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The background of the right side of the page features a composite image. On the left, a person in a dark suit and a red-and-blue striped tie is shown from the chest up, holding a tablet. This image is overlaid on a semi-transparent, light-colored image of a modern city skyline with various skyscrapers. The overall color palette is warm, with shades of orange, yellow, and red.

CMS 招商证券

2020 Environment, Society and Governance Report

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About this Report

This is the thirteenth social responsibility report issued by China Merchants Securities Co., Ltd. ("China Merchants Securities", "the Group", "the Company" or "We") since 2008. The purpose of this report is to disclose to all stakeholders the actions taken by the Company to fulfill its social responsibility and strive for sustainable development, and the results achieved.



Scope of the Report

Scope of the report

China Merchants Securities Corporation headquarters, 12 branches, 259 securities branches, and 5 wholly-owned subsidiaries.

Report period

January 1, 2020 to December 31, 2020 (some contents are retrospective and prospective as appropriate).

Report Period

This is an annually disclosed report.



Basis for preparing the report

The report is prepared in accordance with the principles set out in the "Environmental, Social and Governance Guidelines" in Appendix 27 of the Listing Rules on the Main Board of The Stock Exchange of Hong Kong Limited.



Report Data Description

The data in the report are mainly derived from the original records of the actual operation of the Company. Unless otherwise specified, the financial data presented in this report are denominated in RMB.



Reporting Principles

Based on the materiality principle, this report identifies and responds to important ESG issues that affect the Company's sustainable development based on data analysis and other work. The process and results of the materiality analysis are described in the "Responsible Governance" section of this report.

With respect to the quantitative principle, the quantitative key performance of the Company's ESG has been disclosed in this report, as detailed in Appendix III "List of Quantitative Disclosures" of this report.

With regard to the principle of consistency, the indicators used in this report are consistent from one reporting period to another to reflect the trend of performance levels. For performance indicators that require calculation, the basis of calculation and reference standards are stated in this report.

For the principle of balance, this report reflects objective facts and discloses both positive and negative indicators.



Report Assurance Method

The company make a public commitment to the truthfulness and reliability of the report, which is self-published and will be subject to third-party review when appropriate.



Report Distribution Format

The report is published in electronic form and can be downloaded from:

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

The Hongkong Stock Exchange (<http://www.hkexnews.hk>)

The Company's website (<http://www.cmschina.com>)

All contents and data disclosed in this report have been reviewed and approved by the Board of Directors of China Merchants Securities Co.



China Merchants Securities

About the company

China Merchants Securities Company Limited ("China Merchants Securities") is a securities company under the China Merchants Group, which has a history of over 100 years. After more than 20 years of development, it has become a first-class brokerage company with a full license of securities market in China. China Merchants Securities was listed on Shanghai Stock Exchange (code 600999) in November 2009 and listed on Hongkong Stock Exchange (code 06099) in October 2016.

Headquartered in Shenzhen, the company has 259 securities branches and 12 branches in China, as well as subsidiaries in Hong Kong, the United Kingdom, Singapore and South Korea, and wholly owns China Merchants Securities International Company Limited, China Merchants Futures Co., Limited, China Merchants Securities Asset Management Co., Ltd., China Merchants Zhiyuan Capital Investment Co., Ltd. and China Merchants Securities Investment Co., Ltd., and holding equity interest in Bosera Asset Management Co., Limited, China Merchants Fund Management Co., Ltd., to build a comprehensive securities service platform with integrated domestic and international business.

Operating with a client-oriented approach, China Merchants Securities provides a wide range of financial products and services to individual, institutional and corporate clients, and engages in investment and trading, with its main businesses including wealth management and institutional business, investment banking, investment management, investment and trading. Through years of development, the Company has built up a significant competitive advantage in the market.

The company has been persistent and steady in its operation, and has been granted the "AA"-

regulatory rating under the "A" category for securities firms for 13 consecutive years. With the ability to provide services on a full-function platform and across the entire industry chain, the Company has a balanced business structure and a solid foundation for its overall development, laying a solid foundation for the Company to build its distinctive business and differentiation and provide One-Time services to its clients in the future. Our brokerage business has a solid foundation and growing competitiveness, while our institutional client business has excellent comprehensive service capability and our corporate client business has stable service capability across the entire industry chain. The company has a strong "Merchants" brand and shareholder background, and has a good market reputation.

With the mission of "helping China's economic restructuring and upgrading, and helping to preserve and increase the value of social wealth", China Merchants Securities abides by the core values of "Family Care, Commitment to the Times; Encourage New Strength, and Commitment to the Future" and is committed to building "the best investment bank in China with distinctive features, innovation and leadership, quality first, and excellent contribution". The company are committed to building "the best investment bank in China with distinctive features, innovation and leadership, quality first, and excellent contribution". The company will achieve customer value growth with excellent financial services, promote the progress of the securities industry, and strive to become an outstanding enterprise with customer trust, employee pride, shareholder satisfaction and social respect.

Core Businesses and Services

The Group provides a wide range of customer-focused financial products and services to individuals, institutions and corporations, and engages in investment and trading, following is the core business and services:

The wealth Management and Institutional Business

The company provides value-added services such as investment consultation, investment portfolio proposal, product sales, account diagnosis, and asset allocation;

Provides capital intermediation services to clients (including financing and securities financing business, stock pledge repurchases, etc.);

And provide investment research, sales and trading, and prime brokerage services to various institutional clients such as funds and insurance companies.

Investment Banking Business

The company provide one-stop domestic and international investment banking services for corporate clients, including equity financing, debt financing, structured financing, New Third Board listing, financial advisory services, etc.

Investment Management Business

The company provide pooled asset management, single asset management, dedicated asset management, and equity investment fund management services to earn management fees and performance fees.

Investment and trading business

Trading and market-making of equity securities, fixed income securities, foreign exchange, commodities, alternative investments and derivative financial instruments (including trading and market-making of financial products in the over-the-counter market) with its own capital.

Key words for social responsibility in 2020

Trustworthy To Clients

Promoting technology empowerment: In 2020, the company will complete 43 innovative projects, launch version 7.0 of the Zhiyuan Yi Hu Tong App, upgrade and optimize the Geetek institutional trading platform, launch a new generation of centralized operation counter system, and launch "Zhaosheng Wealth+" to further enhance customer service capabilities by means of technology.

Pride To Employees

Employee Stock Ownership Plan: During the reporting period, the Company became the first securities company to successfully implement an employee stock ownership plan in accordance with the new regulations of the three ministries (the SFC, the SASAC and the Ministry of Finance).

Initiated the "One Heart Project": In 2020, the Company initiated the "One Heart Project" and revised and released the new version of "China Merchants Securities Corporate Culture Consensus" to lead the development of the Company with a new cultural concept.

Satisfactory To Shareholders

Implementation of change strategy: 2020 is the key year for China Merchants Securities to implement the five-year change strategy. The company is guided by the strategic objectives and further implements five core strategies. The Company will seriously carry out the special activity of "carrying forward the spirit of Shekou, improving work style and enhancing work efficiency", implement the "Double Hundred Actions" of state-owned enterprise reform and the Group's quality and efficiency improvement project, and promote the further implementation of key reform issues.

Pilot Concurrent Supervision: In March 2020, the Company was approved as one of the first batch of SFC pilot concurrent supervision brokers.

Respectful To Society

Serve the real economy: In 2020, China Merchants Securities actively served the real economy, helped the reform of state-owned enterprises and supported private enterprises. Underpinned by Lingyue Plan Throughout the year of 2020, the Company filed 12 IPO projects on the Science and Technology Innovation Board (including one non-sponsored, joint-underwriting project) and 19 IPO projects on the Growth Enterprise Market (GEM), filing three IPO projects on the New Third Board Selective Tier, and completing the first listing on the New Third Board Selective Tier - The company also completed the IPO of the first listing on the New Third Board Selective Tier market - AVIC Fujitec.

Targeted poverty alleviation: Using various poverty alleviation means such as financial poverty alleviation, education poverty alleviation and consumption poverty alleviation, the company has helped its counterpart counties - Neixiang County in Henan Province and Shitai County in Anhui Province to remove their national-level poverty counties in May 2019 and April 2020 respectively.

Special Topic:
All-out efforts
to tackle
the challenge of
the epidemic

At the beginning of 2020, a sudden epidemic of novel coronavirus (hereinafter referred to as COVID-19) touched the hearts of people all over China. In front of the epidemic test, the company enhanced the "Four Consciousnesses", firmly established the "Four Confidences" and achieved the "Two Safeguards", and was the first to study and implement the important speeches and instructions of General Secretary Xi Jinping. The company was the first to study and implement the important speeches and instructions of General Secretary Xi Jinping, the first to arrange for the implementation of the Group's various epidemic prevention and control work requirements, proactively and repeatedly convened special meetings to listen to reports, study the situation, deploy prevention and control work, and timely set up the China Merchants Securities COVID-19 Epidemic Prevention and Control Emergency Response Leadership Group to coordinate the company's various epidemic prevention and control work.

Donating Funds and Materials to Help the Epidemic Area

In the face of the new epidemic, China Merchants Securities has demonstrated its corporate social responsibility and commitment by donating funds and materials in the first instance to support the epidemic areas. On New Year's Eve 2020, the company took the lead in donating RMB 6 million to hospitals in Wuhan, becoming the first brokerage firm in the industry to donate to the epidemic area; afterwards, the company donated funds and materials to the epidemic area in Hubei and Shenzhen in two rounds. During the epidemic prevention and control period, the Company donated a total of RMB 11.426 million.

January
24th

Donated RMB 6,000,000 to several hospitals in Wuhan, becoming the first brokerage firm in the industry to donate to the infected area.

March

Donated RMB 5,162,000 worth of supplies to the infected areas in Hubei, including

- RMB 4,392,000 used for emergency procurement of 8 guardian negative pressure ambulances to be donated to relevant medical institutions in Hubei region to address local prevention and control needs.
- RMB 770,000 Yuan (including staff donation of 603,900 Yuan) was donated to 77 medical staffs in Shenzhen who assisted Hubei, and was used to pay condolence money to the soldiers in white.

End of
April

Donated caring vegetable packages worth RMB 264,000 to Shenzhen Guangdong Street Office and Futian District Street Office.

Increase financial support

The company actively responded to the national call to support the real economy to win the battle of COVID-19 prevention and control through finance, provided equity financing services for anti-epidemic enterprises, helped enterprises issue COVID-19 prevention and control bonds, unblocked direct financing channels for enterprises, and helped the real economy recover production and development. In 2020, China Merchants Securities, as the sponsor and main underwriter, has provided equity underwriting, bond underwriting and other investment banking services to more than ten enterprises related to the epidemic, raising a total of RMB 12.515 billion (including RMB 7.250 billion underwritten by China Merchants Securities).



Helping Shenzhen Everbest Machinery Industry Co., Ltd. (Brand : CEM), a leading instrument and meter manufacturer, to successfully list on A-share

(Stock code: 002980, hereinafter referred to as "Huashengchang"), a leading instrument and meter manufacturing company, was successfully listed on the Shenzhen Stock Exchange on April 15, 2020, with total proceeds of RMB 496,334,300. China Merchants Securities acted as the exclusive sponsor and main underwriter for the IPO.

After the outbreak of COVID-19, CEM, as a company with expertise in epidemic prevention and control, was listed as a national strategic material manufacturer. During the epidemic, CEM actively responded to the national call and quickly entered into a state of preparedness, urgently expanding its production scale and starting several production lines to accelerate the production of infrared thermometer series products, and giving priority to supply to local people's governments, epidemic prevention and control emergency headquarters, CDC, health bureau and other units to fully support the fight against the epidemic. During the epidemic period, CEM delivered tens of thousands of non-contact infrared thermometers and infrared thermal imaging devices to quarantine bureaus, hospitals, epidemic prevention stations, airports, ports of entry, shopping malls and other crowded places all over China in a timely manner, contributing its strength to effectively stop the spread of the epidemic. With professional service capability and excellent service quality, China Merchants Securities has helped CEM to enter the capital market.



Helping CONBA issue the first epidemic prevention and control bond in Zhejiang Province

On February 17, 2020, Zhejiang CONBA Pharmaceutical Co., Ltd. successfully issued the first phase of 2020 ultra-short-term financing bonds (epidemic prevention and control bonds) led by the Company. This bond is the first epidemic prevention and control bond in Zhejiang Province, with an issue size of RMB 500 million, a maturity of 270 days and an issue interest rate of 3.79%, and part of the proceeds will be used to support the production of drugs related to the prevention and control of the New Coronary Pneumonia Epidemic by CONBA.



Helping JIC Leasing Co., Ltd. Issue Epidemic Prevention and Control Bonds

On March 9, 2020, China Construction Investment Leasing Company Limited (hereinafter referred to as "JIC Leasing Co., Ltd."), with China Merchants Securities as the lead underwriter and book-running manager, successfully completed the issuance of the first issue of corporate bonds (epidemic prevention and control bonds) in 2020. The issuance size of this issue is RMB 600 million yuan, with a maturity of 3 years, and the issuance principal and bond rating are AA+, and the issuance interest rate is 3.79% (a new low interest rate among companies of the same industry, the same category and the same rating in the past three years), and the funds raised are mainly used to provide important capital support for the financing and leasing projects for the prevention and control of the new pneumonia epidemic.

Ensure smooth operation of business

Since the outbreak of the new pneumonia epidemic, China Merchants Securities has taken effective measures to ensure the smooth operation of its information system, increase online service support, and ensure the smooth operation of securities services through the "cloud" coordination office, while doing its own work to prevent and control the epidemic. The company will do our best to serve the stable operation of the capital market and protect the rights and interests of investors.

· Ensure the smooth operation of information system

The company fully utilizes the advantages of financial technology, formulates information technology contingency plans in advance, establishes the "two places and three centers" on-duty mechanism, strengthens the monitoring of information system with only 1/2 of the usual operation and protection staff, strictly controls the changes, and solves the hidden problems such as micro-securities bandwidth, financing channels, and individual stock options loading in a timely manner. We have withstood the test of trillion dollar market and ensured the continuous and stable operation of the system. The company organized more than 30 departments and subsidiaries to analyze the business impact and emergency disposal under major disasters, and formed the Emergency Plan.



Photo: Headquarters data center makes full use of digital means to help prevent and control epidemics

· Provide quality online services

In order to do our best to prevent and control the new pneumonia epidemic and protect the health of our clients, the company actively guides our clients to give priority to off-site services and provide them with convenient online services through various channels such as China Merchants Securities Zhiyuan Yi Hu Tong App, China Merchants Securities Zhiyuan Smart Edition (computer client) and China Merchants Securities official website. At the same time, the Company has developed the "on-site appointment" function, which can effectively divert customers who need to handle business at the counter and avoid the gathering of people.



