provisions in the *Code* and met requirements for the most of recommended best conventional clauses listed in the *Code*.

(iii) Risk Management

1. Continuous improving the risk management system

The Company always believes that effective risk management and internal control are essential to the Company's successful operation. Through the implementation of a comprehensive risk management mechanism and internal control processes, the Company monitors, evaluates and manages financial, operational, compliance, and legal risks in business activities, and performs vertical risk management on subsidiaries through different models, such as business guidance, operational support, and decision management.

The Risk Management Committee under the Company's Board of Directors, the Professional Committee under the management team, the relevant internal control departments and business departments or business lines together constitute the main organizational structure of the Company's risk management. The Company has formed a three-level risk management system where the committees make collective decisions, and internal control departments cooperates closely with the business departments or business line to manage risks by reviewing, decision-making, execution, supervision, etc. At the department and business line level, three lines of defense for risk management was established with business department or business line taking the primary responsibility of risk management, internal control departments including the Risk Management Department and the Compliance Department in charge of the professional management for various risks, and the Audit Department in charge of risk monitoring and risk evaluation.

In 2019, on the basis of the stable operation of the comprehensive risk management system and the effective control of various risks, the Company continued to implement the consolidated risk management and focused on promoting the integrated management of domestic and overseas risks. By building an integrated and unified risk management team, the risk of overseas subsidiaries is more directly and effectively managed. At the same time, the Company continued to promote the construction and optimization of the risk management information technology system to improve the efficiency of risk management.

2. Strengthening risk prevention and control in key areas

In recent years, the Company has identified and evaluated risks and concerns in a timely manner in response to new features in the domestic and foreign macroeconomic and market environment. While making the main business better off, we are firmly holding our own risk bottom line, preventing and controlling various financial risks in a timely manner to ensure that no major risk events occur.

In 2019, the Company focuses on strengthening the risk prevention of financing business, strictly controlling the investment risk for fixed income products, improving the risk management mechanism for over-the-counter derivatives business, and further regulating the risk management for investment banking business.

After the breakout of COVID-19, the Company responded in a timely manner. We have taken a series of measures to ensure the health and safety of employees, maintain stable business operations, actively promote bonds for epidemic prevention and control, and provide donations to the society. These measures will be presented in detail in the 2020 Social Responsibility Report.

(iv) Business Performance

In 2019, the total revenue and other income of the Company was RMB43,140 million, a year-on-year increase of 15.90%, and the net profit attributable to shareholders of the parent company was RMB12,229 million, a year-on-year increase of 30.23%. The Company continued to rank first among securities companies in China.

In 2019, the income tax, business tax and surcharges of the Company and subsidiaries were totaled RMB6,698 million; the Company and its holding subsidiaries (CITIC Securities (Shandong), Jintong Securities, CITIC Futures and China AMC) paid a total of securities and futures investor protection funds of RMB127 million.

In 2019, the Company's earnings per share was RMB1.01, and the social contribution per share¹ was RMB3.88.

The Company's main business remains at the forefront of the market. Our underwriting scale of equity business was RMB279.8 billion, with a market share of 18.16%, ranking first in the industry; our underwriting scale of bond business was RMB100.15 billion, with a market share of 13.18%, ranking first in the industry; the amount of our major A-share asset restructuring transactions completed by financial advisory business was about RMB163.3 billion, ranking first in the industry. The total amount of our domestic agent stock fund transactions was RMB15.5 trillion, and we sold RMB778.3 billion in financial products on consignment. Our asset management scale was RMB1.39 trillion, and the active management scale was RMB698.3 billion. The sales volume of our interest rate products remained the first in the industry, and the bond trading volume of the Company ranked first in the industry.

¹ Note: Social contribution per share = earnings per share + value added per share. Value added per share = (tax paid + salaries paid to employees + interest on borrowings paid to creditors + external donations from the Company + securities investor protection funds - other social costs due to environmental pollution) ÷ number of shares.

(v) **List of Honors**

◆ **The Company**

Issued by: FinanceAsia

Best Investment Bank in Asia, Best Equity Capital Market Service Broker, Best Bond Capital Market Service Broker, Best IPO Service Broker, Best M&A Service Broker, Best Green Financial Broker in Asia, Best Underwriter, Best Bond Dealer, Best Panda Bond (BMW Automotive Finance), Best IPO (Baofeng Energy)

Issued by: Asiamoney

Best Broker in China, Best Domestic Equity Financing Broker, Best ABS Underwriter of the Year, Best Underwriter for Account Receivables Securitization, Best ABS/MBS Deal of the Year

Issued by: SSE

Excellent Dealer, Excellent Underwriter of Local Government Bonds

Issued by: SZSE

Excellent Innovation Institution for Fixed Income Business, Outstanding Underwriter Award in Interest Rate Bonds

Issued by: National Interbank Funding Centre

Core Dealer, Excellent Dealer in the Money Market, Excellent Dealer in the Bond Market, Excellent Dealer in the Derivatives Market, Outstanding Contribution in Opening Up, Market Innovation Award, Trading Mechanism Innovation Award, Best Technology Award

Issued by: China Development Bank

Excellent Underwriter in the Exchange Market, Excellent Underwriter in the Interbank Market, Overseas Market Promotion Award, Excellent Innovative Underwriter, Excellent Market Maker

Issued by: Agricultural Development Bank of China

Best Underwriter Award, Best Broker Institution Award, Outstanding Market Maker of Agricultural Development Bonds, Outstanding Underwriter of Exchange Financial Bonds

Issued by: China Central Depository & Clearing Co., Ltd.

Outstanding Proprietary Trader, Best Contribution Underwriter Award of Local Municipal Bonds (non-bank institutions)

Issued by: China Foreign Exchange Trade System

The Project of “Open-end Client of New Platform for Currency Trading — Flagship Store” won the Runner-up Prize of the Fintech Innovation Competition in the 2019 Interbank Market

Issued by: Caixin Capital Market Achievement Awards for 2018 of Caixin Media

Best Broker in Chinese Domestic Bond Market
Best Investment Bank in Chinese Market
Best Investment Bank in Financial Institution Industry of Chinese Market
Best Corporate Bond Underwriter in China
Best Asset Securitization Underwriter in China

Issued by: New Fortune

Best Local Investment Bank No. 1, Best Investment Bank in Equity Underwriting No. 1, Best Investment Bank in Debt Underwriting No. 1, Best Investment Bank in Energy Sector No. 1, Best IPO Investment Bank No. 4, Best Refinancing Investment Bank No. 2, Best IPO Project No. 1 (PICC), Best Refinancing Project No. 1 (China Construction Bank), Best Refinancing Project No. 9 (Spring Airlines)

Issued by: Securities Times

Jun Ding Award: 2019 Full-Service Investment Bank in China, 2019 Bond Team in China, 2019 Asset Securitization Investment Bank in China, 2019 Financial Advisor in China
Most respected investment bank of listed companies: Top 10 Investment Banks, Top 10 Capital Market Department

Issued by: Securities Daily

Golden Horse Award in Chinese Securities Market (Excellent Service Broker Award in STAR Market)

Issued by: China Securities Journal • jnlc.com

Three-Year Golden Bull Broker's Collective Asset Manager

Three-Year Golden Bull Broker's Collective Asset Management Plan

Issued by: China Asset Securitization Research Institute

Huijing Award — Leading Investment Institution in the Market

Issued by: Financial News

2019 Golden Dragon Award (Best Securities Company of the Year)

Issued by: China Securities Journal

2019 Golden Bull Award in Chinese Securities Industry (Golden Bull Award of Top Ten Securities Companies, Golden Bull Award of Social Responsibility of Securities Companies, Golden Bull Wealth Management Team Award, Golden Bull Investment Bank Team Award, Golden Bull Asset Management Team Award)

Issued by: Shanghai Securities News

2019 Gold Quality Award (Corporate Governance Award)

Issued by: International Financial News

2019 International Pioneer Investment Bank

Issued by: hexun.com

2019 Broker Brand Award, 2019 Broker Outstanding APP Award, 2019 Broker Bonus Award

Issued by: Sina Finance

Responsible Investment Best Securities Company Award

Issued by:jiemian.com

2019 China Financial Excellence Award (Securities Company of the Year)

Issued by: eastmoney.com

2019 Best Broker, 2019 Best Broker Asset Management Equity/Asset Allocation Team

Issued by: 36kr

TOP 5 Most Influential Securities Companies in China's Listed Company Merger and Acquisition Services

Issued by: Investor China

Trustworthy Excellent Securities Company of the Year

Issued by: Economic Media Association of China

2019 China Innovation Leader Award

◆ CLSA Limited

Asiamoney Brokers Poll 2019

Issued by: Asiamoney

1990–2018 No. 1 Asia-Pacific Best Overall Combined Research and Sales Broker Selection

No. 2 Overall Combined Regional Research & Sales (Asia, ex Australia, China A & B Shares, Japan)

No. 2 Overall Combined Research & Sales in Australia

No. 2 Overall Combined Research & Sales in Japan

No. 2 Overall Combined Research & Sales in China (A & B Shares)

No. 2 Overall Combined Regional Sales (Asia, ex Australia & Japan)

No. 2 Overall Combined Regional Research (Asia, ex Australia & Japan)

Awards in Asia (Excluding Japan)

Research: No. 1 Best Strategist/No. 2 Best Economist/No. 1 Best Technical Analyst (Quantitative)/No. 3 Best Technical Analyst (Quantitative)/No. 3 Best Analyst for Banks/No. 2 Best Analyst for Casinos & Gaming/No. 1 Best Analyst for Consumer Discretionary/No. 1 Best Analyst for Consumer Staples/No. 1 Best Analyst for Industrials/No. 2 Best Analyst for Diversified Financials/No. 2 Best Analyst for Healthcare/No. 1 Best Analyst for Insurance/No. 2 Best Analyst for Materials/No. 3 Best Analyst for Materials/No. 1 Best Analyst for Semiconductors & Semiconductor Equipment/No. 2 Best Analyst for Software & Internet Services

Sales: No. 1 Best Regional Salesperson

Japan:

Research: No. 2 Best for Overall Country Research/No. 1 Best Strategist/No. 1 Best Economist/No. 1 Best Analyst for Automobiles & Components/No. 1 Best Analyst for Banks/No. 1 Best Analyst for Consumer Discretionary/No. 1 Best Analyst for Consumer Staples/No. 1 Best Analyst for Non-Bank Financial/No. 1 Best Analyst for Industrials/No. 1 Best Analyst for Insurance/No. 1 Best Analyst for Semiconductors & Semiconductor Equipment/No. 1 Best Analyst for Technology Hardware & Equipment/No. 1 Best Analyst for Transportation & Logistics

Sales and Trading: No. 2 Best Overall Sales Services/No. 1 Best Country Salesperson/No. 2 Best Country Salesperson/No. 3 Best Country Salesperson/No. 1 Best Country Sales Trader/No. 2 Best Country Sales Trader

Australia:

Research: No. 2 Best For Overall Country Research/No. 1 Best Analyst for Banks/No. 1 Best Analyst for Business and Personal Services/No. 1 Best Analyst for Consumer Discretionary/No. 1 Best Analyst for Consumer Staples/No. 1 Best Analyst for Energy/No. 1 Best Analyst for Non-bank financial/No. 1 Best Analyst for Healthcare/No. 1 Best Analyst for Media/No. 1 Best Analyst for Real Estate/No. 1 Best Analyst for Software & Internet Services/No. 1 Best Analyst for Technology Hardware & Equipment/No. 1 Best Analyst for Transportation & Logistics

Sales and Trading: No. 1 Best Overall Sales Services/No. 1 Best Country Salesperson/No. 2 Best Country Salesperson/No. 1 Best Country Sales Trader/No. 3 Best Country Sales Trader

Issued by: FinanceAsia

Country Awards for Achievement 2019

Hong Kong

Best broker in Hong Kong amongst Chinese Financial Institutions

The Philippines:

Best Deal in the Philippines: Allhome Group US\$285 million IPO (CLSA Limited as one of the bookrunners)

Sri Lanka:

Best brokers in Sri Lanka

Issued by: The Asset

The Asset Triple A Country Awards 2019:

China:

Best IPO in China: Jinxin Fertility Group Limited US\$447 million Hong Kong IPO (CLSA Limited as one of the sponsors, global coordinators, bookrunners and lead managers)

Best equity-linked in China: Lenovo Group US\$675 million convertible bonds (CLSA Limited as one of the global coordinators and bookrunners)

Best M&A in Hong Kong: Cathay Pacific Airways acquires Hong Kong Express Airways for HK\$4.93 billion (CLSA Limited as financial advisor)

The Philippines:

Best Green Bond Project in the Philippines: AC Energy US\$300 million senior unsecured note (CLSA Limited as one of the lead managers and bookrunners)

India:

Best Eligible Institution Placing in India: Godrej Properties US\$302 million Eligible Institution Placing (CLSA Limited as one of the bookrunners and lead managers)

Best new bond in India: Indusind Bank US\$400 million senior notes (CLSA Limited as one of the bookrunners)

