



中原证券股份有限公司  
CENTRAL CHINA SECURITIES CO.,LTD.

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

Stock Code: 01375

2021

## Environmental, Social and Governance Report



# ESG Statement of the Board of Directors

2021 marked the beginning of the 14th Five-Year Plan period and the centennial of the Communist Party of China. Under the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, Central China Securities fully implemented the instructions of General Secretary Xi Jinping’s important speeches on July 1 and during his visits to Henan, put into practice the guidelines of the 11th Party Congress of Henan Province, actively supported the province’s endeavor to implement “Ten Strategies” to guarantee the construction of a modern Henan with high quality and up to high standards, namely “Two Guarantees”, and adhered to the strategy of guiding the Group’s high-quality development with high-quality Party building. Through unremitting efforts, we scaled up new heights and got on the fast track of development.

As the only securities company in Henan and a listed company on both HKEX and SSE, we stay committed to serving the country and society through financial services while creating economic benefits. We integrate corporate social responsibility (CSR) practices with our development strategies, strive to transform our commitments to stakeholders into concrete actions and promote high-quality and sustainable development of the Group.

Environmental, Social and Governance (ESG) is at the core of the Group’s CSR management. In 2021, we continued to advance ESG work in an orderly way. The Board of Directors, which is ultimately responsible for overseeing and implementing the Group’s ESG work, reviewed and approved a number of ESG matters in such areas as corporate governance, information disclosure, compliance management, risk management and public welfare.

In terms of corporate governance, we put into practice the industry culture of “Compliance, Integrity, Professionalism, and Prudence”, strengthened Party building leadership, and consolidated the foundation of governance. In 2021, we carried out activities to study the Party’s history, achieved new results in Party building and the improvement of Party conduct, made great headway in risk mitigation, and significantly enhanced compliance and risk management capabilities. By making these efforts, the Group was included in the first “whitelist” of 29 brokers released by the China Securities Regulatory Commission. Meanwhile, we benchmarked against other industry leaders, implemented the executive committee system, increased the decision-making efficiency for major management matters, and further improved the corporate governance structure.

In terms of social responsibility, we gave full play to our leading role in the capital market in Henan, vigorously promoted the “three-pronged” service model integrating IPO underwriting, investment follow-up, and venture loan, actively supported the real economy, and invested in a group of high-tech and innovative enterprises in a broader effort to boost scientific and technological innovation. We provided a total of RMB9,756 million in financing for 17 private enterprises and engaged private capital and banks to provide them financial support. We pushed forward the work on rural revitalization in a comprehensive and multifaceted manner and donated RMB5 million to support the flood relief efforts of Henan, leading the way in CSR fulfilment in the industry and among provincially administrated enterprises. In addition, we regard talent as the cornerstone of development and competitiveness, provide clear career paths and ladders for employees, and strive to foster a harmonious, dynamic work environment.

With regard to environmental protection, we actively responded to China’s carbon peak and neutrality targets and identified and managed climate risks and opportunities related to the Group’s operations according to the Guidance on Environmental Information Disclosure for Financial Institutions issued by People’s Bank of China and the disclosure framework developed by the Task Force on Climate-Related Financial Disclosures (TCFD). We also paid close attention to the environmental impact of our business operations. In 2021, we provided RMB2,314 million in financing for green companies through IPOs and refinancing. The Group has developed environmental management objectives for 2025 and adopted various measures to promote low-carbon and green operations.

Thanks to our outstanding performance in ESG, in 2021, the Group was honored the “Listed Company with the Most Investment Value” of the 11th China Securities Golden Bauhinia Awards and ranked 7th among non-banking financial institutions on the first-ever list of “Top 500 Chinese Companies in ESG” by Sina Finance.

In 2022, we will stay true to our original aspirations and missions, further enhance our understanding of the new development stage, implement the new development philosophy, and do our part in fostering the new development paradigm. With brand our new image as a keen solution provider, we will work towards “Creating A New Central China Securities”, step up efforts to develop into an international comprehensive financial service provider engaging in investment banking, investment, and wealth management, create sustained value for all stakeholders, make greater contribution to the building of a modern Henan and the development of capital markets, and pave the way for a successful 20th CPC National Congress with stellar performance.



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# Walk into Central China Securities

## About Central China Securities

### Company Profile

Established in 2002, Central China Securities is the only securities company in Henan Province registered as a legal person. In 2014 and 2017, it successfully got listed on the main board of HKEX and SSE successively, becoming the eighth brokers in China and the first financial institution from Henan to be listed on the two stock exchanges. As of 31 December 2021, the Company's registered capital reached RMB4,643 million, total assets RMB53,748 million, and net assets RMB14,144 million.