Zhiyuan Yi Hu Tong App 7.0 Strongly Supported Online Services During the Epidemic

Version 7.0 APP includes 159 new functions and optimizations, and its performance indicators have been improved to the top of the industry. It fully supports online services such as account opening, quotes, information, trading, business processing, investment research and after-hours analysis, etc. Moreover, CMSPaaS framework developed by China Merchants Securities guarantees the performance experience of APP 7.0 from the bottom. During the epidemic period, the App ran smoothly. Compared with the pre-epidemic period, the number of AI product service users increased by 48% and the service volume increased by 259%, which strongly supported customers to complete business processing and consultation online, and passed the test of billions of quotes after the Spring Festival smoothly to protect user experience.

· To Ensure the Normal Operation

In order to ensure the continuous development of business, the Company's emergency response working group has twice studied the business continuity plan, and has considered and approved the "Emergency Plan for Prevention and Control of Epidemic in China Merchants Securities Headquarters Building" and "Emergency Plan for Prevention and Control of Epidemic in China Merchants Securities The company chat Software Technology Park Office Building"; and requested the expansion of the emergency response scenario and the formulation of a comprehensive business continuity plan in accordance with the requirements for emergency support of system, data, personnel and venue and established a sound long-term mechanism.

The company forward-lookingly launched the combined solution of Cloud Lock, VPN+Desk Cloud and Internet Conference, which strongly supported the trading and related business development of the business departments of fixed income, derivatives investment, custody and other business departments as well as the epidemic area sales offices. On average, 835 PC devices and 5,580 cell phone devices worked through the cloud lock every day; the average number of daily users of the financial desktop cloud reached more than 790 during the epidemic, and the cumulative number of Internet video conference and voice teleconference accesses exceeded 90,000, which strongly promoted the resumption of work and production.

Protecting the Health and Safety of Employees

During the period of epidemic prevention and control, the company always put the protection of employees' health in the first place, deployed prevention and control measures in a strict and detailed manner, and adjusted and optimized them in a timely manner according to the development of the epidemic. Through measures such as controlling the movement of staff, managing the office area and controlling the size of on-site office staff, the company made every effort to protect the health and safety of employees.

Table: Measures taken by China Merchants Securities to implement epidemic prevention and control measures

At the beginning of the outbreak, preventive and control measures the company put in place to protect the health of employees

- **Control staff movement:** according to the changes of the epidemic situation, strictly strengthen the management of business trips and reasonably arrange the staff's itinerary.
- **Caring for the health of employees:** Implementing employee list management, strictly controlling the size of on-site office staff according to the principle of minimizing the number of employees; opening a commut-er bus for employees to and from work during the epidemic to ensure the safety of employees going to and from work. The office procured various prevention and control supplies through multiple channels, including temperature checkers, masks, disinfectant sprays, hand sanitizer, anti-viral oral solution, etc.; and produced and distributed epidemic prevention and control materials such as the "Epidemic Prevention and Control Practice Manual".
- **Do a good job of office area hygiene management:** the company's office building to carry out a full range of disinfection, elevators and other high-risk parts of the focus of disinfection, do a good job of office area entrance and exit body temperature testing and access control settings.
- **Strengthen the management of staff canteens:** control the flow of staff in the company's staff canteens and other staff-intensive areas. Strictly control the itinerary and health condition of the staff in the staff canteen, and increase the frequency of disinfection and disinfection in the staff canteen.

Resume work and production in place, continue to do a good job in the normal management of the epidemic

- **Orderly manner of returning:** put forward specific requirements on the return period, protection on the way back and self-isolation after arrival.
- **Reasonable adjustment of return to work:** implement a combination of on-site office and off-site office; advocate employees to reduce gathering activities and travel arrangements.
- **Good management of the epidemic:** strengthen the control of office personnel, strictly enforce the registration of visitors to scan the code, so that the inspection should be done; further strengthen the emergency stockpile of epidemic prevention materials, to do a good job of material protection; continue to strengthen the office environment manage-ment, cleaning, disinfection and ventilation of the public offices; correctly guide the staff to do a good job of self-preven-tion measures, to develop diligent hand washing, frequent ventilation, and maintain a safe social distance good hygiene habits. The company will also continue to strengthen the management of the office environment, clean, disinfect and ventilate the office premises, and properly guide employees to take self-preventive measures, develop good hygiene habits of washing hands regularly, ventilating frequently, and maintaining a safe social distance.

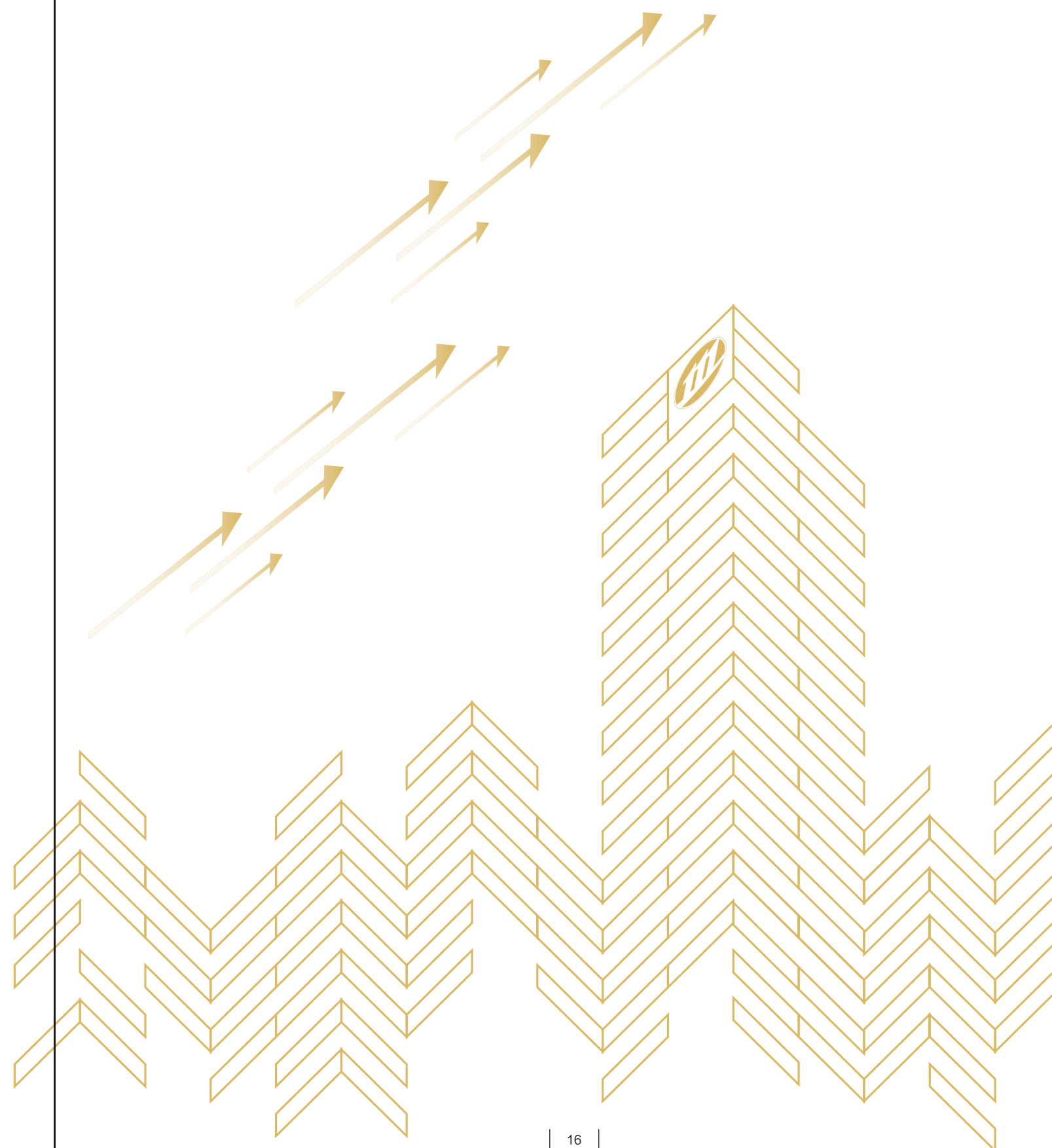
In order to provide fuller protection for our employees, The company have upgraded our employ-ee medical insurance to enhance medical protection and insured all employees with insurance prod-ucts against the new coronavirus; The company have set up an online medical platform through the relevant health management platform and opened an E-Clinic service channel for our employees to provide free online medical services; The company have constructed a psychological epidemic prevention line for our employees through our psychological consultation service platform to protect The company have established a psychological counseling service platform to protect the psycholog-ical health of our employees.

Deployment of overseas epidemic prevention and control

In 2020, the overseas epidemic and the overall security environment are relatively complicated, the company attaches great importance to it, organizing and holding special meetings on overseas epidemic prevention and control for many times, carefully deploying epidemic prevention and control work, implementing emergency plan drills, and doing its best to reduce the impact of overseas epidemic outbreaks on production and operation.

Table: China Merchants Securities Deploys Measures to Prevent and Control Overseas Epidemics

Establishment of local emergency response teams
<ul style="list-style-type: none"> The company set up a local emergency response team and formulated a comprehensive emergency response plan to maintain normal business operations and customer service standards to the maximum extent possible, so that key positions are not left vacant, customer needs are responded to, and daily operations are guaranteed. Reasonable arrangement of staff work, implementation of a rotation system, some staff adopt telecommuting mode to minimize the risk of epidemic.
Good customer communication and coordination
The company make full use of online communication channels to keep in touch with customers, actively contact poten-tial customers, ensure business continuity, respond to customer needs in a timely manner, and prevent business interrup-tion risks.
Do a good job of information security management
<ul style="list-style-type: none"> During the remote office period, the stability of the company's key digital equipment and network facilities is ensured, the information technology emergency handling capability is improved, and the continuous operation of information systems is ensured and the recovery time after interruptions is reduced. Strengthen network security and enhance monitoring of the operation of application systems, the company sites and information services.
Manage the daily office workplace
Temperature and trip checks are conducted for all personnel entering the office premises. Telephone or online meetings are used whenever possible. The office is regularly disinfected and ventilated, and employees are regularly provided with the necessary epidemic prevention materials. Advocate for employees to minimize outings, entertainment, dinners and other activities in public places after work hours.





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Responsibility Governance

China Merchants Securities always insists on the core value of "Family Care, Responsibility of the Times; Encourage New Strength, Commitment to Practice" and strives to create value for customers, employees, shareholders, society and other stakeholders.

1.1 Responsibility Strategy

Our responsibility goals

Focus on customers, strive to build the best investment bank in China with distinctive features, leading innovation, quality first, and excellent contribution, and continue to enhance the company's responsibility capacity in the process of becoming bigger and stronger.

Our responsibility path

With the mission of "boosting China's economic transformation and upgrading, and helping to preserve and increase the value of social The companyalth", The company insist on the path of scientific development, innovative development, harmonious development, and green development, based on our own operation and management practices, and in the actual operation process, The company demonstrate the height of responsibility awareness, implement the strategy of responsibility work, realize the value of responsibility and To enhance the ability to fulfill our responsibilities. The company should be aggressive and innovative; The company should practice solid internal skills and operate steadily and in compliance; The company should insist on excellence and continue to optimize management; The company should adhere to the core values of "family love and responsibility of the times; encourage the new and strong, and strive to achieve a coordinated and balanced development of quality, efficiency and scale of the company.

Our responsibility principles

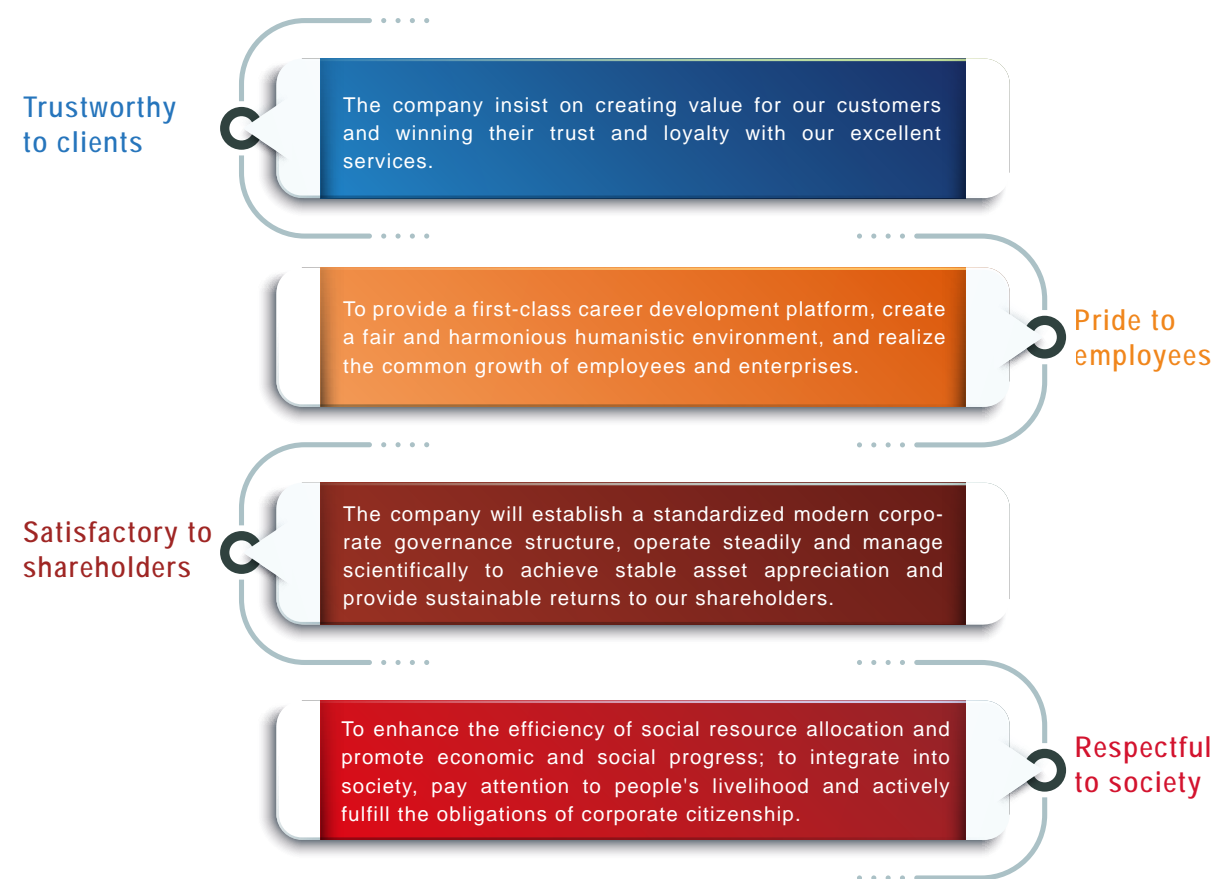
The company insist on fairness and justice, balancing the relationship between the company and multiple interests that are both interdependent and mutually influential; insist on taking the lead, striving to be proactive and one step ahead of others to show the exemplary effect; insist on the unity of knowledge and action, ensuring a high degree of unity between the company and the concept of responsibility and action and integrating them into business practice; insist on continuous optimization, constantly improving ourselves and making continuous self-improvement, so that the management of social responsibility becomes a booster for the company's continuous growth and development. The company insist on continuous optimization, continuous self-improvement and self-improvement, so that the management of social responsibility can become a booster for the company's continuous growth and development.