Issued by: Institutional investors

2019 Asian Research Team Awards

No. 1 Best Philippine Research Team of the Year (by commission)/No. 1 Best Philippine Research Team (by asset management scale) of the year/No. 1 Best Thailand Research Team (by asset management scale) of the year/No. 2 Best Thailand Research Team (by commission)/No. 3 Best Philippine Research Company (by asset management scale)/No. 3 Best Australia and New Zealand Research Company (by commission): Health & Medical

Issued by: Refinitiv
2019 STARMINE Analyst Awards

Asia:

No. 3 Overall Analyst Awards: Utilities (Best Profit Forecast)/No. 1 REITs Stock Selection/No. 1 Utilities Profit Forecast/No. 2 Profit Forecast in Interactive Media and Services Industry/No. 3 Profit Forecast in Semiconductor Industry

Australia and New Zealand:

No. 2 Overall Analyst Awards: Financial Services (Best Stock Selection)/No. 1 Stock Selection in Financial Services Industry/No. 1 Stock Selection in Interactive Media and Services Industry/No. 2 Stock Selection in Hotel, Restaurant and Leisure Industry/No. 2 Stock Selection in Telecommunication Services and Information Technology Industry/No. 2 Profit Forecast in Chemical and Forestry Industry/No. 3 Stock Selection in Metals and Mining Industry/No. 3 Profit Forecast in Hotel, Restaurant and Leisure Industry/No. 3 Profit Forecast in Real Estate Industry

China (including Hong Kong)

No. 2 Overall Analyst Awards: Utilities (Best Profit Forecast)/No. 1 Utilities Profit Forecast/No. 2 Profit Forecast in Interactive Media and Services Industry/No. 2 Profit Forecast in IT and Consumer Durables Industry/No. 3 Profit Forecast in Consumer Discretionary Industry/No. 2 Profit Forecast in Chemical and Forestry Industry/No. 3 Stock Selection in Metals and Mining Industry/No. 3 Profit Forecast in Hotel, Restaurant and Leisure Industry/No. 3 Profit Forecast in Real Estate Industry

India:

No. 2 Overall Analyst Awards: Information Technology (Best Stock Selection)/No. 1 Stock Selection in Energy Industry/No. 2 Profit Forecast in Transportation Industry/No. 3 Utilities Profit Forecast

Japan:

No. 1 Stock Selection in Transportation Industry/No. 2 Stock Selection in Technology Hardware Industry/No. 2 Stock Selection in Telecommunication Services Industry/No. 3 Stock Selection in Entertainment Industry/No. 3 Profit Forecast in Transportation Industry

◆ **GoldStone Investment**

Issued by: China Securities Journal
Golden Bull Broker's Equity Investment Annual Winner

Issued by: Zero2IPO Group
No. 7 2018 Top 50 Best Private Equity Investment Institutions in China

◆ **CITIC Futures**

Issued by: Shanghai Futures Exchange
2018: Outstanding Member (Gold), Industry Service Award (bronze, fuel oil, asphalt, zinc, lead, steel, tin, gold, silver, aluminum, natural rubber, nickel), Options Market Service Award, Social Responsibility Contribution Award

Issued by: Hong Kong Stock Exchange
2019 Model Chinese Futures Dealers, Important Partners

Issued by: Shanghai International Energy Exchange
2018 Outstanding Member

Issued by: Futures Daily, Securities Times
Best Futures Company in China, Junding Award for Excellent Futures Companies, Best Service Award for Commodities Futures Industry, Best Service Award for Financial Futures, Best Targeted Poverty Alleviation Outstanding Contribution Award, Best Asset Management Leading Award, Annual Best Investor Education Work Award, Best Futures IT System Construction Award, Best Futures Derivatives Comprehensive Service Innovative Award, Best Integrity and Self-discipline Futures Company, Emerging Future Company Award for Internationalization Process, Best Corporate Branding Development Award, Most Popular Public Account for Futures Institutions, Best Risk Management Subsidiary Service Award (CITIC Securities Capital Management Co., Ltd.), Best Overseas Futures Business Service Award (CITIC Futures International Co., Ltd.), Best Futures Operation Branch in China (CITIC Futures Beijing Branch Office), China Golden Futures Research Institute (Research Consulting Department of CITIC Futures)

◆ China AMC

Issued by: Shanghai Stock Exchange

Best 10 Index ETF Manager

Issued by: The Asset

China Annual Fund Management Company Highly Commended Award, Best ESG Fund Management Company in China

Issued by: Securities Times, Chinafund

Best Index Development Fund Company, Best Social Commonweal Practice Case, Best Comprehensive Marketing Planning Case Award, Best Marketing Planning Innovation Award

ChinaAMC SSE Index ETF won the Annual Best Stock Index ETF Award

ChinaAMC CSC SOE structural adjustment ETF won the Annual Best Innovative Fund Product Award

ChinaAMC Ankang Credit Optimized Bonds won Five-Year Continuous Returns Positive Bond Star Fund

ChinaAMC Overseas Income Bond won Three-Year Continuous Return QDII Star Fund

ChinaAMC Dingmao Bond won the Annual Star Fund of Ordinary Bond

Issued by: Shanghai Securities News

Golden Fund TOP Fund Company Award, Golden Fund Passive Investment Fund Management Company Award

ChinaAMC CSI 300 Index ETF — The 16th Golden Fund — Index Fund Award (Three-year)

Issued by: China Securities Journal

Golden Bull Award for Passive Investment Fund Managers

III. Social Responsibility Management System

(i) Concept of Social Responsibility

CITIC Securities takes implementing the national strategy, serving the real economy and creating greater value for the society as our mission, and takes becoming the most trusted domestic and international first-class investment bank of China as our vision, and actively fulfills corporate social responsibility in terms of customer service, staff development and community obligations.

Customer service

- Enhancing business diversification and serving the real economy.
- Focusing on customers and growing with them mutually.
- Strengthening industry exchanges and cooperation to promote mutual development.
- Operating in compliance with the regulations, strictly controlling risks and strengthening corporate supply chain management and anti-corruption management.

Employees' development

- Adhering to the strategy of talent-based enterprises with people-oriented and market-oriented management.
- Actively providing jobs for the society and protecting the legitimate rights and interests of employees in accordance with laws.
- Adhering to the principle of fairness and impartiality, hiring employees based on job qualifications, and providing fair opportunities in position appointment, promotion, remuneration and welfare benefits, development and training.
- Providing employees with a healthy and safe working environment.

Environment-friendly

- Practicing the concept of green development in China and adopting various energy conservation and emission reduction measures to achieve green office.
- Advocating environmental behaviors and raising public awareness of environmental protection.
- Carrying out green securities business to help the development of green real economy.

Community duty

- Actively carrying out targeted poverty alleviation work and giving back to the society in various ways;
- Encouraging and supporting employees to contribute volunteer services to public welfare undertakings.

In 2019, we furtherly examined the concept of corporate social responsibility and identified each dimension related to the United Nations sustainable development goal to take positive actions in order to achieve sustainable goals.

Dimensions of social responsibility concept	Relevant sustainable goals
Customer service	17 PARTNERSHIPS FOR THE GOALS
Employees' development	3 GOOD HEALTH AND WELL-BEING 5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH
Environment-friendly	6 CLEAN WATER AND SANITATION 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION
Community duty	1 NO POVERTY 2 ZERO HUNGER 4 QUALITY EDUCATION

(ii) Social Responsibility Organizational Structure

The Company incorporates the concept of social responsibility into all aspects of business management, establishes a social responsibility management framework, and continuously promotes the integration of social responsibility concept and our own business development, so as to put social responsibility into practice.

- **Board of Directors:** The Board of Directors is responsible for the formulation of social responsibility strategy and directions, and reviewing the report and performances of social responsibility work.
- **Management:** The management team is responsible for planning and implementing the social responsibility strategy, managing the social responsibility performance of relevant departments and subordinate branches and subsidiaries, and reporting to the Board of Directors on social responsibility work.
- **Functional departments and subsidiaries:** The relevant functional departments and subsidiaries are executors of social responsibility work, which cooperate with the management team to complete the tasks related to social responsibility management.

CITIC Securities Headquarters



CITIC Securities Subsidiaries



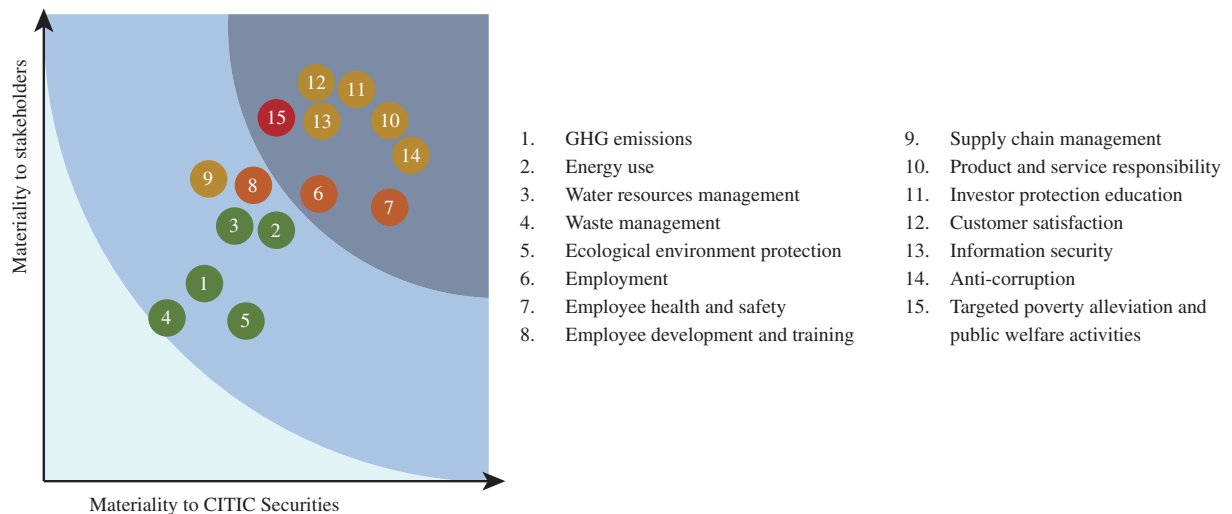
(iii) Stakeholder Engagement

Based on the characteristics of actual business, management, and operation, the Company identifies key stakeholders including shareholders and investors, governments and regulators, employees, suppliers, customers, partners, communities, and the public. To ensure the information between the Company and various stakeholders can be timely and effectively communicated, the Company establishes and continuously improves the communication mechanism. In 2019, the key stakeholders identified and the key issues concerned by the Company are listed in the table below.

Key stakeholders	Major communication channels	Key issues concerned
Shareholders and investors	Shareholders' general meetings, corporate annual report, telephone, email, network platform, visitor reception, and participation in investor meeting	Profitability Business strategies Transparency of information disclosure
Governments and regulators	Major conferences, policy consultations, incident reporting, institution investigation and official correspondence	Compliance operation Corporate governance Targeted poverty alleviation
Customers	Customer visit, satisfaction survey and customer complaint hotline	Quality of service Information security
Employees	Employee suggestion box, labor union, employee satisfaction survey, employee activities	Remuneration and welfare benefits Development and training Promotion Working environment
Suppliers	Supplier investigation, communication conferences	Fair cooperation Integrity and performance
Partners	Communication conferences	Fair cooperation Integrity and performance Joint development
Communities and the Public	Public welfare activities, community interaction, corporate recruitment talks and internship opportunities	Community relations Employment promotion Public benefits and charities

(iv) Materiality Assessment

Through channels above, the Company communicates with key stakeholders effectively to understand their feedback on key issues on social responsibility. In addition, in 2019, the Company furtherly identified material issues to major stakeholders as the focus of corporate actions and reports. The Company's materiality analysis of social responsibility is listed in the matrix below.



IV. Serving the Society

Guided by the principle of “standardized operation and stable development”, the Company actively develops various businesses. Through specialized financial services such as sponsoring and underwriting, corporate mergers and acquisitions, financial advisors, capital intermediaries, asset management and fund management, the Company has successfully promoted corporate listing and financing, improved corporate governance structure, promoted rapid corporate development, furthered the cross-border flow of Chinese capital, promoted the healthy and stable development of China’s capital market, and supported Chinese companies to deeply participate in the global market.

On the basis of creating economic value for shareholders and continuously improving diversified wealth management functions, we continue to promote the development of the industry, support the construction of the “Belt and Road”, help the private economy, and serve the agriculture, rural areas and farmers. At the same time of development, we serves the society to realizes the common development of enterprises and society.

(i) Offering Return to Shareholders

The Company disclosed the true, accurate and complete information to shareholders in an active and open manner. In addition to the information disclosure channels required by law, the Company mainly communicates with investors through telephone, email, online platforms, receiving visits, and participating in investor meetings to ensure that all shareholders, especially small and medium shareholders, can fully exercise their rights.

The Company strictly complied with the relevant provisions of the Company’s *Association* on profit distribution policies and formulated a profit distribution plan. Since the establishment of the Company, we have implemented cash dividends every year. In 2019, the Company’s cash dividends accounted for more than 30% of the net profit attributable to shareholders of the parent company, which met relevant regulatory requirements and the Company’s profit distribution policy.

