



中信建投证券股份有限公司
CSC FINANCIAL CO., LTD.

(A joint stock company incorporated in the People's Republic of China with limited liability)
Stock Code: 6066



2020

CSC Financial Co., Ltd.

Social Responsibility & Environmental, Social,
and Governance (ESG) Report

Definitions

Definition of frequently used expressions		
CSC, the Company, our Company	refers to	CSC Financial Co., Ltd.
China Securities Futures	refers to	China Futures Co., Ltd.
China Securities Capital	refers to	China Capital Management Limited
China Securities International	refers to	China Securities (International) Finance Holding Company Limited
China Securities Funds	refers to	China Securities Funds Management Limited
China Securities Investment	refers to	China Securities Investment Limited
Director(s)	refers to	Director(s) of the Company
Board or Board of Directors	refers to	Board of Directors of the Company
Supervisor(s)	refers to	Supervisor(s) of the Company
Supervisory Committee	refers to	Supervisory Committee of the Company
CSRC	refers to	China Securities Regulatory Commission
SSE	refers to	Shanghai Stock Exchange
SEHK	refers to	Stock Exchange of Hong Kong
A Share(s)	refers to	Listed domestic shares in the share capital of our Company with a nominal value of RMB1.00 each, listed on the Shanghai Stock Exchange and traded in RMB
H Share(s)	refers to	Listed overseas foreign shares in the share capital of our Company with a nominal value of RMB1.00 each, listed on the Hong Kong Stock Exchange and traded in HK dollars





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About CSC

Company Profile

Founded on November 2, 2005, CSC Financial Co., Ltd. (CSC) is a nationwide comprehensive securities company approved by the China Securities Regulatory Commission (CSRC). The Company had a registered capital of RMB7.65 billion as of the end of 2020. Registered in Beijing, the Company has 292 business outlets nationwide in about 30 provinces, municipalities, and autonomous regions and five first-tier subsidiaries, namely China Securities Futures, China Securities Capital, China Securities International, China Securities Fund, and China Securities Investment. The Company has built a strong reputation for providing quality and professional financial services for governments, corporations, and institutional and retail investors. Since 2010, the Company has been rated AA in the A category by the China Securities Regulatory Commission (CSRC) for 11 consecutive years, the highest rating given to securities companies to date. The Company was listed and traded on the Stock Exchange of Hong Kong (stock code: 6066.HK) and Shanghai Stock Exchange (stock code: 601066.SH) in 2016 and 2018 respectively.

Corporate Culture



Core Values

Achievements leading to status



Corporate Mission

Bringing together talents, serving customers, creating value, and contributing to society.



Corporate Spirit

Integrity, Focus, Growth, Win-win



Business Philosophy

People-oriented, learn modestly from others and learn from history.



Operation Concept

Winning and thriving together by benefiting others



Operating Guidelines

Committed to a correct and clear strategic direction; committed to balance between speed and quality of development; committed to a heightened focus on risk management; committed to human-centric and diverse employment; committed to healthy development.



Corporate Vision

To be a best-in-class investment bank in China with loyal customers, engaged employees, and happy shareholders.

Awards and Recognition

Awards/Honors	Presenters
National Model Entity	Central Guidance Commission on Building Spiritual Civilization
Model Chinese Financial Entity for Construction of Workers' Congress System	National Committee of Chinese Financial Workers' Union
Golden Bull Award for Top Ten Securities Companies Golden Bull CSR Excellence Award for Securities Companies Cultural Construction Award for Securities Industry Golden Bull Team Award for Asset Management	China Securities Journal
2020 Junding Award for All-around Investment Bank in China 2020 Junding Award for Investment Bank on STAR Market in China 2020 Junding Award for Investment Bank on Main Board Market in China 2020 Junding Award for Chinese Asset Management Broker 2020 Junding Equity Investment Team Award in China 2020 Junding Quantitative Investment Team Award in China Qingting Dianjin APP wins: Junding Award for Top Ten APPs Junding Award for Investment Advisory APPs Junding Award for APP Innovations	Securities Times, China Brokers
2020 Award for Investor Education	Shanghai Stock Exchange
Outstanding Contribution Award for Non-bank Underwriters of Local Bonds	China Central Depository & Clearing Co., Ltd.
Outstanding Information Service Provider for Hong Kong Stock Connect	Stock Exchange of Hong Kong
Core Trader Outstanding Bond Trader	National Inter-bank Funding Center
Most Favored Securities Companies by Insurers	Insurance Asset Management Association of China
2020 Pioneering Investment Bank 2020 Pioneering Wealth Management Mobile APP 2020 Pioneering Broker for Investor Education	International Finance News
Best Fund Broker	China Fund News
2020 A-share Underwriter of the Year Distinguished Research Institute of 2020 for Comprehensive Capabilities 2020 Classic Project of GEM Registration System	National Business Daily
Best Securities Company for Responsible Investing, China ESG Golden Awards 2020	Sina Finance
China Securities Futures wins the following honors: Best Futures Company in China Best Financial Futures Service Award Best Corporate Brand Building Award Golden Management Team of Futures Companies in China Golden Futures Research Institute in China Award for Outstanding Contribution to Targeted Poverty Alleviation and Philanthropy	Futures Daily, Securities Times

Performance in Numbers



Economic

● Total revenue and other income

● Net profits attributable to the parent company

Unit: RMB100 million



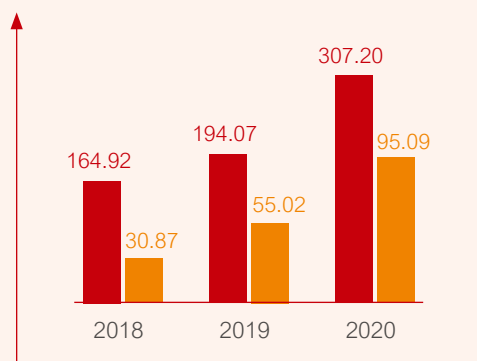
Total revenue and other income 2020

307.20

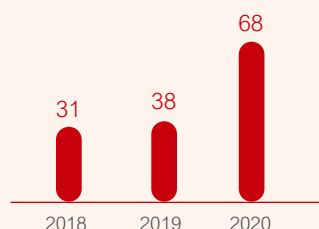


Net profits attributable to the parent company 2020

95.09



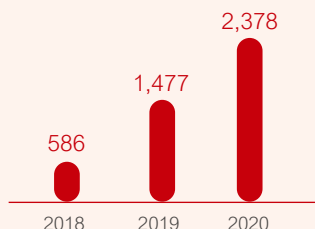
Number of equity financing projects



Number of equity financing projects 2020

68

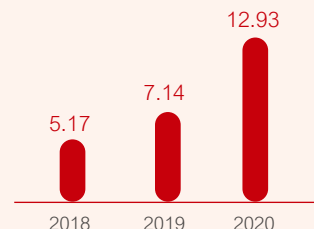
Number of bond issuances as lead underwriter



Number of bond issuances as lead underwriter 2020

2,378

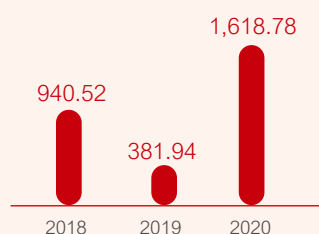
Stock fund turnover from brokerage operations (RMB1 trillion)



Stock fund turnover from brokerage operations 2020 (RMB1 trillion)

12.93

Amount of equity financing projects as lead underwriter (RMB100 million)



Amount of equity financing projects as lead underwriter 2020 (RMB100 million)

1,618.78

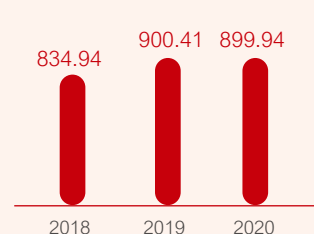
Amount of bond issuances as lead underwriter (RMB100 million)



Amount of bond issuances as lead underwriter 2020 (RMB100 million)

12,111.97

Number of customer capital accounts (10,000)



Number of customer capital accounts 2020 (10,000)

899.94



Social

Indicators	2018	2019	2020
Social contribution value per share (RMB)	1.64	2.15	3.15
Total charitable giving (RMB10,000)	577.98	682.59	2,996.57
Spending on consumption-driven poverty alleviation (RMB10,000)	130	143.32	687.49
Number of service-related complaints	364	390	203
Total number of employees	9,594	9,420	9,994

Indicators	2020
Average employee tenure (years)	6.95
Average male employee tenure (years)	6.66
Average female employee tenure (years)	7.35
Number of training programs conducted	172
Total amount of annual training investment (RMB10,000)	729.8
Percentage of employees trained (%)	86.5
Average training hours completed per employee	47



Social contribution value per share
2020 (RMB)

3.15



Charitable giving 2020 (RMB10,000)

2,996.57



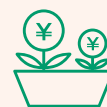
Spending on consumption-driven poverty
alleviation 2020 (RMB10,000)

687.49



Environmental

Indicators	2020
Total fundraising from green bond underwriting (RMB100 million)	469.80
Number of green bond issuances as lead underwriter	31



Total fundraising from green bond
underwriting (RMB100 million)

469.80

Indicators	2020
Total GHG emissions (tCO ₂ e)	6,831.86
Total direct (Scope 1) GHG emissions (tCO ₂ e)	421.39
Total indirect (Scope 2) GHG emissions (tCO ₂ e)	6,410.47



Number of green bond issuances as
lead underwriter

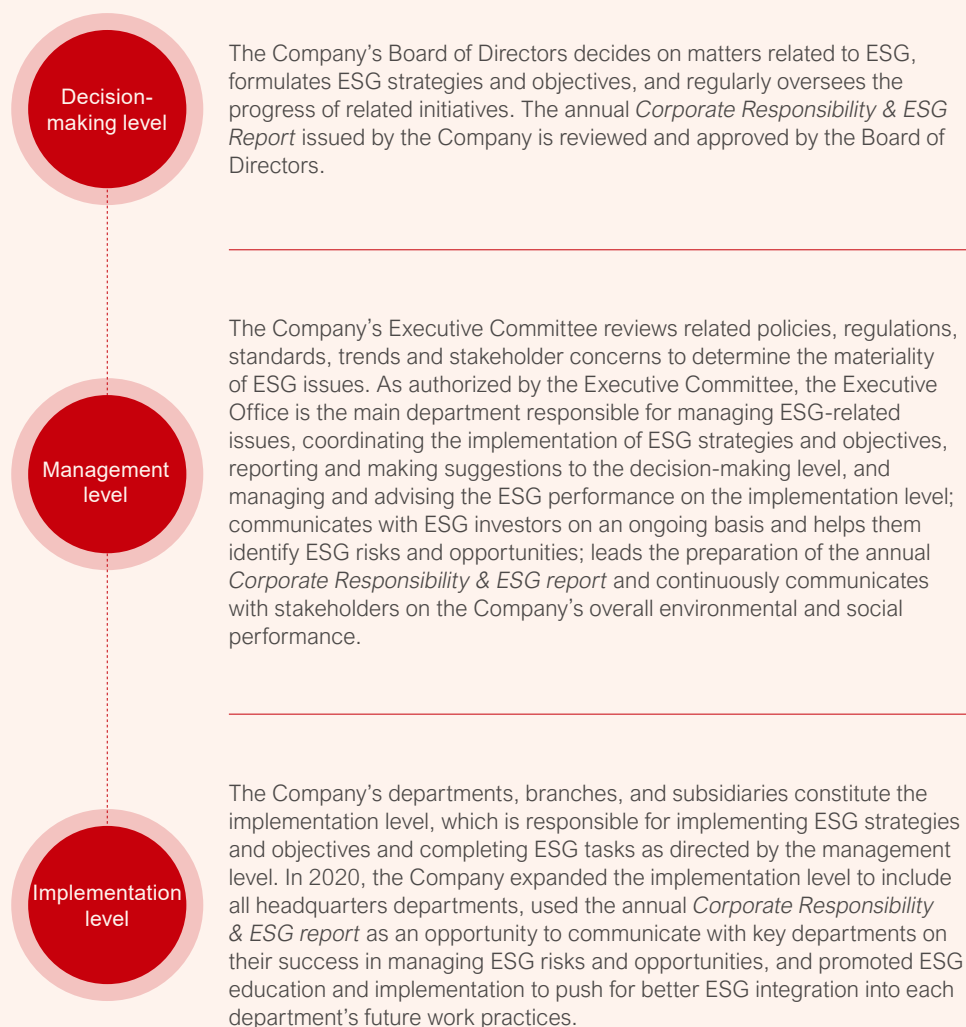
31

ESG Management

CSC is committed to the mission of “Bringing together talents, serving customers, creating value, and contributing to society”. While maintaining robust operations and creating economic value for shareholders and investors, the Company also attaches great importance to managing ESG risks and opportunities and fulfills its social responsibility in all respects.

ESG Management System

In 2020, the Company continued to improve corporate governance and enhance ESG performance through a three-level management structure comprising decision-making, management, and implementation. Through continuously optimized management, the Company has effectively embedded social responsibility and ESG concerns into its policies and employees' daily work practices.



Stakeholder Engagement

CSC has established a communication mechanism that suits its business characteristics and supports a mixture of real-time and regular communication and of thematic and irregular communication. The Company thus manages to maintain active communication with the stakeholders, including shareholders and investors, governments and regulators, customers, employees, suppliers and partners, and community and the environment. Meanwhile, the Company fully exploits new media to actively engage all parties and listen to and address stakeholder concerns in a timely manner, thus ensuring regular and smooth communication with the various stakeholders.



Materiality Assessment

The CSC Materiality Assessment Process

Identification

Identified 18 material topics closely related to ESG risk and opportunity management based on an understanding of the Company's business strategy and industry characteristics, analyses of ESG policies, standards, and megatrends, a review of industry reports, and feedback from investors, ESG rating agencies, and third-party teams.