Our responsibility focuses

Harmonize with society, develop with the capital market, and strive to promote the progress of the securities industry. The capital market is the foundation of China Merchants Securities, and the key objective of China Merchants Securities in fulfilling its social responsibility is to take up its responsibility to the capital market by taking up the responsibility of the industry, and to realize the important value of the company in the development and progress of the society by taking up the responsibility of the capital market.

1.2 Responsibility Model

China Merchants Securities is committed to providing superior integrated financial services to domestic and international clients, creating value and driving progress in the capital markets and securities industry. Our value creation focuses on four areas



1.3 Responsibility Management

In formulating the company's strategic planning, China Merchants Securities actively considers the challenges and opportunities of sustainable development, continuously improves the management of corporate social responsibility, establishes a sound social responsibility management path and management methods, and integrates the concerns of various stakeholders into the company's development to realize the organic cycle of the company's development originating from society and the company's growth feeding society.

The company adopts the management model of "unified leadership, block implementation, strategic supervision and systematic review" for our social responsibility work, formulates social responsibility work plans, establishes social responsibility work targets, and conducts reviews and inspections every year. Each function and business department is responsible for the implementation of social responsibility issues in the company, including the daily collation and reporting of social responsibility information.

1.4 Stakeholder Communication

China Merchants Securities attaches great importance to communication with various stakeholders, and has established a regular communication mechanism with government and regulatory bodies, shareholders, customers, employees, the community and other stakeholders, and through various communication channels and methods, understands the expectations and demands of various stakeholders in a timely manner, and responds to them in a targeted manner, so as to promote the development of the Company in line with the expectations and interests of various stakeholders.

Table: List of Stakeholder Concerns and Communication Channels

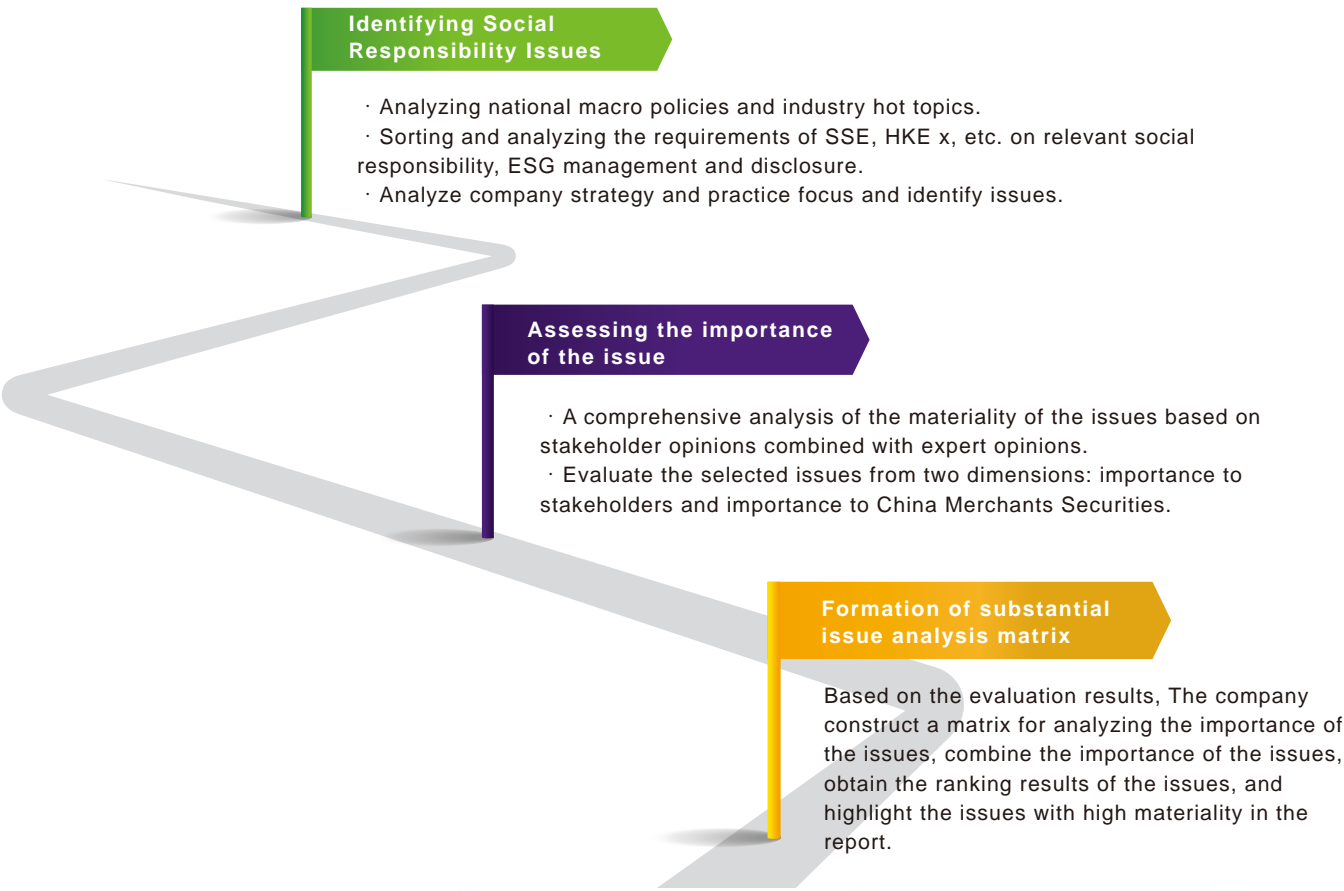
Stakeholders	Stakeholders' concerns	Communication channels	Our Responses
Government	Paying taxes according to law Operating according to law Open and transparent information Supporting local development	Meetings and training for government and regulatory authorities Collaboration projects between local government and enterprise Regular reports	Timely and accurate reporting on enterprise situation Improving corporate management system Disclosure of related data
Shareholders	Corporate governance Risk management system Business ethics Enhancing Shareholder Returns	Exchange official websites and other media channels Shareholders' General Meetings Investor Relations section of the official websites Investor Conference Investors-related survey Telephone Connection IR E-mail	Improving the governance structure Improving the risk management system
Clients	Client confidentiality policy Client service improvement Innovative Service Products	95565 Client Hotlines Themed surveys Research on product and client needs Client satisfaction survey Official website, official microblog, Zhiyuan financial service platform (PC, mobile) and other channels Investment strategy meetings Trainings and meetings Emails and phone calls Client visits	Compliant and legal operation Suitability management Protecting client privacy Improving complaint handling mechanism Innovative service products

Stakeholders	Stakeholders' concerns	Communication channels	Our Responses
Employees	Protecting employees' rights and interest Working environment Workplace diversity Workforce stability Career development	Enterprise Wechat account Office mobile App OA platform E-learning platform	Equal and impartial career path Competitive remuneration schemes safety working environment Work and life balance Career development programs
Community	Environmental protection Supporting community construction Charity activities Climate change response	Disclosure of environmental performance Community surveys and trainings Targeted poverty alleviation	Developing green finance Practice Green Operation Targeted Poverty Alleviation Charity activities

1.5 Materiality Analysis

The company have reviewed the materiality analysis results of China Merchants Securities in previous years, combined with relevant national and industry policies, considered the company's strategy and the focus and expectations of stakeholders, and followed the identification, evaluation and selection procedures to define social responsibility issues of higher importance for disclosure and response in this year's Report.

Identification and Analysis of Material Issues



ESG Materiality Matrix



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Trustworthy to clients

The company insists on customer focus, continuously optimizes our business model, organization and operation, and continuously innovates our products and services according to customer needs. The company promotes technology empowerment and provides more professional and intelligent services to our customers with technological wisdom. The company is committed to protecting the rights and interests of our customers in our products and services, establishing sound complaint channels, protecting the safety of customer information and transactions, and providing professional and quality financial services.

2.1 Financial Technology Empowerment Customer Service

China Merchants Securities attaches great importance to financial technology innovation, accelerates the introduction and cultivation of complex financial technology talent team, continuously increases investment in technology, and uses 1% of the company's annual turnover to set up a dedicated innovation fund for incubating financial technology innovation projects, and completes 43 innovation projects in 2020. The company will continue to explore the application of financial technology to provide more professional and intelligent services to individual, institutional and corporate customers.

2.1.1 Optimize financial services platform

Individual Clients

In order to meet the wealth management needs of individual clients, China Merchants Securities launched and continuously upgraded the Zhiyuan App in 2016, which supports account opening, quotes, trading, information, decision support and other business functions, and constantly innovates service functions with financial technology and big data as the core driving force, and is committed to providing excellent digital and intelligent online services to clients.

In 2020, the company launched the version 7.0 of Zhiyuan Yi Hu Tong App, covering 159 new functions and optimizations. The overall speed of quotes has increased by 4 times, the loading speed of the weak network quotes has increased by more than 10 times, the speed has increased by 2 times, the smoothness of operation has increased by 3 times and the speed of intelligent registration has increased by 4 times. At the same time, by further enriching the core service scene, upgrading the financial column, using rich media form to create investment research content and other innovation and optimization, the APP7.0 version of Zhiyuan YI HU TONG comprehensively improves the customer service ability. In 2020, the average monthly activity value of Zhiyuan App exceeded 4.29 million. (Note: Monthly activity data is from Guan Qianfan)

Table: The main function innovation of Zhiyuan Yi Hu Tong APP 7.0

Launch of the "Smart Family" series

With the main focus on digitalization and intelligence, the company continues to expand its intelligent scenario service capability, launching an intelligent family of six core intelligent products, including intelligent stock selection, intelligent recommendation, intelligent voice assistant and intelligent search, to provide customers with online real-time financial services based on rich scenarios.

Newly upgraded financial management section

New sections such as "Stable Strategies, Hot Topics" have been added to meet different user needs; intelligent technology has been introduced to create a thousand-person, thousand-faceted service experience; online investment advisory services have been added, allowing investment advisors to interact with customers online in real time and respond to their investment allocation needs; the financial details page has also been significantly revamped, optimizing and improving financial products. The financial details page has also been significantly revamped to optimize and improve various characteristic data of financial products to help customers understand the detailed information of fund products.

Rich Media meets diverse needs

With the help of rich media such as short video, voice and graphics, Zhiyuan Yi Hu Tong APP 7.0 creates new investment research contents with industry influence. In 2020, it will focus on launching special investment research programs such as "Shafa Investment Research Conference" and "New Hot Spots in Science and Technology".

· Institutional Clients

In March 2019, China Merchants Securities released Geetek institutional trading platform, which constitutes an industry-leading overall solution for institutional business. Through a series of special services such as full-service asset management, cross-asset risk control, extremely fast quotes trading and exclusive strategy platform, China Merchants Securities provides One-Time institutional service solutions for institutional clients to meet the ultimate and professional investment needs of institutional investors.

Under the platform, there are a full range of products such as T-master Investment Management System, X-NES Hardware Quotation System, X-QTS Extreme Trading System, αTurbo Algorithm Execution Cloud and αBlade Strategy Engineering Assistant System, covering various investment needs of professional investors and creating a superior investment environment for professional investors.

Table: Features and advantages of Geetek's institutional trading platform

master and apply FPGA hardware acceleration technology	China Merchants Securities is the first brokerage firm in the industry to master and apply FPGA hardware acceleration technology, which can reduce the internal latency of quotes by 1000 times compared to traditional quotation software.
Microsecond speed trading	With the X-QTS Extreme Trading System, the core business transaction processing time is as low as 50 microseconds, which is at the industry leading level. For example, a basket of 100 stocks can be executed in 0.005 seconds.
unify the execution of strategic orders	The first algorithmic trading execution cloud has been built, which can unify the execution, management and evaluation of all trading strategies required by customers, including our self-developed trading strategies execution. The company have established a complete financial service API to access all business services, including securities trading, strategy trading, data services, etc. with a unified interface protocol.
Provide the whole process of investment services	T-master provides clients with the whole process of asset management before, during and after investment, covering four typical application scenarios, including investment analysis, trade execution, risk management and operation management. It fully supports clients' "personalized" customization, and private equity funds can set parameters and define multi-screen interfaces on the platform according to their own investment strategies and trading habits.

· Corporate Clients

In 2020, the company promoted the construction of technology-based investment banking and put into full use the intelligent investment banking platform to realize the application capabilities of "whole business process management, comprehensive risk control, big data operation management and AI-assisted operation". The company has established the industry's first working draft scoring system, which provides quantitative evaluation of project working drafts based on three indicators: completeness, timeliness and regularity of working drafts, and helps to improve project quality control, covering 1,742 projects.

2.1.2 Promote intelligence operations

In 2020, the Company launched a new generation of centralized counter system to create a standardized, standardized and intelligent counter business process through comprehensive re-engineering of the counter business process, integration of intelligent technologies and front-loading of risk control compliance control points. The opening time for individual client general account, individual client credit account, institutional client general account and institutional client credit account was shortened by 43%, 67%, 20% and 67% respectively.