(ii) Diversifying Wealth Management Function

Occupational annuities is the new pillar of the old-age security system in China. Its entry into the capital market helps maintain and increase the value of occupational annuities, and has played an important role in supporting the steady development of the capital market. In order to better provide professional annuity product operation services and ensure the safe and efficient operation of professional annuities, the Company has set up a professional annuity project team to comprehensively analyze the professional annuity operation process, risk points, and similarities and differences with enterprise annuities, and organize the entire group to perform professional annuities training to strengthen risk awareness of business personnel. After full preparation, the Company has smoothly undertaken the operation of multiple professional annuities, and our professionalism has been highly evaluated by trustees, agents, and custodian banks.

The Company’s securities financial business continued to maintain its leading position in the financing business. This year, we further enhanced the professional management level of the financing business segment, optimized the industry structure of different types of financing business, leveraged the cross-service functions of various financing instruments, and continued to provide customers with comprehensive business solutions for securities lending and financial financing. With the help of regulatory innovation rules such as STAR Market securities lending, public funds and social security funds to participate in lending and expansion of the two financing standards, the Company became one of the first batch of STAR Market securities lending business pilot securities companies. And we gradually deploys domestic and overseas financing business and integration plans to meet the diversified investment and financing needs and asset allocation needs of domestic and overseas customers.

The Company's research business vigorously carries out in-depth research on industries and investment themes, continues to expand the coverage of A-shares and overseas listed companies, and serves the Company's key institutional and wealth customers in an all-round way, earning the Company a good market reputation and creating significant business value. The market influence has increased significantly. In 2019, the Company held two annual capital market conferences on the theme of "rejuvenation on the road" and "forging ahead in the new era", which attracted great attention from the entire market. In order to meet the needs of more investors to participate in the conference, the conference innovatively used multiple live broadcast sub-venues. The number of participants at the two meetings through the live conference was 2,633 and 4,098 respectively. In addition, there were 10,070 and 28,593 people who watched the live broadcast of the meeting through the "Xin E Tou" APP and the official WeChat.



(iii) Contributing to the Development of the Industry

1. Implementation of the First Full-trading H-share Transaction

The Company actively cooperated with the CSRC and China Securities Depository and Clearing Co., Ltd. to help promote the "full circulation" pilot business of H shares. This business solves the long-standing legacy of the H-share market equity structure, share circulation, and market value management mechanisms, explores a new model of foreign exchange management in capital market, and further lays the foundation for the long-term development of the Hong Kong securities market and H-share listed companies. At the beginning of 2019, the Company took the lead in designing and implementing the implementation plan and operation process of the first H-share "full circulation" counterparty transaction business, opening up the path for customers to reduce their holdings of bulk transactions.

2. Normalized the Settlement of Public Fund Brokers

The Company pioneered the operation model of the public offering fund "broker transaction settlement + bank custody", which provided a reference for the industry reform and the development of the industry. The Company, as a trading settlement broker of public funds, provides high-quality services to public funds in terms of scheme declaration, product sales, transaction support, settlement operations, and information security to ensure the successful sale and normal operation of fund customers' products. Under the new model, the securities trading activities of public funds are fully integrated into the unified management of the brokerage business framework of securities companies. The new model realizes multi-dimensional integrated full-service, full-process, full-cycle active management and risk control from the aspects of account, transaction, settlement, and data, and fully implements the requirements of regulators to regulate the operation of the capital market, maintain market order, and prevent market risks. It fully reflects the Company's social responsibility to the industry, market and investors.

The company is the brokerage firm with the largest number of financial institutions such as public fund companies that adopt the new model of trading. The number of products and assets on the market are the highest in the market.

3. Efficiently Promote the Large-scale Public Offering of Asset Management Products

At the end of 2018, the China Securities Regulatory Commission issued the “Guidelines on the Application of the Guidance on Regulating the Asset Management Business of Financial Institutions” for Securities Company Large-Scale Asset Management Business. In 2019, as the industry representative, the Company took the lead in piloting large-scale public fundraising and transformation work, aiming to form a demonstration role in the industry and create standard transformation cases. After the public fundraising transformation, the large collection of products has the characteristics of a low starting point, can be publicized, and the operating standards are transparent. It can better serve the majority of investors. It is the great significance for the securities firm to complete its product line and provide comprehensive investment management services. It is more strategically important in terms of securities brokerage asset management services for the real economy and residents’ wealth management needs. Since the policy was introduced, the Company has quickly interpreted the policy, completed the functional test and upgrade of various business systems, and connected a number of external sales agencies. While making the product comply with the requirements of public offering laws, the Company focused on evaluating the personalized design of a large collection of brokers. The transformation reflected the product’s own characteristics and pushed forward the process of large-scale public offering.

With the joint cooperation of all parties, the Company is the first among the non-public fundraising qualified institutions to complete the large group change declaration and large group public offering product issuance, and its operating efficiency has been widely recognized by the industry.

4. Market-oriented debt-to-equity bonds

On June 24, 2019, the Company assisted China Chengtong Holding Group Co., Ltd. to successfully issue market-oriented bank debt-to-equity special bonds. The bond is the largest debt-to-equity special corporate bond issued by the market so far. It has played a positive role in promoting and demonstrating the development of China’s debt-to-equity business and the innovation of state-owned enterprises’ leverage reduction and debt financing models.

In 2019, as the lead underwriter, the Company assisted ICBC Financial Asset Investment Co., Ltd. in successfully applying for financial bonds with a reported scale of 30 billion yuan. We also served as the lead underwriter of the debt-to-equity financial debt of Orient Asset Management Co., Ltd., with a total issuance of RMB10 billion yuan. In addition, the Company continued to serve as the lead underwriter of the Shaanxi Financial Holding Group Co., Ltd.’s market-oriented bank debt-to-equity special bond project in 2017.

(iv) Supporting the “Belt and Road” Initiative

Among the Chinese securities companies, the Company has the largest number of local institutions, sales network and clearing and settlement facilities in the “Belt and Road” regions, committed to serving the “Belt and Road” Initiative, serving Chinese enterprises to go global and bringing in overseas clients, and becoming an international comprehensive financial service provider that clients trust most.

In 2019, as the leading underwriter, the Company assisted the issuer TBEA to declare 3 billion “Belt and Road” special corporate bonds and successfully completed the first issuance, from which the funds raised were used for Cameroon’s 225kV power transmission and transformation project, and acceleration of Uganda rural electrification to meet power supply and demand balance projects and other “Belt and Road” national power transmission and transformation projects.

(v) Upholding the Private Economy

The Company actively responds to the call to enhance China’s overall economic anti-risk ability, develops the commodity income swap business, and focuses on serving the hedging needs of domestic entities. This business effectively solves the problems of tedious hedging processes, unstable effects, high capital risks, and low utilization efficiency of domestic customers, especially physical enterprise customers under the traditional model, and has attracted a group of physical enterprises to conduct hedging attempts to avoid operational risks brought by fluctuations in overseas commodity markets. The Company actively responded to the advocacy of “aiding listed companies with development prospects but temporarily operating difficulties to relieve the plight of stock pledge”, and supported the stable operation of national enterprises.

In 2019, as the joint leading underwriter, the Company completed Henan's first single bailout special corporate bond with a scale of 1 billion yuan. The raised funds are mainly used to set up a bailout fund invested by the government or its designated state-owned capital operating entity to help bailouts for private listed companies, and support private listed companies with good prospects for mergers and acquisitions, restructuring, and strengthening of the main business. The Company acted as the exclusive lead underwriter and completed the issuance of Chengdu Xingcheng Investment Group Co., Ltd.'s non-public issuance of special bonds for relief (Phase 1) in 2019, with a scale of 2 billion yuan which was used to help those A-share listed companies in good standing or their controlling shareholders and actual controllers to resolve their liquidity problems. The company acts as a joint lead underwriter, assisting Jiangxi Provincial State-owned Enterprise Asset Management (Holdings) Co., Ltd. in privately issuing special corporate bonds for bail-out (first phase), with a scale of 1 billion yuan, and the funds raised are intended to relieve listed companies Financing difficulties and equity pledge risks, repayment of company debts, and replenishment of working capital. The company acts as the exclusive lead underwriter, assisting Hainan Development Holdings Co., Ltd. in publicly issuing special corporate bonds for bail-outs to qualified investors and obtaining the approval of the CSRC, of which the approved issuance scale does not exceed 2 billion yuan. We acted as the lead underwriter to assist Guangzhou Industrial Investment Fund Management Co., Ltd. in publicly issuing corporate bonds to qualified investors, which obtained the approval of the Securities Regulatory Commission, with an approved issue size not exceeding RMB6 billion.

The Company established a private enterprise development fund in response to the state's call to support the prosperity and development of the real economy. We have set up Shenzhen Investment Holding China Securities Xinying Equity Investment Fund Partnership (Limited Partnership) with Shenzhen Investment Control Capital Co. Ltd. In addition, We established Hunan Xingxiang Zhongzheng Xinying Equity Investment Fund Partnership (Limited Partnership) with Hunan Xingxiang Investment Holding Group Co., Ltd. jointly.

(vi) Serving Agriculture, Rural Areas and Farmers

The Company actively responds to the national "Rural Service Strategy", performing the social responsibility of serving the real economy, giving full play to the advantages in product design and transaction pricing, and playing a positive role in the protection of agricultural product prices.

In 2019, the Company cooperated with large domestic insurance companies to launch cotton "insurance + futures" for targeted poverty alleviation in Makit County, Xinjiang. The Company donated RMB1 million in premiums and insured 209 poor households in the country for cotton price index insurance with a total value of more than RMB17 million.

As the lead underwriter, the Company assisted Jiangsu Changshu Rural Commercial Bank Co., Ltd in applying for the "Agriculture, Rural Areas and Farmers" special financial bond with a total scale of 1 billion yuan. In 2019, it was approved by the Jiangsu Regulatory Bureau of the Banking and Insurance Regulatory Commission, and all the funds raised will be used to issue agricultural-related loans.

(vii) Issuing Green Bonds

Green bond is an important result of promoting the green development of the real economy through financial means, and has important economic, social and environmental protection effects, benefiting the national economy and people's livelihood. The Company actively supports projects related to the green industry and assists a number of financial and non-financial enterprises to issue green bonds. The funds raised are all used for green industry projects in accordance with the provisions of the relevant laws and regulations and the approval of regulatory authorities.

In 2019, the Company continued to act as the leading underwriter to issue green corporate bonds for the China Three Gorges Corporation, with a scale of 20 billion yuan. This bond was the first green exchangeable corporate bond in China's bond market and the largest single-time green credit bond in China. The funds raised were mainly used for the construction of the Group's Wudongde hydropower station and Baihetan hydropower station, both of which had green certification. The successful issuance of this bond will not only provide strong support for the construction of the two major hydropower stations, effectively guaranteeing the capital of the Three Gorges Group's key projects, but also was of great strategic significance to the implement of the State Council's strategic plan for establishing China's green financial system, leading China's clean energy sector financing, and deepening the reform of state-owned enterprises.

In 2019, the Company as the main underwriter assisted Guangzhou Metro Group Co., Ltd. in issuing a total of 4 green corporate bonds with a total scale of RMB7 billion. The funds raised were used for rail transit construction projects and replenishing liquidity. Developing rail transit projects is one of the important measures for the Guangzhou's energy-saving and low-carbon process.

In 2019, as the leading underwriter, the Company assisted Beijing Infrastructure Investment Co., Ltd in issuing green renewable corporate bonds of no more than RMB10 billion, which was the first publicly available green renewable corporate bond for the subway company. The raised funds will be used for the construction and operation of green rail transit construction projects approved by the Green Finance Committee and the Shanghai Stock Exchange. This bond broadened the channels for the financing of subway companies and also contributed to the construction of Beijing's rail transit system.

In 2019, the Company served as the co-lead underwriter to assist the public issuance of green corporate bonds (the first phase) of CECEP Solar Energy Co., Ltd for qualified investors, with a scale of RMB500 million. The funds raised were used to support new green industry projects, to replace bank loans already invested in green industry projects, and to supplement working capital.

In addition, the Company also assisted Great Wall Guoxing Financial Leasing Co., Ltd. as the lead underwriter to complete the issuance of RMB2 billion of green financial bonds. The project planned to be invested with the raised funds was expected to annually save approximately 2,430,700 tons of standard coal, to reduce 6,498,900 tons of carbon dioxide emissions, 63,166.18 tons of sulfur dioxide emissions, and 54,277.29 tons of nitrogen oxide emissions. As the exclusive lead underwriter, the Company assisted Qinghai Bank to issue RMB1.5 billion of green financial bonds, and the funds raised were used for the green industry projects specified in the *"Green Bond Supporting Project Catalogue"*. It is of positive significance to the construction of ecological civilization in Qinghai Province and promote the sustainable development of economy and society. As a co-lead underwriter, the Company assisted Zheshang Bank to successfully issue RMB5 billion of green financial bonds, further promoting the development of Zheshang Bank's green financial business and improving its green financial services. As a co-lead underwriter, the Company assisted Agricultural Bank of China Financial Leasing Co., Ltd to successfully issue RMB3 billion of green financial bonds, which was the first time that a financial leasing company in Shanghai issued green financial bonds. The funds raised were intended to be invested in 6 renewable energy projects.