As of 31 December 2021, the Company's

registered capital  
reached RMB  
**4,643**  
million

total assets RMB  
**53,748**  
million

net assets RMB  
**14,144**  
million

#### Basic Information

Chinese name	中原证券股份有限公司
English name	CENTRAL CHINA SECURITIES CO., LTD.
Operating income	RMB4.4 billion
Total assets	RMB53.7 billion
Total number of employees	2,727

#### Stock Information

Type	H share	A share
IPO date (year)	2014	2017
Stock exchange	HKSE	SSE
Name	CC Securities	Central China Securities
Stock code	01375	601375

After 20 years of development, the Group has become a comprehensive securities company which focuses on investment banking and investment business and engages in wealth management, futures and regional stock exchanges. The business scope of the Group includes securities brokerage, securities investment consulting, financial advisory services relating to securities trading and investment activities, securities underwriting and sponsorship, proprietary trading of securities, securities asset management, proxy sale of securities investment funds, intermediary introduction business for futures companies, margin financing and securities lending business, and agency sale of financial products business.

In 2021, the Group continued to “focus on Henan”, further integrated into the economic and social development of Henan Province, and actively supported the endeavor to build a modern Henan. Meanwhile, it stepped up efforts to develop Shanghai Center, Beijing Branch and the Guangzhou-Shenzhen Headquarters and promote the globalization of the Hong Kong Subsidiary.



As at the end of the reporting period, the Group had a total of **83** securities branches across **12** provincial-level regions in China, the specific distribution of which is as follows:

Region	Number of Securities Branches
Henan	69
Beijing	2
Shanghai	2
Zhejiang	1
Guangdong	1
Hubei	1
Hunan	1
Jiangsu	2
Shandong	1
Hebei	1
Tianjin	1
Shanxi	1

As at the end of the reporting period, the Group had a total of **30** branch offices, the specific distribution of which is as follows:

Region	Number of Branch Offices
Henan	17
Shandong	2
Shanghai	2
Beijing	1
Jiangsu	1
Hunan	1
Guangdong	2
Sichuan	1
Hainan	1
Shaanxi	1
Zhejiang	1

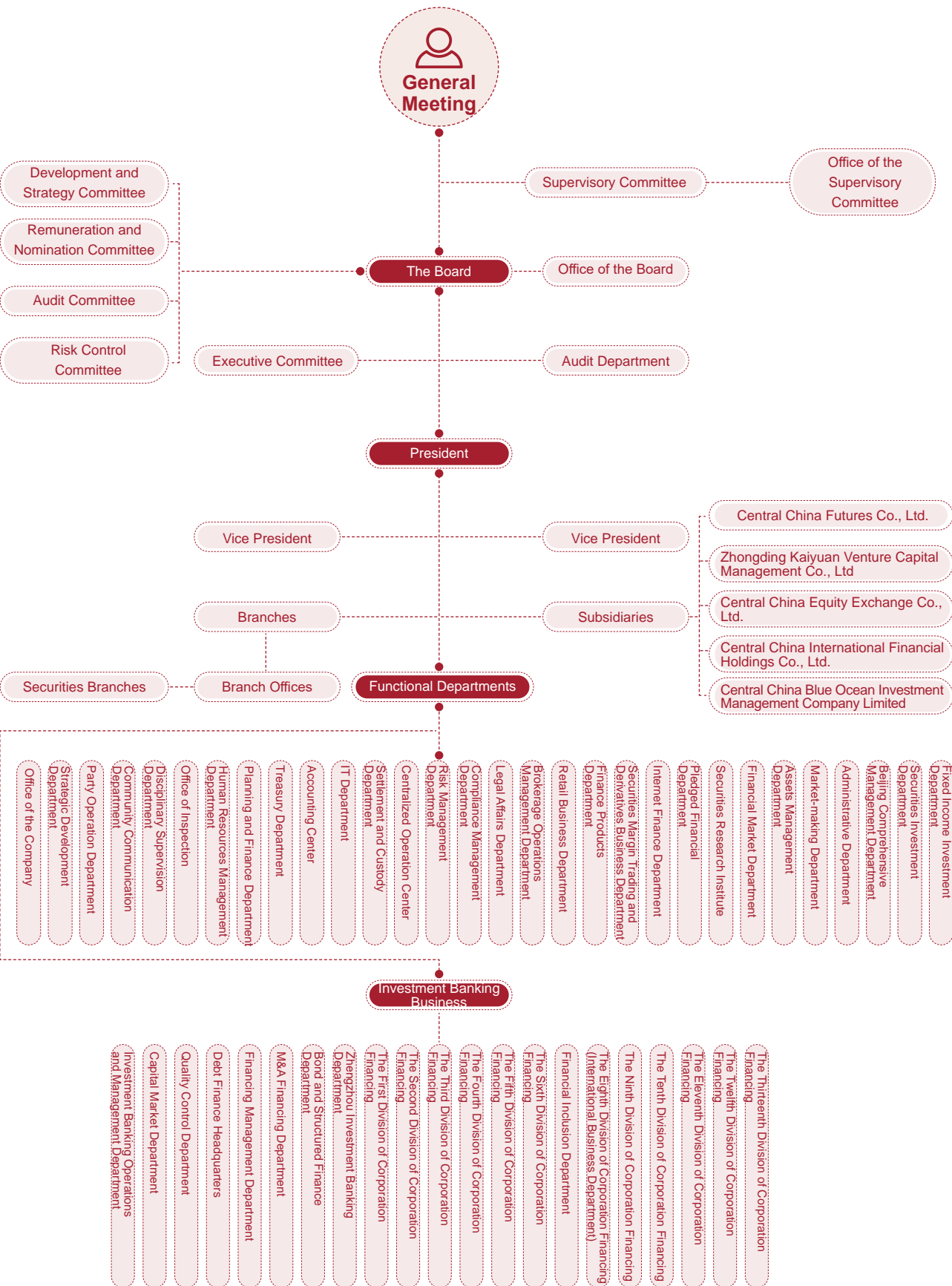
As at the end of the reporting period, the Group had **5** subsidiaries, the specific distribution of which is as follows:

Region	Number of Subsidiaries
Henan	3
Beijing	1
Hong Kong	1

Business Layout of Central China Securities



Organizational Structure



Honors and Awards

Granted by: Hong Kong Ta Kung Wen Wei Media Group

- The 11th China Securities Golden Bauhinia Awards –
- “Listed Company with the Most Investment Value”
- “Outstanding Listed Company for ESG Practice”



China Securities Golden Bauhinia Awards – “Listed Company with the Most Investment Value”

Granted by: Sina Finance ESG Rating Center

- “Top 500 Chinese Companies in ESG” –
- 7th place among non-banking financial institutions

Granted by: The CPC Henan Provincial Committee  
The People's Government of Henan Province

“Henan Outstanding Collective in Poverty Alleviation”  
(granted to Lankao Yulu Avenue Office)



Medal of “Henan Outstanding Collective in Poverty Alleviation”

Granted by: Wind Information Co., Ltd.

Wind Info “Best Investment Bank of 2021” Selection –  
Award for Rapid Progress in A-Shares IPO Underwriting



# Responsibility Management



## ESG Philosophy

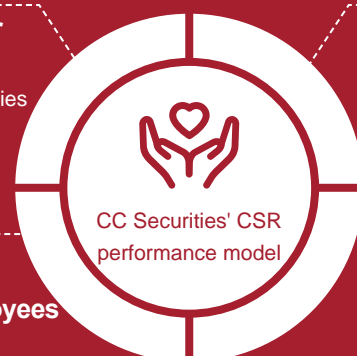
The Group adheres to the core values of “Compliance, Integrity, Professionalism, and Prudence” and core concepts of “Benevolence, Virtuousness, Strictness, and Pragmatism” and pursues the vision of “Creating a national securities network radiating from central China, with prominent core competencies and substantial industry and social influence”. The Group is committed to creating value for customers, generating returns to shareholders, providing a great platform for employees, and delivering social benefits.

### Creating value for customer

- Serving national strategies
- Putting customers first
- Empowering finance through technology

### Providing a great platform for employees

- Protecting employee's rights and interests
- Boosting talent development
- Creating a vibrant work place



### Generating returns to shareholders

- Improving corporate governance
- Conducting compliant operations
- Practicing industry culture

### Delivering social benefits

- Promoting rural revitalization
- Green and low-carbon operations
- Participating in public welfare activities



ESG Management

ESG is at the core of the Group’s overall CSR performance.

The Group closely integrates CSR practices with its development strategies and business activities and is committed to translating CSR philosophy and the commitments to stakeholders into concrete actions. As ESG is gaining ever-growing attention in the Chinese capital market, the Group actively identify and manage the impacts brought about by its decisions and business activities, continuously improve our ESG management structure, and embed ESG philosophy into our development strategies and daily operations to ensure its ESG work is carried out in a sustained and effective manner. The Board of Directors is overseeing and ultimately responsible for the Group’s ESG matters.



The Board of Directors is responsible for the review, decision-making and supervision of ESG matters. In 2021, the Board of Directors reviewed and approved a number of ESG matters in such fields as corporate governance, information disclosure, compliance management, risk management, and public welfare.