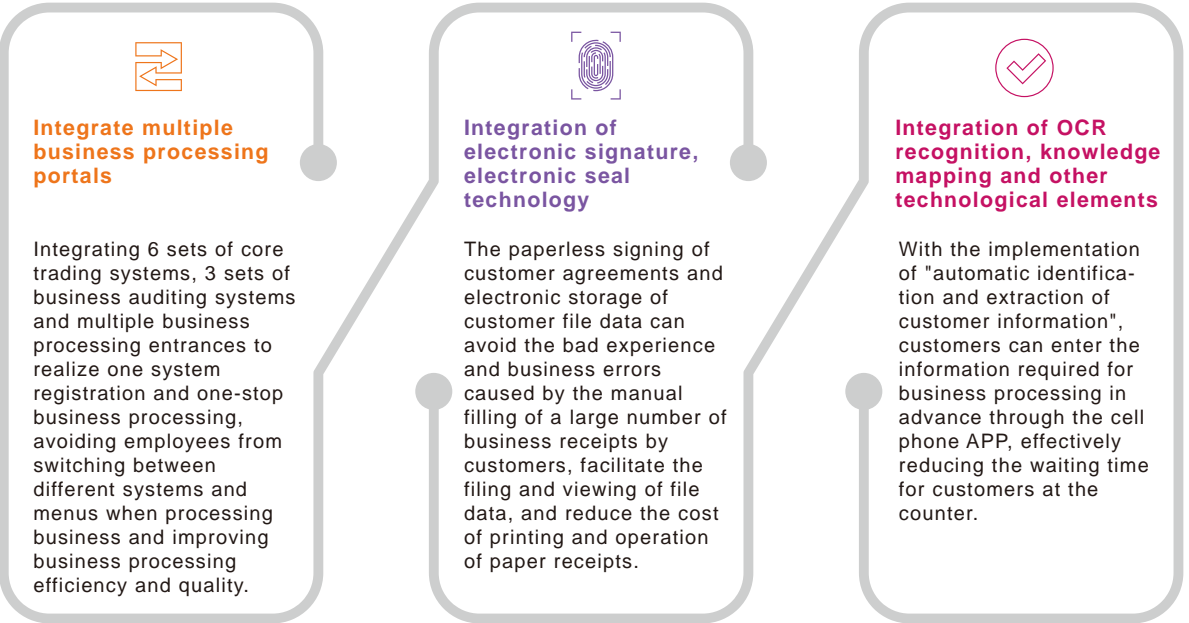


Table: Key optimizations and innovations of the next-generation centralized operating counter system

2.1.3 Constructing intelligent application system

China Merchants Securities has established a relatively complete intelligent application system. By building an intelligent basic capability platform, such as voice processing, image processing, corpus, information tagging, and machine learning platform, it provides general technical capabilities for flexible intelligent application scenarios. The company have established a real-time big data service center, which can realize real-time big data analysis of customer transaction data by establishing a distributed, stream computing data processing engine and delivering production data in real time, greatly improving the time and efficiency of customers and business operations in obtaining data analysis results.

China Merchants Securities has developed a complete set of technical frameworks from front-end to back-end, covering various scenarios of management and trading. Through this technical framework, not only new web or mobile APP demand scenarios can be quickly implemented, but also a new trading business back-end can be quickly built to provide effective protection for timely response to customer needs and market changes.

2.2 Protecting the rights and interests of clients

China Merchants Securities insists on being "customer-centric" and is committed to providing customers with diversified and multi-level products and service systems, while attaching great importance to the protection of investors' rights and interests. The company match customers with financial products suitable for their risk tolerance through appropriateness management; protect customers' personal information through a comprehensive customer privacy protection mechanism; promote the transformation of modern investment banking services through improved complaint handling; and help investors better understand investment risks and establish rational investment concepts through a variety of investor education activities.

2.2.1 Implementation of Appropriateness Management

The Company attaches great importance to investor suitability management, fully understands the importance and necessity of implementing investor suitability management, and follows relevant systems such as Measures for the Administration of Suitability of Investors in Securities and Futures and Guidelines for the Implementation of Suitability Management of Investors in Securities Operators (for Trial Implementation). Moreover, the Company also formulates Administrative Measures for China Merchants Securities Investor Appropriateness to protect the rights and interests of investors.

2.2.2 Protection of information and transaction security

In order to fully protect customer information and transaction security, China Merchants Securities has formulated relevant management systems or regulations such as the "Company Data Security Classification and Classification Management Regulations" and "Information System Data Confidentiality Management Regulations" to fully protect customer information security and transaction security.

Protection of customer information security

China Merchants Securities attaches great importance to the management and protection of customer information security, establishing a data security-related system, granting minimum privileges in accordance with the needs of the position in the business, establishing corresponding control measures in each part of the process, and strengthening supervision and accountability. The company also raise the awareness of confidentiality among our staff and third-party outsourced personnel, so that our clients can build up their awareness of prevention. Strengthen the use of technology to strengthen the technical protection of customer information security.




Table: Measures taken by China Merchants Securities to protect customer information security through technical measures

A three-dimensional network security protection system	From the "defense, monitoring, combat, governance, evaluation" five dimensions of all-round protection, the deployment of complete Internet boundary protection facilities, by a dedicated information security team specifically responsible for network security monitoring, early warning, emergency disposal and other work.
Closed-loop management of information security protection	With the help of third-party testing company information system security, and in-depth cooperation with public security, regulatory agencies, industry security vendors, etc., regular arrangements are made to carry out malicious code scanning, penetration testing, equal protection test evaluation and other real-world testing of information systems.
Sorting out the whole life cycle of data flow	The company engage an authoritative third-party consulting firm to do a comprehensive review of the entire data flow lifecycle from account opening to trading, and to identify security risks that may lead to leakage of customer information at all levels.
Build security audit system	Monitor and audit the operations of technical staff. Application-level development of designs to meet control requirements in accordance with business processes.

Guaranteeing the security of transactions

In order to protect the security of customer assets and information, The company actively innovate and continuously improve to provide our customers with safe, thoughtful and convenient online trading services.

Table: Measures to protect the security and stability of trading in China Merchants Securities

 Security control front	 Multiple security measures	 Assurance stability
The security management team ensures data security and the implementation of security control measures for customer information through the evaluation of application system security design, source code security audit and pre-launch security evaluation.	Adopting a number of security measures such as IP blacklist, customer number blacklist, and data packet encryption to protect the security of data communication. Customer login will record customer source information, and customer account will be automatically frozen if customer password is continuously wrong.	The company conduct full-link performance pressure test before go-live, and capacity monitoring and analysis of full-link after go-live to ensure full-link performance matching and enhance guarantee capability.

2.2.3 Sound Complaint Management

The Company has always attached great importance to the handling of customer complaints and has formulated rules and systems such as the Management Measures for Handling Customer Complaints and the Implementation Rules for Handling Customer Complaints in Securities Brokerage Business of China Merchants Securities, which specify the working principles and timeline in handling complaints. Thus, a closed-loop management of complaints handling is realized.

The Company has clearly defined customer complaint channels such as telephone website at the sales office site, the Company's official website, official microblog and trading software. The company also accepts customer problems and complaints in multiple dimensions and channels through media monitoring and other means to ensure that customer problems are responded to quickly in the primary receiving link.

The Company has established the "Customer Complaint Handling Process", an unified electronic complaint handling platform. Through the electronic process, The company have standardized the content of each section of complaint handling, clarified the processing time and efficiency of each section, and promoted the flow of complaint handling traces, report statistics and supervision and inspection. Under the premise of compliance management, the company constantly summarizes customer feedback and optimizes service process, and regularly reports customer complaints to relevant business departments, which facilitates targeted improvement of customer service work by business departments and effectively enhances customer service efficiency and satisfaction. In 2020, the complaint handling response rate was 100% and the complaint handling rate was 93.2%.

Table: 2020 China Merchants Securities Optimization Measures for Customer Opinions and Complaint Feedback Mechanism



<p>Optimize the complaint acceptance referral process and standardize complaint business processing</p>
<p>By abolishing the complaint report form, refining the flow of complaints, reclassifying the types of complaints, pre-designating the functions of branch offices and branches, adding new branches and supervisors of business departments involved in complaints, and re-establishing the process of return visits by complainants and customers under the name of the complaine, The company further improve the complaint handling and processing regulations, and provide more comprehensive system support for complaint handling and management.</p>
<p>Revise the company's customer complaint handling details and improve the complaint handling management system to support</p>
<p>It is made clear that the person in charge of the branch is the primary management responsibility of the complaint handling work of the unit, and that the branch and the business department in charge of the complaint shall perform supervisory duties in the complaint handling work, and shall actively follow up the complaint handling to avoid risk spillover, and the branch shall continuously follow up the complaint disputes that are difficult to be handled properly in the short term or have been delayed for a long time, and provide timely feedback to the regulator on the progress of handling, and actively do a good job of communication with the regulator. The branch should continue to follow up and provide timely feedback to the regulators on the progress of handling complaints and disputes, and actively communicate with them.</p>



2.2.4 Investor Education

In 2020, in the face of the demand for remote learning of investors under the epidemic prevention and control as well as the changes in learning methods in the future, China Merchants Securities re-planned the way to carry out investor education work and actively explored new forms and contents of investment education services to give confidence to investors and escort them.

Table: China Merchants Securities's performance in launching investor activities in 2020

		The number of online and offline investors reached 372,974
	Number of Investor Education Events 1,623 times	 Total number of investment education products distributed by headquarters and branch offices 37,752 copies

Strengthening online multi-media investment education publicity

The company actively strengthen the dissemination of investment education knowledge on the WeChat public website and Internet investment education base, and at the same time fully utilize online channels such as the official website, official microblogging, Zhiyuan Yi Hu Tong App and trading system to launch investment education publicity, and create a variety of investment education products such as live+recorded courses, investment education micro-classes and NiuNiu investment education long diagrams to disseminate the latest business knowledge to investors and help them understand the capital market reform.

Establishing the "StarElite Investment Academy" investment education brand

In the face of the vast amount of investment information available in the market, In 2020, The company have established the StarElite Investment Academy learning and exchange platform to enable small and medium-sized investors to enjoy the investment research and knowledge resources provided by China Merchants Securities. The "Star Academy" brings together experts in the financial field to provide investors with rich, interesting, objective and practical investment knowledge and experience in a variety of formats.

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Pride to Employees

We always put people first, protect the rights and interests of our employees in accordance with the law, provide them with a well-rounded and competitive remuneration and benefits package, build an equal and diversified career development path, construct a science-based and efficient training system, strive to attract and retain the best talents, and actively promote the reciprocal growth of our employees and the company.

3.1 Protect the Rights and Interests of Our Employees

China Merchants Securities strictly complies with relevant laws and regulations, and takes proactive steps to improve equal employment, remuneration and benefits, and care for physical and mental health in order to protect the legitimate rights and interests of its employees.

3.1.1 Ensure Equal Employment Opportunities

China Merchants Securities vigorously adheres to the labor Law of the People's Republic of China, the labor Contract Law of the People's Republic of China, the Regulations on the Promotion of Harmonious labor Relations in the Shenzhen Special Economic Zone and other relevant laws and regulations. labor contracts are signed with all of its employees on the basis of equality and voluntariness, and labor relations are established in compliance with the law. China Merchants Securities respects all employment-related rules and regulations, and actively wards off the occurrence of forced labor, preventing child labor through effective means in the recruitment process. In matters of recruitment, remuneration, training and promotion, we are firmly against any discrimination on the grounds of gender, region, ethnicity and religion to ensure that all employees enjoy fair, just and open job opportunities.

3.1.2 Improve remuneration and benefits package

In order to minimize turnover amongst our staff, China Merchants Securities has formulated and made on-going adjustments to a series of remuneration and benefit policies and packages, and aims to offer highly competitive salary and benefits for its employees.

We have put in place a remuneration incentive system commensurate with our stature to enhance the appeal of compensation offers and drive business development. We have optimised the remuneration framework, built closer alignment between our financial performance and bonuses, and stepped up the bonus incentive. We have designed differentiated incentive mechanisms to meet business and market needs, and invested more in the remuneration for core and key talents to better incentivise them.

We continue exploring to implement a long-term incentive mechanism. After the approval of China Merchants Securities' first Extraordinary General Meeting in 2020, The Company's employee stock ownership plan has been implemented, and was formally enforced upon completion of all approval procedures. The implementation of the Employee Share Ownership Scheme further improves the corporate governance structure, and institutes and improves the benefit-sharing and risk-sharing mechanism among shareholders, the company and its employees. At the same time, it will connect the future earnings of employees to the betterment of the market capitalisation of the China Merchants Securities, which will be conducive to motivating employees, unleashing their enterprise to outperform the market and their peers, while continuously boosting the core competitiveness of China Merchants Securities and promoting the mutual growth of employees and the company.

In terms of benefits and employee welfare, we have initiated a multi-tier pension insurance framework. It includes social insurance, supplementary medical insurance and corporate annuity plan, which can be mixed and matched to complement each other. This is a comprehensive employee welfare protection system that can address the pressing concerns of its employees.

Table: China Merchants Securities's multi-tier employee pension insurance framework



3.1.3 Care for physical and mental health

China Merchants Securities follows stringently the labor Law of the People's Republic of China, the Law of the People's Republic of China on Safe Production, the Law of the People's Republic of China on Prevention and Control of Occupational Diseases, the Work Injury Insurance Ordinance and other relevant laws and regulations, and has carried out rules and regulations such as the Regulations on Attendance Management, with every effort made to ensure workplace safety and provide employees with medical check-ups that truly delivers care for the health of its employees.

Care for staff health

We continue to step our annual health check-up programme for employees, and ensure that they can easily and quickly understand and access the company's wellbeing protection scheme through the insurance benefits brochures, multi-location and multi-format presentations, on-going employee health management activities or live webcasts, a dedicated service and consultation hotline, and creation of a "one-minute clinic" for employees that provides free consultation at the workplace.

Guarantee workplace safety

China Merchants Securities has launched a dedicated campaign in conjunction with the Group's three-year plan on improving work safety. In 2020, three safety production meetings were held and three safety production inspections were carried out, we have introduced specific execution plans for key sections and areas in the workplace that are prone to problems and hidden dangers; ensured accountabilities at different levels; thoroughly and proactively investigated overlooked spots that might cause physical harm at all departments, branches and wholly-owned subsidiaries of China Merchants Securities; strengthened the treatment and monitoring of potential safety hazards, and made timely rectifications and remedies to any reported problematic incidents so as to forestall any accidents.

Raise safety awareness

In response to the launch of the national "Safe Production Month", China Merchants Securities actively deployed and extensively mobilised resources to collect information on the safety management of various departments in order to prevent accidents from occurring. Through a variety of activities and targeted safety training, we have continued to raise safety awareness amongst our staff and equipped employees with better skills to protect their safety.

Table: Measures taken by China Merchants Securities to raise staff safety awareness

Stepped up promotion	Through online Q&A sessions, notice boards, posters, etc.
Safety knowledge learning and training	Conduct workshops for all staff, such as learning and training on safety laws and regulations, safety and fire drills, etc.
Specialized training	Organise professional training on food safety, traffic safety and first aid.