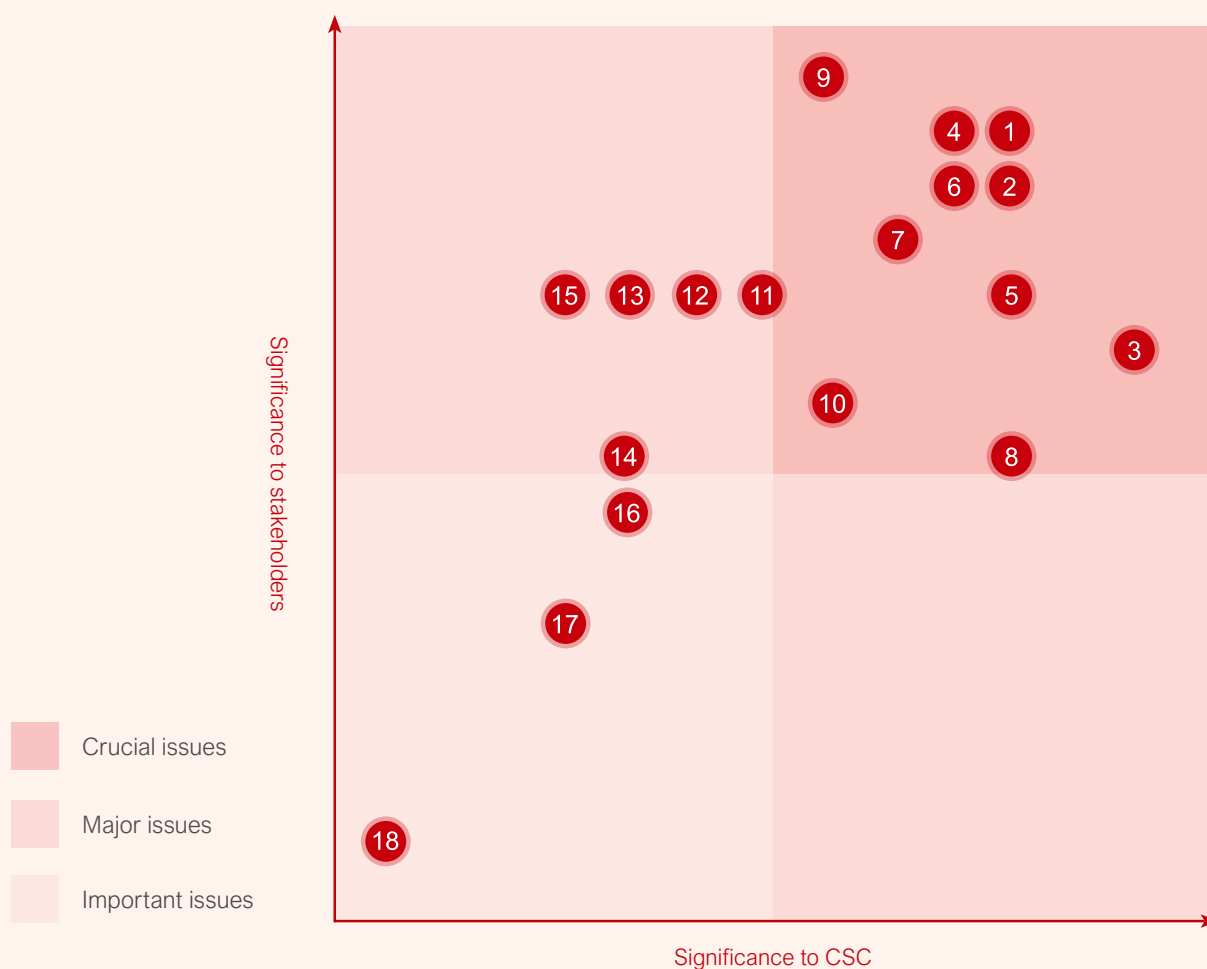
Assessment

Conducted a survey among internal and external stakeholders on the identified material topics, inviting them to assess the significance of each topic, and formed a two-dimensional materiality assessment based on analyses of their input.

Validation and reporting

Created the materiality matrix (see the figure below) based on the assessment and submitted it to the Board of Directors for validation; identified the crucial issues to be prioritized in this report.

CSC Materiality Matrix



Ranking	No.	Material issues	Relevant Aspects of HKEX ESG Reporting Guide
Crucial issues	1	Serving the Real Economy	-
	2	Responsible Marketing	B6: Product Responsibility
	3	Business Ethics	B7: Anti-corruption
	4	Compliance Management	B6: Product Responsibility
	5	Information Security and Privacy Protection	B6: Product Responsibility
	6	Risk Management	-
	7	Promoting Inclusive Finance	-
	8	Sustainable Investing and Financing	A3: The Environment and Natural Resources, A4: Climate Change
	9	Investor Education and Protection	B6: Product Responsibility
	10	Human Capital Development	B1: Employment, B2: Health and Safety, B3: Development and Training
Major issues	11	Optimizing Customer Service	B6: Product Responsibility
	12	Poverty Alleviation and Charitable Activities	B8: Community Investment
	13	Corporate Governance	Mandatory Disclosure – Governance
	14	Diversity and Inclusion	B1: Employment
	15	Employee Rights Protection	B1: Employment, B4: Labour Standards
Important issues	16	Adopting Fintech	-
	17	Green Operations	A1: Emissions, A2: Use of Resources, A4: Climate Change
	18	Supply Chain Management	B5: Supply Chain Management



Feature 1

Working Together to Fight COVID-19

The sudden outbreak of the novel coronavirus disease (COVID-19) in the spring of 2020 weighed on the minds of hundreds of millions of people, and people from all sectors of society devoted themselves to the fight against the epidemic. As an important financial force to combat COVID-19 and help companies reopen, CSC set up the Epidemic Response Leading Group in February 2020 to coordinate related efforts of the Company. The Company has amplified efforts to ensure business continuity and leveraged its financial expertise to help epidemic response enterprises resume work and production and tide the real economy over this challenging time. It has also contributed to COVID-19 relief efforts through active involvement in initiatives aimed at ensuring employee health and safety and in community volunteerism.

CSC contributions to epidemic control



Underwrote **55** COVID-19 relief bonds, raising **RMB46.62 billion**



Underwrote **RMB3.12 billion** of COVID-19 relief government bonds, exceeding the required quota for Class B member of the government bond underwriting syndicate



Donated **RMB11.50 million** to the Hubei Red Cross Foundation and **5,850** masks to hospitals and communities in Wuhan

Ensuring Medical Supplies

At the early stages of the COVID-19 outbreak, there was a shortage of medical supplies such as masks, surgical gowns, and disinfectant products. Through means like equity financing and bond financing in the upstream and downstream industry chain, CSC managed to help key epidemic response enterprises resume work and production and increase the supply of qualified products.

As of the end of 2020, the Company had underwritten 55 COVID-19 relief bonds, raising RMB46.62 billion, and three equity financing projects for companies engaged in the production and R&D of COVID-19 related supplies, raising RMB5.03 billion. The clients included Central Enterprises that directly provided material and financial support for hospitals and pharmaceutical enterprises fighting COVID-19, local state-owned enterprises that deployed emergency material support to aid epidemic response, commercial circulation enterprises that guaranteed the smooth provision of essential supplies, and public utility enterprises that ensured the security of public transportation.

Supporting Sinopharm Leasing in issuing COVID-19 relief bonds **Case**

Sinopharm Holdings (China) Finance Leasing Company Limited is the financial arm of Sinopharm Group Co., Ltd., a leader in the pharmaceutical circulation sector. In response to the capital needs for epidemic control and business reopening, the company planned to issue its first COVID-19 relief bond. As the lead underwriter, CSC pushed the initiative forward despite numerous difficulties, helping the company issue the 2020 Non-publicly Issued Corporate Bonds (Second Tranche) on February 12, 2020. The bond also became one of the first COVID-19 relief bonds traded in the exchange bond market.

Supporting Kangtai Bio in non-public issuance of stocks **Case**

Shenzhen Kangtai Biological Products Co., Ltd. (hereinafter referred to as "Kangtai Bio") is a biotech company engaged in the R&D of vaccine products to fight viruses and bacteria. On April 14, 2020, CSC helped Kangtai Bio raise RMB3 billion through non-public issuance of stocks as the company's sole sponsor and lead underwriter, further speeding the R&D and supply of vaccines in China.

Helping non-woven fabrics manufacturer secure equity financing **Case**

Anhui Jinchun Non-woven Co., Ltd. (hereinafter referred to as "Jinchun Non-woven") is a leading non-woven fabrics manufacturer in China, supplying important raw materials for the production of disinfectant wipes, surgical gowns, and various kinds of protective masks. On August 24, 2020, CSC helped Jinchun go public on the Growth Enterprise Market (GEM) of the Shenzhen Stock Exchange (SZSE) and secure RMB916 million in financing as the sole sponsor and lead underwriter. This provided the company with needed funds for continuing to produce raw materials and actively pursuing technological breakthroughs to help with epidemic control.

Assisting in Kexing Biopharm's IPO on SSE STAR Market as sponsor and underwriter **Case**

Kexing Biopharmaceutical Co., Ltd. (hereinafter referred to as Kexing Biopharm) is the first modern biopharmaceutical company in China. Its core product, the Recombinant Human Interferon $\alpha 1b$ (rHuIFN- $\alpha 1b$), was included as an approved drug in the National Health Commission's *Novel Coronavirus Pneumonia Diagnosis and Treatment Plan (Provisional 1-8th Edition)* as well as the Ministry of Industry and Information Technology's *List of Key Materials for Epidemic Prevention and Control (Medical Response)*. As the sole sponsor and lead underwriter, CSC helped Kexing Biopharm get listed on the SSE STAR Market on December 14, 2020 and raise RMB1.11 billion, which gave a strong boost to the company's continuous innovation in the biopharmaceutical field.

Helping Companies with Their Financial Needs

As companies suffered a liquidity squeeze amid the COVID-19 crisis, CSC offered a helping hand by extending share pledging projects and margin trading contracts to help them get through the epidemic. As of the end of 2020, the Company had extended part of share pledging projects while ensuring controllable risk exposure. One of CSC's equity financing clients was a business tourism service provider, whose repayment day came at the peak of the epidemic. CSC extended the contract and designed a repayment installment plan to ease the strains on its liquidity.

Delivering Excellent Customer Service

CSC has actively adapted itself to the changes in customer service needs during COVID-19, placing a heightened focus on optimizing the “non-contact” online channels. The Company has remained steadfast in its commitment to building a sound customer service management system and delivering high-quality, professional services.

Customer service

- Sped up the digital transformation of business, steered customers towards the use of digital platforms such as the Qingting Dianjin APP and Youwen for off-site business processing and investment advisory, and mandated reservation for business that must be handled at the counter to avoid gathering of crowds.
- Helped corporate clients complete annual report disclosure and project preparation in an orderly manner by carrying out due diligence using video and the digital filing system at the early stages of COVID-19.

Research service

- Moved part of the research service online, guaranteed efficient service through the WeChat subscription account and video account, and worked with third-party conference platforms to give online roadshows.
- Had a total of 5,077 research reports published, providing comprehensive reference for clients' investment decisions during COVID-19.
- China Securities Futures conducted 200+ online professional training and research service activities for the real economy sector during the epidemic.

Ensuring Employee Health and Safety

CSC puts people first in its epidemic control efforts, giving priority to the employees' physical and mental wellbeing. The Company has taken multiple measures to avoid the gathering of crowds and prevent cross-infections so that the employees can work in a safe environment. There were zero clusters of COVID-19 cases at the Company in 2020.

- Promptly decided at the early stages of the COVID-19 outbreak to move part of the work online, equipped some employees with a remote office system, and set up a system of job rotation and temporary back-up among the counter staff of the securities branches.
- Procured needed supplies such as masks, hand sanitizers, disinfectants, and temperature detectors to ensure adequate protection for employees when they returned to work.
- Intensified disinfection and ventilation of the office buildings to keep the workplace safe.
- Put up safety posters in public places and launched a COVID-19 Response column on the Company's WeChat subscription account to provide employees with timely, accurate, and authoritative information about COVID-19.
- Provided employees with nearly 3,000 nucleic acid tests.

Aiding Front Lines of COVID-19 Battle

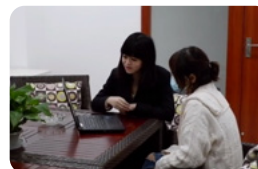
In a show of solidarity, CSC donated RMB11.50 million (including RMB1 million donated by the employees) to the Hubei Red Cross Foundation and 5,850 masks to hospitals and communities in Wuhan immediately after the COVID-19 outbreak to support work on the front lines.

Also concerned about the COVID-19 epidemic, the Company's employees actively participated in volunteering services. Xu Ying, for example, a staff of the securities branch of the Company's Hubei Branch, volunteered to join the Wuhan Red Cross and took charge of handling donation inquiries in the telephone team and coordinating the distribution of supplies in the logistical support team. Meng Qingkui, Xu Ying's coworker, also became a volunteer, responsible for coordinating all relevant parties to make sure that the donated supplies were delivered to the front-line medical staff in a timely manner, aiding in the front-line response through concrete actions.

Fighting COVID-19 & Resuming Work and Production Together



Scan the QR code to watch a documentary of the COVID-19 response at CSC



United As One in Eradicating Poverty

Poverty eradication is global challenge. In *Transforming our world: the 2030 agenda for sustainable development*, the United Nations has made “eradicating poverty in all its forms” a primary sustainable development goal (SDG), proposing “eradicating extreme poverty for all people everywhere by 2030”. Attaching great importance to poverty reduction and alleviation, the Chinese government has made poverty alleviation a basic task and landmark indicator for building a moderately prosperous society on all fronts and pledges to secure a decisive victory in eradicating poverty by 2020.

Since 2016, CSC has actively responded to the call of the central government and the Securities Association of China (SAC), amplifying efforts to deliver on its targeted poverty alleviation commitments and realize poverty eradication in paired-up counties on schedule. In 2020, Dai County in Shanxi province became newly paired with the Company under the “One Company One County” paired-assistance policy. By the end of the year, the Company had successfully completed assistance projects in all of the six paired-up counties and four designated counties, signed 12 assistance agreements, and aided in 20 assistance projects. For its contributions to poverty alleviation, the Company has been presented with the Golden Bull CSR Excellence Award for Securities Companies by the China Securities Journal for two consecutive years.

CSC 2020 contributions to poverty alleviation



RMB **19.44** million in total charitable giving for poverty alleviation



RMB **4.71** billion in total amount of poverty-relief bond issuances, cumulatively helped national-level poverty-stricken counties raise RMB **5.7** billion



RMB **479.43** million in total nominal principal amount of “insurance + futures” projects, insuring **51,165** poverty-stricken households



RMB **6.87** million in total consumption-driven poverty alleviation

Thinking Big and Perfecting Poverty Alleviation Mechanism

In keeping with the poverty alleviation guidelines of “comprehensive, multi-form, and multi-level”, CSC has continued to build a sound leadership structure and working mechanism. The Company has set up a poverty alleviation leading group headed by the chairman of the Board and comprised of all management members. It holds special meetings to make decisions on important matters such as the division of responsibilities, formulation of related policies, and outgoing donations. The Company has also conducted multiple field surveys in paired-up counties to learn about their practical needs and drawn up targeted assistance measures to ensure the smooth implementation of the various poverty alleviation projects.



Comprehensive

The Company placed a focus on providing comprehensive assistance for the three paired-up poverty-stricken counties and related companies and utilized its financial expertise to make financial services more widely available in poverty-stricken areas and help improve local education.



Multi-form

The Company balanced efforts to sustain the growth of the local economy and empower the locals with means to be self-sustaining through donations, consumption boosts, industrial growth, financial assistance, temporary stationing of officials, and training of local people in their financial awareness and abilities, thus strengthening the endogenous power of poverty-stricken areas.



Multi-level

The Company rallied the involvement of all levels of employees and encouraged the Company headquarters, branches, subsidiaries, employees, and customers to actively participate in poverty alleviation.

Taking Multiple Measures to Enrich the Forms of Assistance



Poverty Alleviation through Financial Aid: Leveraging Financial Expertise to Aid Financing in Poverty-stricken Areas

CSC fully leverages its strengths as a financial institution to help key enterprises in poverty-stricken areas broaden their financing channels and support high-quality economic and social development in those areas. In 2020, the Company assisted in one IPO in a former poverty-stricken county as the sole sponsor and underwrote seven poverty-relief bonds amounting to RMB4.71 billion.