Communication with Stakeholders

Communication with stakeholders is an essential part of our CSR management. The Group identified key stakeholders, including government and regulators, shareholders and creditors, customers, employees, suppliers and communities according to the characteristics of its actual business, management and operations. The Group has established regular communication mechanisms such as meetings, regular visits and questionnaires to learn about and respond to the expectations and demands of stakeholders.










Key Stakeholders	Concerns	Communication Channels
 Government and regulators	<ul style="list-style-type: none"><li>• Party building leadership</li><li>• Compliance management</li><li>• Serving real economy</li><li>• Anti-corruption</li><li>• Industry cultural construction</li></ul>	<ul style="list-style-type: none"><li>• Regular communication and reporting</li><li>• Coordination with regulators in inspection</li><li>• Engagement in government-led surveys</li><li>• Policy implementation</li><li>• Information disclosure</li></ul>
 Shareholders and creditors	<ul style="list-style-type: none"><li>• Corporate governance</li><li>• Compliance management</li><li>• Information disclosure</li><li>• Protection of investor's rights and interests</li></ul>	<ul style="list-style-type: none"><li>• Shareholders' general meeting</li><li>• Periodical information disclosure on stock exchange's website</li><li>• Investor meeting</li><li>• Telephone, email, and SSE E-interactive</li><li>• Company website, WeChat official account, etc.</li></ul>
 Customers	<ul style="list-style-type: none"><li>• Information security and customer privacy protection</li><li>• Responsible marketing</li><li>• Eligibility management</li><li>• Investor education</li><li>• Fintech</li></ul>	<ul style="list-style-type: none"><li>• Customer visit</li><li>• Customer service and complaint hotline</li><li>• Company website, WeChat official account, etc.</li></ul>
 Employees	<ul style="list-style-type: none"><li>• Employee's rights and interests and benefits</li><li>• Employee training and development</li></ul>	<ul style="list-style-type: none"><li>• Employee suggestion box</li><li>• Communication with labor union</li><li>• Employee training</li><li>• Employee activity</li></ul>
 Suppliers	<ul style="list-style-type: none"><li>• Compliance management</li><li>• Supplier management</li></ul>	<ul style="list-style-type: none"><li>• Adoption of procurement management measures</li><li>• Supplier inspection</li><li>• Biddings</li></ul>
 Community	<ul style="list-style-type: none"><li>• Rural revitalization</li><li>• Public welfare</li><li>• Green operations</li></ul>	<ul style="list-style-type: none"><li>• Community activity</li><li>• Public welfare activities</li><li>• Rural revitalization projects</li><li>• Paperless operations</li></ul>