3.2 Facilitate Staff Growth

China Merchants Securities attaches great importance to employee' personal growth and the construction of knowledge systems. We firmly believe that employees are a strategic resource to build "the best investment bank in China", and therefore are seeking to help employees advance their professional skills and performance and achieve career development goals by enriching the training content and implementing better talent management.

3.2.1 Talent Management Mechanism

China Merchants Securities continue to bolster talent teams, and accelerate the formation of a market-oriented talent management mechanism that is clear, precise, science-based, orderly and competition-centric. We respect talent, encourage innovation, and strive to inspire everyone to aspire, to strive, to be given opportunities, and to fully develop their talents. We also want to spur more talents to work and start their own businesses, help talents to stand out, and contribute to the success of China Merchants Securities 14th Five-Year Plan and its new five-year strategic plan.

In order to broaden the career path of employees, The company has devised a dual-channel development mechanism that incorporates a business grading system and a managerial duty system by drawing on excellent industry practices and internal management practices. There is no direct correlation between the business grading and the managerial duty system. Employees are encouraged to progress in the grading system, with a smooth career advancement path and broadened the room for career development.

3.2.2 Rich Training System

China Merchants Securities plans and executes training programmes that are categorised and focused around its five-year transformation strategy and five core strategies. We back up and ensure effective implementation of training through the five pillars of the training: strategy, system, resources, operation and support. We encourage our staff to participate in various professional training and accreditations related to their jobs and provide funding support within the scope of its policy.

Training Course Framework

Based on the competencies and responsibilities of each position, China Merchants Securities has divided the training course system into "three tier", namely professional courses, management courses and general courses. Building on the training system, this framework combines standardised training with personalised training, and caters training programmes to employees at different stages of their career development. All employees can be covered under the training and education initiative that spans throughout their career.

Table: Staff Training Overview in 2020

Total number of training sessions	Total staff training hours	Total number of times staff have attended training sessions	Average satisfaction rating of training programmes ¹
27	526,000	76,000	95.6points

1: Refers to the on-site centralized trainings organized by the Company

Table: China Merchants Securities Training Course Breakdown

Professional Training	We designed more than 20 professional training courses, to which all of our staff is eligible, on investment banking, wealth management, marketing, integrated management, financial technology, institutional business, innovative business and professional basics to help our employees to learning more about innovation and professional know-how
Management Training	Management Training Course is designed specifically for high potential employees, incumbent managers and senior executives, which includes topics such as organisational change management, financial leadership improvement, management innovative thinking, global finance and cutting-edge finance knowledge, and aims to give managers a comprehensive view on management capabilities and help them improve their ability to drive changes.
General Training	General Training focusing more on grassroots staff and their professional skills. It is designed and developed in online and offline formats and offers courses on corporate culture, compliance and risk control, rules and regulations, business processes and vocational skills.



Case : The launch of a series of training programmes on new technologies and digitalisation to help our employees keep up with the changing times

In 2020, in line with the company's strategic objectives and business priorities, and in keeping with China's high-tech development and investment priorities, a series of training programmes related to new technology and digitisation were launched. We invited academics, entrepreneurs and investment experts with tech R&D and industry experience to conduct face-to-face training and dialogues, and gave our employees a better understanding of theoretical knowledge of technology investment, investment analysis and risk identification putting wind in the sail of relevant business of CMS.

· Training Resources

China Merchants Securities continues to better training resources, providing employees with rich learning contents and channels. We have built up various channels and types of training resources, including internally developed courses, externally sourced courses, courses selected from the ZhiBiao and livestreamed courses. We place our focus on tapping into the internal intellectual resources and have cultivated a large number of internal lecturers capable of developing and teaching courses, of which more than 500 have been certified. In 2020, we introduced a special rule, the "Management Rules for Internal Lecturers and Course Development", to promote the construction of the lecturer reservoir. 2020 saw the participation of internal lecturers in more than 80% of internal training programmes, and in 2020, in conjunction with the emergence of new learning technologies and e-learning, we also launched empowerment training for internal lecturers, helping them to effectively develop mini-courses and deliver live lectures.

In 2020, against the backdrop of COVID-19, we were not able to deliver any face-to-face training. But in order to support the company's business learning needs during the pandemic, and ensure that the suspension of work during the pandemic did not suspend learning, we accelerated the construction of a new training system (mobile learning platform), which was launched in February. Continued efforts have since been made to improve the platform's functionality, enrich its resources and optimise its operation throughout the year, and take full advantage of the benefits of mobile learning to meet pressing and important learning needs of our employees.

Table: China Merchants Securities's Online Training Highlights in 2020

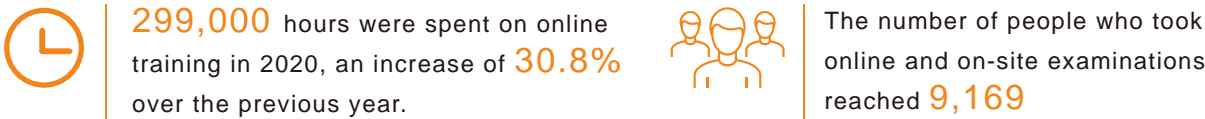


Table: Status of online and face-to-face training course development

Type of course	Number of courses
Internally developed courses	346
Externally sourced courses	127
Courses selected from Zhiniao	276
Internal online exams	86
Live streams	58

3.3 Deliver on better care to employees

China Merchants Securities brings a variety of initiatives and corporate culture building to enrich the spare time of its employees, enhances the cohesiveness of the company and their sense of belonging to their team, and adds a humanistic touch to the office culture.

3.3.1 Deliver on better care to employees

China Merchants Securities puts a premium on building corporate culture. In 2020, we organized a wide range of activities in an effort to create a positive cultural atmosphere and improve disciple and business management with a particular focus on the "One Heart Project", the "Second (2020) China Merchants Securities Corporate Culture Festival" and the "Promoting the Spirit of Shekou, Improving Discipline and Increase Efficiency".

· Corporate Culture Building

China Merchants Securities puts a premium on building corporate culture. In 2020, we organized a wide range of activities in an effort to create a positive cultural atmosphere and improve disciple and business management with a particular focus on the "One Heart Project", the "Second (2020) China Merchants Securities Corporate Culture Festival" and the "Promoting the Spirit of Shekou, Improving Discipline and Increase Efficiency".

· “One Heart Project”

To meet our strategic needs, China Merchants Securities launched the "One Heart Project" in 2020 and published a new revised version of the "China Merchants Securities Corporate Culture Consensus" to lead the Company into a new era of cultural development with a renewed concept concept. Over the course of the project, we listened extensively to what our staff had to say with two rounds of more than 200 departmental seminars and four inter-departmental workshops held, and nearly 200 essays and more than 300 quotes received, so our Consensus truly reflects the consensus of our people. At the same time, the "Good Teammates Covenant" was developed and published to promote a streamlined and efficient workplace culture.

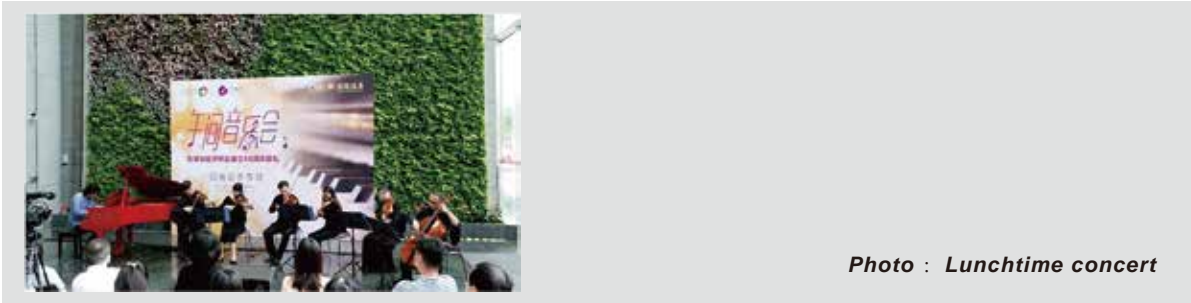


Photo : Lunchtime concert

· The second (2020) "China Merchants Securities Corporate Culture Festival"

Given of the normalisation of the prevention and control measures of COVID-19, China Merchants Securities staged the second Corporate Culture Festival under the theme of "Warmth and Health", and organized "Rope Jumping Competitions", the "CMS Youth Perspective on the Bay Area", the "CMS Workplace Show", staff music salons, lunchtime concerts, the "CMA Master TikTok" contest and other activities, in addition to football, badminton and basketball games and other sports competitions of trade unions. Each department in the company also ran their own cultural activities, working together to create an uplifting workplace culture.

· A special event "Promoting the Spirit of Shekou, Improving Discipline and Increase Efficiency"

Under the directive of China Merchant Group, we put together special events within the company to "promote the spirit of Shekou, improve discipline and increase work efficiency". As part of the events, we invited Gu Liji, a veteran leader of Shekou Industrial Zone, to give a lecture on the "Spirit of Shekou", asked each department to participate in the Group's The "Spirit of Shekou" cultural training and study sessions, solicited staff learnings and promotional logans of their writing, broadcast "Spirit of Shekou" on office TVs, e-newsletters, and made public special initiatives in dedicated column on our e-newsletters. Through a series of publicity events, we brought the the "Shekou Spirit" to closer attention of people, and couraged all CMS staff to practice the central tenets of the "Shekou Spirit", namely "Dare to Think, Dare to Speak, Dare to Try, Dare to Make Strides and Dare to be the First in the World".

3.3.2 Work-life balance

The Labor union was set up at the inception of China Merchants Securities. They represent and serve the interests of our employees, and have played an important role as the 'home of employees in the workplace' having set up trade union subgroups in each department and branch office. 100% of our staff are affiliated with the trade union. We care about the employee wellbeing, provide care for those who are ill or in need, send out care packages on holidays, hot summers and cold winters. We also celebrate employees' birthday with cakes provided so they truly feel the love and care from Company.

In 2020, the Labor union acted as the bridge across different associations to maximize their benefits, and actively facilitated the organisation a range of leisure and sports for employees to promote work-life balance. The union organised the "Rope Jump Competition" and "CMS Workplace Show". The trade union, together with the Research and Development Centre and the Investment Bank Headquarters, organised a variety of activities such as the Chinese New Year Fair. Various associations organised activities such as the China Merchants Securities Cup Basketball League, the 15th China Merchants Securities Fenjin Cup Badminton Tournament and the Corporate Culture Festival Healthy Run. At the same time, in response to COVID-19, The labor union procured and distributed 'care box' that includes disease prevention gear, and sent out Epidemic prevention materials to employees in sales offices in medium and high-risk areas to protect their health.



Photo: The labor union procured and distributed 'care box' that includes disease prevention gear



Photo: "Rope Jump Competition"



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Satisfactory to shareholders

We are deeply aware that China Merchants Securities has on its shoulders great expectations of shareholders to maintain and increase the value of their assets and the responsibility of realising long-term values of the shareholders. We will always operate the business in a prudent and standardised fashion, improve corporate governance, pay attention to risk management, deepen internal control and compliance, and work hard to enhance operational performance to live up to the shareholders' trust.

4.1 Corporate governance

We strictly follow through relevant domestic and overseas laws, regulations and regulatory requirements, improve our corporate governance structure on an on-going basis, proactively carry out strategic changes, seek corporate transformation, and continue to create more value for our shareholders.

4.1.1 Five-year transformation strategy

As accelerated transformation of the macro economy and deepening reform of the capital market ushers in a new era, the securities industry is faced with both opportunities and challenges. China Merchants Securities is guided by the strategic vision of "building the best investment bank in China that is competitive internationally". At the centre of the strategy is an overarching guideline of "quality first, efficiency first, appropriate scale",

Fulfilling these pillars will be key to providing integrated customer services and continuously enhancing our competitiveness. At the same time, we will focus on building the "five core competencies", i.e. risk control, technology, talent, synergy and capital, to support the development of our businesses during the planned period.

2020 is a crucial year in China Merchants Securities five-year transformation strategy. We will continue to be guided by our strategic objectives and further follow through our five core strategic pillars. We will take seriously the launch of a special campaign to "promote the Spirit of Shekou, improve discipline and increase work efficiency", and enact the "Double Hundred Actions" for the reform of state-owned enterprises and the China Merchant Group's quality and efficiency improvement project, as part of the effort to further promote implementation of key changes. We proceeded with a special rectification task to tackle the issue of "institutionalisation of the headquarters", further clarified the positioning and management model of our headquarters, and concentrated on building a professional, service-oriented and highly efficient headquarters to respond to changes in the market environment more effectively and quickly.

4.1.2 Corporate governance structure

China Merchants Securities has always endeavoured to improve its corporate governance structure and its compliance with the requirements of the Company Law, the Securities Law and the relevant rules and regulations of the China Securities Regulatory Commission, the Hong Kong Securities and Futures Commission and the Hong Kong Stock Exchange. We have a well-functioning corporate governance structure in which the general meeting, the Board of Directors, the Supervisory Committee and the management are separate and subject to mutual checks and balances to ensure the company's operation is compliant.

The Company held, within the year, 5 shareholders' general meetings to consider 31 resolutions (double counting for same matters in class shareholders' meeting and non-class shareholders' meeting), among which, one A share class meeting was held to consider 2 resolutions and one H share class meeting was held to consider 2 resolutions; 15 Board meetings to consider 56 resolutions and review 9 reports; 17 meetings of committees under the Board to consider 38 resolutions and review 14 reports; as well as 7 meetings of the Supervisory Committee to consider 18 resolutions and review 4 reports.

4.1.3 Management of investor relations

China Merchants Securities is committed to protecting the interests of investors and uses its best efforts to raise transparency in its daily operations and give investors and potential investors a better understanding of us. We have maintained effective communication with investors through various channels, such as shareholders' meetings, the investor relations section of the Company's website, the E-Interactive of the Shanghai Stock Exchange, analyst meetings, business results presentations and roadshows, one-on-one communication, on-site research, and dedicated investor relations telephone and email list, in order to continue to improve the quality and efficiency of our communication with investors.

In 2020, China Merchants Securities issued a total of 212 A-share announcements and 233 H-share English-Chinese announcements, and engaged with over 1,300 domestic and international investors.