- Jinko Power Technology Co., Ltd. went public on SSE Main Board with CSC as its sole sponsor, raising RMB2.60 billion. The fund would be mainly used for backing projects like PV power stations to accelerate clean energy development and promote PV power-based poverty alleviation.
- As a joint lead underwriter, CSC assisted Liangshan Development (Holdings) Group Co., Ltd. in successfully issuing public corporate bonds with a total volume of RMB2 billion and an interest rate of 5.50%, the highest in volume and lowest in interest rate of all publicly issued poverty-relief corporate bonds; this was followed by a second tranche of RMB1.01 billion, bringing the total to RMB3.01 billion.
- As the lead underwriter, CSC assisted Ganzhou City Bamboo-shack District Urban Construction Development Co., Ltd. in issuing poverty-relief corporate bonds, raising funds mainly for the construction of affordable housing projects and urban and rural infrastructure.
- As an independent lead underwriter, CSC assisted Anyuan County City Development Investment Group Limited in the issuance of poverty-relief corporate bonds, raising funds mainly for projects like factory buildings and supporting facilities in the county to improve local employment and draw investments.



Poverty Alleviation by Supporting Industries: Improving Self-development Capability of Poverty-stricken Areas

Agriculture is a key pillar of the national economy. China's futures market has launched the "insurance + futures" model, which has proved effective in protecting against produce price fluctuations and provides greater insurance for the agriculture sector. Therefore, the model has gradually become one important means to achieve the strategic goal of targeted poverty alleviation. Drawing on its financial strengths, CSC has made an intensive effort to undertake "insurance + futures" projects and provide hedging tools for poverty-stricken households, thereby substantially supporting the healthy and stable development of agriculture in poverty-stricken areas.

In 2020, CSC launched a total of 13 "insurance + futures" projects in poverty-stricken areas in places like Sichuan, Chongqing, Gansu, Guizhou, Yunnan, and Hainan. The produce included soybean meal, corns, rubber, eggs, etc., with a nominal principal amount of approximately RMB479.43 million, insurance coverage amount of approximately RMB477.83 million, and a total payout of RMB9.34 million that insured 89,346 rural households, of which 51,165 were poverty-stricken.

"Insurance + futures" project in Qianjiang District of Chongqing

Case

Fluctuations in the cost of pig feed could adversely impact the sustainable development of the pig industry and the profitability of pig farming. For this reason, China Securities Futures has been engaging in an "insurance + futures" project in the Qianjiang District of Chongqing since August 2020, insuring 13,500 tonnes of pig feed and providing a three-month feed cost risk insurance for 54,000 pigs, which involved 41 registered poverty-stricken households. By the end of the project, RMB2.64 million had been paid out in total, representing a payout rate of 164% and an average payout amount of RMB16,910 per farmer. The return on the self-paid amount was about 12.19 times, which provided effective protection against the farming risks caused by sharp rises in feed costs and reinforced success in local poverty alleviation.



Poverty Alleviation through Education: Continuously Raising Awareness of Capital Market Development

Only by providing people with needed education can we get them out of the trap of poverty. Relying on the construction of a multi-level capital market, CSC maintains a consistent focus on training financial professionals in poverty-stricken areas. The goal is to give them a better understanding of how the capital market works and the financing tools that suit different stages of corporate development so as to enable the virtuous development of local industries. In 2020, the Company, together with its subsidiary China Securities Futures, organized and conducted more than 20 training sessions on capital market in several poverty-stricken counties.





Poverty Alleviation through Consumption: Providing Last-mile Solutions to Production-sales Integration

Consumption-driven poverty alleviation is joined to impoverished areas on the one end and a vast market on the other. It is therefore an important way to engage social forces in this national fight. CSC has managed to crack the “last-mile” of produce trade, carefully selecting and purchasing for its staff a variety of special produce from key CITIC-assisted counties and designated CSC-assisted counties such as teas from Pingbian County in Yunnan province, honey from Li County in Gansu province, and black rice from Anyuan County in Jiangxi Province, with a total amount of RMB6.87 million in 2020.

The Company has also launched an innovative charitable poverty-alleviation event on its Qingting Dianjin APP called “Answer questions, get prizes, help farmers”. Users could earn points for giving correct answers to financial management questions on the APP, qualify for the lucky draw, and get prizes that the Company had purchased from farmers in designated poverty-alleviation areas. The organic combination of a financial knowledge quiz and assistance to farmers stimulated the users’ enthusiasm for participation.



Poverty Alleviation through Charitable Activities: Improving Development Conditions of Poverty-stricken Areas

Aligning efforts with the “two assurances and three guarantees” (i.e. assuring the food and clothing needs of the rural poor population are met and guarantee they have access to compulsory education, basic medical services and safe housing), CSC provides direct assistance for impoverished areas by donating funds to schools, funding local infrastructure construction, and aiding in post-disaster reconstruction. The Company’s total charitable giving in 2020 amounted to RMB29.97 million (consumption-driven poverty alleviation not included).

- In May 2020, the Company donated RMB10.80 million to Xi County of Shanxi province in collaboration with the SAC and China Foundation for Poverty Alleviation (CFPA) as poverty-relief fund.
- In July 2020, China Securities Futures donated RMB100,000 to Songtao County immediately after learning of a landslide in Ganlong Town, Songtao Miao Autonomous County, Tongren City, Guizhou province, a long-time recipient of the Company’s poverty-relief aid, to help with the post-disaster reconstruction.
- In November 2020, the Company signed a “One Company One County” paired-assistance agreement with Dai County, Xinzhou City, Shanxi province and donated RMB1 million to finance the construction of the sock workshops of Yanhong Textile Co., Ltd., creating jobs for a relocated population that was predominantly women from rural areas, further advancing poverty alleviation, strengthening areas of weakness, and stabilizing employment.

Persevering to Progressively Achieve Rural Vitalization

Standing on a new threshold in history, CSC will continue to capitalize on its financial expertise as a securities company and a responsible corporate citizen. The Company will further increase assistance in monetary and personnel resources, continuously explore new and better ways to undertake poverty alleviation tailored to local needs, and push forward an effective integration between poverty eradication and rural vitalization. While reinforcing success in poverty alleviation, the Company will work to foster a long-standing poverty alleviation mechanism and continue to contribute to the construction of beautiful countryside.

Feature 3

Delivering Finance for Good and Embracing Responsible Finance

The United Nations Trade and Development Organization estimates that meeting the 17 SDGs will require global investments of between USD5 trillion to USD7 trillion each year. That number is USD3.3 trillion to USD4.5 trillion each year for developing countries, whose public finances cover only USD1.4 trillion, leaving an annual investment gap of USD2.5 trillion that urgently calls for market investment. Financial institutions therefore play a crucial role in contributing to the global achievement of the SDGs.

CSC brings all of its actions in line with the core values of “achievements leading to status” and undertakes the mission of “bringing together talents, serving customers, creating value, and contributing to society” in its course of development. The Company bases every one of its investment and financing decisions on a comprehensive evaluation of the economic, social, and environmental impacts of related activities and strives to fully integrate ESG into its day-to-day operations.

CSC Responsible Finance Framework



Research

- Guides analysts to further embrace ESG investing and organizes ESG training series. Provided training on corporate governance of listed companies in 2020 such as financial fraud and compliance management.
- Conducts research on environmental and social issues such as COVID-19 and low-carbon transition. Released 5,077 research reports in 2020, including 342 on COVID-19 and 186 on environmental protection and public utility (for example, waste sorting, solid waste treatment, the 14th Five-Year Plan outlook for the environmental protection industry, in-depth report on stocks in the environmental protection industry, and quarterly report review.)



Financing

- Restricts the underwriting of bonds in industries with excess capacity (e.g. steel, cement, plate glass, and coal chemicals) and declining industries.
- Actively underwrites bonds for green, environmentally friendly initiatives, innovation and entrepreneurship, the small and micro economy, epidemic response, difficulty relief, poverty alleviation, etc. to serve the real economy in line with national industrial policies and arrangements for special periods.
- Evaluates companies' ESG performance with three steps when providing share pledging services: before, during, and after a transaction.

Communication before transaction: communicates with financiers during due diligence to collect information on environmental impact assessment (EIA) and government oversight and penalties.

Review during transaction: rejects projects in industries categorized as Eliminated in the *Catalogue for Guiding Industrial Restructuring*; requires operating entities of heavily polluting projects to submit EIA paperwork for review prior to the transaction.

Tracking after transaction: According to the Company's proprietary collateral evaluation model, targets that make disclosures on production safety would be labeled high-risk and subject to follow-up tracking and review by the Company.

CSC 2020 achievements in responsible finance



Released **342** research reports on COVID-19; wrote **186** research reports on environmental protection and public utility.



Secured **RMB46.98 billion** in total fundraising as the lead underwriter of **31** green bonds. The raised funds would mainly be used in fields like green travel, waters restoration, and renewable energy power generation.



Investment

Equity investment

- China Securities Investment continues to build an asset portfolio that is large in both depth and scope, has equity investment at the core, consists also of pan-equity investment, innovative product investment, etc., and features influential projects in sectors closely related to society and people's livelihoods such as pan-TMT (technology, media, telecom), biomedical sciences, high-end manufacturing, and big consumption.
- China Securities Capital focuses on strategic emerging industries and the infrastructure field to support high-quality economic development.

Fixed-income investment

- Undertakes concentration management of fixed-income investment business and restricts the concentration of industries with excess capacity. For example, the concentration of the real estate industry may not exceed 35%, investment in industries with excess capacity is limited only to industry leaders with policy support and better development prospects, and the combined concentration of investment in the above-mentioned industries may not exceed 10%.
- The Fixed-income Department incorporates ESG factors in the relative value analysis; compares the issuer's ESG bond spread and relative value with those of other bonds in the same industry in the bond investment analysis to determine whether all risk factors have been taken into account; calculates the corresponding credit spread and incorporates it into the investment pricing model; scrutinizes the company's organizational structure, major decision-making processes, and management stability during routine bond reviews and includes such considerations in the evaluation of the issuer.

Fund investment

- China Securities Funds aims to build well-balanced and stable investment portfolios based on a comprehensive consideration of the target's ESG performance in employment, consumer relationship, supplier management, environmental protection, and other aspects.

中信建投证券
CHINA SECURITIES



01

Business Integrity



Corporate Governance

CSC acts in strict compliance with provisions and requirements laid out in the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, the *Rules for Governance of Securities Companies*, the *Code of Corporate Governance of Listed Companies*, and other relevant laws and regulations and continues to evolve its governance structure. The Company has a sound and robust governance structure consisting of shareholders' meetings, the Board of Directors, the Supervisory Committee, and the Executive Committee. A clear division of responsibilities and check-and-balance mechanism is maintained among the institution of power, decision-making body, supervisory body, and the management to ensure the efficiency of governance. In 2020, the Company held 7 shareholders' meetings, 12 Board of Directors meetings, 5 Supervisory Committee meetings, and 13 meetings among special committees of the Board of Directors, and a total of 134 bills and reports were revised, communicated, submitted, and implemented.

Evolving Governance Structure

The Company's Board of Directors comprises the Development Strategy Committee, the Risk Management Committee, the Audit Committee, and the Remuneration and Nomination Committee. With clearly defined job duties and procedures and rules of deliberation, the functions of each committee are performed to the full.

Development Strategy Committee

- Researches, forecasts, and formulates the Company's long-term business strategies and development plans.
- The committee is composed of six directors.
- In 2020, the committee convened two meetings, with an attendance of 100%.

Risk Management Committee

- Oversees and manages the Company's overall risks and keeps them within acceptable levels to ensure effective implementation of risk management plans for the various risks associated with the Company's operating activities.
- The committee is composed of five directors.
- In 2020, the committee convened two meetings, with an attendance of 100%.

Audit Committee

- Ensures compliance of the Company's operations and investment business and reviews and oversees internal audits.
- The committee is composed of five directors.
- In 2020, the committee convened five meetings, with an attendance of 100%.

Remuneration and Nomination Committee

- Formulates evaluation criteria for the Company's directors and senior managers and conducts evaluations; formulates and reviews policies and plans for the remuneration of directors and senior managers; studies the criteria for the selection of directors and senior managers and makes recommendations of candidates.
- The committee is composed of seven directors.
- In 2020, the committee convened four meetings, with an attendance of 100%.



Total training hours
for directors and
supervisors

252+ hours

The Company bases the nomination and appointment of members of the Board of Directors and the Supervisory Committee on the skills and experience required to effectively perform their respective roles and responsibilities while striving for diversity among the members with respect to professional experience, skills, knowledge, tenure of service, region, culture, educational background, gender, age, etc. to fulfill the goal and requirements for diversity.

In terms of training, the Company strives to meet regulatory requirements for the follow-up training of directors and supervisors of listed companies to enhance their understanding of the securities industry and companies. In 2020, the Company assisted in providing more than 252 hours of training organized by regulators, recording 84 participations; supplemented and enriched the original training content with performance training provided by domestic and foreign intermediary agencies; prepared lectures that combined the interpretation of laws, regulations, and policies with the Company's actual operations; organized the directors and supervisors to revisit the anti-corruption and integrity rules released by the CSRC and SAC, the *Provisions on the Professional Integrity of CSC and Staff*, and the *Anti-Corruption Program – A Guide for Listed Companies* issued by the Hong Kong Independent Commission Against Corruption.

Performing Information Disclosure

In accordance with CSRC's *Administrative Measures on Information Disclosure by Listed Companies* and other legal and regulatory requirements, the Company has formulated a series of policies including the *CSC Administrative Measures on Information Disclosure*, defining the division of responsibilities and procedures of information disclosure to ensure truthful, accurate, complete, and timely disclosure and equal access among all investors to Company-related information.

In 2020, the Company prepared and disclosed eight periodic reports and over 300 public disclosure documents to the A-share and H-share markets, covering topics like company performance, dividends, lifting of bans on restricted shares, extreme volatility in stock prices, notices of clarification, bond-related issues, and other voluntary public announcements and overseas regulatory announcements. The information was disclosed on SSE, SEHK, the Company's website, and statutory media of disclosure in a truthful, accurate, complete, timely, and fair manner.

The Company received the highest rating "A" in the SSE "Annual Evaluation of Information Disclosure by Listed Companies in 2019-2020".



Improving Investor Relations

The Company continuously optimizes the investor engagement and communication mechanism. In addition to the shareholders' meetings and the information disclosure channels required by law, the Company also provides multiple communication channels such as hotlines, email, online platforms, visits, investor conference calls, and face-to-face meetings. The mechanism supports timely response to investors' demands, inquiries, and suggestions and is thus conducive to fostering long-term, stable, and positive relationships.

In 2020, the Company convened seven shareholders' meetings. The meetings were very effective as all directors, supervisors, and relevant senior managers attended, where they expounded to shareholders in detail the meeting agenda and the Company's latest developments and responded to shareholders' concerns. The Company also organized a variety of exchange activities among investors and buyer analysts in line with regulatory requirements and investor needs, which served as a useful channel for maintaining smooth and effective communication with shareholders. Three fruitful online investor exchange meetings also took place, where the existing shareholders and potential investors interested in the Company were updated on its performance.

The Company further optimized the investor service section on its website, maintained communication with investors through the investor hotline, investor email, and the SSE Info platform, and created a pathway between investor hotline and customer service hotline to jointly address investor concerns. In 2020, the Company actively responded to and resolved investor inquiries through the investor hotline and SSE Info platform, making every effort to provide investors with easy access to comprehensive information about its performance through the provision of efficient and quick services.