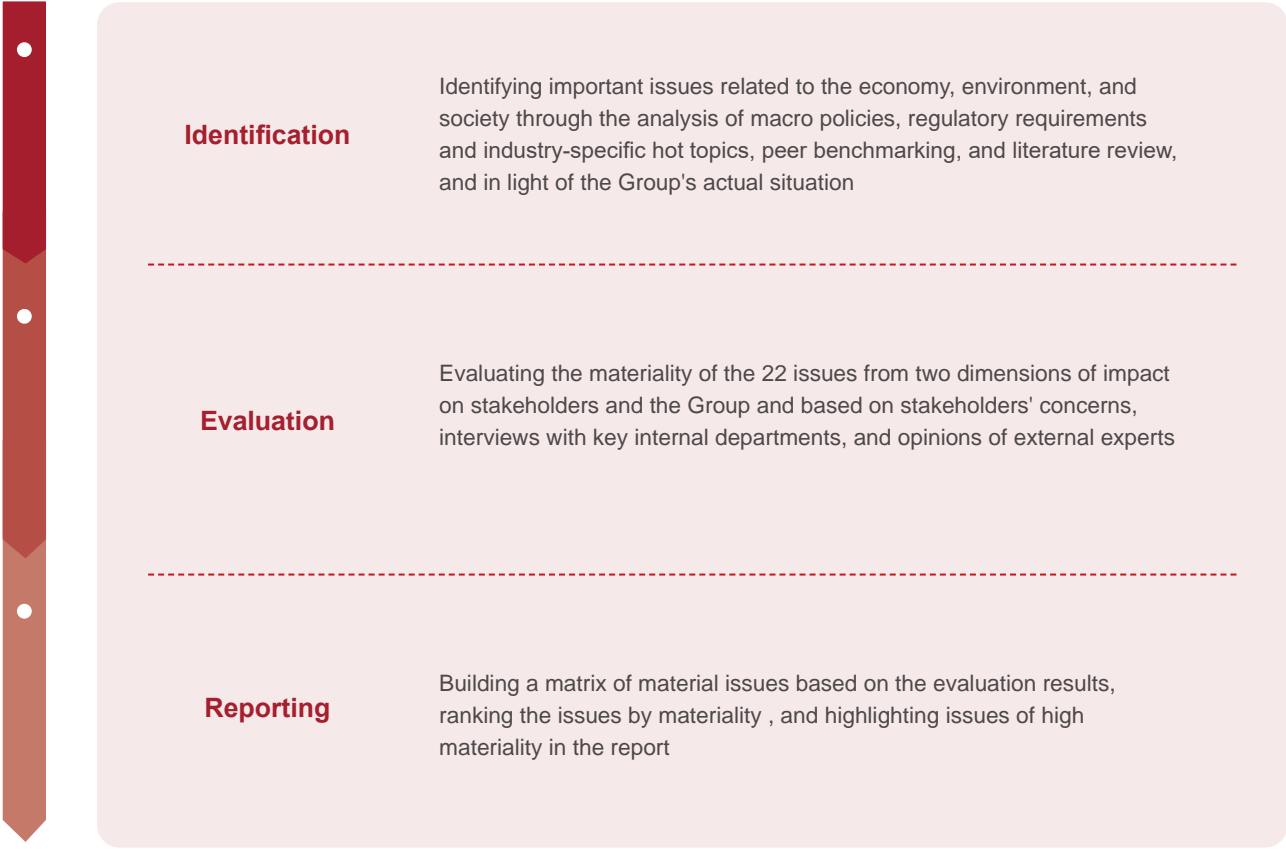
Materiality Analysis

Based on the interpretation of the latest macro policies, regulatory requirements, industry-specific hot topics, the expectations of various stakeholders and its development needs, the Group sorted out 34 material issues in the previous reporting period and evaluated and finally identified 22 material issues crucial to the Group and stakeholders from major issues related to its operation in 2021, which were reviewed and nailed down by the Board of Directors to ensure that major ESG issues were included.

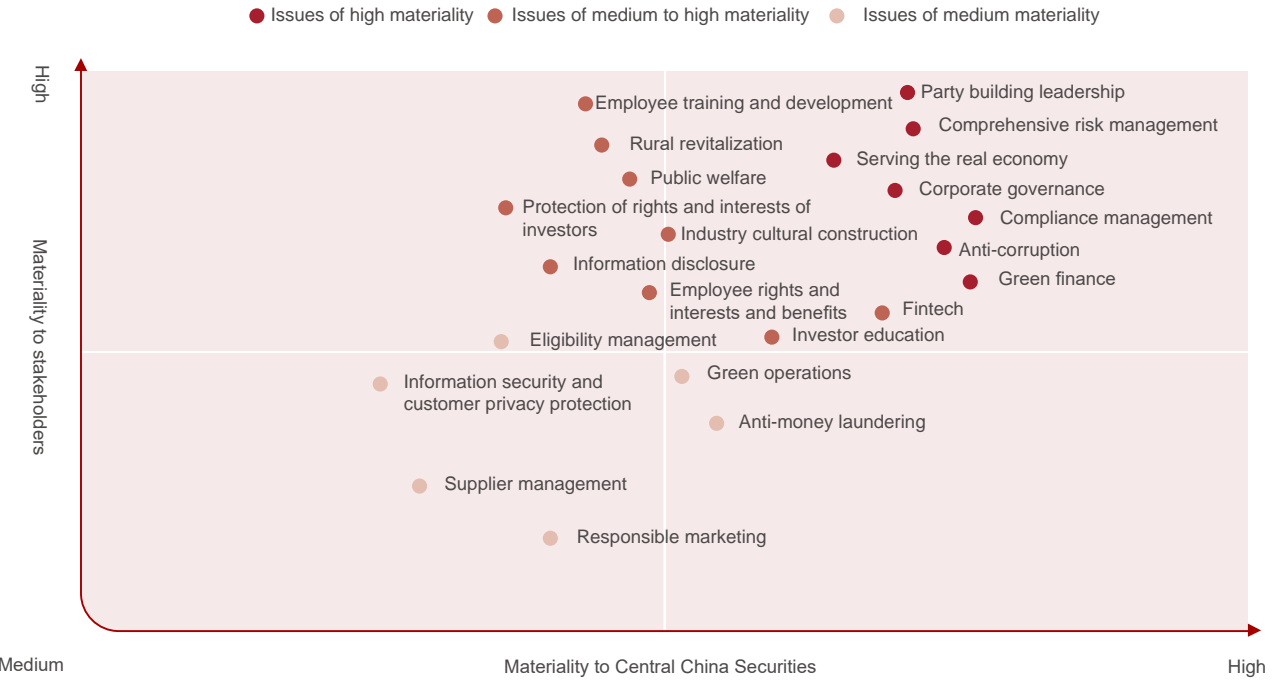
Major Changes to Material Issues in 2021