V. Product Responsibility

The Company adheres to the principles of compliance operation, diligence and responsibility, and customer first. Adhering to the concept of creating value for customers and growing together with customers, the Company closely coordinates its business lines to meet customers' diversified service needs.

The Securities Law of the People's Republic of China, the Compliance Management Measures for Securities Companies and Securities Investment Fund Management Companies and other laws and regulations make a significant impact on the operation of the Companies. Such laws and regulations stipulate the responsibilities and compliance management responsibilities of securities companies as underwriting institutions, including formulating and implementing compliance management systems, establishing compliance management mechanisms and preventing compliance risks. In 2019, we will strictly comply with the requirements of relevant laws and regulations and take a series of measures to ensure the Company's compliance operation and protect the interests of customers.

(i) Improving the Quality of Products and Services

The Company is committed to providing customers with the highest quality, the most comprehensive, and the most professional services. In order to unify service standards and improve service quality, the Company has established a series of systems, processes and specifications for various businesses carried out by the brokerage business branches, and compiled the *Compilation of Operational Business Regulations and Processes*, covering aspects such as customer service, outlet management, and business assessment to effectively improve service.

1. Providing Quality Services

The Company's centralized customer service center has set up three sub-centers in Qingdao, Hangzhou and Xi'an respectively, providing clients with all-round standardized business operation services such as online business handling service, securities trading consulting and customer feedback collection. Relying on the Company's powerful information resources and research and development advantages, the centralized customer service center constantly optimizes industry-leading customer voice and online interactive customer service platform, continues with business innovation, and creates an outstanding online business execution center in the securities industry.

The Company attaches great importance to customer service work, obtains customer feedback on services through various channels, continuously optimizes service processes, continuously improves customer satisfaction, and enables each customer to get a quality service experience in our company. The Company obtains customer service evaluation from various business perspectives. As of December 2019, the Company's unified customer contact center's customer satisfaction with mobile phone account opening was 99.82%, customer satisfaction with telephone consultation was 99.53%, and customer satisfaction with online consulting was 96.64%, achieving a higher level of satisfaction.

2. Improving Complaint Protection Mechanism

In 2019, the Company continued to improve the customer complaint protection mechanism, strictly in accordance with the requirements of the complaint management system, and The Company assigns special personnel to deal with customer complaints, specifies the responsible departments and persons for complaints handling, files the complaints after closure, conducts regular inspection, and includes the assessment of the handling of customer complaints into the Company's compliance assessment system, and rewards and punishes the staff according to relevant measures. The Company established a multi-department coordination mechanism to improve the efficiency of claim processing and protect the legitimate rights and interests of customers.

3. Improve Customer Service

The Company continues to promote the improvement of off-site business service quality. In accordance with the relevant requirements of the industry association, the company established *off-site account business specifications*, to continuously improve the quality of off-site business services through technological upgrading.

The Company has further enriched the types of off-site business transactions, and has successively launched off-site business processing functions such as securities account hanging, three-party depository bank changes, retrieved fund accounts, mobile phone number resets, cost price type settings, and on-site and off-site account correspondence maintenance, transfer of funds off-site, opening of the authority of the science and technology board, and one-stop account cancellation for customers in the “Xin E Tou” app, have realized self-service processing of common counter services for individual customers. In addition, the Company also develops and launches one-stop account opening and one-stop account cancellation and other service processing functions on the iPad terminal, and provides business processing support tools for high-end and special customer on-site services. The deployment of off-site business processing functions provides customers with more business processing options and convenience, and continuously improves customer experience.

In addition, the Company has carried out a series of work in customer service, such as optimizing some account business forms and processes, optimizing business processes, and improving work efficiency. Enabling a comprehensive teller business platform to reduce counter learning costs, and improving business acceptance efficiency. Strengthening the identification of foreign personnel and Hong Kong, Macao and Taiwan personnel to further clarify the identity of customers.

(ii) Advertisement Compliance

According to *the Advertising Law of the People’s Republic of China* and *the Interim Measures for the Administration of Internet Advertising*, advertisers are responsible for the authenticity of the advertising content, and the advertisement publishers check the relevant certification documents and check the advertising content according to the laws and administrative regulations. We have strictly complied with the provisions of these laws and regulations, and conducted strict examination and verification of the advertising content to avoid false publicity or misleading users of the advertising content.

(iii) Strengthening Appropriateness Management

The Administrative Measures on the Appropriateness of Securities and Futures Investors issued by the CSRC further strengthens the obligation of securities operating institutions in the whole process of the appropriateness management, requires operators to improve the internal management system, and prohibits the adoption of assessment and incentive measures to encourage employees to sell improperly. CITIC Securities strictly implements these requirements, and effectively assumes the “responsibility of sellers”, and follows a series of appropriate conduct codes when selling products to investors, develops appropriate internal management systems and procedures to protect the legitimate rights and interests of investors.

1. Construction of Investor Appropriateness Management Platform

In 2019, the Company launched an integrated management platform for investor appropriateness, established a dynamic assessment model of customer risk tolerance through big data technology, and provided a relatively objective and true reference rating for customer risk levels. The platform also initially realized the overview and comprehensive management functions of the investors appropriateness work, developed and enabled functional modules such as investor and product or service hierarchical overview, investor portraits, risk monitoring and early warning and processing, self-inspection, reporting and analysis, training, customer disputes, and information reporting to regulatory inspection.

2. Construction of STAR Market business appropriateness system

The Company has established the appropriate management system and counter operation guidelines for the STAR Market stock trading (including the STAR Market financing and margin trading), and in accordance with the spirit of the SSE’s *Notice on the Implementation of the Appropriate Management Requirements for STAR Market*. So the the verification standards for the access criteria to the STAR Market has been further improved to ensure that appropriate customers are allowed to participate in the STAR Market transaction.

(iv) Information Security and Privacy Protection

Information security and privacy protection is an important issue of corporate product responsibility. The Company strictly abides by the *Securities Law of the People's Republic of China*, the *Law of the People's Republic of China on the Protection of the Rights, Cybersecurity Law of the People's Republic of China and Interests of Consumers* and other relevant laws and regulations. Such laws and regulations, with a significant impact on the privacy protection of customers, require the Company to keep confidential the accounts opened by customers according to law. The Company sets out clear rules on the protection and non-disclosure of client information in *Customer Account Business Regulations and Operational Guidelines*, the *Implementing Rules for the Appropriate Management of Brokerage Investors (Trial)*, and the *Implementation Rules on Video and Sound Recording in Investor Suitability Management in Brokerage Business (Trial)*. Disclosure to any external party is prohibited and such information and data must not be divulged or misused. Moreover, the Company has specified administrative measures and rules in relevant systems such as access control over the counter trading system and client files management system, in order to implement confidentiality requirements for client data and information.

The Company adheres to the corporate information security policy of "Prevention First, Classified Protection, Common Engagement and Continual Improvement", the Company has realized the dynamic closed-loop management encompassing physical security, cyber security, host/terminal security, application security and data security, applied the principle of attaching equal importance to technologies and management, and enhanced company-wide information security. The Company carefully implements customer information, and conducts corresponding control from the data level, application system level, and terminal level, and enhance employees' security awareness to strictly protect customer privacy and security.

The Company completed the ISO27001 Information Security Management System certification in 2019 to further strengthen the information security management and control. Based on industrial requirements such as *The Technical Guidelines for the Security Management of Securities Companies' Centralized Trading and the Code for Operation and Maintenance of Information Systems in the Securities and Futures Industry*, the Company revised and issued 79 information security policy system documents, including first-level information security policies, second-level information security management regulations, third-level information security management rules and specifications, fourth-level information security operation record forms, and formulated a complete information security KPIs and KRI system to provide a reasonable basis for subsequent information security work and risk quantification.

In 2019, the Company designed a production desensitization solution for testing environment data, and targeted protection of customer privacy data in accordance with the security industry data classification standards released by the industry. At the same time, the information security management department designed the company's terminal data leakage prevention management control scheme, and audited and alarmed in various aspects such as instant message monitoring, network outbound, peripheral transmission, and screen watermark. The Company deployed network data leakage protection monitoring system, IM monitoring system, and network behavior monitoring tools and database audit tools. Among them, the network data leakage protection monitoring system is used to monitor and audit the leakage of customer information and other sensitive data; IM monitoring tool audits the chat log of specific business departments; and the network behavior control tool can record and audit the Company's employees' access to the Internet mailbox, thus realizing the full coverage of the Company's business behavior audit. In addition, the Company also established a sensitive research and development domain, to ensure that the source code cannot be accessed by the desktop terminal access, effectively protecting the Company's information security.

(v) Respect for Intellectual Property

The Company abides by the *Advertising Law of the People's Republic of China*, the *Trademark Law of the People's Republic of China*, the *Copyright Law of the People's Republic of China* and other laws and regulations related to intellectual property. Such laws and regulations prohibit the Company from infringing the exclusive right to use a registered trademark of a trademark registrant or infringing the copyright of a copyright owner, bringing a significant impact on the Company's intellectual property protection. The Company has formulated relevant management measures for its trademark and copyright protection, such as the *Trademark Management Measures (Trial)* and the *Copyright Management Measures (Trial)*. The aforementioned management measures clearly stipulate the administrative departments and responsibilities of relevant intellectual property rights, as well as the ownership, exercise and protection of rights and interests, and designate the legal departments to supervise the implementation of the actual management. When the rights and interests of the Company are infringed, the legal department of the Company will safeguard its legitimate rights and interests in accordance with relevant national and local laws and regulations.

(vi) Strengthening Investor Education

While implementing the service management, the Company hopes to contribute more to investors, so as to implement corporate social responsibility based on corporate services better.

In 2019, the Company launched a number of investor education campaigns. In the special activity of private fund investor education themed “Distinguishing Authenticity and Recognizing Risks as a Rational Private Equity Investor” organized by Shenzhen Securities Regulatory Bureau, the Company organized branches and business departments to popularize private fund knowledge, prompt alert fund investment risks, and popularize legal compliance and rights protection channels, through online and offline publicity forms to help investors correctly understand private equity funds, strengthen risk prevention awareness, and improve self-protection capabilities. Relevant activities have achieved remarkable results, including:



- Sending more than 1.36 million messages to customers to promote the activities of “distinguishing authenticity and identifying risks, to be a rational private equity investor”.
- Printing 9,753 copies of *CITIC Securities Private Equity Investor Education Publicity Manual*.
- Producing 172 banners, posting 235 posters, and presenting 90 roll-up banners.
- Conducting a total of 241 on-site special promotion activities, reaching a total audience of 4,261.
- Publishing articles through official WeChat public account, such as “Be careful, as this type of risk will threaten your money!” “Some people will lie to you like this!” “Such institutions are eating away your hard-earned money.” “Your money may be stolen in this way.” for publicity and education, with a total of about 101,000 reads.

During the gradual implementation of ESG management, the Company’s various business services are also subject to the supervision and evaluation of all sectors of society:

- On February 12, 2019, the Company won the 2018 “Investor Investigation Excellent Securities Company Award” from China Securities Investor Protection Fund Corporation; and Yin Zhonghua from Changzhou Huanfu Road Securities Sales Department won the “Outstanding General Manager Survey of Sales Department Manager Award”.
- On January 4, 2019, one of the Company’s education work won the “Best Video Award” and “Investor’s Favorite Video Education Award” by Shanghai Stock Exchange.

VI. Development of Industry Culture

The Company actively implements the *Work Outline of Development the Culture of the Securities and Funds Industry and Prevention of Ethics Risks* issued by the CSRC, and carries out the culture of “Compliance, Integrity, Professional and Robust” of the industry. The Company set up *CITIC Securities Work Plan of Promotion Corporate Culture* and *CITIC Securities Supporting System and Improvement Plan for Corporate Culture Development*, specifying the goal and direction for the Company’s corporate culture development.

The Company has inherited the excellent culture gene of “Compliance, Decency, Practical, Innovation, Modest, Prudence, Solidarity, Diligence, Vigor and Action” from the CITIC Group, and has gradually formed a crisis consciousness of facing up to problems, respecting the market, and actively seeking changes, a style of being modest and prudent in action, and corporate culture tradition of diligence, frugality and concision. The Company has formed operation management principles and corporate culture of “seven principles” through practice and improvement.

The Company values the promotion of the industry culture and corporate culture. For example, we set up a special column in the Company’s website and intranet for promotion of corporate culture and industry culture development requirements. We incorporate corporate culture, professional ethics and integrity in the Company’s internal training, and set up a showroom for Party construction and corporate and collect and present pictures of the Company’s Party construction and the Company’s development milestones, so as to strengthen Party construction, carry forward the Company’s corporate culture, and enhance unity among staff.

The Company has always been committed to strengthening the management and control of integrity, compliance and risk prevention, and promoting the implementation of relevant systems and mechanisms by means of institution, system construction, publicity and education. The Company’s management institution and system have a good effect on promoting honesty, self-discipline and compliance management. In 2019, the Company has no major violations of laws and regulations.