Business Performance



In 2020, the Company recognized total revenue and other income

RMB 30.72 billion

In 2020, the Company recognized total revenue and other income of RMB30.72 billion, and RMB9.51 billion in net profits attributable to the parent company, representing year-on-year increases of 58.29% and 72.85% respectively. The income tax, value-added tax, taxes, and surcharges in the aggregate amounted to RMB4.54 billion. The Company achieved earnings of RMB1.20 per share, with the social contribution value per share standing at RMB3.15. (To learn how the "social contribution value per share" is calculated, please refer to the "Key Performance Indicators" section in Chapter Four ("Giving back to Society") of this report.) An overview of the Company's core businesses is as follows:

The Company continued to lead the industry in investment banking. It ranked 2nd in the number and volume of both corporate stock and bond issuances as lead underwriter, both remaining within top three of the industry for the eighth consecutive year, and ranked 1st in the IPO and corporate debts categories respectively.

Core indicators of the wealth management business remained largely stable in 2020 with a slow upward trend. The Company ranked 10th in the market share of net income from securities brokerage, 8th in that from financial product brokerage, and 2nd in the market value of securities under custody; the average monthly active customers on the Qingting Dianjin APP ranked 8th in the industry; income from margin trading and securities lending and from share-pledged repurchase business both ranked 10th.

The Company maintained an excellent performance in the trading and institutional client service business and delivered good absolute returns in equities. The OTC options trading volume and return swaps grew by RMB246.49 billion and RMB41.05 billion respectively, representing year-on-year increases of 25.01% and 257.47%. The fixed-income returns far exceeded the market averages. The Company continued to be the market leader in bond sales, with the number of competitive sales of credit bonds rose sharply, and the amount of local debt underwriting ranked 2nd in the industry; it remained one of the top 5 brokers for the Bond Connect business.

The Company's asset management business continued to move toward a more balanced composition. In 2020, the Company ranked 7th in the industry in terms of AUM and actively managed fiduciary assets. At the end of the reporting period, Eight of China Securities Fund's 17 participating mutual fund products ranked top 1/2 of the market, with one within the top 5% and four within 20%. The exit returns for China Securities Capital projects averaged 108%.

Risk and Compliance Management

Risk and Compliance Management

CSC takes risk management seriously and adopts the risk management approach of "risk control first and risk control by all" rooted in the core concepts of "Integrity, Focus, Growth, Win-win". The Company endorses "healthy development", places high value on risk management, and prioritizes awareness, responsibility, and system construction. The Company specifies the head of each department to be the chief responsible person for risk management.

The Company has developed a comprehensive risk management system that suits its own characteristics based on the *Administrative Measures on Risk Control Indicators in Securities Companies*, the *Norms for Overall Risk Management of Securities Companies*, and the rules of financial self-regulation; established a fairly reasonable organizational structure for risk management aligned with the Company's actual business conditions and formulated operational risk management policies; designed and instituted an adequately comprehensive and scientific risk indicator system; put together a professional risk management team and independently developed an information system that could meet the basic needs for day-to-day risk measurement, monitoring, and reporting; formulated targeted and effective response mechanisms for each major risk. The Company actively participated in the consolidated supervision pilot program and used the evaluation criteria to inform improvements in its comprehensive risk management system to make it all-encompassing, measurable, and responsive while enabling supervision and generation of analyses. The Company has forged its very own characteristics and strengths with regard to risk management system and policies, risk control for new businesses and products, credit risk management and internal evaluation system, liquidity risk management and response, subsidiary risk management, risk model measurement and application, etc. The actual operations indicate that the Company's comprehensive risk management system is essentially sound, robust, and effective in preventing and mitigating various major risks. In March 2020, the Company became one of the first pilot brokers for consolidated supervision.

The Company has regarded the construction of a risk management system as a business imperative since day one and has set up a balanced three-layered risk management system.

CSC Risk Management Policy System

Layers	Levels	Types of risk management policies	Risk management policies
First layer	Board of Directors	Basic guidelines of risk management	The <i>CSC Administrative Measures for Risk Management</i> , which lays out the objectives, principles, organizational structure, authorization system, related responsibilities, basic procedures, etc. of risk management
Second layer	Administration and management	Policies that regulate risk management procedures	The <i>Administrative Measures for Risk Identification and Assessment</i> , the <i>Administrative Measures for Risk Monitoring</i> , the <i>Administrative Measures for Risk Information and Risk Reporting</i> , and policies that regulate different categories of risk management, including <i>Market Risk Management Guidelines</i> , <i>Credit Risk Management Guidelines</i> , <i>Operational Risk Management Guidelines</i> , <i>Liquidity Risk Management Guidelines</i> , <i>Reputational Risk Management Guidelines</i> , <i>IT Risk Management Guidelines</i> , <i>Internal Control System</i> , etc.
Third layer	Business implementation	Business management regulations and workflows and detailed rules on risk management processes	Regulations for professional risk management processes and for specific lines of business, branches, and subsidiaries

Compliance Management

Consistent with the management philosophy that “compliance starts with me, compliance is everyone’s duty, and compliance creates value”, the Company continues to push forward the construction of a comprehensive compliance management system, implement information isolation and conflict of interest management, and embed compliance management throughout all decision-making, implementation, and monitoring processes.

Compliance policies

- Ensures the rights of the Compliance Director and Compliance Management Department to independence, information, inspection, and reporting pursuant to the *CSC Articles of Association* and the *CSC Measures for Corporate Compliance Management* so that they can perform their compliance management duties in full.
- The *CSC Compliance Manual* lays out the concept, requirements, employee work practices, and prohibited behaviors regarding compliance management. Regulations for information isolation and conflict of interest management, personal investment behavior management, external part-time job management, etc. constitute the Company’s policy system of information isolation and conflict of interest management; regulations for anti-fraud, reporting of violations, compliance accountability, etc. guarantee employees’ rights to report violations of laws and regulations and determine matters related to compliance accountability and the handling procedures; the anti-money laundering regulations set out requirements for the internal control procedures, personnel duties, risk classification, suspicious transaction analyses, etc. of anti-money laundering management and guides the implementation of related work.

Compliance training

- Formulated the annual compliance training plan and provided tailor-made training for employees of different levels and roles, covering areas such as compliance management for different business lines and integrated cross-border business, professional integrity, anti-money laundering, employees’ work practices, interpretation of new regulations, and case studies, effectively improving employees’ awareness of compliance and promoting compliant behaviors. The Company also actively provided external training in collaboration with regulatory agencies.
- Conducted in-house compliance education and publicity in terms of the latest regulations and policies, typical industry cases, new internal management requirements, etc. by means of reminders, information express, WeChat articles, quarterly briefings, compiling the *Key New Current Regulations*, etc.

Compliance culture

- Actively guides all management personnel and employees to uphold correct values and codes of conduct and continues to strengthen the sense of responsibility and management abilities of all management personnel.
- Organizes the company-wide Securities Industry Culture and Employee Practice Compliance Examination annually to acquaint employees with management regulations for compliance and risk control and the latest requirements of the securities industry.
- Comprehensively amended the *Employee Compliance Pledge* in accordance with the new *Securities Law* and various new regulations, specifying prohibited work practices, and ordered all employees to study and sign the new pledge.
- Makes compliance culture development an important indicator for the evaluation of departments and persons in charge and an important part of the compliance inspections; gives negative comments to teams or individuals that failed to take seriously or live up to the compliance culture and includes it in the year-end evaluation; holds units and employees accountable for violations of compliance requirements.

Compliance management system

- Created positions for IT specialists, comprehensively sorted out the data and application systems involved in the digital transformation of compliance management, promoted the use of artificial intelligence, big data, blockchain, and cloud computing technology in compliance management, strengthened the monitoring of employee behavior, optimized the work records of compliance management personnel, and continuously worked to build a standardized compliance management system.
- Initiated the construction of a unified Company-level compliance platform designed to summarize and display the various indicators of compliance management and output compliance information and compliance management results; actively pushed for full-coverage of all subsidiaries.

Business Ethics and Anti-corruption

Anti-corruption and Integrity

CSC has drawn up the *Provisions on the Professional Integrity of CSC and Staff*, requiring all employees to conduct business activities in strict compliance with applicable laws, regulations, regulatory requirements, and financial industry self-regulation, as well as social norms, business ethics, professional ethics, and code of conduct; to be committed to fair competition, compliant operations, loyalty and diligence, honesty and credibility and refrain from directly or indirectly offering unjustified benefits to others or seeking such benefits. The Company clearly stipulates the acceptance and handling procedures for the reporting of violations and keeps the reporting channels open. It conducts timely investigations as required into cases and clues of violations and hands out strict punishments. In 2020, there were zero major violations or legal cases regarding corruption or fraud at the Company.



CSC 2020 anti-corruption achievements



Conducted **70+** internal inspections/interviews and collected **191** questionnaires on professional integrity



Issued **53** response letters on integrity to improve integrity-based selection of managers



Released **127** educational materials and conducted **2** case studies of corruption among all CPC members of the Company



8,764 employees took part in the compliance and internal control exam on professional integrity, with an overall pass rate of **99.74%**



Strengthening management of professional integrity

- Established an internal integrity management mechanism and improved the integrity risk prevention and control system; oversaw professional integrity through audits, compliance reviews, and internal inspections and incorporated professional integrity requirements into the Company's compliance accountability system with clearly defined punishments for violations.
- Strengthened identification of professional integrity related risks, combed through job duties and business processes from the three dimensions of position, department, and unit, with a focus on conducting more thorough examinations on integrity risks in key business areas; included Integrity Risk Control in the performance appraisal (Balanced Scorecard) of every department.

Building a deeply embedded integrity culture



- Promoted publicity and education on anti-corruption and integrity and strengthened the integrity awareness of employees and managers through professional integrity training, visits to the education base, professional integrity knowledge tests, integrity pledge signing, etc.

Optimizing complaint and reporting mechanism



- Established a complaint and reporting mechanism that allowed stakeholders such as employees and suppliers to report and expose violations via letters, emails, phone calls, the Internet, or visits.
- Protected whistleblowers by keeping their names, identities, work units, and other information confidential and fully safeguarded their privacy by refraining from disclosing their personal information without their consent.
- Handed out punishments to reported persons who retaliated against or framed the whistleblowers pursuant to relevant regulations.



Anti-Money Laundering

CSC acts in strict compliance with laws and regulations such as the *Law of the People's Republic of China on Anti-Money Laundering*, the *Measures for the Supervision and Administration of Anti-Money Laundering in Financial Institutions (Provisional)*, and the *Guidelines for the Assessment of Money Laundering and Terrorism Financing Risks and Categorized Management of Customers of Financial Institutions*. The Company has drawn up policies such as the *CSC Internal Control Measures for Anti-Money Laundering and Anti-Terrorist Financing* and the *CSC Administrative Measures for Transaction-based Money Laundering and Terrorist Financing Risk Assessment* and revised the *CSC Administrative Measures for Large Transactions and Reporting of Suspicious Transactions*. The Company works to establish a sound internal control system for anti-money laundering to comprehensively identify, evaluate, and monitor the money laundering risks in related businesses.

The Company incorporates anti-money laundering into the performance appraisal, and responsible departments and branches for anti-money laundering that fail the appraisal will have points deducted from the annual evaluation.

Customer ID information management

Optimized the screening rules for problematic customer ID information and implemented restrictions such as separate storage in batches. As of the end of 2020, the Company had sorted out 99.73% of customer ID information; customer accounts with inadequate ID information were subject to separate storage or restricted functions, etc.

Centralized analysis and review of suspicious transactions

Optimized the management systems for large transactions and reporting of suspicious transactions and modified the suspicious transaction monitoring and analysis function in the anti-money laundering system; held meetings on suspicious transaction analysis and conducted on-site oversight of business outlets.

Classification of customers' money laundering risk levels

Promoted the launch of functions for customer risk classification and suspicious transaction processing and verification in the anti-money laundering system; ordered reviews of the quality of past work on the classification of customers' money laundering risk levels and suspicious transaction analysis at the branches.

Capacity building for anti-money laundering personnel

Carried out 10 anti-money laundering training sessions throughout the year, covering topics such as work requirements for customer identification, methods and techniques for suspicious transaction analysis, classification criteria for customer's money laundering risk levels, and functions of the anti-money laundering system; continued to carry out selections of outstanding anti-money laundering employees and competency tests for anti-money laundering personnel.

Enriching formats of anti-money laundering publicity

Launched the 6.16 and 9.19 Anti-Money Laundering Publicity Day activities; nine anti-money laundering videos were produced at the branches; published 15 educational articles on anti-money laundering on the Company's WeChat subscription account; held online anti-money laundering knowledge tests, involving the participation of 10,000+ customers.

Supplier Management

CSC follows the principle of “review before approval, tiered management, dynamic management, and data sharing” in the management of suppliers and the principle of “full competition, top-tier suppliers first, fairness and justness, and avoidance of favoritism” in their selection. The Company formulated the *CSC Administrative Measures for Headquarters Procurement (Provisional)* in 2019 and the *CSC Headquarters Supplier Management Measures (Provisional)* in 2020, among other policies, to further strengthen supplier management.

The Company makes procurements mainly in five ways, namely open tender, invitation to tender, competitive negotiation, request for quote, and single source. Before gaining approval, suppliers are required to sign the *Qualified Supplier Pledge* apart from providing such usual information as business license and financial status. By signing the pledge, suppliers promise to take a zero-tolerance approach to commercial bribery, improper employment, and nepotism and adopt environmentally aware business practices. Suppliers found to violate the pledge will be subject to punitive measures such as disqualification or cancellation of payments.

The Company performs an annual evaluation of the suppliers. They are evaluated on measures of quality of products, quality of services, price, punctuality, and credibility and classified into grades of A, B, C, D, Pending, and Banned based on the score. Grade-A and Grade-B suppliers may be subject to more relaxed procurement requirements and given priority in addressing problems found during the evaluation with the Company’s help.

In 2020, there was zero major violations of environmental or social regulations by CSC suppliers.

Intellectual Property Rights Protection

CSC holds the maintenance and protection of intellectual property (IP) rights with high regard and abides by all applicable laws and regulations such as the *Trademark Law of the People’s Republic of China*, the *Copyright Law of the People’s Republic of China (Revised in 2020)*, and the *Regulations on Computer Software Protection (Revised in 2013)*. The Company has formulated a number of IP rights regulations, including the *CSC Trademark Management Measures* and the *CSC New Media Management Measures*, laying down rules and regulations relating to the use and protection of the Company’s trademarks and the copyright ownership of new media content, to ensure compliance in those regards.

Meanwhile, to avoid IP infringements, the Company offers reminders, training, and guidance on the compliant use of pictures, fonts, and other materials on new media platforms and in daily work to embed an awareness of IP rights protection across the Company.