Increased online communication with investors during the pandemic

In 2020, China Merchants Securities overcame the disruption of COVID-19 and maintained active communication with investors via the internet. In September, we held a conference call with its 2020 interim results analysts, in which senior management and business executives participated and exchanged in-depth information on the company's development strategy, financial performance and various business developments with analysts both inside and outside the company. We held the "China Merchants Securities Annual Online Results Presentation and Cash Dividend Presentation 2019" through the SSE's E-Interactive Platform and took part in the "2020 Reception Day for Investors of Listed Companies in Shenzhen" through p5w.com. We had adequate communication with small and medium-sized investors and received nearly 600 telephone calls from them throughout the year.

4.2 Risk and compliance internal control management

China Merchants Securities has built up a sound corporate governance, and an effective risk management and internal control system to manage the potential risks faced by the company in the securities market.

4.2.1 Comprehensive risk management

China Merchants Securities attaches great significance to risk management and has established a comprehensive risk management system that is sound and effective, including a solid organizational structure for risk management, a multi-level and comprehensive risk management system, a top-down quantitative risk management indicator system, an effective risk assessment, audit, monitoring and response mechanism, a cross-market, global and multi-currency intelligent and integrated group risk management platform, and a team of excellent risk management talent.



Multiple business risk assessments during the pandemic

In early 2020, when COVID-19 broke out, China Merchants Securities launched a large number of business risk assessments to analyse the risk situation and key countermeasures in various businesses in response to the impact of the COVID-19, and to provide a basis for the management to make decisions. At the same time, we launched a special risk check for key business areas such as equity pledging, financing and securities financing, and domestic and overseas credit bonds to identify potential risks and pinpoint remedies. During the pandemic, our business operation was stable. The overall risk was under control, the structure was balanced, the quality of assets remained outstanding and no major risks occurred.

Formally qualified as one of the first batch of securities brokers for consolidated supervision by the SFC

In 2016, China Merchants Securities took the initiative to apply to participate in the pilot scheme of consolidated supervision. Taking the opportunity to promote the pilot scheme, we have executed changes to meet each of the regulatory requirements on consolidated risk management and brought up the Group's risk management capability to a leading level in the industry. After four years of preparation and two rounds of assessment, our risk management capability was unanimously approved by internal and external experts in the industry and we were officially qualified by the SFC as one of the first batch of six securities firms for the pilot scheme of consolidated supervision in March 2020.

Risk management information system

China Merchants Securities has constructed and continued to optimize the Group's integrated CMS-Risk intelligent risk management platform, which cover all aspects of business management before, during and after the risk trigger, and can analyse various cross-border, globalized and multi-currency risk information between parent and subsidiary companies within T+1 day, as well as displaying the aggregated regulatory indicators under consolidated supervision. Various types of risks can be identified, measured, monitored, evaluated and reported in a timely and effective manner.



In September 2020, the integrated Group-wide CMS-Risk Intelligent risk management platform was awarded the second prize in the Shenzhen Financial Innovation Award by experts.

4.2.2 Compliance and internal control management

Compliance is the foundation of any company. China Merchants Securities is in strict compliance with requirements of laws and regulations such as the "Rules for the Administration of Compliance of Securities Firms and Securities Investment Fund Management Companies", "Implementation Guidelines for the Administration of Compliance of Securities Firms" and the "Securities and Futures Ordinance of Hong Kong". Continuous efforts have been made to improve its institutional framework, establish a sound compliance management system and implement all compliance and management work in an orderly manner. The organisational structure of the China Merchants Securities compliance management comprises the Board of Directors, senior management, the Chief Compliance Officer, the Legal Compliance Department, various departments and branches and subsidiaries. Compliance teams have been assembled across all departments, subsidiaries and branches. In 2020, we amended the Internal Audit System, the Audit Management Regulations and the Code of Ethics for Audit Personnel, and further improved and optimised the internal audit management mechanism, supervision scope, audit philosophy and requirements for audit personnel.

We took a number of proactive measures to prevent risk of non-compliance, followed the requirements of compliance management, conducted compliance reviews on new products and new business proposals, and carried out compliance monitoring and compliance checks during the course of business development, and continued to build up a compliance culture to effectively support the development of the Company's businesses in a regulated and timely manner.

Strengthen business compliance management

China Merchants Securities clearly stipulates that before initiating a new business or new product, the relevant business departments should submit an application to the upper management. Business management department, the risk control department and the compliance department will conduct screening at each level before the final approval is granted by the company's leadership in order to safeguard the integrity of the review.

China Merchants Securities pays close attention to external regulatory information, penalties, non-compliance cases and internal compliance matters, reminds business departments of relevant policy changes, potential risks and management loopholes, and can request relevant units to take compliance measures in accordance with regulatory requirements. At the same time, we also use compliance checks to further identify non-compliance in business activities and require rectifications accordingly.

Consolidated System of Compliance Culture for Risk Control

China Merchants Securities insists on sound risk management and has incorporated risk management and compliance into our corporate culture. We have established "leading professionalism in risk management and compliance in the industry" as one of the key qualities we should secure to be the best investment bank in China and underscored risk management and compliance as our lifeline. We also believe that "professional compliance and risk management not only hold an organization's bottom line but also help with business expansion".

With the help of we-media, newsletters, emails, among other channels, we regularly promote our risk management and compliance culture to all employees, explaining regulatory policies and sharing the evaluation criteria of risk management to improve employees' awareness. We have also established a risk management-linked performance appraisal and accountability system that covers all employees to ensure the effectiveness of comprehensive risk management.

In addition, we conduct targeted, focused and frequent legal compliance training of varied forms, with the focus being China's new regulations including the new Securities Law, the Civil Code and the Minutes of the National Courts' Civil and Commercial Trial Work Conference as well as strategic points in our business development. We have produced an annual compilation of securities counterparts' illegal and non-compliant cases and a study of classic cases in the industry, both of which have been distributed to all units and subsidiaries for reflection and self-correction. On top of these, a book entitled Compliance Management at Branches: Practices and Cases has been made with joint efforts of compliance specialists from different branches, which sums up their practice-based experience to guide future work of compliance specialists at branches.

Chinese Walls

In 2020, aiming at higher quality and efficiency of work, China Merchants Securities pushed ahead with construction of Chinese walls and the conflict of interest management system to prevent improper flow and use of sensitive information and meanwhile reach the aim. This move has laid the foundation for our business innovation and standardization.

Table: China Merchants Securities measures on further constructing Chinese walls and the conflict of interest management system

Adjusted the scope for the restricted list and reviewed the watch/restricted list	China Merchants Securities has adjusted the scope of investment banking business included in the restricted list and conducted a comprehensive review of the watch/restricted list submitted by the investment banking headquarters in accordance with the new Securities Law, the Guidelines on the Chinese Wall System of Securities Companies, the NEEQ reform and other changes in external regulations. This measure has further improved the timeliness and accuracy for the management of Chinese wall lists.
Worked out the Measures for the Administration of Practitioners' Securities Investment Behavior	Through this measure, China Merchants Securities avoids compliance risks caused by individual practitioners' illegal engagement in stock trading and protects the Company's legitimate rights and interests.
Enhanced compliance inspections, reminding and training	Focusing on regulatory concerns regarding the management of Chinese walls, China Merchants Securities has conducted targeted inspections, reminding and training for compliance with the Chinese wall system to identify and avoid compliance risks in time.

Internal Auditing

Despite the threats posed by the pandemic, China Merchants Securities, with a positive attitude, has turned the crisis into an opportunity for internal auditing, working vigorously towards standardized and normalized offsite auditing. We pursue both risk prevention and value enhancement at the same time: first, looking into the depth of issues and the details of risks, guiding the Company's work with detailed, feasible and reasonable advice and improving the Company's system, structure and operations; second, digging deep for wrongdoings and hidden risks, reporting key issues and holding the person in charge accountable, which helps promote standardization of operations; and third, carrying out major tasks in line with the Company's strategy - analyzing the background, identifying the current situation, looking into the future and exploring room for improvement - to increase management efficiency. Meanwhile, we continue to improve our internal audit system and knowledge management system while advancing the strategic upgrade of big data analysis in an orderly manner, so as to facilitate quality and efficient development of our internal auditing.

4.2.3 Anti Money Laundering

China Merchants Securities attaches great importance to anti-money laundering. We have been performing our anti-money laundering obligations conscientiously in compliance with laws and regulations such as the Anti-Money Laundering Law of the People's Republic of China and the Measures for the Administration of Financial Institutions' Reporting of High-Value Transactions and Suspicious Transactions, and have been actively improving our systems, arousing employees' awareness and conducting training to meet the requirements concerned.

Table: China Merchants Securities measures on meeting anti-money laundering requirements in 2020

Further improved the anti-money laundering internal control system	The company has set up regulations including the Measures for the Risk Management against Money Laundering and Terrorist Financing, the Measures for the Administration of Client Identification, the Measures for the Administration of Client Identity Materials and Transaction Recording as well as the Measures for the Administration of Beneficial Owner Identification, which basically cover the entire anti-money laundering workflow.
Continued to enhance the effectiveness of client identification	The company has made an all-round plan to meet the client identification requirements for anti-money laundering in every aspect, strengthen manual auditing and optimize the system, which has further improved the effectiveness of client identification.
Conscientiously carry out anti money laundering business	the company launched a serious campaign to prevent money laundering, launched a "3.15" consumer protection and anti money laundering online publicity campaign, launched a special theme anti money laundering campaign month campaign to popularize anti money laundering awareness. the company actively carries out various forms and different levels of anti money laundering training, and improves the anti money laundering level of employees through a series of training.
Kept an eye on and warned of exposures to money laundering risks	the company pays close attention to high-risk segments and areas with the risk of missing regulations in anti-money laundering. we provide guidance for each unit to carry out targeted preventive and control measures.

4.2.4 Anti-Corruption

China Merchants Securities MS abides strictly by laws and regulations such as the Criminal Law of the People's Republic of China and the Law against Unfair Competition of the People's Republic of China. By establishing a sound system, exerting more effort in education of discipline and improving the accountability mechanism, we conduct anti-corruption management for our employees and supply chains to ensure integrity and eliminate unethical practices across all levels of the Company, the Company's wholly-owned subsidiaries and sub-subsidiaries in their business activities. A total of 9,000 participants in anti-corruption training have been recorded in 2020.

Table: China Merchants Securities measures on enhancing anti-corruption management in 2020

Established a sound system	In 2020, China Merchants Securities introduced or revised 14 documents on the Company's disciplinary and supervisory work systems, including the China Merchants Securities Regulations for the Administration of Staff Accountability and the China Merchants Securities Measures for the Administration of Staff Integrity.
Exerted more effort in education of discipline	<ul style="list-style-type: none">China Merchants Securities insists on education first and precaution beforehand, and continues to put more effort in education of discipline.China Merchants Securities insists on illustrating regulations and the necessity of discipline with cases and examples to allow employees to be fully aware of the significance of discipline.
Improved the accountability mechanism	<ul style="list-style-type: none">China Merchants Securities attaches importance to enforcement of discipline and holding the right person accountable in a scientific way. We collect criticism and self-criticism based on which we are continuously improved, identify even trivial wrongdoings at an early stage and prevent minor issues from growing serious. We also build reasonably on supervisory recommendations for rectification at the source.China Merchants Securities continues to keep the channels for complaint filing and reporting open and standardized. We have introduced the China Merchants Securities Measures for the Administration of Compliant Filing and Reporting for Discipline Inspection and Supervision, according to which we accept, verify and handle the complaints and reports received in an active and attentive manner.



Case: Integrity-Themed Exchange Events

The Audit Department of The Company , along with 26 CMS branches, has conducted 12 integrity-themed exchange events with a total of more than 420 participants. In the events, the department talked about provisions for integrity in the industry from the perspective of our business and explained with examples. This series of events promote the deep integration of integrity self-discipline and business work, effectively implement the company's requirements for integrity risk prevention and control.

4.3 Supplier Management

China Merchants Securities compiles with the Procurement Management System of China Merchants Securities and the Management Regulations of China Merchants Securities Suppliers in accordance with the Tender Law of the People's Republic of China, the Interim Regulations on the Management of Centralized Procurement of State-owned Financial Enterprises, as well as the Procurement Management Rules of China Merchants Group to standardize the entire process of external suppliers' entry, utilization, evaluation, withdrawing, and supervision, and to evaluate suppliers annually.

In 2020, China Merchants Securities strengthened its compliance management and achieved transparent procurement through such measures as system construction and internal control process. The Procurement Management System of China Merchants Securities has been revised, with a new emphasis on optimizing the division of responsibilities, business procedures, and authori-zation of the procurement management. Additionally, it strengthened the control of major procure-ment projects and attached greater importance to the management of the procurement evaluation committee and the assessment process. It also set clear requirements for anti-bribery in procure-ment contracts, and severely combated non-compliance.

China Merchants Securities pays close attention to its suppliers' social responsibilities such as business morality and law observance. The suppliers' legal records, credibility, and ill performances, etc. will be covered in the inspection and evaluation of contract performances. Suppliers with bad behaviors will be seriously dealt with.

2020

Environment, Society
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Report

Respectful to society

China Merchants Securities deeply understands that enterprises should shoulder economic and legal responsibilities. Thus, it should make profits in a transparent way by operating by the law and paying taxes as required. China Merchants Securities actively takes full advantage of the resource allocation capability of financial institutions, supports national strategies, and serves the development of the real economy. We are determined to take up our moral and charitable responsibilities and exhibit our corporate values by helping the poor and the needy, facilitating education development, conserving resources, and protecting the environment. It contributes to the wealth creation and sustainable development of society.

5.1 Serve the Real Economy

If the economy is the body, finance will be its bloodline. With the comprehensive launch and in-depth implementation of the capital market reform, the role of the securities industry in serving the real economy has become more prominent. China Merchants Securities closely follows the national development strategy, fully uses its advantages to optimize the resource allocation, innovates its products and services, and serves the development of the real economy.

5.1.1 Coordinate the Regional Development

Accelerate the transformation to a "regional investment bank", strengthen the staff layout in key regions such as Guangdong, Hong Kong, Macao and the Greater Bay Area, as well as the Yangtze River Delta, and visit government units and venture capital institutions in Jiangsu and Zhejiang on several occasions to establish regular cooperation. We also work with CMS's local branches to provide IPO and "Lingyue Program" services for outstanding enterprises.

In 2020, we helped 6 Guangdong, Hong Kong, and Macao enterprises listed in the A-share market, and 5 enterprises from the Central and Delta region listed in the A-share market, namely, VeriSilicon, Jinhong Gas, Zhaolong, AUPU, and EIT Environmental.