In 2019, the Company won the awards (or participated in the selection of) such as “Top 100 CITIC Trustees”, “Excellent Accountants”, “Chairman Awards” and “Excellent Confidential Working Groups/Individuals” in praise of teams and individuals who have made outstanding contributions to integrity, compliance, and risk prevention. Meanwhile, the Company’s value orientation was stated, employee’s behavior was guided, and violations of the Company’s rules and regulations of integrity were punished.

(i) Anti-Money Laundering

The Company fully complies with relevant laws and regulations such as the *Anti-Money Laundering Law of the People’s Republic of China*. The *Anti-Money Laundering Law of the People’s Republic of China* stipulates that the financial institutions should build a sound Anti-money laundering internal control system, set up anti-money laundering specialized institutions or assign internal institutions to be responsible for the anti-money laundering work, establish a serious of anti-money laundering rules of client identification, client information and transaction records, the big deals and suspicious transactions reporting, to implement financial institution anti-money laundering obligations.

The Company organizes relevant departments to continuously revise the relevant anti-money laundering systems and operating standards, implement the daily anti-money laundering basic work, and continuously improve the level of prevention and control of the company’s money laundering risks according to the changes of relevant regulatory regulations and the needs of the Company’s business operation and management.

In 2019, the Company implemented a series of anti-money laundering work in accordance with the key Anti-Money Laundering regulations of the People’s Bank of China. On the basis of the current relatively complete system, the Company further revised the Company’s *Anti-Money Laundering Management Measures* to refine and improve the organizational structure and risk management functions of money laundering, clarify the duties of money laundering risk prevention and control, and effectively improve the Anti-Money Laundering work effectiveness; Revised the *CITIC Securities Risk Appetite Statement*, introduced and clarified the goals, risk tolerance and risk appetite of money laundering risk management; Revised the *Comprehensive Risk Management System* and formulated the *Money Laundering Risk Management Strategy* to clarify the management principles and management measures for money laundering risks, formed a group-level money laundering risk management system applicable to CITIC Securities and its subsidiaries. On this basis, the Company refined various systems and work guidelines, and successively issued work systems on regulatory reporting, information sharing, assistance in anti-money laundering investigations, and emergency treatment of money laundering risks, and compiled specific tasks such as list monitoring and customer identification guidelines.

In 2019, the Company continued to optimize the anti-money laundering system, rebuilt the Company’s anti-money laundering and anti-terrorist financing list monitoring system, and further improved the monitoring and early warning mechanism of potential money laundering risks in customers and transactions.

(ii) Combating Corruption and Upholding Integrity

The Company always advocates the integrity and self-discipline of employees, attaches great importance to the construction of honesty and integrity, and deeply understands that honesty and integrity are valuable intangible assets of the Company. "Observation of the law, honesty and integrity" is the Company's code of conduct, which is also the professional ethics that staff should uphold. The Company identifies and follows relevant laws and regulations such as the *Anti-Unfair Competition Law of the People's Republic of China* and the *Regulations on the Integrity of Securities and Futures Operation Institutions and Employees*. The *Anti-Unfair Competition Law of the People's Republic of China* requires that the Company shall not use property or other means to bribe relevant units or individuals in order to seek trading opportunities or competitive advantages; the *Regulations on the Integrity of Securities and Futures Operation Institutions and Employees* states securities and futures operating agencies and their staff shall not transmit and seek improper benefits in various forms in the securities and futures business activities.

In 2019, the Company actively implemented regulations of anti-commercial bribery, anti-corruption, and prevention of benefits transmission, and attached great importance to the construction of prevention system of corruption. The Company has established an employment work system of integrity, further sorted out and improved the employment management organization structure of integrity, clarified the management responsibilities and work responsibilities of relevant departments and subjects, and formed a management mechanism that covers the entire business process of pre-prevention, intra-event management and post-event accountability, infiltrated the risk prevention and control work of corruption into all aspects of daily operations and business activities. Meanwhile, the Company establishes a file of integrity practices, and incorporates the integrity practices of all units and employees into employee performance assessment and personnel management.

In 2019, the Company strictly implemented the *Measures for Addressing Non-compliances and Malpractices of the Staff* to better fulfill honest practices and punish non-compliances and malpractices. The Company also formulated and issued *Honest Working Regulations* to make clear requirements to employees about the commercial secrets, professional ethics, family members and stakeholders avoidance, prevention of commercial bribery, financial discipline, etc. and made clear and detailed requirements of the prohibited behavior in various business activities.

In order to effectively implement the integrity management of employees and timely discover potential violations of discipline and discipline, the Company continued to strengthen the monitoring and management of employees' professional practices and emphasized the serious accountability of employees who violate regulations and discipline. The Company has set up a special report hot-line and e-mail for supervision of integrity and problem reporting.

The Company attaches great importance to the training and publicity of integrity. The Company sets up and promotes special online learning courses, conducts integrity warning education for all employees, and regards corporate integrity management requirements as the focus of new employee induction training. The Company publishes regulatory trends through various forms such as intranet, electronic journals, and WeChat public accounts to publicize cases of breach of integrity. Through the implementation of cadres incorruptible letter inquiry, organization of the disciplinary committee secretary's incorruptible talks, and signing of the *Probability Letter of Integrity*, the leaders' consciousness of responsibility at all levels was strengthened, and an environment of law and discipline, clear boundaries, rules, and integrity was established in the company.

(iii) Compliance Management

The Company strictly complies with a series of compliance management systems such as the *Compliance Reporting System*, the *Unregistered Information Insider Registration System*, the *Management Measures for Compliance Specialists*, and the *Management Measures for Bond Trading Business*. In 2019, the Company formulated or revised 19 basic compliance management systems such as *Provisions for the Management of Employees' Professional Qualifications*, *Interim Provisions for the Management of Part-time Employees*, *Collaborative Work System for Client Securities Trading Behavior Management and Self-Regulatory Supervision*, *Employee Post Communication Behavior Monitoring System* in accordance with changes in laws, regulations, standards, and the needs of the Company's business operations and management, combined with issues found in daily compliance management and regulatory agency law enforcement inspections.

In 2019, the Company actively responded to regulatory requirements, strengthened risk management and staffing of the compliance team through internal transfers and external recruitment, and selected full-time compliance specialists at branches to further enhance the Company's risk management and compliance management capabilities; At the same time, the Company newly established an independent internal verification department to strengthen the professional review of investment banking business. Meanwhile, the Company's E-Learning system was used to conduct compliance tests on all employees at the Company's headquarters. The test content included basic professional ethics requirements such as integrity.

When onboarding, new employees are required to sign the *Legal Responsibility Warning and Commitment Letter* and fill in the securities account of qualification certificate, part-time job and other information. The Company's Compliance Department reviews the above information and employee integrity information. And in the new employee training in 2019, the special chapter emphasized the professional ethics requirements such as 1 observation of the law, honesty and integrity.

In 2019, the Company conducted targeted compliance education and training through case-warning educations, compliance and practice tips, and erected a continuous law-abiding compliance awareness and practice concept, to effectively prevent employees from violating practitioners' practice standards or participating in illegal and criminal activities.

VII. Care for Employees

Employees are the Company's most valuable asset. The Company attaches great importance to maximizing the knowledge, skills, talent and professionalism of all employees. The Company strictly adheres to *Labor Law of the People's Republic of China* and the *Labor Contract Law of the People's Republic of China* and relevant laws and regulations that have significant impact for employment management. Such laws and regulations require the Company to recruit employees in a fair and equitable manner and to enter into labor contracts with employees that specify includes the duration of employment and the reasons for termination. In the meanwhile, other laws and regulations also require the company to determine wage distribution method and wage level according to law, pay employees on time according to law, and guarantee workers' right to take rest and vacation.

The Company, in accordance with the requirements of laws and regulations, constantly improves the management system to provide a comfortable working environment for employees and pay attention to compassionate care, and sets up a strong career development platform for employees to achieve a common progress between the Company and employees.

(i) Building Diverse Teams

The Company always insists on the idea of fairness and diversity. The diversity in race, gender, age, skill, educational background, industry experience and other qualities of the employees lay a foundation for the Company in creating a diversified and inclusive corporate culture, which is also the prerequisite for the Company to achieve diversified development.

Regarding to the relevant laws and regulations, the Company formulates the *Attendance Regulations* and the *Labor Contract Regulation* and other internal regulations and implementation rules. During the recruitment process, the company strictly reviews the information of the new employees and handles the recruitment procedures according to the regulations and rules.

The Company fully respects the dignity and personal equality of every employee, forbids any form of insulting discrimination, and firmly prohibits the forced, threatening, abusive or exploitative labor behaviors and the employment of employees under the age of 18 years old. In 2019, no major violation of employment laws and regulations has occurred.

In 2019, the Company continued to optimize the relevant the regulation of personnel management. Regarding to changes in various systems, the Company optimized, revised, and improved the *Employee Manual* to help employees have better understanding about the company's relevant management policy requirements and various benefits provided to employees.

In 2019, the Company strengthened interaction with students from the perspective of social responsibility, providing students with an understanding of society from employer's perspective. In the spring of 2019, we organized a series of campus activities, such as the "Walks into Campus Activities" by the investment banking committee and the "Ministry Research Training Camp" by the Research Department. The headquarters organized the "Summer Internship Camp" and the "Extraordinary because of You" Summer Intern Program. In total, more than 1,000 students were offered summer internships. At the same time, in response to the requirements of CITIC Group, the Company provided internship opportunities for 12 Hong Kong university students during the summer.

As of December 31, 2019, the composition of the Company's employees is as follows:

Overview of Employment Structure	No. of Employees
Number of employees of the parent company (including brokers and dispatched employees)	9,135
Number of employees in major subsidiaries (including brokers and dispatched employees)	6,773
Total number of employees on active duty	15,908
Number of retired employees whose expenses are borne by the parent company and major subsidiaries	305

By Business Category	No. of Employees
Brokerage Business	8,996
Investment Banking	1,354
Asset Management	1,086
Securities Investment	219
Stock/Bond Sales Transactions	624
Direct Investment	209
Research	437
Liquidation Businesses	328
Risk Control	162
Legal Supervision/Compliance/Audit	281
Information Technology	1,049
Finance Planning	497
Administration	313
Others	353

By Educational Background	No. of Employees
PhD	246
Master	5,554
Bachelor	9,131
College and below	977

(ii) Protection of Employees' Rights

In order to attract and keep talents, the Company has developed a series of human resource management systems, provided competitive salary, welfare and incentive mechanism for employees, reasonably arranged employees' work and vacation time, and built up an equal promotion system.

1. Salaries and Benefits

The Company's employee compensation consists of salary, annual bonus, special reward and insurance benefits. In order to balance the business risks and financial objectives, the Company adopts the bonus incentive principle of sharing system. With the recognition of the fact that the profits are mainly directly made by the business departments, the Company distributed the bonus based on "Skewed toward Business Lines, Profitable Business Lines, and Important and Innovative Business Lines". In the meanwhile, the role and value of middle and back office are also recognized. Bonus is always linked to business performance of the Company. The Company sets aside a sum of bonus out of annual profit at a percentage approved by the Board of Directors. The Company also formulates the *Performance Appraisal Management Regulations* to fully recognize the employees' contributions to the Company. In addition, in order to build the Company's core competitiveness, encourage the spirit of innovation and collaboration, and maintain the continued stability of the core human resources team, the Company set up special awards, such as the "Innovation Award", "Loyalty Award", and "Chairman's Award Fund" to recognize and reward employees who have made special contributions to better attract, retain and motivate talent.

At the same time, the Company has established a comprehensive welfare protection system, in addition to paying employees basic social insurance, such as basic aging care, basic medical care, unemployment, work injury, and maternity, as well as supplementary commercial insurance, including major illness insurance and accidental injury insurance and etc. The Company also provides other benefits such as corporate annuities.

2. Leave and Working Hours

The Company formulated the *Attendance Regulations* to standardize the leave management. Each type of leave includes national holiday, paid annual leave, personal leave, sick leave, industrial injury leave, marriage leave, funeral leave, maternity leave, maternity incentive leave, paternity leave, family planning leave and breast-feeding leave.

In 2019, the Company further clarified the relevant regulations of attendance management, further clarifying the requirements related to the Company's attendance policies and staff leave management. Through WeChat enterprise account, the Company made employees' application for leave and business trips even more convenient and recorded relevant information. At the same time, through the data linkage of the OA system and the human resources system, the Company recorded employees' local attendance, business trips, leave and other attendance information with completeness. The Company kept the annual leave until the Spring Festival next year, so that employees could better plan and enjoy their personal holidays.

3. Employee Promotion

The Company attaches great importance to the promotion and development of employees. Through annual performance appraisal and promotion selection, employees with better performance can obtain promotion opportunities and move along the personal career path.

In 2019, the Company combined business and development characteristics, borrowed from the leading practices of global investment banks, optimized and improved the Company's *Rank Management*, established a scientific rank system, supporting performance evaluation and promotion mechanisms, and provided equal development opportunities for all employees. At the same time, for newly promoted employees above a certain rank, the Company will hold promotion ceremony and training meeting especially for them, so that they can adapt to the new job role more quickly and carry out their work better.