Material Issues in 2020	Material Issues in 2021	Reasons for Change
	 Party building leadership	Responding to national regulatory requirements and the Group's strategy of guiding high-quality development with high-quality Party building
Targeted poverty alleviation	 Rural revitalization	Responding to the latest macro policies such as China's 14th Five-Year Plan and reflecting the Group's strategies and actions to promote rural revitalization
Reinforcement of internal control	 Comprehensive Risk Management	Enriching the content of the material issue to better disclose relevant information and meet regulatory requirements
ESG investment, green finance, implementation of regulatory policies, and inclusive finance	 Support for the real economy	Integrating the material issues in light of the Group's actual situation to better disclose relevant information and meet regulatory requirements
Promoting product innovation and protecting customer privacy and network security	 Information security and customer privacy protection	Integrating the material issues to better disclose relevant information
Employee benefits, health and safety, employee code of conduct, and work-life balance	 Employee's rights and interests and benefits	Integrating the material issues in light of the Group's actual situation to better manage the issues and disclose relevant information
Avoiding procurement corruption, supplier social responsibility management, supplier environmental and social risk assessment, and green purchasing	 Supplier management	Integrating the material issues in light of the actual situations of the Group and the industry to better manage the issues and disclose relevant information
Environmental protection, responding to climate change, emissions management, and resource utilization	 Green operations	Integrating the material issues to better manage the issues and disclose relevant information
Charitable donations, building public welfare brand, and volunteering	 Public welfare	Integrating the material issues to better manage the issues and disclose relevant information

Materiality Analysis Process



Matrix of Material Issues



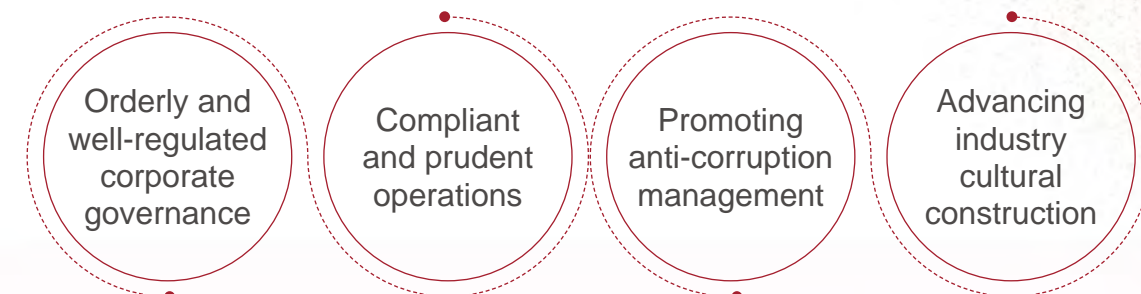
# Underpinning the Foundation: Strict Compliance and Prudent Governance



*In recent years, risks in the capital market have been converging and generally controllable, the market structure has greatly improved, and market vitality and resilience have been significantly enhanced. However, we are well aware of the high likelihood of financial risks at the present stage. We will persist in considering the worst-case scenario, implement category-based policies and defuse risks through targeted efforts, identify and resolve problems early, and ensure that no systemic risks arise.*

—— From the interview of Xinhua News Agency with Yi Huiman, Chairman of the China Securities Regulatory Commission, in December 2021

The Group actively implements the corporate culture of "Benevolence, Virtuousness, Strictness, and Pragmatism", put into practice the industry culture of "Compliance, Integrity, Professionalism, and Prudence", and continuously improved the corporate governance structure and institutions, thus consolidating the foundation of high-quality development and contributing to the capital market ecosystem improvement.





# Orderly and Well-regulated Corporate Governance

## Guiding development through Party building leadership

2021 marked the beginning of the 14th Five-Year Plan period and the 100th anniversary of the founding of the CPC. Under the guidance of Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, the Group earnestly implemented the instructions of General Secretary Xi Jinping’s important speeches on the development of capital markets and during his visits to Henan. Giving priority to the Party’s political progress, the Group strengthened the development of primary-level organizations, improved the work and capabilities at the basic level, vigorously advanced Party building, and improved the quality of Party building, providing solid organizational support for the Group’s high-quality development.