Case: Assisting in the Shekou Land Re-organizing Project of CMS

The project was completed through an innovative "land exchange model" to increase the land value and improve the development mechanism of the Mawan area in Qianhai. It also strengthened the foundation for a faster development in Qianhai with the help of a joint venture between the government and the enterprises. Thanks to the China Merchants Bank (CMBC) Shekou, Promote the deep integration of integrity self-discipline and business work, effectively implement the company's requirements for integrity risk prevention and control. was in charge of the project coordination and the intermediary agencies, assisted CMBC Shekou in the design of the transaction structure, capital flow, land demarcation and appraisal, tax planning, and other major issues, and provided professional advice. The project is conducive to promoting the high-quality development and construction of the Mawan area and consolidating the comprehensive competitiveness of CMBC Shekou in that area.

5.1.2 Support Private Enterprises

The private economy is an important component of the socialist market economy and plays an irreplaceable role in stabilizing growth, promoting innovation, increasing employment and improving people's livelihood. China Merchants Securities has been helping private enterprises with their difficulties by taking into account their actual needs and giving full play to its professional advantages.



Assisting Private Enterprise, Antong Holdings, to Successfully Complete Its Restructuring

Antong Holdings Co. (hereinafter referred to as "Antong Holdings"), a listed container logistics company, had a liquidity crisis in 2018 due to the illegal appropriation of funds by its major shareholder, and the amount of guarantees involved was nearly RMB 4 billion. By August 2019, Antong Holdings was on the verge of bankruptcy.

As a financial advisor, China Merchants Securities was deeply involved in the reorganization of Antong Holdings, and helped Antong Holdings complete the project smoothly and raise a total of RMB 4.527 billion in funds, which enabled then deeply troubled Antong Holdings to "be reborn again". This restructuring has solved the over RMB 13 billion debt crisis of Antong Holdings and its two core subsidiaries holistically and fundamentally; properly solved the issues of outstanding performance compensation, capital occupation, and non-compliance of guarantees; completely eliminated the risk of delisting of Antong due to negative net assets; enabled Antong to continue to develop and enhance its operating strength through the capital market after the restructuring. The successful restructuring of Antong not only protects the interests of thousands of creditors and tens of billions of RMB, but also protects the interests of thousands of A-share investors.

5.1.3 Serving Emerging Industries

China Merchants Securities focuses on semiconductors and biopharmaceuticals, using "Lingyue Program" to coordinate with investment to provide comprehensive financial services like investment and investment banking to outstanding small and medium-sized enterprises with high growth potential as well as science and innovation enterprises. Currently, the number of enterprises joining the "Lingyue Program" has reached hundreds. China Merchants Securities has provided refinancing services for leading enterprises listed in fields of biomedical, new energy and semiconductor, such as Autobio Diagnostics Co, Putailai and Nantong Fujitsu Microele, and has contributed to the implementation of the national innovation-driven strategy.



China Merchants Securities Helps VeriSilicon List on the STB

On August 18, 2020, China Merchants Securities sponsored and led the underwriting of the listing of (Shanghai) VeriSilicon Holdings Co., Ltd. ("VeriSilicon") on the SSE's STB. According to the IPnest report, VeriSilicon is the top semiconductor IP provider in China and ranked the seventh worldwide in 2019. With its professional services and excellent service quality, China Merchants Securities helped VeriSilicon become the "No. 1 semiconductor IP stock" on STB.



China Merchants Securities helps Eyebright Medical Tech, an independent innovation enterprise in ophthalmic medical care, to be listed on the Science and Technology Innovation Board

(Beijing) Eyebright Medical Tech (hereinafter referred to as "Eyebright Medical") is an innovative leader in the field of ophthalmic medicine in China, possessing the core technology and complete independent intellectual property rights of IOLs. The company completed all R&D and manufacturing processes in China, breaking the monopoly of international manufacturers in the high-end IOL technology and market.

On July 29, 2020, as the sponsor and main underwriter, China Merchants Securities helped Eyebright Medical Tech to be successfully listed on the Science and Technology Innovation Board of The Shanghai Stock Exchange. The funds raised from the public offering were mainly used for capacity expansion and automation enhancement, research and development trials of high-end ophthalmic medical equipment, and high-value consumables, to meet the growing market demands and to improve the level of import substitution.



2020 China Comprehensive Investment Bank Junding Award by Securities Times

5.2 Precise Poverty Alleviation

2020 marks the final and the decisive year of winning the battle against poverty, and it is also the year to achieve the goal of building a moderately prosperous society. China Merchants Securities continues to implement the Decision of the Central Committee of the Communist Party of China and the State Council on Winning the Battle against Poverty (Zhong Fa [2015] No. 34) and the spirit of the Central Working Conference on Poverty Alleviation and Development, actively respond to the call of the state and the SFC, and thoroughly use the characteristics of the securities industry to promote the implementation of precise poverty alleviation and poverty eradication work.

5.2.1 Precise Poverty Alleviation Plan

China Merchants Securities has always seen poverty alleviation as an important responsibility so we make the best of the securities industry's features and carry out targeted poverty alleviation work.

Table: China Merchants Securities's precise poverty poverty alleviation plan

Basic Strategy	Institutionalize poverty alleviation: help them make their own money rather than giving them money.
General Target	Lay focus on connecting two impoverished counties to help them achieve "blood-making function"; encourage impoverished counties to build their own capacity, so that they can lift themselves out of poverty with their own power.
Main Tasks	We make full use of our financial expertise and social resources to help the disadvantaged with major means focused on industry, finance, consumption, education, and public welfare; adhere to the principle of "teaching a man to fish, rather than give him a fish"; help impoverished areas to establish long-term poverty alleviation mechanisms and models based on different characteristics of each region.
Supporting Measure	We attach great importance to coordinating human and financial resources to actively meet the needs of poverty alleviation work; promote and supervise the regular inspection of the company's work in this regard to ensure a fruitful result.

5.2.2 Precise Poverty Alleviation Practice

In 2020, China Merchants Securities promoted precise poverty alleviation through education, finance, consumption, employment, etc., and made due contributions to the national battle against poverty.

Education for Poverty Alleviation

Education is a crucial way to stop poverty. China Merchants Securities has effectively consolidated the accomplishments of poverty alleviation by optimizing the educational environment and improving schooling conditions in disadvantaged areas.

Table: Overview of China Merchants Securities's investment in education for poverty alleviation

April	In order to support the construction of grass-roots cultural digital facilities in Shitai County and enhance the level of public cultural services, China Merchants Securities donated RMB 1 million to Shitai County for the purchase of electronic equipment in the county library renovation project.
May	China Merchants Securities purchased winter school uniforms for 135 students at Yucai education center in Dajie Township, Weining County, totaling RMB 32,000 .
October	China Merchants Securities donated RMB170,000 to Delipu Primary School in Jinhe Township, Yangyuan County, Liangshan Yi Autonomous Prefecture, Sichuan Province, to offer teaching materials, stationery, art education, lunch cooks, cleaning products, etc., and to provide transportation and living subsidies for teaching volunteers to help local children receive education.

Poverty Alleviation Through Financial Services

By making the most of our professional expertise as an investment bank and using multiple financing tools in the capital market flexibly, China Merchants Securities has tailored financing plans for businesses at different stages of their strategic development, which helps improve the "financial quotient" of impoverished counties, who, thanks to CMS's efforts, have learned how to fish instead of merely receiving fish directly. Such financial support drives industrial development, which in turn boosts local employment and development.

Under the auspices of CMS's financial platform, Neixiang County of Henan Province and Shitai County of Anhui Province were removed from the poverty list on May 19th, 2019 and April 29th, 2020 respectively. Looking ahead, CMS will continue to play to its strengths as an investment bank and a one-stop platform to provide financial services for Shitai and Neixiang, facilitating the sustained high-quality economic development of these areas in their post-poverty era.



Case: Explore Financing Methods for Muyuan, a Business in the Impoverished Country supported by CMS

With CMS as its lead underwriter, "Huaneng Guicheng Trust-CMS-Muyuan Huirong Supply Chain Phase 1 Asset-backed Special Plan" was successfully issued on June 2, 2020, raising RMB 123 million in total. The program helps Muyuan explore more financing methods, increase its liquidity ratios by managing payables and stock assets, and use its capital more efficiently.



Case: Assist a Business in a Poverty-Stricken County with its IPO

EIT Environmental Development Group Co., Ltd (known as EIT for short) got listed on the Shenzhen Stock Exchange on January 23, 2020. With 34.6 million shares floated at RMB 29.55, a total of RMB 1.02243 billion was raised. CMS acted as the sole sponsor institution and lead underwriter for EIT's IPO.

EIT is located in Yuexi County of Anqing, Anhui Province, a county on SAC's (Securities Association of China) list for poverty-stricken counties that need support. With our professional expertise and high-quality services, CMS has succeeded in helping EIT get listed on the stock market.



Case: Help Rubber Farmers in Baoting Fight Poverty by Making Good Use of "Insurance + Futures"

China Merchants Futures, China Merchants Securities 's wholly owned subsidiary, has participated in the Baoting County "Insurance + Futures" Program launched by the Shanghai Futures Exchange. Thanks to the program, returns from 4,500 tonnes of rubber have been guaranteed, benefiting 8,782 rural households, among which 2,877 are households registered as living under the poverty line. The program provides financial support worth RMB 3.6 million and covers all the rubber farmer households living under the poverty line in Baoting.

· Poverty Alleviation Through Consumption

In order to help fight against the COVID-19 pandemic and fulfill the company's social responsibilities, China Merchants Securities purchased plateau vegetable packages worth RMB 264 thousand from Guizhou's Weining County and donated them to Yuehai and Futian Sub-District Offices in Shenzhen at the end of April, 2020, sending best wishes to officials who were working in the front line of the anti-COVID battle. In addition, on the eve of the Mid-Autumn Festival and the National Day, China Merchants Securities 's trade union purchased plateau apples from Guizhou's Weining County as well as agro products from Hechi and Baise in Guangxi Province (worth RMB 1.337112 million in total) as holiday gifts to China Merchants Securities 's employees.

· Poverty Alleviation Through Employment

In May, 2020, China Merchants Securities launched a campus recruitment program that was specifically open to graduates from poverty-stricken counties supported by China Merchants Group and China Merchants Securities as well as graduates from ethnic minority groups in Xinjiang. An on-site recruitment program was also carried out in Guizhou's Weining County in June, 2020. China Merchants Securities has gone to great lengths to help rural populations fight poverty and help the workforce there go as far as their skills will take them and earn what they deserve.

5.3 Facilitate Ecological Development

Climate change is a challenge and threat to the world as a whole. On September 22nd, 2020, President Xi Jinping solemnly stated at the General Debate of the 75th Session of the United Nations General Assembly that China aims to have CO2 emissions peak before 2030 and achieve carbon neutrality before 2060, demonstrating China's sense of responsibility in climate issues as a super-power. China Merchants Securities has responded vigorously to the authorities' call to work towards the national strategic goals, pooling financial resources to support the development of eco-friendly industries by performing its function as an intermediary in the capital market. China Merchants Securities has implemented the idea of green and low-carbon development in every aspect of the company's operations. By establishing green workplace, saving energy, reducing emissions and raising environmental awareness, China Merchants Securities has put the idea into practice to play an active part in the efforts towards achieving CO2 emissions peak and carbon neutrality.

5.3.1 Promote Green Finance

The promotion of Green Finance lays a solid foundation for ecological development and plays an important role in supply-side structural reform. China Merchants Securities has actively developed green financial products and services. By assisting environmentally friendly businesses with their IPO and underwriting green bonds, China Merchants Securities diverts financial resources in society into green and environmentally friendly industries so as to contribute to the country's ecological development.

In 2020, China Merchants Securities assisted environmental (utilities) services businesses, such as GreenTech and EIT, with their IPO, and helped listed companies in the field of renewable energy, including Putailai, Keda Industrial Group and Jiase New Energy, to further raise RMB 7.037 billion in total, addressing the financing needs of green industries and green projects.



Case: Assist with the Issuance of the First "Bond Connect" Green Financial Bond in Western China

With China Merchants Securities 's assistance, the Chongqing Rural Commercial Bank successfully issued the first "Bond Connect" green financial bond in Western China, which was worth RMB 2 billion in total. Money raised in this round of issuance will be used in credit extension for projects focusing on pollution control and prevention, clean transportation, as well as resource conservation and recycling. It is expected that a total of RMB 5.96116 billion will be provided to 12 projects that have been selected.

5.3.2 Carry out Green Operations

In accordance with laws and regulations including the Environmental Protection Law of the People's Republic of China, Law of the People's Republic of China on Conserving Energy and China Merchants Group's Regulations on Energy Saving and Environmental Protection, China Merchants Securities has implemented the idea of green and low-carbon development in the company's day-to-day operations. Our key methods include: 1) design a work plan for energy saving and environmental protection to reduce energy consumption, use resources more efficiently and lower emissions; 2) improve workplace facilities for energy saving and environmental consumption, promote the digitalization of operations and establish a paperless office; 3) spread knowledge about energy saving and environmental protection and raise our employees' environmental awareness.

Table: China Merchants Securities 's initiative for green operations

Conserve Water and Electricity	<ul style="list-style-type: none">· Set the AC temperature in offices at an appropriate level, i.e. no less than 26 ℃ in summer;· Make good use of natural light in offices and meeting rooms so that electric lights can be used as less as possible or, if the situation allows, try not to use them;· Track the amount of water and electricity used in office areas in a timely manner when conducting safety inspections to avoid waste.
Reduce the Use of Office Supplies	<ul style="list-style-type: none">· Encourage the employees to use the online OA system in order to reduce the frequency of printing hard copies and sending faxes;· Establish rules for the purchase and allocation of office supplies and follow them strictly. Try to use the most eco-friendly and energy-efficient office equipment.
Properly Arrange Business Use of Vehicle	<ul style="list-style-type: none">· Arrange the use of vehicles and plan routes in an appropriate manner;· Follow traffic rules and carry out maintenance of vehicles in due course to avoid unnecessary wear and tear and get better fuel economy.