(iii) Improvement of Employee Well-Being

The Company attaches great importance to care of employees, and strives to improve employees' well-being. In 2019, the Company launched a variety of employee activities to strengthen communication among employees. At the same time, the Company also pays attention to the needs of employees in difficulty and solves their problems in a timely manner.

1. Various Employee Activities

The Company organizes a variety of employee activities to promote work-life balance. In 2019, employee activities mainly include employee photo contests, sports events, such as football and table tennis, and children's day activities.

Case No.1:

In 2019, in order to stimulate the passion of all employees for work and the longing for a better life, the Company union and the photography club held the CITIC Securities Employee Photography Contest 2019 with the theme of "Colorful China, Diverse CITICS People". The event was the first large-scale and cross-regional photography event for the entire company and subsidiaries. The event received warm response and received 3,253 entries, with a total of 1,146 participants.



Case No. 2:

In order to enrich the spare time of employees, strengthen the communication between various departments, subsidiaries and branches of the company, and enhance the cohesion of the Company, the Company held the 2019 CITIC Securities Table Tennis Championships. More than 90 athletes from the company's headquarters, CITIC Securities (Shandong), CITIC Futures, China AMC and many branches participated in the competition. The employees of the company fully demonstrated their enthusiasm for sports and tenacious struggle, and the pursuit of excellence.



In addition, the Company actively organized and participated in internal badminton competitions, group five-a-side football matches, Beijing-Guangdong-Hong Kong financial football friendly matches and other sports activities, which have greatly enriched the life of employees.



Case No. 3:

On the occasion of Children's Day, the Company organized a variety of themed activities for employees and their families in Beijing, including cherry picking and happy carnivals. This activity strengthened the interaction between employees and their families, helping employees achieve work-life balance.

2. Focus on Employees' Needs

During the reporting period, the Company actively provided intimate services to employees in need, and brought them holiday greetings, so that each employee could feel the company's cares.

In 2019, China AMC has established maternal and child care rooms in the Company's multiple offices and updated consumables and supplies in a timely manner, which has effectively solved the problem of breastfeeding female employees.

During the New Year's Day, the Company offered condolences to employees in difficulty. We pay close attention to the living conditions of employees in difficulties, encourage them to actively overcome difficulties, and sent an organization's letter of sympathy to the employees at the basic level and a sum of RMB596,000. The Company's branches in different regions visited and cared employees in remote areas. The Zhejiang Branch visited cadres who have been assisting Tibet for 6 years at an altitude of nearly 5,000 meters, and the Jiangxi Branch visited the cadres who have been helping the poor for more than one year in Huichang County, Jiangxi.



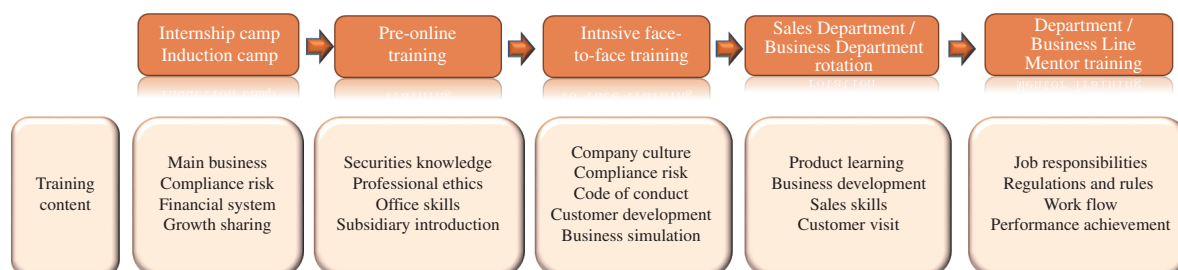
(iv) Empowering Employee Development

The Human Resources Department of the Company regularly makes annual training plans according to the existing training system and in combination with business requirements every year, and provides comprehensive or professional training courses for employees at different positions and levels, in order to help employees achieve their own development, implement the goal of training talents, and achieve common growth of employees and the Company.

In 2019, the Company provided employees with various forms of training including the enhancement of management talents, the construction of backup talents, the training of new employees and the improvement of the capabilities of on-the-job employees. Through the Webex video conference system, the Company realized the live broadcast of training courses, so that more employees can learn simultaneously through the Internet. In addition, both the headquarter and branches of the Company held a number of employee skills competitions.

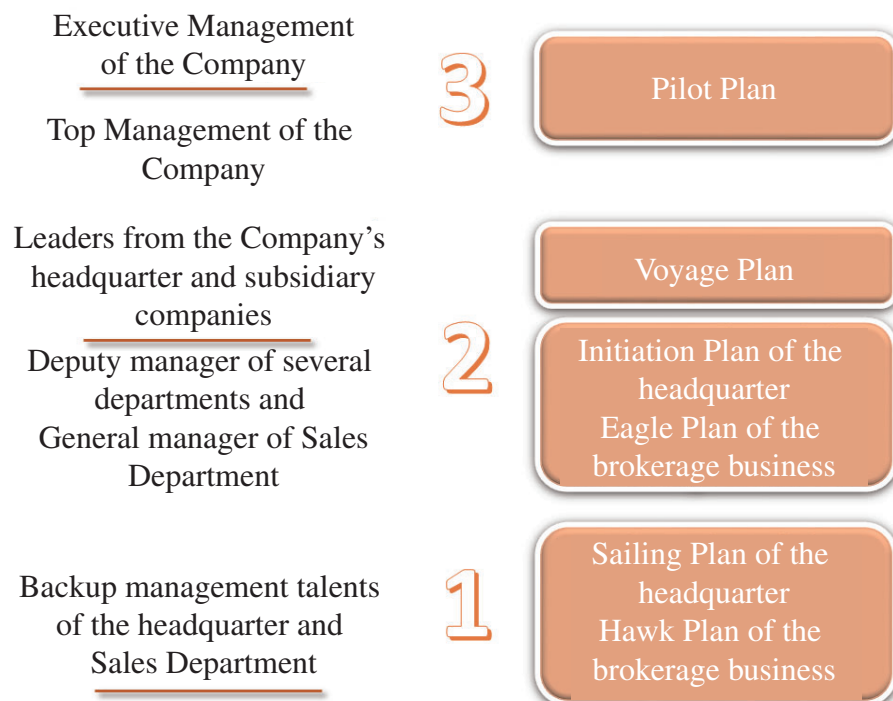
1. Optimizing New Employee Training Programs

The Company has always paid attention to the training of young employees. In 2019, it optimized and adjusted the training plan for recruiting new employees from the school. The Company has set up a one-and-a-half-year, five-phase training program to help new employees quickly acquire work skills and integrate into the work team. In 2019, the total training hours for new employees increased from 154 hours per person in previous years to 184 hours per person.



2. Improvement of Management Training System

In 2019, the Company has improved the three-level management training system including current management talents and backup management talents, and has carried out hierarchical training on three dimensions including strategy, leadership, and execution. A total of 771 management talents were trained throughout this year. At the same time, in view of the insufficient number and quality of the company's management talent team, the company conducted a selection of backup management talents from both headquarters and branches. Nearly 500 backup management talents have been evaluated for management potential, and a backup talent pool has been established. The Company will subsequently conduct rotation training for all eligible talents.



In order to strengthen the business acumen and management consciousness of the backup management talents in the headquarters of the Company, and improve their team management knowledge and skills, the Company organized and held two “Sailing Plan” training programs in 2019.

Aiming at the improvement of management consciousness and team management ability of the trainees, the training program of “Sailing Plan” has adopted a variety of training forms, including the combination of online courses and face-to-face courses, the combination of external experts and internal lecturers, the combination of classroom learning and group discussion, and the combination of theory and practice. The trainees who have completed the training will enter the backup talent pool of the headquarters, and their management potential evaluation results and performance during the training will be recorded in their talent files, providing a reliable basis for several tasks, such as the selection of management talents and Company's talent strategic planning.



In order to extend the performance-oriented corporate culture, guide the middle-level management talent to build a team that pursues excellence, and cultivate strategic thinking and business acumen of talents, the Company carries out the second “Voyage Plan” training with the participation of the leaders from the Company’s headquarter and subsidiary companies.

The training courses of “Voyage Plan” respectively set different themes of “leadership improvement and building high-performance team” and “strategic thinking cultivation and vision expansion”. In the form of training, it adopts a combination of classroom learning, seminars and interviews. It also improves trainee’s management theory knowledge in various aspects, triggers trainee’s critical thinking on the Company’s management issues, broadens their vision and enhance their awareness of innovation.



3. Helping Employees Continue to Grow and Strengthening On-the-job Training for Employees of All Ranks

In 2019, in order to improve the employees’ capabilities, the Company formulated a 10-hour compulsory online training course plan for each employee according to the job requirements of different ranks and seniority of employees. Courses, such as professional capabilities, communication skills, marketing skills, and management capability improvement, are presented to employees of corresponding ranks in the form of E-Learning online training, which provides employees with more efficient and convenient learning channels.

4. Strengthening the Training for Internal Lecturer and Improving Lecturing Quality

In March 2019, a two-day teaching skills training was conducted for the Company’s internal lecturers. The training adopts impromptu training and practical simulation teaching methods to improve the practical skills of internal lecturers.

5. Skills Competition

In 2019, the Company continued to hold employee professional knowledge and skills competitions. Employees of branches across the country actively participated in this knowledge and skills competition. For two years of skills competition for all employees, the Company has created a good learning atmosphere and urged employees to continuously improve their professional skills in practice.

(v) Protecting Employees’ Health and Safety

The Company insists on prioritizing the people orientated standard and valuing to life. The Company regards protecting the safety and health rights of employees as the fundamental responsibility to employees. Under the policy of safety first, prevention first and comprehensive management, the Company strictly abides by the *Labor Law of the People’s Republic of China*, the *Fire Control Law of the People’s Republic of China* and other laws and regulations. The Company establishes and improves labor safety and health systems, strictly implements national labor safety and health regulations and standards, and provides employees with trainings on labor safety and health. The company actively fulfills its obligations to maintain fire safety, protects fire facilities, prevents fire accidents, and reports fire alarms to ensure fire safety. The Company has established *CITIC Securities Co., Ltd. Fire Management Regulations*, *CITIC Securities Co., Ltd. Security Management Regulations*, *CITIC Securities Co., Ltd. Tenants and Visitors Management Regulations*, *CITIC Securities Co., Ltd. Office Building Item Entry and Exit Regulation* and other related rules and regulations. Adhering to the security work concept of “Civil Defense, Physical Defense, and Technical Defense”, the Company comprehensively strengthens various security measures to ensure the absolute safety of operations. The Company has also established a Security Leadership Group as the highest leadership organization to ensure the Company’s safe operation, and it is responsible for leading and supervising the implementation of safety management work. The Company organizes and implements various safety tasks with the involvement of safety officers in various departments, and comprehensively covers the safety tasks within the Company.

In 2019, the company insisted on eliminating all hidden fire safety hazards, and comprehensively carried out fire safety protection.

1. Comprehensive Upgrade and Update of Firefighting Equipment

In order to ensure the efficient and sensitive response of firefighting equipment and facilities in the case of fire and other emergencies, the Company commissions qualified firefighting equipment maintenance agency to inspect all the Company's firefighting facilities and replace 108 smoke exhaust outlets that need to be updated. In order to strengthen the fire safety work of archive room and weak electricity engine room, the Company installed automatic gas fire extinguishing equipment to avoid fire accidents.

2. Actively Carry out Fire Safety Drills and Training

In order to improve employees' ability to respond to emergencies, such as fire, the Company held fire drills this year. More than 300 employees actively participated in the drills to experience the scenario of fire emergency and learn how to respond and escape. These drills effectively improved the ability of participating employees to cope with danger.

At the same time, the Company's Beijing office building, as a key unit of fire protection in Chaoyang District in Beijing, sets up a mini fire station, and there are six security guards available 24-7. In 2019, the Company's mini fire station participated in more than 10 emergency drills of the Chaoyang Fire Brigade, and participants of the Company were able to complete the drill exercises at the specified time and place. In addition, the Company held safety training seminars and organized relevant personnel to actively participate in the promotion of employees' awareness of safety responsibility. The Company also organized all employees to participate in the fire knowledge quiz to comprehensively improve awareness of safety precautions.



In response to employee health issues, the Company actively organizes various health lectures, and invites medical experts to teach related knowledge about common disease prevention and daily health care to secure employees' health and safety. Every year, the Company organizes all employees to conduct medical examination and provides benefits such as influenza and hepatitis B vaccine. The Company's headquarter building is equipped with ventilation system and air purifiers. The air quality in the office area is greatly improved, which also effectively improves the quality of the office environment.

In 2019, the Company further increased the function of employee life platform App "Happiness E Home". The platform has "Health Management" and "Fitness" service sections.

The "Fitness" section provides employees with fitness subsidies, and promotes the employees fitness platform through measures such as fitness activity months and promotion activities to encourage employees to actively exercise and strengthen their fitness. In 2019, the frequency and number of employees who use cooperative fitness venues has increased significantly. It currently maintains around 700 visits per month.