Key Performance Indicators

Composition of Board of Directors and Supervisory Committee

Indicators	As of Dec. 31, 2020
Number of directors	12
Number of executive directors	2
Number of non-executive directors (independent directors included)	10
Number of independent non-executive directors	5
Number of male directors	9
Number of female directors	3
Number of directors aged between 30 and 40	1
Number of directors aged between 41 and 50	4
Number of directors aged over 50	7
Average tenure of Board members (years)	3
Number of supervisors	4
Number of male supervisors	1
Number of female supervisors	3
Number of supervisors aged between 30 and 40	-
Number of supervisors aged between 41 and 50	3
Number of supervisors aged over 50	1

Meetings of the Board of Directors and the Supervisory Committee

Indicators	2020
Number of shareholders' meetings	7
Number of Board of Directors meetings	12
Number of meetings of the Supervisory Committee	5
Number of meetings of special committees under the Board	13
Number of meetings of the Development Strategy Committee	2
Number of meetings of the Risk Management Committee	2
Number of meetings of the Audit Committee	5
Number of meetings of the Remuneration and Nomination Committee	4
Average attendance of Board meetings (%)	100

Service Volume

Indicators	2020	2019	2018
Investor Banking Business			
Number of equity financing projects	68	38	31
Amount of equity financing projects as lead underwriter (RMB100 million)	1,618.78	381.94	940.52
Number of equity refinancing projects	29	17	21
Amount of equity refinancing projects as lead underwriter (RMB100 million)	786.78	217.70	796.78
Number of bond issuances as lead underwriter	2,378	1,477	586
Amount of bond issuances as lead underwriter (RMB100 million)	12,111.97	9,415.98	6,283.88
Wealth Management Business			
Stock fund turnover from brokerage operations (RMB1 trillion)	12.93	7.14	5.17
Total volume of outsourced custodian services (RMB100 million)	4,044.35	3,000.10	2,047.19
Bilateral stock fund market turnover (RMB1 trillion)	390.61	245.39	182.51
Trading and Institutional Client Service Business			
Number of customer capital accounts (10,000)	899.94	900.41	834.94
Number of Securities Branches	292	295	302
Asset Management Business			
Total AUM (RMB100 million)	4,902.82	5,477.69	6,522.29
Total volume of collective asset management business (RMB100 million)	501.76	285.59	301.66
Total volume of targeted asset management business (RMB100 million)	2,982.15	4,385.80	5,807.95
Total volume of specialized asset management business (RMB100 million)	1,418.91	806.30	412.68

Taxation

Indicators	2020
Total tax payment (RMB100 million)	45.41

Business Ethics

Indicators	2020	2019	2018
Number of concluded legal cases regarding corrupt practices brought against the Company or employees	0	0	0

Procurement Management

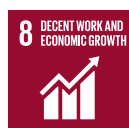
Indicators	2020
Number of suppliers	515
Number of suppliers from Mainland China	510
Number of suppliers from Hong Kong, Macau, Taiwan, and overseas	5
Coverage of supplier audit (%)	100





02

Serving the Economy



Embracing Inclusive Finance

Small and micro enterprises are the lifeblood of the real economy and crucial in maintaining stable employment. Their healthy development is a main driving force for stabilizing employment and improving people's lives. CSC embraces inclusive finance and makes every effort to meet the diversified financial needs of small and micro enterprises and private enterprises through the provision of professional and dedicated services.

- Actively participated in the reform of the National Equities Exchange and Quotations (NEEQ, known as the New Third Board), placing a focus on well-performing private enterprises and small- and medium-sized enterprises (SMEs) and regulating and counseling Select candidates in advance; continued to optimize the counseling structure and push forward the application and review processes.
- Actively underwrote special financial bonds for small and micro enterprises and expanded support channels through market-oriented methods to help them reduce the costs and complexities of financing.
- Provided share pledging service for private enterprises and micro, small, and medium-sized enterprises (MSMEs), thus giving them access to an important means of financing featuring a standardized process, high financing efficiency, and flexible plans, among other strengths.
- As one of the first sub-fund managers of the China SME Development Fund, China Securities Capital plans to work with the Pukou District Government of Nanjing to set up the Equity Investment Fund for SMEs in Nanjing, with a target volume of RMB2 billion. The first tranche of RMB800 million will mainly go to SMEs in strategic emerging industries, including but not limited to integrated circuits, next-generation information technologies, new energy, new environmental protection, new materials, high-end equipment manufacturing, and medicine and healthcare.



CSC 2020 contributions to inclusive finance



Underwrote **19** special financial bonds for small and micro enterprises with total financing of **RMB 248.5 billion**

Strategically buying into Zhongqi Yunlian

Case

Zhongqi Yunlian (Beijing) Financial Information Service Co., Ltd. (hereinafter referred to as "Zhongqi Yunlian") is a leading supply chain financial technology service provider in China. It works to revitalize the credit resources and supply chain system of core enterprises through digital certification of ownership, so as to foster joint growth along the industry chain. China Securities Investment participated in the additional equity funding program of Zhongqi Yunlian in April 2020, thus enabling it to firmly seize market opportunities and empower SMEs in their financing efforts through technological innovation.



Promoting Industrial Optimization and Upgrading

As China's economy makes the transition from a phase of rapid growth to a stage of high-quality development, the key to creating a new development landscape lies in the cultivation of new technologies, new industries, new formats of business, and new models. Leveraging the role of finance in serving the real economy, CSC continuously optimizes the allocation of capital elements in driving industrial transformation and upgrading. By doing so, the Company aims to help build a more stable industrial structure and boost industry development in terms of both speed and quality to meet the needs for high-quality economic development and supply-side structural reform.

Adjusting industrial landscape and promoting transformation and upgrading of traditional industries

- Restricts the underwriting of bonds in industries with excess capacity (e.g. steel, cement, plate glass, and coal chemicals) and declining industries.
- Undertakes concentration management of fixed-income securities investment business and restricts the concentration of industries with excess capacity. For example, the concentration of the real estate industry may not exceed 35%, investment in industries with excess capacity is only limited to industry leaders with policy support and good development prospects, and the combined concentration of investment in the above-mentioned industries may not exceed 10%.

Cultivating new economies and new growth drivers

- Sets up sector teams for TMT (Technology, Media, and Telecommunications), healthcare, etc. to assist in the equity financing services for high-tech industries, strategic emerging industries, "Internet +" industries, and other industries with new growth drivers.
- Underwrites entrepreneurship and innovation bonds to enrich companies' financing channels and facilitate the high-quality development of startups and innovation-driven enterprises.
- Makes early planning for projects on the SSE STAR Market at the PE (Private Equity) stage before making strategic placements and investments guided by the vision of "supporting science and technology and changing the world" and the approach of "serving the real economy, serving technological innovation, and serving economic transformation".
- China Securities Capital joins hands with various capital providers to explore new ways of cooperation and facilitate high-quality development of the real economy through capital deployment, with a focus on strategic emerging industries and the infrastructure sector.



CSC 2020 contributions to industrial optimization and upgrading



Counseled **187** NEEQ-listed companies, with **47** on NEEQ Innovation, ranking **3rd** among the sponsoring brokers



Completed **21** targeted offerings on NEEQ, raising **RMB1.01 billion**



Filed **11** project applications for NEEQ Select Tier, ranking **1st** among the sponsoring brokers



11 new follow-on investments in strategic placements on the SSE STAR Market, with a total amount of **RMB570 million**



Acted as lead underwriter for **7** entrepreneurship and innovation bonds, raising **RMB15.60 billion** in total financing

Working with capital providers to foster sustaining growth of industries with new growth drivers

Case

China Securities Capital actively collaborated with a number of industry capital providers in 2020 to provide enterprises with comprehensive financial services and technical support, with a focus on new economies and new industries. The total project investments amounted to RMB1.65 billion in 2020, and the eight newly registered funds totaled RMB6.56 billion.

Channeling state-owned enterprise capital back to regional economy

- Set up the Taizhou Shuihui Fund in partnership with Beijing Capital Co., Ltd. and Taizhou City. With a volume of RMB500 million, the Fund mainly aims at strategic emerging industries in the region, including advanced technology, equipment manufacturing, energy conservation and environmental protection, etc.

Working with regional capital providers to facilitate industrial upgrading

- Entered into close cooperation with developed regions and hotspot regions, setting up the Nantong Rudong Fund, the Taizhou Runxin Industry Fund, the Yangjiang Offshore Wind Power Fund, the Zhejiang Technological Innovation Fund, etc.

Exploring new approaches and optimizing investment strategy

- Set up the Jiangsu Guoxin Fund jointly with Jiangsu Guoxin Investment Group Limited to invest in the various strategic emerging industries, with a focus on new energy and high-end equipment manufacturing.
- Set up the Zhangzhou Urban Development FOF jointly with Fujian Zhanglong Group Co., Ltd. to invest in high-quality infrastructure projects in Zhangzhou City. An equity feeder fund was set up by the FOF and local funders and capital providers in Zhangzhou to find quality projects in market-oriented ways.

Focusing on hotspot industries and deepening investment partnerships

- Actively worked with industry capital providers and used investments to drive fundraising in key industries such as new materials; set up the Beijing New Materials Fund and Zibo Dongyue Chemical New Materials Fund.

Assisting ZTE Corporation in private placement

Case

ZTE Corporation (hereinafter referred to as "ZTE") is a world-leading listed company engaged in integrated communications equipment manufacturing. As the sole sponsor, CSC helped ZTE raise RMB11.51 billion, providing financial support for its continuous R&D into 5G network progress and giving new impetus to the development of the digital economy.

Providing equity financing for health innovation company TINAVI

Case

TINAVI Medical Technologies Co., Ltd. (hereinafter referred to as "TINAVI") is a leader in China's orthopedic robotics field. The company is engaged in the R&D, production, sales, and service of orthopedic surgical robots and the provision of clinical data sharing and telemedicine services for medical institutions at all levels. As the sole sponsor and lead underwriter, CSC helped TINAVI get listed on the SSE STAR Market in July 2020 and raise RMB504 million. This provided TINAVI with needed funds for delivering breakthroughs and making continuous innovations in R&D.

Key Performance Indicators

Assisting industry-leading solar company JA Solar in private placement

Case

JA Solar Technology Co., Ltd. (hereinafter referred to as “JA Solar”) is a market leader in the PV industry with an integrated industry chain, taking the second spot globally on both measures of solar module shipments and solar cell production. As the sponsor and underwriter, CSC helped JA Solar raise RMB5.20 billion to support the production of high-performance products and the expansion of integrated production capacity to better fulfill its corporate mission of “bringing benefits to mankind through developing solar energy”.

Endorsing Inclusive Finance

Indicators	2020
Number of tranches of special financial bond issuances for small and micro enterprises as lead underwriter	19
Amount of special financial bond issuances for small and micro enterprises as lead underwriter (RMB100 million)	449.07
Total fundraising from financial bond issuances for small and micro enterprises as lead underwriter (RMB100 million)	2,485

Supporting Technological Innovation

Indicators	2020	2019	2018
Number of companies recommended for listing on NEEQ Select Tier	7	—	—
Number of companies counseled on NEEQ Innovation Tier	47	34	52

Indicators	2020	2019
Cumulative number of follow-on investments in strategic placements on SSE STAR Market	20	9
Number of new follow-on investments in strategic placements on SSE STAR Market	11	9
Cumulative amount of follow-on investments in strategic placements on SSE STAR Market (RMB100 million)	8.98	3.28
Amount of new follow-on investments in strategic placements on SSE STAR Market (RMB100 million)	5.70	3.28

Supporting Entrepreneurship and Innovation

Indicators	2020
Number of entrepreneurship and innovation bond issuances as lead underwriter	7
Amount of entrepreneurship and innovation bond issuances as lead underwriter (RMB100 million)	79.03
Total fundraising from entrepreneurship and innovation bond issuances as lead underwriter (RMB100 million)	156.00



03

Protecting the Environment



Green Finance

There is a growing global consensus on the necessity to tackle the climate change crisis through joint efforts. The Chinese government has set the “3060” targets for reaching peak carbon emissions and achieving carbon neutrality and accelerated the development of green finance, paving the way financially for the green transformation of economic and social development. Positively responding to the *Guiding Opinions on Promoting Climate Change Financing* of the Chinese government, the Company offers investment and financing support to green enterprises in fields such as clean energy, energy transformation, and energy conservation and environmental protection using a variety of tools such as green equity financing, green bond underwriting and issuance, and green investment. In this way, the Company aims to play its part in helping construct an ecological civilization and environment-friendly society.

Green Equity Financing

CSC pays close attention to the development of green industries such as clean energy and energy conservation and environmental protection. The Company seeks to provide equity financing services for environment-friendly enterprises to take advantage of green development opportunities together and help green enterprises take off.

Waste incineration

Chongqing Sanfeng Environment Group Corp., Ltd. (hereinafter refer as “Sanfeng Environment”) is a market leader and one of the first companies in China to introduce advanced waste incineration technologies from overseas and have them domestically developed. As the sole sponsor and lead underwriter, CSC helped Sanfeng Environment get listed on the SSE in June 2020 and raise RMB2.59 billion.

Water-saving irrigation

Hebei Runnong Water-saving Technology Co., Ltd. (hereinafter referred to as “Runnong Water-saving”) is a water-saving irrigation service provider and boasts industry-leading drip irrigation technology. It is the largest water-saving irrigation equipment manufacturer and water-saving engineering service provider in North China. As the sole sponsor and lead underwriter, CSC helped the company get listed on NEEQ Select Tier in July 2020 and raise RMB188 million.

Green energy

As a pioneer in China’s new energy industry and a forerunner of the lithium battery technology, Contemporary Amperex Technology Co., Limited (hereinafter referred to as “CATL”) also takes a leading position in the global market for new energy vehicle power batteries. CSC was the sole sponsor and lead underwriter when CATL filed for IPO in 2018 and assumed the same role again in August 2020 in helping CATL complete a private placement and raise RMB19.70 billion.

Flue gas treatment

Beijing Zhtd Environmental Protection Technology Co., Ltd. (hereinafter referred to as “Zhtd”) is a leading integrated service provider in China in the field of industrial flue gas treatment, engaged in providing full-life-cycle industrial flue gas treatment services for non-electrical industries such as steel and coking. As the sole sponsor and lead underwriter, CSC helped Zhtd get listed on NEEQ Select Tier in July 2020, raising RMB241 million.

Environmental management

Beijing Capital Co., Ltd. (hereinafter referred to as “Beijing Capital”) is a large-scale flagship environmental protection company under the Beijing State-owned Assets Supervision and Administration Commission. The company is one of China’s first listed companies in the water and environmental protection sector. Over the years, it has leveraged its roots in traditional water treatment business and continuously grown to be a full-service provider guided by a forward-looking strategy, also offering services in reclaimed water, solid waste treatment, comprehensive environmental management, and environment-friendly construction. As the sole sponsor and lead underwriter, CSC helped Beijing Capital raise RMB3.79 billion through share allotment in September 2020.

Guangxi Bossco Environmental Protection Technology Co., Ltd. (hereinafter referred to as “Bossco”) went public on the SZSE Main Board in 2015, becoming the first listed environment-friendly company in Guangxi. Bossco issued public shares in July 2020, raising RMB580 million, with CSC as its joint lead underwriter.

Meanwhile, the Company continues to provide counseling services for NEEQ-listed energy conservation and environmental protection companies to effectively improve their corporate governance and facilitate stable development in the long term.