### Main Work on Party Building in 2021

Political progress

- The Group stepped up political guidance, continued to uphold General Secretary Xi Jinping's core position on the Party Central Committee and in the Party as a whole, and uphold the Party Central Committee's authority and its centralized, unified leadership, and "Four Ensures", integrated Party leadership into the corporate governance structure, developed the *List of Important Matters for Deliberation by the Party Committee*, and prompted and guided key subsidiaries to incorporate Party building into the Articles of Association and strengthen Party leadership across the board.
- The Group thoroughly implemented the rules and regulations of the Party, carried out comprehensive self-inspections and self-corrections, sorted out 1,060 current institutions, advanced the abandonment, formulation, and revision of institutions, and tightened the institutional cage on relevant issues; compiled and issued more than 2,000 volumes of institutions on industry regulation, Party building, comprehensive management and specific businesses, encouraged the learning of institutions, and strengthened their implementation.

Improvement in the Party's organizational structure

- The Group continued to push for standardized and well-regulated operations of primary-level Party organizations to consolidate the foundation of Party building and beef up the strength of Party organizations.
- The Group strengthened organization and leadership, made arrangements up to high-quality standards, carried out activities to study the history of the CPC, strictly implemented the responsibility system for ideological work, and shored up public opinion by spreading positive messages.

Innovation in Party building

- The Group regarded Party building as a powerful engine to enhance innovation vitality, promote business development and transformation. Additionally, it continuously boosted innovation in work models, pooled resources for reform and development, and launched innovative work models such as "Party building +".

In 2021, the Group convened a total of **30** Party committee meetings, implemented **41** important decisions and plans of the CPC Central Committee and the CPC Henan Provincial Committee, and deliberated **59** major matters on business operations and management. The Group added **100** CPC members as the CPC celebrated its centennial.

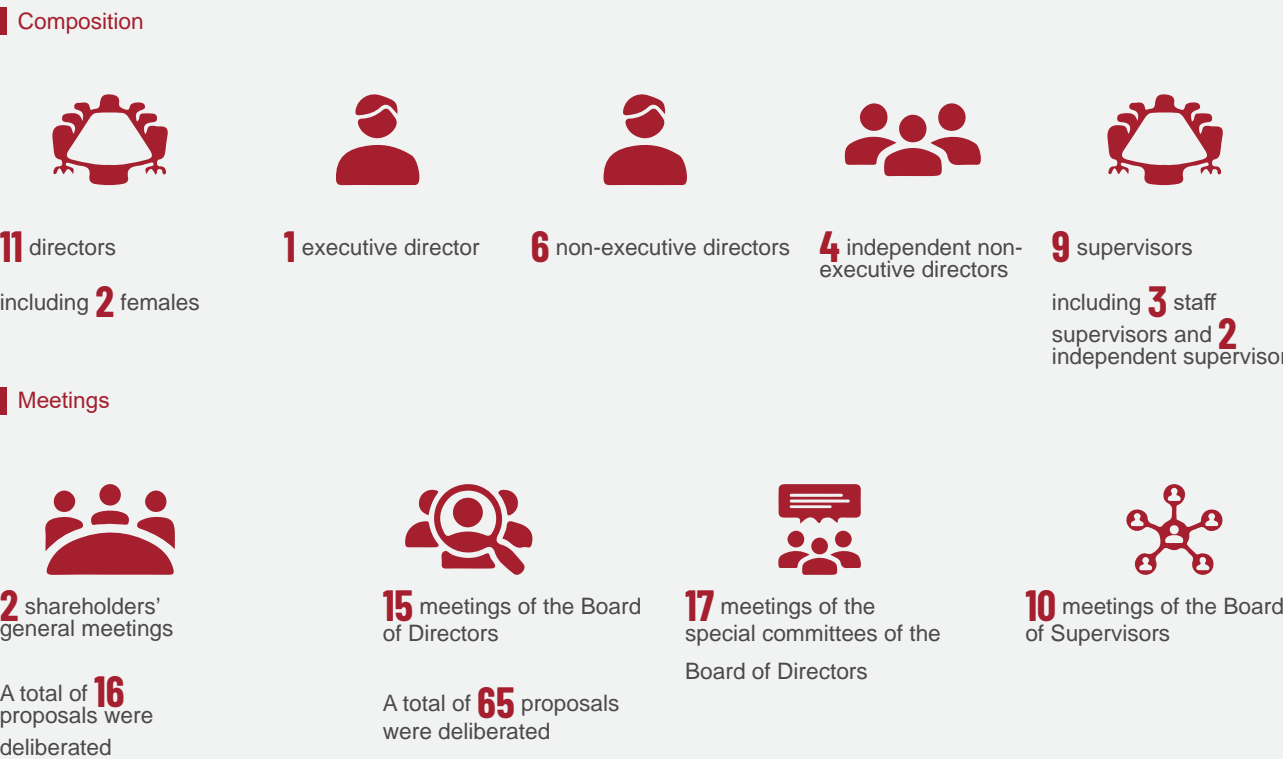
## Reinforcing the foundation of governance