The "Health Management" section introduces Dingxiang Health Service to provide employees with a series of services including consultation, analysis of medical examination reports and medical drug inquiry. At the same time, the health consultation platform organized a Healthy Diet Week activity of "Whether your diet is appropriate". Through the picture of meals uploaded by employees on the platform, the platform is able to analyze the situation of dietary health for each employee and provided guidance to help employees achieve a healthy and appropriate diet.

(vi) Communication Channel

The Company has established the trade union, and employees can provide suggestions and make decisions through employees' congress. At the same time, the Company also conducted investigation at the primary level, including seminars, to understand the development of businesses at the primary level, and collect opinions and suggestions from the primary level on the Company.

VIII. Environmental Responsibilities

It is China's basic state policy to conserve resources and protect the environment. *The Energy Conservation Law of the People's Republic of China* stipulates that all units and individuals shall fulfill their energy conservation obligations in accordance with the law. *The Environmental Protection Law of the People's Republic of China* stipulates that all units and individuals have the obligation to protect the environment, and enterprises shall prevent and reduce environmental pollution and ecological damage. We recognize the importance of environmental and natural resource conservation to our business operations. As a financial service institution, the Company's business has no significant impact on the environment and natural resources, but the Company understands environmental responsibilities and actively contributes to energy conservation and emission reduction. The Company strictly follows the requirements of laws, regulations and national policies to carry out the work of energy conservation and emission reduction, and continuously promotes and improves the relevant measures of green operation and environmental protection to ensure the effective implementation of the work of energy conservation and emission reduction.

(i) Promoting Green Office

The Company implements the green office concept and takes various measures to protect the environment, including saving electricity consumption for lighting, banning installing or changing electric wire without permission, setting air-conditioners in public space to a proper temperature, saving water in toilets, forbidding use of company-owned vehicles for personal purpose, and encouraging paperless office, etc.

1. Low-Carbon Data Center

The total usable area of the Company's Beijing data center is about 3,000 square meters, and the construction standard is Tier 4, which has reached the first-class level in China and the leading level in the industry. It has won many highest awards in data center design and construction in China. At the same time, the data center adopts a variety of energy-saving measures to achieve the goal of saving energy and reducing greenhouse gas emissions. Currently, the main energy-saving measures are as follows:

- Adopt cooling mode with high-temperature chilled water, greatly reducing the power consumption required for cooling.
- Apply plate heat exchangers for cooling in the winter, which reduces startup time of the refrigerator and saves energy.
- Establish cold aisle isolation inside the equipment room to reduce unnecessary heat loss and cooling load.
- Install LED lighting which is more energy efficient than traditional illumination.
- Use high-efficiency UPS equipment to reduce current consumption by the power supply and distribution.

2. Reduce Waste

During the year, the Company continued to adhere to the “low-carbon environmental protection” principle and adopted various measures to reduce waste generation.

In 2019, the Company actively responded to *Opinions on Accelerating the Household Waste Sorting* and launched a campaign of waste sorting and recycling. A joint working group is set up to carry out waste sorting plan in office buildings of Beijing. Both the effectiveness of the waste management and the environmental consciousness of the employees are strengthened by virtue of various measures including replacement with sorting bins and bags, posting related marks and labels, bulletin board for “Waste sorting”, and launching special trainings for waste sorting.

The Company also takes efforts to reduce the number of waste plastic bottles and disposable paper cups generated by installation of water dispensers, supply of hot water bottles and reusable tea cups, and encouraging employees to bring their own water cups and limit the consumption of bottled water and disposable paper cups.



3. Water Saving

The Company actively responds to the national call on water conservation, and makes water-saving plans according to the actual operation and puts them into practice. In order to achieve the goal of saving water, we renovated the water purification system in Beijing headquarters building for waste water recycling, where the filtered waste water from the main unit is collected into an underground water tank through new pipelines for further reuse.

4. Emissions Compliance

In order to dispose of kitchen sewage from the headquarters building’s canteen in compliance, the Company installed a new set of sewage purification equipment. According to the testing results, the suspended solids, grease, COD (chemical oxygen demand) and other indicators in the sewage met the local discharge standards of Beijing.

5. Energy Saving

During the Reporting Period, the Company continued to implement the energy-saving plan. By replacement of traditional illumination with LED lightings, the power consumption and heat emission of office illumination were reduced, and hazardous waste, such as fluorescent lamps were also reduced. At the same time, the Company reasonably adjusts the heating water temperature according to the indoor and outdoor temperature, and the energy consumption of headquarters building during the heating season in 2019 decreased 1,904 GJ compared to the same period in 2018.

(ii) Advocating Green Mobility

In 2019, the Company continues to implement the concept of green travel by strengthening the management of company-owned vehicles and providing charging equipment for new energy vehicles.

The Company strictly followed *the Reform Plan for the Use of Vehicles Owned by CITIC Group* and continued to strengthen the management of official vehicles. *Rules on the Management and Use of Vehicles Owned by CITIC Securities Company Limited* specifies the application and approval process, expense accounting and limits governing the use of company-owned vehicles. All company-owned vehicles are furnished with GPS to track everyday use of vehicles in one way, and provide traffic guidance to save gasoline consumption in the other way.

In addition, relevant departments of the Company conducts monthly analysis of fuel consumption of vehicles and forms a quarterly report. The managements analyze the trends of gasoline consumption according to the quarterly report, identify possible causes of above-average consumption in a timely manner and take measures to prevent continued resource wastage. For emission standards of vehicles, old and obsolete vehicles are retired and vehicles in use exhaust in compliance with the national requirements. By putting into effect the rules on company-owned vehicles, the Company has significantly lessened the use of company-owned vehicles, and reduced emissions by company-owned vehicles effectively.

Meanwhile, the Company conducted a meticulous survey within subsidiaries and branches on company-owned vehicles, and re-allocated the vehicles regarding the business development and strategic demands to enhance efficiency. Moreover, each company-owned vehicle is managed and dispatched from the Company's OA system to facilitate business travel of the employees. The Company also stipulates that all subsidiaries and branches should specify the usage and procedure of the vehicles to regulate the management of company-owned vehicles.

In addition, in order to encourage low-carbon green travel, the Company facilitates the use of new energy vehicles by employees. We set up four charging piles on the third floor underground of the Beijing headquarters building, which can charge 8 electric cars at the same time.

(iii) Table of Key Data

The KPIs below are compiled based on the *ESG Reporting Guide*, Appendix 27 to the *Listing Rules* by HKEX. Such data only covers the head offices of CITIC Securities, CITIC Futures, China AMC and Goldstone Investment.

1. Emissions

Indicator	2018	2019
Total GHG emissions (Scope 1 and 2) (tonnes)	24,972.69	23,630.65
Direct emissions (Scope 1) (tonnes)	691.91	667.35
Gasoline	94.37	88.28
Diesel	31.15	31.15
Natural gas	566.39	547.92
Indirect emissions (Scope 2) (tonnes)	24,280.78	22,963.30
Purchased Electricity	24,280.78	22,963.30
GHG emissions per square meter (tonnes per square meter)	0.18	0.17
Hazardous waste (tonnes)	0.81	49.65
Hazardous waste per capita (tonnes per capita)	0.0002	0.0109
Non-hazardous waste (tonnes)	8.05	7.38
Non-hazardous waste per capita (tonnes per capita)	0.0019	0.0016

Note:

- (1) Based on the business nature, the main emissions are greenhouse gases (GHG) produced by fuel and purchased electricity converted from fossil fuel.
- (2) GHG inventory includes carbon dioxide, methane and nitrous oxide. Greenhouse gas emission is stated as carbon dioxide equivalent and measured according to *Baseline Emission Factors for Regional Power Grids in China (2017)* released by Ministry of Ecology and Environment of the PRC and *IPCC Guidelines for National Greenhouse Gas Inventories (2006, 2019 Edition)* by the Intergovernmental Panel on Climate Change (IPCC).
- (3) Hazardous waste from operation mainly includes used toner cartridges, ink cartridges, fluorescent tubes and waste lead-acid accumulators. Used toner cartridges and ink cartridges are collected by the printer suppliers for recycling, while used fluorescent tubes are replaced by the office property management company, who handles these tubes over to eligible recyclers. Waste lead-acid accumulators are disposal of by qualified vendors.
- (4) Non-hazardous waste mainly includes waste electronic devices, which are collected and disposed of by recyclers..

2. Use of Resources

Indicator	2018	2019
Total energy consumption (MWh)	35,757.45	36,104.19
Direct energy consumption (MWh)	3,400.60	3281.22
Gasoline	385.50	360.63
Diesel	118.48	118.48
Natural gas	2,896.62	2,802.12
Indirect energy consumption (MWh)	32,356.85	32,822.96
Purchased Electricity	32,356.85	32,822.96
Energy consumption per square meter (MWh/square meter)	0.26	0.25
Water consumption (tonnes)	138,198.00	145,192.00
Water consumption per square meter (tonnes/square meter)	1.00	1.02

Note:

- (1) Total energy consumption is calculated using the consumption of electricity and gasoline and the conversion factor provided in the PRC national standard, General Principles for Calculation of Total Energy Consumption (GB/T 2589-2008).
- (2) Water is sourced from municipal supply, and there is no issue in sourcing water for operation.
- (3) Data of packaging materials is not applicable.

IX. Building a Responsible Supply Chain

The Company carries out the procurement work with the spirit of fair and open cooperation. In 2019, we will further standardized supply chain management, strengthened supply chain supervision, to ensure procurement quality, improve efficiency and reduce costs, safeguard the Company's interests and control supply chain risks.

(i) Standardized Procurement

The Company's Procurement Management Committee is the highest decision-making body of the Company's procurement management, and the Company's Executive Committee exercises the functions of the Procurement Management Committee. In 2019, the Company strictly abided by *Procurement Management System, Operation Rules of Procurement Management* and other relevant rules for procurement work. The Company organized and established an expert reviewer database. The expert reviewers in the database are composed of internal experts in finance, technology, audit and business recommended by relevant departments of the Company, together with external experts on technology and economy.

(ii) Green Procurement

During the selection process of the Company's suppliers and contractors, the Company actively implements the concept of green procurement. The Company proposes specific environmental protection requirements for the purchased products and the construction environment, which are mainly reflected in:

- Material selection: Selecting qualified materials that meet national environmental protection standards, providing relevant reports on environmental testing, and strictly managing the procedures for on-site inspection and acceptance testing.
- Furniture selection: Choosing qualified products that meet national environmental protection standards, especially in the main materials, such as sheet materials, cloth, and other high environmental protection standards in the industry.
- Construction management: Construction procedures that produce pollutants are scheduled for weekends and holidays, and are moved outside the building to minimize the impact on the office environment. Newly renovated floors will only be put into use when testing shows the air quality meets standards.

(iii) Management of Environmental and Social Risks

The Company requires its suppliers or contractors to submit proof for their certain qualification at the stage of open bid. For example, bidders must provide ISO9000 Quality Management System and ISO14000 Environment Management System certification, as well as credit reference, balance sheets and operational performance for the last three years. By reviewing the qualifications and assessing the supply capacity and market position of the suppliers and contractors, the Company is able to minimize negative impact on the Company arising from potential environmental and social management risks.

According to the Measures for the *Management of Information Technology of Securities Fund Management Institutions* implemented on June 1st, 2019, the company revised the procurement management system, such as *Information System Procurement Management Measures* and carried out a comprehensive combing of information technology service agencies, supervision and management, which defines the supplier and provide important information system services management process, admittance, personnel management, performance assessment and other specific management rules, so as to ensure effective supplier risk management. The Company prefers leading IT suppliers in actual procurement. In the annual open bid for procurement framework proposal for desktops, laptops and servers, for example, the Company usually picks the top three vendors on the Gartner or IDC ranking. Meanwhile, the Company requires suppliers to provide quality, safety and environmental friendliness certificates, for example, EPEAT for environmental protection, CNAS for noise control and quality reliability test (Mean Time Between Failures, MTBF). Through these supplier management policies, the Company is able to effectively control potential negative impact on its operation arising from potential environmental and social risks.

In terms of IT project outsourcing and manpower outsourcing management, the Company has established a complete set of IT project and manpower outsourcing supplier management processes, and has adopted a series of measures for supplier risk management:

- Information security risk management: In addition to signing contracts and confidentiality agreements with selected suppliers, the Company also signs *Information Security Confidentiality Agreements* and *Third-party Personnel Information Security Operations Notifications* with project personnel and on-site outsourcing personnel.

- Safety risk management: The Company signs *the Safety Fire Protection Responsibility Letter* with the project personnel and on-site outsourcing personnel to further clarify the safety fire protection responsibility.
- Supplier employee rights management: The Company signs promotion, salary, bonus and other terms with the shortlisted human outsourcing suppliers to protect the legitimate interests of outsourcing employees.

The Company also pays attention to the regular review of suppliers. After a supplier is included the supplier database, corresponding departments responsible of the suppliers conduct periodic review. The review period varies depending on the nature of the products or services. Where there are major changes of suppliers' basic information, including but not limited to business separation, merger, change of name, change of equity, major change of management and major adjustment of business scope, the Company determines whether such supplier should remain in the database according to the supplier management rules. The responsible departments removes unqualified suppliers on a regular basis, which included suppliers on the black list, suppliers identified as not qualified for two consecutive years, potential suppliers with no information updated or contract execution in three years, and suppliers with changes unsuitable to be included in supplier database.