NEEQ-listed companies that have been counseled by CSC

- Beijing Huifeng Renhe Technology Co., Ltd., mainly engaged in air heater and central cylinder sealing, anti-wear and anti-corrosion surface treatment, energy efficiency technical programs, and contract energy management.
- Guodiankangneng Technology Stock Co., Ltd., mainly engaged in technical services and EPC (Engineering, Procurement, Construction) services for energy conservation and emission reduction projects.
- Tianjin Xiaowo Environmental Protection Engineering Co., Ltd., mainly engaged in the construction and operation of flue gas dust removal, desulfurization, and denitrification equipment for coal-fired power plants, industrial boilers, and other coal-fired equipment.
- Nanjing Zhongke Water Management Co., Ltd., mainly engaged in ecological treatment of waters and the research, development, and construction of waterproof and anti-seepage projects.

Green Bonds

CSC actively develops green bond underwriting and issuance services, supports the development of green industries, guides institutions to invest in green bonds, and caters to the financing needs of enterprises. In 2020, the Company led the underwriting of 31 green bonds, amounting to RMB46.98 billion in total fundraising. The raised funds mainly go to fields like green travel, waters restoration, and renewable energy power generation.



Highlights: CSC 2020 Green Bond Underwriting



With CSC as the lead underwriter, Shenzhen Metro Group issued the Green Corporate Bond of the Pilot Demonstration Area (2nd tranche) (20 Shenzhen Metro G2) to qualified investors in 2020, which is China's first green corporate bond in the Pilot Demonstration Zone.



With CSC as the lead underwriter, the special green bond for ecological restoration of the Yangtze River of Changzhou Binjiang Economic Development Zone Investment Development Group (20 Changzhou Binjiang Green Bond) is the first corporate bond in the Yangtze Delta area themed ecological restoration of the Yangtze River. It is also one of China's first corporate bonds issued under the registration system and the company's very first registered corporate bond.



With CSC as the lead underwriter, the first tranche of Hua Xia Bank Co., Ltd's green financial bonds in 2020 (20 Hua Xia Bank Green Finance 01) was issued at an interest rate of 2.08%, the lowest among financial bonds issued by commercial banks at the time of issuance.

Green Investment

China Securities Investment takes into account the ESG performance of the target companies in its investment activities, with a focus on finding and supporting companies that contribute to environmental improvement such as environmental protection, energy conservation, and clean energy. Giving priority to the new energy sector, China Securities Investment made an investment of RMB10 million in Jinko Power in 2020, one of the world's few PV manufacturers with a vertically integrated industry chain, to support the development of new energy technologies and product promotions.

Green Operations

In compliance with the *Energy Conservation Law of the People's Republic of China*, the *Environmental Protection Law of the People's Republic of China*, the *Water Pollution Prevention and Control Law of the People's Republic of China*, the *Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution*, the *Law of the People's Republic of China on the Prevention and Control of Solid Waste Pollution*, and other applicable laws and policy requirements, CSC actively pursues green development. The Company strives to maximize its energy use efficiency and reduce the environmental impact of its business activities to build a long-term environmental protection mechanism.

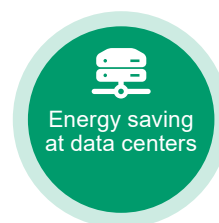
Green Business

The Company makes a major push to use the All-in-one Counter system, realizing electronic signature for both on-site and witness account opening at the securities branches and thus significantly reducing the use of paper. As of the end of 2020, the Company had put the All-in-one Counter system into full operation, covering 99% of the account business and achieving centralized, paperless review.

Energy Management

The energy consumption at CSC mainly occurs in three areas: fuel consumption by the Company-owned business vehicles, daily electricity consumption at the workplace, and electricity consumption at the data centers. The Company continuously improves the energy consumption monitoring system to further refine energy management and takes targeted measures to improve energy efficiency.

Strictly implements the *Interim Provisions on the Management of Business Vehicles* and keeps a file for each vehicle, which records detailed information such as the mileage, use of fuel, and inspection dates; checks vehicle maintenance regularly and has vehicles with excessive emissions scrapped in time to ensure that the exhaust emission standards meet the requirements of national regulations; records and counts the fuel consumption of vehicles on time and identifies causes in the event of unusually high fuel consumption to avoid more waste of resources.



Requires some of the lights to be turned off during lunch breaks or overtime and office computers to be turned off or set to power-saving mode when out of use; puts up signs at the entrance and exit of meeting rooms as a reminder to turn off the lights and air conditioners when meetings are over; keeps the air-conditioning temperature at about 26°C; implements green procurement principles, taking into account the energy efficiency indicators of electrical appliances when making a purchase.

The Company's own data room in Shanghai uses a closed cooling channel design, which increases the cooling efficiency of air conditioning. The two rented data centers in Beijing adopt energy-saving technologies such as centralized cooling with high-pressure chillers, variable-frequency centrifugal water-cooled chillers, optimized airflow in cold channels, single-stand high-power, hot-back-plate air conditioning, and ground-source heat pump heating. The average PUE of those two data centers was 1.4 in 2020.

Waste Management

The hazardous waste generated by the Company's daily office operations mainly includes waste toner cartridges, ink cartridges, waste lead-acid batteries, etc., which are recycled and disposed of by recyclers. The non-hazardous waste mainly includes office waste and waste electronic devices. The office waste is handled by the office building property management company, and the waste electronic devices are recycled and disposed of by the recyclers after being scrapped upon approval.

Water Resources Management

The Company manages to avoid waste of drinking water due to expiration by limiting the amount of bottled drinking water in a single purchase and reduce the amount of tap water used by installing automatic sensor faucets in public areas.

Paper Management

CSC advocates for information transmission through e-mail or circulated documents and strives to create a paperless office. The Company mandates double-sided printing to eliminate paper waste and encourages the use of reusable cleaning tools such as rags and towels to reduce the amount of tissue paper used. The Company launched over 50 new approval processes in its office automation (OA) system in 2020, further digitalizing the approval process and greatly reducing the amount of paper used.

Waste Sorting

In compliance with the *Regulations on the Management of Domestic Waste in Beijing (Revised in 2020)*, CSC has put together a waste sorting management team, ordered the signing of a waste sorting pledge by relevant units, posted posters in public areas, and arranged for personnel in the canteen to guide and assist in the sorting of kitchen waste. Meanwhile, the Company educates the employees on waste sorting concepts and practices to maximize their involvement. All of the Company's office waste is collected, transported, and treated through municipal services.

CSC will continue to conduct low-carbon operations and gradually expand the scope of environmental data collection. Based on a full grasp of its performance in energy and resource consumption, the Company will learn from the best practices of domestic and international peers and take active measures to reduce energy and water use and lower carbon emissions and waste production, thereby promoting green operations and minimizing its environmental footprint.



Key Performance Indicators

Green Products and Services

Indicators	2020
Number of green bond issuances as lead underwriter	31
Total fund raised from underwritten green bonds (RMB100 million)	469.80

Energy Consumption¹

Indicators	2020
Direct energy consumption	
Gasoline consumption (liters)	135,358.22
Natural gas consumption (m ³)	25,372.00
Indirect energy consumption	
Purchased Electricity Consumption (kWh)	7,286,198.66

Emissions¹

Indicators	2020
Total GHG emissions (tCO ₂ e) ²	6,831.86
Total direct (Scope 1) GHG emissions (tCO ₂ e)	421.39
Intensity of direct (Scope 1) GHG emissions (tCO ₂ e/m ²) (Company headquarters) ³	0.01
Total indirect (Scope 2) GHG emissions (tCO ₂ e)	6,410.47
Intensity of indirect (Scope 2) GHG emissions (tCO ₂ e/m ²) (Company headquarters) ³	0.22
Total waste (tonnes)	128.44
Total non-hazardous waste (tonnes)	114.94
Total hazardous waste (tonnes)	13.50
NO _x emissions (tonnes) ⁴	0.03
CO emissions (tonnes) ⁴	0.63
HC emissions (tonnes) ⁴	0.07
Particulate matter (tonnes) ⁴	0.01

Water Consumption¹

Indicators	2020
Total water consumption (tonnes) ⁵	31,768.75
Intensity of water consumption (tonnes/m ²) (Company headquarters) ³	0.37

Packaging Consumption¹

Indicators	2020	2019	2018
Volume of packaging material used (tonnes) ⁶	3.16	1.06	2.14

Notes:

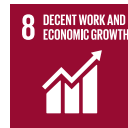
1. Unless otherwise specified, the scope of the 2020 environmental data related to the Company's operations in this report includes CSC headquarters and branches, China Securities Fund, China Securities Futures, China Securities Capital, China Securities International, and China Securities Investment. Compared with 2019, nine new branches have been included in the accounting scope.
2. Given its business characteristics, the Company's main sources of GHG emissions are purchased electricity and natural gas, as well as fuel consumption from self-owned business vehicles. Compared with 2019, natural gas consumption has been included in the calculation of direct GHG emissions through GHG verification. The GHG emissions are reported in tonnes of CO₂ equivalents (tCO₂e). The emissions factor is based on the 2012 data provided by the Ministry of Ecology and Environment of People's Republic of China in the *Average CO₂ Emission Factors of China's Regional Power Grids of 2011 and 2012* and the 2019 emissions factor provided by Hongkong Electric Company.
3. To ensure the accuracy of the data, only the GHG and water consumption intensity at the Company headquarters has been calculated given the change in the number of branches covered in this year's report.
4. The main source of the Company's air pollutants is the exhaust emissions from its own business vehicles. The emissions of four major air pollutants, namely nitrogen oxides (NO_x), carbon monoxide (CO), hydrocarbons (HC), and particulate matter (including PM_{2.5} and PM₁₀), are disclosed in this report. Sulfur dioxide emissions are not disclosed as they are less than 0.01 tonnes. The calculation of air pollutants has been mainly based on the *Technical Guidelines for the Compilation of Atmospheric Pollutant Emission Inventory of Road Motor Vehicles* released by the Ministry of Environmental Protection of the People's Republic of China.
5. The Company calculates its water use in three areas, namely municipal water supply (tap water), 5-gallon bottled water (drinking water), and single-serve bottled water (drinking water). The Company actively implements water-saving practices, and its daily water use has not caused significant environmental impact on the communities where it operates.
6. The volume of packaging material used refers to the weight of envelopes, paper bags, and other items used by the customers.





04

Giving back to Society



Customer Service

Providing Quality Products

CSC puts customers first. The Company maintains an unwavering commitment to selecting quality financial products for the customers and offers high-quality, low-cost, and high-yield financial products with controllable risks based on a professional financial product rating system.

Diversifying fixed-income products

- With CSC as the investment advisor, the Guyilian series has been widely recognized by investors for its clear investment scope and risk control indicator restrictions. In 2020, the Company introduced the structured products “convertible bond series” and “TOF”, which were innovative attempts with improved product strategy and structural design, further diversifying customers’ investment options. As of the end of 2020, about 50 Guyilian products were in operation, amounting to RMB9 billion.
- Gushoubao is a low-risk and highly liquid fixed-income product. Investors can obtain the principal and interest income paid by the Company by means of a pledged repurchase. As of the end of 2020, the Gushoubao AUM stood at RMB9.60 billion. In addition to the usual varieties, the Company also released New Customer Exclusives, Old Friend Exclusives, and a number of festive Gushoubao offerings to cater to the financial needs of different customer groups.

Selecting well-performing funds

- The Company has launched the Six-pulse Sword evaluation system for public funds, which analyzes and evaluates public funds from the six dimensions of “income, style, stability, research value, owner, and control”. It defines four categories, namely Quality, Select, Allocation, and Index, and has created the “golden fund pool” that gives customers diverse options by bringing together high-quality funds.
- With respect to private equity funds, the Company reviews and scores private equity managers on the five measures of “company’s operating risk, competency of the investment and research team, past short-, medium- and long-term performance, risk control and compliance management, and corporate incentive mechanism”, and develops scoring standards and evaluation systems for different strategies. The Company has a transparency mechanism in place to determine whether to offer a product, which consists of the seven steps of application, handling, approval, due diligence, risk control audit, compliance audit, and decision review.



Optimizing Services

CSC continues to optimize its online and offline customer service systems based on customers' practical needs. The Company constantly explores the integration of information technology and the financial business to ensure high-quality services.



Professional investment advisory service

- Continued to improve advisory service for investment products and optimize the investment advisory product quality control system to achieve standardized and scenario-based risk management in this regard.
- Provided full support for the investment advisory business at the branches in the form of plans, tools, and data and actively organized business exchanges and surveys to optimize the investment advisory service at the branches.
- Conducted 10 training sessions on professional investment advisory to build a more professional advisory team.



Technology-empowered services

- Built the new Fintech Experiment Center, spurring technological innovation by combining technology with business; set up a management system on the customers' end that offered full-life-cycle digital services that were better and faster.
- Conducted in-depth analyses of customer shareholdings, transactions, and investment preferences using big data technologies, machine learning, and customer profile and data mining models; provided customers with comprehensive and three-dimensional services based on visual scenario design.
- Launched a recommendation engine to realize personalized recommendations based on user characteristics.



Improving services at outlets

- Initiated centralized operations in 2018, aligning business procedures with real-world scenarios using the All-in-one Counter system; launched the paperless, electronic signature system to help customers save time.
- Promoted multi-channel business handling and integrated the standardized procedures for on-site, APP, and witness businesses.
- Established standardized before-, during-, and after-sales service procedures and regularly tracked, reviewed, and analyzed the sales and service of different products to deliver a better customer experience.



Qingting Dianjin APP

Case

The Qingting Dianjin APP is the Company's integrated, one-stop mobile application that performs a range of financial services for customers such as account opening, market performance, trading, wealth management, investment advisory, news and information, and business processing.

Improving the trading experience

provides customers with accurate and comprehensive asset analyses based on the data warehouse to improve the experience of selecting and tracking stocks and optimize the process of stock trading and wealth management product purchasing.

Online business processing

allows customers to access the services without leaving their homes with 26 newly added services online.

Intelligent investment advisory

launches "Decision-making", an intelligent investment advisory section dedicated to hosting a range of intelligent products with the Company's characteristics, such as Short-term Stock Picking, SSE, SZSE, and HKEX Fund Tracking, Market Makers' Code, Index Traffic Light, and Fund Updates.



The Qingting Dianjin APP has had **8.89 million** cumulative downloads, with **2.26 million** new downloads in 2020



The Qingting Dianjin APP ranks **8th** among securities APPs by average monthly active users (MAUs)

(The MAUs ranking is provided by the third-party platform Analysys Qianfan)

Youwen – A considerate and professional online investment advisor

Case

Youwen is the Company's online service platform for securities advisory. Committed to the service philosophy of "creating value for users", the platform provides investors with a full range of investment information and 24/7 professional online advisory services on securities investment. Youwen features an approach where licensed professional advisors pick up questions online. Based on intelligent routing algorithms and an integration of the Company's professional consultant resources, Youwen, together with the intelligent service plugin Youwen Investment Advisory Assistant, ensures that accurate answers are given as soon as possible, thus meeting the investors' needs for professional advisory services. As of the end of 2020, Youwen had incorporated over 300 internal and external channels, including the Qingting Dianjin APP, PC Premium Online Trading, and WeChat subscription account.



Youwen has provided **3.27 million** services in total



Youwen provided **1.28 million** services in 2020, averaging **5,316** daily

Mobile operations platform system

Case

In 2020, the Company launched a mobile operations platform system. With intelligent features like OCR (optical character recognition), face recognition, and voice input, it accommodates complex text entry needs and offers an upgraded experience. Thanks to the system, more complex services such as institutional account opening and margin financing no longer need to be handled on-site. Services have become more convenient for customers as the system enables employees who have taken needed training and passed the competency test to bring business handling to customers' homes.