Award Presenters	Awards
People's Bank of China	Excellent Institution with High-quality Credit System Data
China Foreign Exchange Trade System	Key Dealer Award
	Outstanding Bond Dealer
	Best Technology Award
Shanghai Stock Exchange	2020 Transaction Management Award
	2020 Top Ten Options Trading Brokers
	Best ETF Market Maker
	Best Cross-border ETF Market Maker
	Excellent Organization Award in New Securities Law Knowledge Contest
Shenzhen Stock Exchange	Outstanding Bond Investment Institution
	Outstanding Rate Securities Underwriter
	2019 Outstanding Corporate Bond Underwriter
China Financial Futures Exchange	2019 Outstanding Asset-backed Special Program Manager—China Merchants Securities Asset Management Co., Ltd.
	2019 Outstanding Treasury Futures Teams Award (proprietary trading)
	CMS-RISK won the second prize of 2019 Shenzhen Financial Innovation Award
Shenzhen Financial Supervisory Authority	
Securities Association of China	Class A Financial Advisor for M&A and Reorganization
Securities Association of China, China Foundation for Poverty Alleviation	Certificate for Active Efforts and Donation in Poverty Alleviation Work
China Foundation for Poverty Alleviation	Great Walker of the 2019 Great Walker Fund-raising Trekking Event in Beijing
China Securities Journal	2020 Top 10 Golden Bull Securities Companies
CHINAFUND	Best Private Fund Custody Broker
Caijing Magazine	Evergreen Award - the Sustainable Development and Risk Control Award
New Fortune (journal)	First prize of the Most Potential Investment Banks Award

Award Presenters	Awards
New Fortune (journal)	Fourth prize of the Most Creative Investment Banks Award
	Fourth prize of the Best IPO Investment Bank Award
	Fifth prize of the Best Bond Underwriting Investment Bank Award
	Fifth prize of the Best STAR Market Investment Bank Award
Securities Times	2020 China Comprehensive Investment Bank Junding Award
	2020 China Main Board Investment Bank Junding Award
	2020 China SMEs Board Investment Bank Junding Award
	2020 China Financial Advisor Team Junding Award—CMS Investment Bank Headquarters M&A Department
	2020 China SMEs Board Projects Junding Award —— Bank of Suzhou IPO project
	Excellent Wealth Management Institution——China Merchants Asset Management Co. Ltd.
	2020 China Securities Industry APP Function Innovation Junding Award——CMS APP
	2020 China Securities Industry Financial Management APPJunding Award——CMS APP
	2020 China Securities Industry APP Creative Marketing Junding Award——CMS APP
The Asset	2020 Best Private Fund Custody Institution Award
Global Human Resource Conference	2020 China Best HR Management Team
China HR Management International Forum	2020 China Best Employer Award
The 6th Future Talent Management Forum	2020 China Talent Management Innovation Award
Research Association of Ideological and Political Work of China Financial Institutions (RAIPWCFI)	2019-2020 Outstanding Culture Construction Unit of the Financial System of China

Appendix II List of Policies

ESG Index	Laws and Regulations	Company Policies, Measures and Guidelines
A1: EMISSIONS	the Law of the PRC on Environmental Protection	China Merchants Group
		Energy Conservation and Environmental Protection Regulations
A2: USE OF RESOURCES	the Law of the PRC on Energy Conservation	China Merchants Group
		Energy Conservation and Environmental Protection Regulations
A3: ENVIRONMENT AND NATURAL RESOURCES	the Law of the PRC on Environmental Protection	China Merchants Group
	the Law of the PRC on Energy Conservation	Energy Conservation and Environmental Protection Regulations
B1: EMPLOYMENT	the Labor Law of the PRC	the CMS Attendance Management Requirements
	the Labor Contract Law of the PRC	
	the Trade Union Law of the PRC	the CMS Internal Management on Trainer and Training Development
	the Employment Ordinance of the Government of Hong Kong	the Measures of CMS for Staff
		Recruitment Management
B2: HEALTH AND SAFETY	the Production Safety Law of the PRC	the CMS Attendance Management Requirements
	the Law of the PRC on the Prevention and Control of Occupational Diseases	
	the Work-related Injury Insurance Regulations	
B3: DEVELOPING AND TRAINING		the CMS Internal Management on Trainer and Training Development
B4: LABOR STANDARDS	the Labor Law of the PRC	the CMS Attendance Management Requirements
	the Employment Ordinance of the Government of Hong Kong	
B5: SUPPLY CHAIN MANAGEMENT	the Law of the PRC on Tendering and Bidding	the China Merchants Group Procurement Management Policy
	the Implementation Regulations on the Law of the PRC on Tenders and Bids	the China Merchants Group Supplier Management Measures
	Interim Provisions on the Central Procurement Management of State-owned Financial Enterprises	the CMS Procurement and Bidding Management Measures
		the CMS Supplier Management Provisions

ESG Index	Laws and Regulations	Company Policies, Measures and Guidelines
B6: PRODUCT LIABILITY	the Measures for Compliance Management in Securities Companies and Investment Funds Management Companies	the CMS Compliance Manual CMS Investor Suitability Management Approaches
	Guidelines for the Implementation of Compliance Management of Securities Companies	the CMS IT System Data Confidentiality Management Approaches
	the Measures for the Suitability Management of Securities and Futures Investors	the CMS Regulations on the Handling of Customer Complaints in Securities Brokerage Business
	the Guidelines for the Implementation of the Suitability Management of Investors in Securities Business Institutions (trial)	
	Measures for the Administration of Information Technology of Securities Fund Operating Institutions	
B7: ANTI-CORRUPTION	Criminal Law of People's Republic of China	The CMS Regulations on the Accountability and Management of Cadres and Employees
	Law of the People's Republic of China on Anti-Unfair Competition	Measures for the Administration of Suspicious Transaction Reports
	Anti-Money Laundering Law of People's Republic of China	the Measures for the Management of Money Laundering and Terrorist Financing Risks
	Measures for Administration of Reporting of Large-amount Transaction and Suspicious	the Measures for the Monitoring and Management of Anti-Money Laundering Lists
	Transaction of Financial Institutions	the Measures for Anti-money Laundering Publicity Training
	Hong Kong's Regulations on the Fight against Money Laundering and Terrorist Financing (Financial Institutions)	Management
		the Measures for the Confidentiality Management of Anti-Money Laundering
B8: COMMUNITY INVESTMENT	the Charity Law of PRC	the CMS Foundation Chapter

Appendix III List of Quantitative Data						
ESG Index		Unit	2020	2019	2018	2017
A. Environment						
A1. Emissions						
A1.1	types of emissions, related emission data and density					
	total emission of nitrogen oxide	g	873,182	1,201,727	1,058,619	/
	emissions of nitrogen oxide, per capita	g/person	94.6	162	110	/
	total emission of particulate matter	g	64,290	88,481	77,944	/
	emissions of particulate matter, per capita	g/person	6.97	11.93	8.07	/
	total emission of sulfur oxide	kg	6.62	9.30	10.17	14.41
	emissions of sulfur oxide, per capita	kg/person	0.00072	0.001	0.001	0.001
	total discharge of domestic wastewater	ton	108,884	95,648	100,207	99,843
	discharge of domestic wastewater, per capita	ton/person	11.80	12.90	10.40	9.39
A1.2	emission and density of greenhouse gas					
	range 1 - total gasoline emissions	ton	973	1,493	1,572	2,228
	range 1 - gasoline emissions, per capita	ton/person	0.11	0.20	0.16	0.21
	range 1 - total diesel emissions	ton	13.64	3.22	6.97	5.38
	range 1 - diesel emissions, per capita	ton/person	0.0015	0.0004	0.0007	0.0005
	range 2 - total emissions of purchased electric power	ton	17,187	17,552	18,107	10,456
	range 2 - emissions of purchased electric power, per capita	ton/person	1.86	2.367	1.87	0.98
	total greenhouse gas emissions	ton	18,173	19,049	19,686	12,689
	per capita emissions of greenhouse gases	ton/person	1.97	2.57	2.04	1.19

Appendix III List of Quantitative Data

ESG Index		Unit	2020	2019	2018	2017
A1.3	total amount and density of harmful waste produced					
	total amount of ink cartridge	piece	1014	1433	2094	6408
	per capita amount of ink cartridge	piece/person	0.11	0.18	0.15	0.20
	toner cartridge	item	3,920	4,019	4,714	4,723
	per capita amount of toner cartridges	item/person	0.42	0.54	0.49	0.44
	lamp	piece	4,513	7,127	6,938	11,535
	per capita amount of the lamp	piece/person	0.549	0.96	0.72	1.08
A1.4	total amount and density of harmless waste produced					
	electronic equipment	set	2,479	1,467	1,688	618
	per capita amount of electronic equipment	set/person	0.27	0.20	0.17	0.06
A2. Use of resources						
A2.1	power consumption	kWh	29,537,801	20,978,053	29,025,245	15,542,884
	per capita electricity consumption	kWh/person	3,200	2,828	3,003	1,462
	gasoline consumption	kL	445	585	692	980
	total amount of gasoline per capita	kL/person	0.048	0.08	0.07	0.09
	diesel consumption	kL	5	1.23	2.67	2.061
	per capita consumption of diesel	kL/person	0.0005	0.0002	0.0002	0.0002
A2.2	water resources consumption and density					
	water consumption	ton	120,982	106,275	111,341	110,936
	water consumption per capita	ton/person	13.11	14.33	11.52	10.43

Note:

1:The denominator of the above data is the total number of employees by the end of the reporting period.

2: The statistical ranges of environmental data are:

The 2017 environment data consist of the full-year data from our Shenzhen headquarter (First Tower), 11 branches, 191 securities branches and 5 controlled subsidiaries.

The 2018 environment data consist of the data from our Shenzhen headquarter (CMS Building and First Tower) and IT center, 12 branches, 249 securities branches and 5 controlled subsidiaries.

The 2019 environment data consist of the full-year data from our Shenzhen headquarter (CMS Building) and IT center, 12 branches, 259 securities branches and 5 controlled subsidiaries.

The 2020 environment data consist of the full-year data from our Shenzhen headquarter (CMS Building) and IT center, 12 branches, 259 securities branches and 5 controlled subsidiaries.

3: Emissions of nitrogen oxides, sulfur oxides, particulate matter calculation method using the The Hong Kong Stock Exchange Limited issued "Appendix II: Environmental Key Performance Guidelines Reporting Guidelines."

4: The list of greenhouse gases includes carbon dioxide, methane and nitrous oxide, mainly from the burning of purchased electricity and fossil fuels. Greenhouse gas emission data are presented according to CO2 equivalent and are accounted for according to the Average CO2 emission factor of China's regional power grid in 2011 and 2012 published by the National Development and Reform Commission of China.

ESG Index		Unit	2020	2019	2018	2017
B.Society						
total amount and density of harmful waste produced						
B1.1	number of people	person	9,230	8,757	9,664	10,633
	male	person	5,301	5,031	5,610	6,169
	female	person	3,929	3,726	4,054	4,464
	under 30 (including 30)	person	3,965	3,765	4,845	5,945
	31-40	person	3,940	3,683	3,575	3,434
	over 40	person	1,325	1,309	1,244	1,254
	within China (mainland China)	person	8,843	8,407	9,327	10,246
	overseas China (including Hong Kong, Macao and Taiwan)	person	387	350	337	387
B1.2	employee turnover and loss ratio: according to gender, age and region					
	general staff turnover rate	%	7.68	9	11	13
	Calculation formula: total employee turnover of the reporting period / (total new employees of the reporting period + total employees at the end of last reporting period)					
B3.1	proportion of trained employees: divided according to the type of employment					
	non-marketing staff	%	60	59	53	47
	marketing staff	%	40	41	47	53
B3.2	employees' average training hours: classified according to the type of employment					
	non-marketing staff	hour	52	40	54	49
	marketing staff	hour	65	79	83	81
B7.1	the number of corruption litigation cases					
	the number of cases involving corruption, bribery, extortion, fraud and money laundering	case	0	0	0	0
B8.2	resources used in the focus category					
	value of charity donation ²	10,000 (RMB)	1264.205	134	180	243

2: In 2020, China Merchants Securities public welfare donation statistics include 11.426 million yuan in material donations to fight the outbreak of new crown pneumonia, and 1.216 million yuan in charitable donations, so this figure has a higher growth than the previous year.

Aspect, General Disclosure and KPI	Description	Relevant Chapters
A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Facilitate Ecological Development
KPI A1.1	The types of emissions and respective emissions data.	Appendix III List of Quantitative Data
KPI A1.2	Greenhouse gas emissions in total (in tonnes) and where appropriate, intensity (e.g. per unit of production volume, per facility).	Appendix III List of Quantitative Data
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Appendix III List of Quantitative Data
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Appendix III List of Quantitative Data
KPI A1.5	Description of measures to mitigate emissions and results achieved.	Carry out Green Operations
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Carry out Green Operations

Aspect, General Disclosure and KPI	Description	Relevant Chapters
A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials	Carry out Green Operations
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kwh in '000s) and intensity (e.g. per unit of production volume, per facility).	Appendix III List of Quantitative Data
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Appendix III List of Quantitative Data
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	Carry out Green Operations
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Carry out Green Operations
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	The Company's financial products need no packaging material, so this indicator is not applicable
A3: The Environment and Natural Resources		
General Disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources.	Facilitate Ecological Development
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Facilitate Ecological Development
A4: Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Facilitate Ecological Development
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Promote Green Finance

Aspect, General Disclosure and KPI	Description	Relevant Chapters
B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Pride to Employees
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	Appendix III List of Quantitative Data
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Appendix III List of Quantitative Data
B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Care for physical and mental health
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	planned to be disclosed in the future
KPI B2.2	Lost days due to work injury.	planned to be disclosed in the future
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Care for physical and mental health
B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Facilitate Staff Growth
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Appendix III List of Quantitative

Aspect, General Disclosure and KPI	Description	Relevant Chapters
KPI B3.2	The average training hours completed per employee by gender and employee category.	Appendix III List of Quantitative
B4: Labor Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.	Ensure Equal Employment Opportunities
KPI B4.1	Description of measures to review employment practices to avoid child and forced labor.	Ensure Equal Employment Opportunities
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Ensure Equal Employment Opportunities
B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supplier Management
KPI B5.1	Number of suppliers by geographical region.	planned to be disclosed in the future
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Supplier Management
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supplier Management
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supplier Management

Aspect, General Disclosure and KPI	Description	Relevant Chapters
B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Trustworthy to Clients
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	The Company's financial products need no recalls, so this indicator is not applicable
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	planned to be disclosed in the future
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Risk and compliance internal control managemen
KPI B6.4	Description of quality assurance process and recall procedures.	The Company's financial products need no recalls, so this indicator is not applicable
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Protecting the rights and interests of clients
B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Risk and compliance internal control management
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Appendix III List of Quantitative

Aspect, General Disclosure and KPI	Description	Relevant Chapters
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Risk and compliance internal control management
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Risk and compliance internal control management
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.	Respectful to Society
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	Respectful to Society
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Appendix III List of Quantitative