X. Community Investment

The survival and development of the Company depends on national policies, market environment and support from all sectors of society. Only by giving back to the society while making profits from the society can the Company achieve harmonious co-existence and sustainable development. The Company strives to be an excellent corporate citizen, enthusiastically supports social welfare undertakings, and actively fulfills social responsibilities by means such as donating funds to support education, helping the poor, paying attention to socially disadvantaged groups, and engaging in environmental protection.

From the very beginning, the company kept the social responsibility in mind. From natural disasters to major diseases, from poor mothers to left-behind children, from hope primary school to high school education, from helping Tibet construction to helping the old revolutionary base areas in southern Jiangxi, the company is duty-bound to earnestly fulfill the social responsibilities. In 2019, the Company has carried out a number of industrial assistance projects to help the economic development of poor areas and improve people's livelihood. At the same time, the company gives full play to the advantages of systematic and multi-channel financial services, and further helps the industry in poor areas through innovative ways such as asset securitization and "Insurance + Futures". In the implementation of the "Business-to-County" pairing action in the securities and futures industry, CITIC Futures concentrates resources and focuses on targeted poverty alleviation, in addition to helping many poor counties such as Shenza County in Tibet Autonomous Region, Guyuan County in Hebei Province, and Huichang County in Ganzhou City, Jiangxi Province. In addition, the Company further practices the social responsibility by purchasing agricultural products and organizing various volunteer activities etc. In 2019, CLSA employees have contributed more than 1,200 hours on volunteer activities. CITIC Futures has invested about RMB3.1 million in poverty alleviation work, and strives for about RMB6.35 million from the futures exchange and external units.

(i) Targeted Poverty Alleviation

Targeted poverty alleviation is a systematic project, so the Company has established a systematic duty framework in which everyone has his or her own duty, and a collaboration mechanism with different responsibilities. The Company has leveraged its resources to forge an alleviation and assisting system, strengthened the responsibility and set up a special working group on poverty alleviation to actively implement the national poverty alleviation strategy with systematic ability and marketized means.

1. “Business-to-County” Poverty Alleviation

The Company pays attention to economic development in poverty-stricken areas, strives to excavate or continues to cultivate local industrial projects, helps industrial development in poor counties and achieves targeted poverty alleviation through signing poverty reduction agreements with local governments and launching “Agricultural Technology to the Countryside” training activities, etc.



- In 2019, the Company provided a donation of RMB200,000 to the Taihu County Government in Anhui Province, to support the construction of village-level industrial development projects, promote village-level collective economic development, and drive poor households out of poverty and increase their income.
- In April 2019, the Company signed a targeted assistance agreement with Makit County, Xinjiang Uygur Autonomous Region, and donated RMB700,000 to build a sunlight vegetable greenhouse base.
- In 2019, the poverty alleviation project through photovoltaic generation assisted by the Company in Xiaying Village, and another second-phase project in Xijiang Town, Huichang County, Jiangxi Province had a good performance, and generated a local income of 226,400 and 471,100 yuan respectively.
- In November 2019, the company signed a “One Division and One County” pairing assistance with Jishishan County, Linxia Hui Autonomous Prefecture, Gansu Province. According to the agreement, the first batch of funds totalling RMB1.8 million for construction was allocated in 2019.
- In 2019, CITIC Futures took the lead and invested about RMB110,000 to continue the assistance project in Yanchang County, Shaanxi Province. Through the “Agricultural Technology to the Countryside” training activity, the Company has organized two training sessions with the topics of “Fertilizer and Water Management” and “Winter Fruit Tree Shaping and Trimming” for the farmer technicians team recommended by villages in Yanchang County, which provided technical empowerment for farmer technicians team.



2. Financial Innovative Assistance

The Company leverages the advantages of complete business categories and outstanding comprehensive capabilities to provide systematic and multi-channel financial services to achieve industrial assistance to poor areas.

In 2019, the Company launched over-the-counter option of corn, red date, egg, and apple, and “Insurance + Futures” poverty alleviation projects in Inner Mongolia Autonomous Region, Makit County in Xinjiang Uygur Autonomous Region (China Property Insurance and CITIC Futures each invested RMB200,000), Ziyang County Ankang City in Shaanxi Province, Yanchang County in Shaanxi Province, and Tanguan County Jiamusi City in Heilongjiang Province, totally invested of about RMB1.2 million of own funds. Each branch of CITIC Futures cooperates with county and township governments and agricultural cooperatives to find potential business opportunities, establish resource relationships, and serve the “Agriculture, Rural Area and Farmers” to help farmers diversify and transfer the risks of agricultural product price.

(ii) Education Support

The Company adheres to the principle of poverty alleviation through education, and has been cultivating for a long time to make the children in poor areas receive good education, so that to form an educationally sustainable development.

1. Supporting Students in Poverty

The Company adheres to the combination of “Poverty Alleviation through Education”, and actively carries out educational poverty alleviation, unites industry forces, to fulfill social responsibilities.

The Company has been helping the poor students in Guyuan County, Hebei Province for 13 consecutive years since 2007. In 2012, the Company directly connected with Guyuan No.1 Middle School, accurately identified the impoverished students, established a mechanism of joint funding with the local government, and formed a good mechanism of “Poverty Alleviation through Education” through face-to-face communication between staffs and impoverished students and joint participation in fun activities. In 2019, the company’s staff representatives and nearly 100 poor students formed cross team to participate in the cultural and sports competition. In the activity, the staff representatives took practical actions to deliver love and positive energy to the impoverished students.

In March and September 2019, the Company’s volunteer team visited teachers and students of Beijing Qinghonglan Migrant Children’s School twice to carry out public welfare activities. Volunteers provided scholarships for academic excellence and incentive grants to students, donated consolation money to teachers, and donated office supplies and living materials to the school to encourage students to live a healthy life and study hard.

In 2019 in Shaanxi Province, the Company helped the students in poverty to realize their dream of university, and guided the local institutions to give guidance on employment to the students. We “teach a man to fish” in addition to “give a man a fish”, to enhance endogenous dynamics in poverty-stricken areas out of poverty and solved the problem of intergenerational transmission of poverty. The recipients of assistance are 17 national-level poverty-stricken counties in 23 counties (districts) and 6 contiguous poverty-stricken areas in Shaanxi Province. Staffs of Shaanxi Branch donated RMB56,438 to contribute to targeted poverty alleviation.



In addition, the branches of CITIC Futures donated RMB106,000 to the students in poverty in Bailu Primary School in Wuxi County, Chongqing City, Mike Village Primary School in Jinyang County, Sichuan Province, and Qiuli Village in Xijiang Town, Congjiang County, Guizhou Province.

2. Improving Kindergarten Environment

In 2019, the Company signed a cooperation agreement with the Education, Technology and Sports Bureau of Yanchang County in Shaanxi Province, and donated RMB150,000 to help the kindergarten in Yanchang County to improve the learning and living environment for children and promote their healthy growth.

The seventh and eighth rural kindergartens opened in April 2019 assisted by the Company in Shenza County, Tibet Autonomous Region.

(iii) Welfare Home Children Care

In 2019, the Company conducted a visit to the Sun Village Welfare Home in Banqiao Village, Zhaoquanying Town, Shunyi District, Beijing, organized the staff and children of Children's Village to have dinner at a nearby restaurant, and carried out games, such as "who is the undercover", "monopoly", and "flying chess", and specially arranged a lucky draw. The staffs surprised the children with small gifts wrapped as prizes. The Company hopes to pass on this idea and let love gather and last.

(iv) Environmental Protection Public Welfare

The Company actively responds to the nation's call for building a beautiful China, and organizes staff to participate in environmental protection public welfare activities to contribute to the protection of lucid waters and lush mountains.

1. Tree Planting in Spring

In April 2019, the Company organized a spring tree planting activity in Zhuolu County, Zhangjiakou City, aiming to promote ecological civilization and build a green home together. Afforestation is a long-term work and we will carry forward the spirit of persistence, and actively participate in tree planting activities in Zhuolu to create a beautiful place.



2. Used Clothing Recycling Activities

In order to practice the concept of low-carbon life, improve the use efficiency of used goods and help vulnerable groups, the Company organized the "Old with Love" used clothes recycling activity in June 2019. The purpose of the activity is to collect clean, non-damaged and useful used clothes of staffs, and make donations with environmental public welfare platform, so as to raise staffs' awareness of environmental protection. More than 200 pieces of clothing, totaling 81.5 kg, were collected and sent to public welfare organizations. In the autumn of 2019, the Company once again held the clothing donation activity of "Sending Warmth and Love", and received 508 pieces of clothing, all of which were donated to the volunteer team of the public welfare organization. After initial sorting, washing and disinfection, the clothes were donated to remote mountainous areas in Sichuan Province, Qinghai Province, Tibet Autonomous Region and etc., for distribution to the elderly and children in need.

(v) Trust Fund

CITIC CLSA Chairman Trust Fund is committed to providing financial and human support to vulnerable groups and communities in Asia, Australia, Europe and the Americas. The core objective of the Trust Fund is to reduce poverty and provide subsidies to small and medium-sized NGOs in a range of fields including education, health and welfare, business and environmental corporates to support quantifiable and sustainable projects.

Since 2007, the Trust Fund has supported the lives of more than 500,000 people and provided more than USD27.7 million in funding to support the work of 125 grassroots NGOs.



Appendix: Index to the ESG Reporting Guide

Area	Aspect	General Disclosure and KPIs	Index
Environment	A1 Emissions	General Disclosure: Information on:	Environmental Responsibilities
		(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.	
		A1.1 The types of emissions and respective emissions data.	Environmental Responsibilities — Table of Key Data
		A1.2 Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Responsibilities — Table of Key Data
		A1.3 Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Responsibilities — Table of Key Data
		A1.4 Total non-hazardous waste produced (tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Environmental Responsibilities — Table of Key Data
	A2 Use of resources	A1.5 Description of measures to mitigate emissions and results achieved.	Environmental Responsibilities — Table of Key Data
		A1.6 Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Environmental Responsibilities — Table of Key Data
		General Disclosure: Policies on the efficient use of resources (including energy, water and other raw materials).	Environmental Responsibilities — Promoting Green Office, Advocating Green Mobility
		A2.1 Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Environmental Responsibilities — Table of Key Data
		A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Environmental Responsibilities — Table of Key Data
		A2.3 Description of energy use efficiency initiatives and results achieved.	Environmental Responsibilities — Table of Key Data
		A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Environmental Responsibilities — Table of Key Data
		A2.5 Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Environmental Responsibilities — Table of Key Data

Area	Aspect	General Disclosure and KPIs	Index
Social	A3 The Environment and natural resources	General disclosure: Policies on minimising the issuer's significant impact on the environment and natural resources.	Environmental Responsibilities
		A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environmental Responsibilities
	B1 Employment	General disclosure: Information on:	Care for Employees
		(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.	
		B1.1 Total workforce by gender, employment type, age group and geographical region.	NA
		B1.2 Employee turnover rate by gender, age group and geographical region.	NA
	B2 Health and Safety	General disclosure: Information on:	Care for Employees — Protecting Employee Health and Safety
		(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.	
		B2.1 Number and rate of work-related fatalities.	NA
		B2.2 Lost days due to work injury.	NA
	B3 Development and Training	B2.3 Description of occupational health and safety measures adopted, how they are implemented and monitored.	Care for Employees — Protecting Employee Health and Safety
		General disclosure: Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Care for Employees — Empowering Employee Development
		B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	NA
		B3.2 The average training hours completed per employee by gender and employee category.	NA

Area	Aspect	General Disclosure and KPIs	Index
B4 Labour Standards		General disclosure: Information on:	Care for Employees — Building Diverse Teams
		(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.	
		B4.1 Description of measures to review employment practices to avoid child and forced labour.	Care for Employees — Building Diverse Teams
B5 Supply Chain Management		B4.2 Description of steps taken to eliminate such practices when discovered.	NA
		General disclosure: Policies on managing environmental and social risks of the supply chain.	Building a Responsible Supply Chain
		B5.1 Number of suppliers by geographical region.	NA
		B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	NA
B6 Product Responsibility		General disclosure: Information on:	Product Responsibility
		(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.	
		B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons.	NA
		B6.2 Number of products and service related complaints received and how they are dealt with.	NA
		B6.3 Description of practices relating to observing and protecting intellectual property rights.	Product Responsibility — Respect for Intellectual Property
		B6.4 Description of quality assurance process and recall procedures.	NA
		B6.5 Description of consumer data protection and privacy policies, how they are implemented and monitored.	Product Responsibility — Information Security and Privacy Protection
B7 Anti-corruption		General disclosure: Information on:	Development of Industry Culture
		(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.	

Area	Aspect	General Disclosure and KPIs	Index
		B7.1 Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	NA
		B7.2 Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Development of Industry Culture — Upholding Integrity
	B8 Community Investment	General disclosure: Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Investment
		B8.1 Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community Investment
		B8.2 Resources contributed (e.g. money or time) to the focus area.	Community Investment