Safeguarding Customer Rights

Besides providing customers with a wide selection of financial products and high-quality services, the Company also makes a point of protecting the customers' legitimate rights and interests by exercising strict control of the entire sales process and providing timely risk alerts.

Product approval

- Rates products on five risk levels, namely low, medium-low, medium, medium-high, and high.
- Classifies investors as professional or retail (non-professional) before their involvement in investment activities; then categorizes retail investors as Conservative, Prudent, Balanced, Active, Aggressive, and the lowest level based on results of the risk assessment questionnaire designed by the Company in light of requirements of the Administrative Measures for Regulatory Suitability in order to match customers with suitable products.

Before sales

- Matches customers with products that suit their risk levels; performs specific risk disclosure when a product's risk level is higher than that of the customer.
- Conducts employee training, examination, roadshows, interpretation of headquarters sales highlights, compliance reminders, and compliance reviews of promotional materials for the various categories of products.



After sales

- The MOT (Moments of Truth, critical customer moment management) system is automatically triggered for major product-related matters to send alerts to customers.
- The Company's trading APP makes it convenient to search for information on issues like holding profit and loss, net value changes, and manager announcements.
- Dedicated account managers answer customers' inquiries and provide them with information on the positions of all asset classes every year.

During sales

- Selects customers who potentially meet the suitability requirements with help of the smart CRM (Customer Relationship Management) system.
- Displays product element disclosure, risk alerts, and legal texts for customers with matching/unmatching suitability throughout the ordering process.
- Performs video witness for product categories and special customer categories that need to be recorded on both audio and video to manage the risk disclosure process and track the process.



Listening to Customers

The Company treats customer complaints with great seriousness and brings its activities in line with the tenet of “putting customers first, respecting investors’ rights, taking complaints seriously, improving service quality, and conducting business in compliance with regulations”. In 2020, the Company revised and issued the *CSC Rules of Implementation for Handling Customer Complaints*, specifying a six-step procedure for handling company-level, local regulatory-level, and national regulatory-level complaints. In principle, the business branches must have all complaints resolved within three days of receiving them from the headquarters. The Company has also established a punishment mechanism regarding customer complaints based on the existing *CSC Employee Reward and Punishment Measures* and the *CSC Regulations for Compliance and Accountability* to assign accountability and hand out punishments to business branches involved and improve management at the front end.

In terms of customer satisfaction, the Company set up a customer satisfaction survey system in 2020 for key areas of customer experience such as call center and online account opening. The Company collects customer feedback in a timely manner through the surveys and creates a reporting system, which informs improvements in related issues and work processes.



Customer satisfaction survey on call center

call-in customers receive a satisfaction survey message before hanging up to collect their evaluation of the particular operator with regard to the overall experience, helpfulness, and service attitude.



Customer satisfaction survey on online account opening

customers who open an account online receive a satisfaction survey message after setting up a capital account to collect their evaluation on metrics like the overall experience of online account opening, the APP’s accounting opening features, the witness wait time, and the attitude of the witness worker.

The Company provides one-on-one service and guidance, as well as needed assistance such as reading glasses, for elderly customers at the business outlets. Also, given the limited mobility of some seniors, the Company have made home-based services and telephone advisory available. A special service window for elderly people is also set up at outlets with the right conditions to reduce their wait time.



Information Security and Privacy Protection

The Company attaches great importance to information security and the protection of customer privacy and has established sound information security and privacy protection mechanisms in accordance with relevant laws and regulations including the *Regulations of the People's Republic of China for Safety Protection of Computer Information Systems*, and the *Measures on the Administration of Client Identity Identification and Materials and Transaction Recording of Financial Institutions*.

CSC Organizational Structure for Information Security Management



The Information Technology Governance Committee (IT Governance Committee) under the Executive Committee is the Company's highest governing body of information security. The committee meets at least once a quarter to inform and review major IT-related issues and convenes temporary meetings as needed. The Company's general manager acts as chairman of the committee, and permanent members comprise the chief executives of different business departments and a team of top IT talents.



As the administrative department of information technology, the IT Department is the main department responsible for building and administering the Company's information security management system. The Chief Information Officer and members of the Executive Committee are responsible for the daily management of the IT line of duties and the implementation of the Company's various IT tasks.

The Company has drawn up the *CSC Regulations for Data Management and Control*, standardizing the types, security levels, backup, use, modification, etc. of data; formulated the *CSC Regulations for Personal Information Protection Management* and the *Administrative Measures for the Confidentiality of Customer Information at CSC Branches*, laying out provisions for the collection, storage, transmission, use, sharing, transfer, and deletion of customers' personal information. The Company also maintains an interface on all of its transaction applications for customers to confirm their consent to the privacy terms and policies before login to ensure they are aware of the information interactions involved.

In 2020, the Company conducted a comprehensive assessment of personal information security on its Qingting Dianjin APP, Flush Straight, and Huidian Options APP and found zero leakages of customer information or privacy.



- Has a standard process in place for data modification and information system maintenance in the OA system, which is connected with the operations and maintenance management platform to realize closed-loop management of changes in the information system, thus ensuring controllable risk and tracking of the changes.
- Backs up key system data locally and remotely, checks the validity of the backup data quarterly, and archives the verification results.
- Monitors and screen-records all the steps taken by the system administrator in performing operations and maintenance with the bastion host recording mode for future review.



Information system stress tests

- Performs stress tests after the core system undergoes upgrades or major changes to assess its new processing capacity and whether it meets the demands for production. The client system initiates a full-trace stress test to assess the overall processing capacity of the business trace-related system. The stress test results verify the sufficiency of the Company's core system as its maximum processing capacity is more than twice the peak volume of requests of the last year.



Data center cyber security

- Strictly separates the data center networks from the network area of the headquarters and each branch through a high-performance enterprise network firewall.
- Enforces strict access control policies and requires approval for any attempts of network access.
- Uses two-factor authentication in the network equipment for logging in to the data center.
- Requires operations via a virtual desktop for login under test environments that contain sensitive data to prevent data breaches.



Office network security

- Guarantees the security of office computing devices through the use of anti-virus software, Internet-use behavior management system, network access system, etc.
- Uses the honeypot system, threat intelligence system, and intrusion detection system to detect intrusions in or attacks on the office networks. The Company is currently capable of detecting Trojan horses, viruses, malicious software, and network intrusions.



Preventing customer information leakage

- Prohibits batch display of customer profile and phone numbers in the back-end system of businesses that involve personal information unless the middle four digits are coded.
- Encrypts sensitive user information with an encryption machine.
- Uses HTTPS to prevent customer information leakage during transmissions in business systems that are published online.
- Monitors data leakage with the DLP (Data Leakage Prevention) system.



System and network security monitoring

- Has personnel dedicated to performing vulnerability checks on the information systems, who scan for vulnerabilities twice a month, with the scanning results recorded in the monthly assessment report and the detected vulnerabilities fixed in time.
- Audits database operations using the Impreva database audit system, covering areas such as logins, database modifications, database table permission changes, and system parameter modifications.
- Summarizes and analyzes the various security alerts using the SEIM (Security Event Information Management System) to quickly locate, respond to, and trace the sources of security events.

Investor Education

Following the *Guidelines for Investor Education in Securities Trading Institutions*, CSC has formulated a series of policies including the *CSC Implementation Rules for Investor Education*, the *CSC Implementation Rules for NEEQ Investor Education*, and the *CSC Implementation Rules for Investor Education on SZSE GEM* to fully integrate investor education and protection into the Company's various business lines and processes.

Revamping investor education section on the Company's website

- Revamped the investor education section on the Company's official website, making two versions available to users. The Professional version is designed to be comprehensive. With a clear framework and systematized content, it caters to the needs of users who require professional services through sub-modules like Knowledge Center, Making Voice Heard, Rules and Regulations, Risk Alerts, and Investor Engagement. The Fun version presents investment education products in such rich formats as pictures, audio and video, and games and offers sub-modules like Database, Movie House, Broadcast Station, Game Shares, and Pocket Dictionary*.
- Worked to create a content pool dedicated to investor education and protection by promoting the construction of new-media platforms for investor education related content and operating the CSC Investment Education Base subscription account on WeChat.

Innovating formats of investor education

- Held the Jingxin Academy Cloud Visit together with the School of Economics and Management of University of Science and Technology Beijing (USTB), an innovative attempt at online live broadcast.

Promoting the integration of investor education into the national education system

- Signed an enterprise-school cooperation agreement with the International Business School of Beijing Foreign Studies University, officially offering the compulsory *National Securities Investment* course. The videos of the course have gone live on media platforms like the Xinhuanet, the Xinhua News Agency, and the Xuexi Qiangguo, topping 125 million views in total. This served as an exemplary approach to investor education for the industry.

Carrying out special investor education activities together with regulators

- Co-hosted the Investor Education Skill Training Camp (Phase II) at Jingxin Academy with SAC and China Securities Internet System Co. Ltd., which was attended by representatives from 49 local associations and brokerage firms and gave a boost to investment education.

※: For the specific content of the Investor Education Base section on the Company's website, please visit <https://wwwbj.csc108.com/investoredu/inveduindex.aspx>

Primary investor education activities of CSC in 2020

- | | |
|---|--|
| <ul style="list-style-type: none"> • Publicity on the 3.15 World Financial Consumer Rights Day • 5.15 National Investor Protection Publicity Day activity • Special investor education activity centered around "NEEQ Reform under the theme of 'Year of the Gengzi: understanding rules, identifying risks, and investing rationally'" • Series investor education activities in celebration of the SSE STAR Market's first anniversary • "Shareholders Are Here" Investor Rights Knowledge Contest | <ul style="list-style-type: none"> • Publicity activity for the GEM registration system reform • World Investor Week publicity • Guarding against illegal fundraising and illegal securities promotion • Community teach-in themed "Investing Rationally and Guarding against Securities and Futures Traps" • 6.16 and 9.19 Anti-money Laundering Publicity activity • 11.11 CSC Investor Education Publicity Day activity |
|---|--|



CSC 2020 achievements in investor education



Organized **11,882** investor education activities of various types, recording **100 million+** attendances (including online platform)



Produced **653** original investor education products



The Company's investor education base Jingxin Academy received **8,856** visits and hosted **24** community activities on investor education, recording **1,238** attendances from community residents; organized **81** campus activities on investor education, recording **4,726** attendances



The Jingxin Academy was rated “**Outstanding**” in the 2020 CSRC National Investor Education Base Evaluation for Securities and Futures Entities



The Company won **71** awards for work in investor education and protection, including **26** national awards



CSC community activities on investor education

Human Capital Development

Employment and Recruitment

Employees are the greatest asset of a business. CSC adopts a people-centric approach and conducts business in strict accordance with applicable laws and regulations such as the *Labor Law of the People's Republic of China*, the *Labor Contract Law of the People's Republic of China*, and the *Law of the People's Republic of China on the Protection of Women's and Children's Rights and Interests*. The Company has also drawn up regulations and policies such as the *CSC Recruitment Management Measures*, laying out specific requirements with regard to employee recruitment, employment, remuneration, leave, promotion, dismissal, working hours, equal opportunity, diversity, anti-discrimination, and other benefits and welfare to help employees and the Company thrive together.

CSC strictly follows the required process and regulations for recruitment and hires mainly through channels like internal competition, online recruitment, and employee referrals. The Company endorses mutual respect, fairness, and justness during recruitment, treats all candidates equally, and prohibits discrimination based on gender, race, religion, etc. as it seeks top-performing talents who share the company's philosophy and meet the needs for future development.

CSC carefully audits the profile of recruits, handles employee hiring and dismissal procedures in accordance with relevant regulations and requirements, and prohibits the use of child labor. Meanwhile, the Company strengthened the regulation of working hours to prevent illegal labor.

In 2020, there were zero major violations of laws or regulations about human resources management at the Company.

Career Development

CSC places great emphasis on employees' career development. While continuing to implement the *CSC MD Rank Management Measures*, the *CSC Administrative Measures for Performance Appraisal*, and the *CSC Remuneration Management Measures*, the Company has also revised the *CSC Employee Handbook* and offers competitive salaries. The Company upholds justness, openness, and fairness in the annual performance appraisals and promotion selections to give top talents the opportunities for promotion and provide employees with ample channels to grow and advance their careers.

Talent Development

The Company continues to optimize the multi-level talent development system that centers on the "employee growth training ladder" and build a strong talent pipeline by combining employee training with the corporate strategy, culture construction, organizational structure, and related processes and regulations. In 2020, the Company carried out a series of internal training programs, online learning sessions, and online exams based on the staff learning map to improve employees' professional skills and competencies and foster well-rounded growth.





New employee orientation

- Helps new employees adapt to the working environment and get acquainted with the corporate culture, compliance risk control, business norms, company rules and workflows, etc. through the Headquarters Orientation Program for New Employees from Campus Recruitment and Social Recruitment, the Branch Trilogy of Growth Training Program for New Employees, and 70 hours of pre-job online classes.



Training and improvement of professional abilities

- **Daily training:** helps employees gain professional knowledge and office competences and improve skills of communication and expression, report writing, and customer development and service through the Business Workshop training.
- **Acquisition of professional qualifications:** encourages and supports employees in obtaining the Securities Investment Advisor (Investment Consultant) Qualification and Fund Manager Qualification; assists them to obtain relevant qualifications by providing multiple courses and mocks on the securities investment advisor (investment consultant) qualifying exam and the fund manager qualifying exam on the E-learning platform.
- **Follow-up vocational training:** organizes all employees to complete the follow-up vocational training hours for the securities qualification as required by the SAC; offers relevant follow-up training to employees who hold the investment advisor qualification, sponsor representative qualification, fund manager qualification, futures manager qualification, or Hong Kong business license for the purpose of their jobs, recording 8,619 participations in total.



Training and improvement of management abilities

- **Management training for team leaders at headquarters:** trains and improves the management awareness and abilities of mid-level employees at the headquarters, with a focus on improving their project execution abilities and innovative thinking.
- **Study and training program for senior and mid-level employees:** strengthens the leadership abilities and professionalism of mid- and high-level personnel, broadens their innovative thinking and international vision, and trains high-performing business managers.
- **Training for managers in brokerage business:** provides targeted training on management and leadership abilities for current heads of branches through the Sailing Program.
- **Training of outstanding young managers in brokerage business:** holds the Torch Class under the Torch Program for training outstanding young managers to select and develop back-up management talents in the branches in a progressive, continuous, and systematic manner.



Construction of online learning platform

- Developed the E-learning platform and the training management system; combined courses developed and recorded by the Company's in-house trainers with purchased or rented courses to ensure continuous training during COVID-19. As of the end of 2020, E-learning hosted 1,243 courses, independently developed or purchased, totaling 1,119 hours; the courses covered contents such as general knowledge about the Company and different departments, compliance and risk control, professional knowledge, professional skills, and sales skills, offering employees a wealth of needed online learning resources.
- Integrated the training data of the E-learning platform and training management system with the Company's human resources system to provide reference for employee training and deployment and inform employees' personal career planning.

Orientation at headquarters for all new recruits

Case

The Company held the annual orientation at the headquarters in August 2020 for new employees hired from campus recruitment. Because of COVID-19, this year's orientation was held with a combination of "live big-class lectures" and "online small-class tutoring". Through "cloud classes, cloud class meetings, cloud tutoring, cloud study tours, and cloud team building", the orientation helped the newcomers gain an in-depth understanding of the Company's history and culture, main business lines, and personal career development paths, honed their professional abilities, and facilitated their adaptation to the working environment and new responsibilities. A total of 168 new employees from the various departments of the headquarters, as well as China Securities Investment and China Securities Fund, took part in the training.

Torch Class for training outstanding young managers in brokerage business

Case

To help the branches build a strong talent pipeline, the Company continued to implement the Torch Program in 2020 for training outstanding young managers, sustaining the continuous and systematic selection, training, and back-up of management talents for the brokerage business.

In seven months, 50 students of the Torch Class effectively honed their team management skills and comprehensive competencies as they participated in a diverse range of activities such as themed training, case study sessions, on-the-job exchanges, and sand table simulations, fast-tracking their growth from business leaders to management leaders. Fifty six percent of the Torch Class trainees got employed within 6 months of completing the training, and four of them have been hired as managers at the securities branches.



The 10th Sailing Cup Employee Business Skills Competition

Employee Rights and Wellbeing

CSC respects its employees, safeguards their legal rights and interests, and attaches importance to their health and safety. The Company encourages employees to maintain a good work-life balance and fosters a positive and motivating work culture so that everyone can enjoy a productive and happy life.



Strengthening safety management

- Carried out safety management under the guidance of the *Labor Law of the People's Republic of China*, the *Regulation on Work-Related Injury Insurance*, the *Law of the People's Republic of China on Fire-Prevention and Control*, and the *Regulation on Internal Security and Safeguard for Enterprises and Public Institutions*, as well as the guideline of "safety first, prevention as key, and integrated administration".
- Provided safety training for new recruits to ensure thorough implementation of safety measures.
- Strengthened fire prevention and control by deploying people and installing devices and further enhanced the accountability system; normalized safety inspections, conducting monthly fire prevention and electricity safety inspections in all of the office and business areas and cleaning up clutter to keep the fire exits unobstructed; organized the property management and fire station security personnel to conduct fire drills.



Improving healthcare

- Provided all employees with supplemental health insurance and a free annual physical check-up besides paying the social insurance as required by law and offered female employees aged 35 and above an extra special semiyearly physical check-up; started to give away masks and disinfectants to employees after the COVID-19 outbreak.
- Organized health seminars for employees, covering content like traditional Chinese medicine, female health, infant health, disease prevention for the middle-aged and elderly, mental wellbeing, and self-rescue during emergencies, to help employees acquire scientific knowledge and develop better work and life habits.



Caring for employees

- Besides statutory festivals, the Company also gave greetings on employees' birthdays, weddings, and childbirths and sent care for retirement, critical illnesses, and hospitalization and condolences for employee passing.
- Provided employees with subsidies for high temperature in summer, for their children's education at the beginning of a new semester in autumn, as well as on New Year's Day and during Spring Festival to help those in need.



Organizing sports and culture activities

- Organized a variety of activities throughout the year to enhance employee cohesion and engagement. They included themed activities on International Women's Day, online exhibition of children's works on Children's Day, an e-sports competition, "Celebrating CSC's 15th Birthday" Large-scale Trek, CSC "Glimpse of Youth" Short-video Competition, etc.
- Formed 19 employee clubs to enrich employees' life.



"Celebrating CSC's 15th Birthday" Large-scale Trek



The Company's labor union continues to improve the employee congress system and has established sound mechanisms for employees to give daily feedback and conduct online communication. The Company respects the employees' right to expression and supervision and holds regular meetings between non-management employees and Company leaders to make their voice heard.

Charitable Activities

CSC undertakes a variety of charitable activities to fulfill its social responsibility as a responsible corporate citizen. As a partner of the Beijing Great Walker Fund-raising Trekking Event, the Company made a donation of RMB182,800 in 2020 (including RMB18,000 donated by the employees), with 80 employees participating in the event. All the money donated would go to the poverty-alleviation program for registered poverty-stricken households in Xi County, Linfen City, Shanxi Province.

The Company and its subsidiaries also made monetary and in-kind donations to underserved groups in places like Chongqing, Guizhou, and Dalian and sent timely care to those in need.



CSC participating in the 2020 Greater Walker Fund-raising Trekking Event in Beijing



Key Performance Indicators

Customer Service

Indicators	2020	2019	2018
Number of service-related complaints	203	390	364
Number of product-related complaints	0	0	0
Complaint resolution rate (%)	100	100	100

Technological R&D

Indicators	2020
R&D investment (RMB10,000)	6,311
Number of newly registered computer software copyrights	3

Human Capital Composition

Indicators	2020
Total number of employees	9,994
Number of male employees	5,757
Number of female employees	4,237
Number of full-time employees	9,994
Number of part-time employees	0
Number of employees aged under 30	3,528
Number of employees aged between 30 and 50	5,966
Number of employees aged over 50	500
Number of employees in Mainland China ¹	9,821
Number of employees in Hong Kong, Macau, Taiwan, and overseas ²	173
Number of ethnic minority employees	619

Indicators	2020
Number of new employees	1,478
Number of new male employees	975
Number of new female employees	503
Employee turnover rate (%)	9.78
Male employee turnover rate (%)	10.87
Female employee turnover rate (%)	8.31
Turnover rate of employees aged under 30 (%)	13.90
Turnover rate of employees aged between 30 and 50 (%)	7.62
Turnover rate of employees in Mainland China ¹ (%)	9.34
Turnover rate of employees in Hong Kong, Macau, Taiwan, and overseas ² (%)	27.91
Average employee tenure (years)	6.95
Average male employee tenure (years)	6.66
Average female employee tenure (years)	7.35

Notes:

1. Refers to employees who work in Mainland China.

2. Refers to employees who work in Hong Kong, Macau, Taiwan, or overseas.

Training and Development

Indicators	2020
Number of training programs conducted	172
Total amount of annual training investment (RMB10,000)	729.8
Percentage of employees trained (%)	86.5
Percentage of male employees trained (%)	87
Percentage of female employees trained (%)	85
Percentage of senior managers trained (%)	100
Percentage of mid-level managers trained (%)	80
Percentage of non-management employees trained (%)	87.1

Indicators	2020
Average training hours completed per employee	47
Average training hours completed per male employee	46.9
Average training hours completed per female employee	47.3
Average training hours completed per senior manager	42
Average training hours completed per mid-level manager	41.4
Average training hours completed per non-management employee	48.5

Occupational Health and Safety

Indicators	2020	2019
Number of work-related fatalities	0	0
Percentage of work-related fatalities (%)	0	0
Working days lost due to injury	0	0

Employee Rights

Indicators	2020
Percentage of employees covered by labor union collective agreements (%)	100

Community Investment

Indicators	2020	2019	2018
Total charitable giving (RMB10,000)	2,996.57	682.59	577.98
for poverty alleviation (RMB10,000)	1,944.08	675.31	544.38
for charitable activities (RMB10,000)	1,052.49	4.28	33.60
for education support (RMB10,000)	-	3	-
Social contribution value per share (RMB) ¹	3.15	2.15	1.64

Note:

1. Social contribution value per share = earnings per share (RMB1.20 per share) + value added per share (RMB1.95 per share), where value-added per share = (tax generated for the state during the year + wages paid to employees + interest on loans paid to creditors + external donations and other value created for other stakeholders - other social costs due to environmental pollution, etc.) / shares; earnings per share are basic and diluted earnings per share; taxes payable include income tax, taxes and surcharges, etc. paid in the current year on an accrual basis; wages paid to employees include wages, bonuses, benefits, housing provident fund and other employee costs; interest on loans paid to creditors includes the interest paid on customer deposits as well as the interest paid on inter-bank borrowings and bonds issued; "other social costs due to environmental pollution, etc." was zero since no major incidents of environmental pollution occurred in 2020.

HKEX ESG Reporting Guide Content Index

Subject Areas, Aspects, General Disclosures and KPIs			Pages
<i>A: Environmental</i>			
Aspect 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.		43-44
	KPI A1.1	The types of emissions and respective emissions data.	45
	KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	45
	KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	45
	KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	45
	KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	44; The Company has not yet set quantitative emissions targets and plans to do so in the future.
	KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	44; The Company has not yet set quantitative waste reduction targets and plans to do so in the future.
Aspect A2: Use of Resources	General Disclosure: Policies on the efficient use of resources, including energy, water and other raw materials.		43-44
	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).	45
	KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	46
	KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	44; The Company has not yet set quantitative energy use efficiency targets and plans to do so in the future.
	KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	44; The Company has not yet set quantitative water efficiency targets and plans to do so in the future.
	KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	46

Subject Areas, Aspects, General Disclosures and KPIs			Pages
Aspect A3: The Environment and Natural Resources	General Disclosure: Policies on minimizing the issuer's significant impacts on the environment and natural resources.		17-18,41-42
	KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	17-18,41-42
Aspect A4: Climate Change	General Disclosure: Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.		17-18,41-42
	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.	17-18,41-42
<i>B. Social</i>			
Employment and Labour Practices			
Aspect B1: Employment	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equity opportunity, diversity, anti-discrimination, and other benefits and welfare.		58
	KPI B1.1	Total workforce by gender, employment type (for example, full- or part- time), age group and geographical region.	63
	KPI B1.2	Employee turnover rate by gender, age group and geographical region.	64
Aspect B2: Health and Safety	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.		61
	KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	65
	KPI B2.2	Lost days due to work injury.	65
	KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	61
Aspect B3: Development and Training	General Disclosure: Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.		58-60
	KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	64
	KPI B3.2	The average training hours completed per employee by gender and employee category.	65
Aspect B4: Labour Standards	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.		58
	KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	58
	KPI B4.2	Description of steps taken to eliminate such practices when discovered.	58

Subject Areas, Aspects, General Disclosures and KPIs			Pages
Operating Practices			
Aspect B5: Supply Chain Management	General Disclosure: Policies on managing environmental and social risks of the supply chain.		29
	KPI B5.1	Number of suppliers by geographical region.	32
	KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	29
	KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	29
	KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	29
Aspect B6: Product Responsibility	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.		52-55
	KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	This indicator is not applicable as the Company belongs to the financial service sector.
	KPI B6.2	Number of products and service related complaints received and how they are dealt with.	53,63
	KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	29
	KPI B6.4	Description of quality assurance process and recall procedures.	49
	KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	54-55
Aspect B7: Anti- corruption	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.		26-28
	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.	32
	KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	26-27
	KPI B7.3	Description of anti-corruption training provided to directors and staff.	22,26-27
Community			
Aspect B8: Community Investment	General Disclosure: Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.		12-16,62,65
	KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	12-16,62,65
	KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	12-16,62,65

About This Report

This report is the fifth Social Responsibility & Environmental, Social, and Governance (ESG) Report issued by CSC Financial Co., Ltd. (referred to as “CSC”, “the Company”, “our Company” in this report) since 2016. The report introduces the specific measures, important practices, highlight cases, and key performance of CSC in actively assuming social responsibility and effectively managing ESG risks and opportunities in 2020.

Reporting Scope

Reporting entities: CSC Financial Co., Ltd. and its subsidiaries.

Reporting period: The time span of this report is from January 1, 2020 to December 31, 2020 unless otherwise specified.

Reporting cycle: This is an annual report, and the last report was issued in March 2020.

Reporting Guidelines

This report has been prepared in accordance with the *Notice on Strengthening the Social Responsibility of Listed Companies and Issuing the “Guidelines for Environmental Information Disclosure of Listed Companies on the Shanghai Stock Exchange”*, the *Guidelines for Environmental Information Disclosure of Listed Companies on the Shanghai Stock Exchange*, the Annex II of No.1 Work Memorandum of 2009 Annual Reports of Listed Companies: *Guidelines for the Preparation of Companies’ Social Responsibility Reports*, and the *HKEX ESG Reporting Guide*.

Content and Data

The content and data disclosed in this report are mainly obtained from the following sources:

- Publicly disclosed information of the Company
- Internal qualitative and quantitative information collection forms based on the reporting framework

Financial figures mentioned in this report are in RMB, unless otherwise specified.

Versions and Access

Versions: This report is published in Simplified Chinese, Traditional Chinese, and English. The Simplified Chinese version shall prevail in all events.

Access: The report is downloadable from the following websites as a PDF.

- SSE website: www.sse.com.cn
- HKEX news website: www.hkexnews.hk
- CSC official website: www.csc108.com

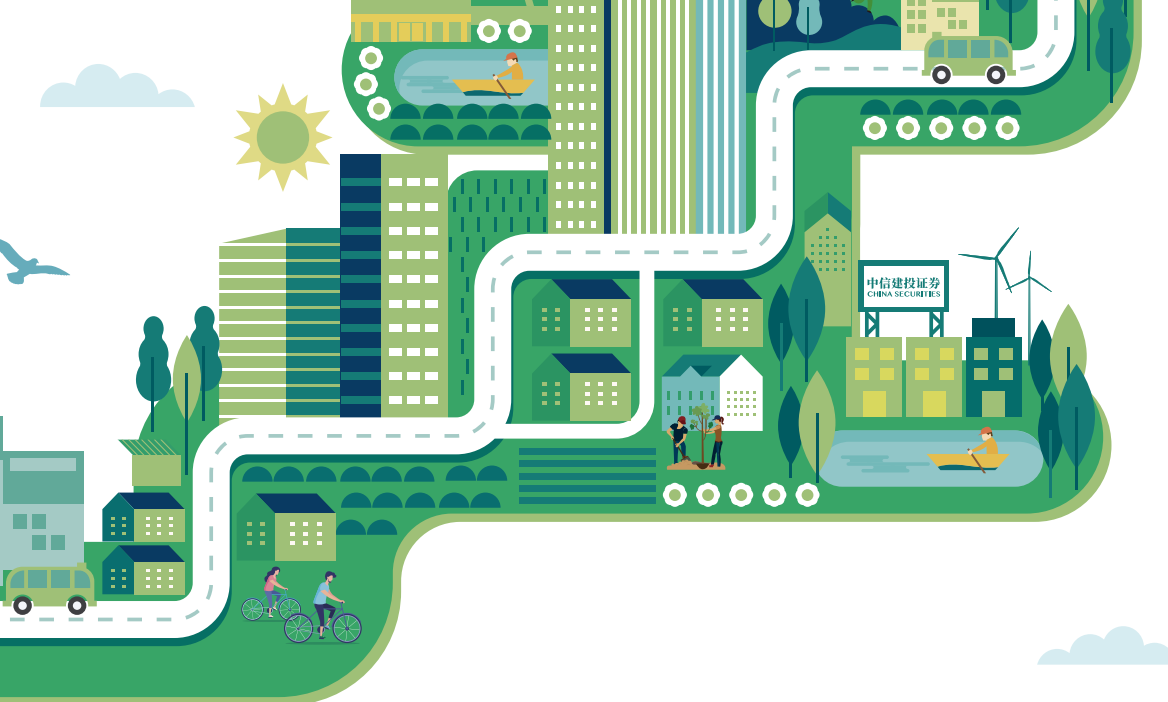
Report Feedback

If you have any comments or suggestions regarding the content of this report or the Company's social responsibility/ESG performance, please do not hesitate to give us your feedback via:

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