Corporate governance is the cornerstone of a company’s sustainable development. Listed on both the HKSE and SSE, the Group strictly implements the requirements of the *Company Law of the People’s Republic of China*, the *Securities Law of the People’s Republic of China*, and the *Code of Corporate Governance for Listed Companies in China*, as well as the regulations developed by HKSE and SSE. The Group improved the corporate governance structure composed of the shareholders' general meeting, the Board of Directors, the Board of Supervisors, and the Senior Management, integrated Party building with corporate governance, and further refined the corporate governance mechanism where the Group's Party Committee, the Board of Directors, the Management, and the Board of Supervisors are responsible for leadership, decision-making, execution, and supervision, respectively and all relevant parties perform their duties in a coordinated manner while supervising each other. This ensures the Group operates in compliance with applicable laws and regulations.

In 2021, the Group amended the *Articles of Association* in accordance with the cultural development requirements of the Securities Association of China and its own business needs. According to the *Notice on the Matters Concerning Carrying out a Special Campaign to Strengthen the Corporate Governance of Listed Companies* issued by the CSRC, the Group organized various departments to conduct self-inspections based on the 119-item checklist, and no major violations were found, meaning that the interests of the Group and shareholders were well protected.

The Group benchmarked against other industry leaders, implemented the executive committee system, increased the decision-making efficiency for major matters, effectively implemented the business strategies and plans developed by the Board of Directors, and further improved the corporate governance structure.

### Composition of the Board of Directors and the Board of Supervisors and Relevant Meetings



## Strengthening information disclosure

With regards to information disclosure, the Group strictly abides by the rules and regulations of the HKSE and SSE and follows the principles of timeliness, accuracy, integrity, fairness, and consistency of information disclosed in Hong Kong and the Chinese mainland. We formulated the *Regulations of Central China Securities on Information Disclosure*, strengthened the management of information disclosure, and improved the quality of information disclosure to build up the Group's image on the market.

## Protecting investors' rights and interests

Pursuant to the Securities Law and the applicable regulations of the SSE, the Group actively protected minority shareholders' rights to know and participate and established smooth communication channels. The Group developed the *Regulations of Central China Securities on Investor Relations Management*, maintained effective communication with investors through various channels such as the SSE E-interactive, investor mailbox, and investor hotline. The Group replied to their questions regarding regular reports, shareholder information and other topics and conveyed accurate and relevant information to enhance investor confidence.

In alignment with the practice of international capital markets, the Group pays out a high proportion of cash dividends twice a year, bringing benefits to investors.

In 2021, the Group published a total of **391** announcements and documents, including **4** regular reports, on the websites of the SSE, HKSE, and the Group.



- In 2021, the Group distributed a dividend of RMB **0.017** per share for 2020 and an interim dividend of RMB **0.017** per share for 2021.
- The proposed cash dividend for the second half of 2021 is RMB **0.21** (tax included) per 10 shares.



## 2021 Interim Results Announcement Conference

On September 9, 2021, the Group held 2021 Interim Results Announcement Conference in Shanghai. The Management communicated face to face with nearly 100 investors, industry analysts, and journalists from around the country, briefed on the interim results for 2021, and put forward the new development goal and strategy of "Creating A New Central China Securities" in the coming years. The Conference drew wide attention from investors, further boosting their confidence.



2021 Interim Results Announcement Conference

## Compliant and Prudent Operations

### Implementing compliance management

Bearing in mind that "compliance is the lifeline", the Group strictly implemented the requirements prescribed in the *Measures for the Compliance Management of Securities Companies and Securities Investment Fund Management Companies*, the *Guidelines for the Compliance Management of Securities Companies*, the *Guidelines for Evaluation of the Compliance Management Effectiveness of Securities Companies (revised in 2021)*, and other documents. The Group established a complete compliance management system with a clear division of responsibility and refined the four-layer compliance management structure composed of the Board of Directors, Compliance Director, the Compliance Management Department, and compliance management personnel. In 2021, the Group formulated and revised 17 compliance management institutions, including the *Measures for Integrity Management*, the *Measures for the Management of Conflicts of Interest*, the *Measures for Compliance Assessment*, and the *Measures for Regulations*. Meanwhile, the Group beefed up the building of compliance information systems, continuously improved the function modules of the compliance management platform, optimized the monitoring indicators such as information isolation, anti-money laundering, employees' stock investment behaviour, and abnormal transactions according to the regulatory requirements and the Group's own needs, and upgraded the compliance management workflow to ensure that compliance management responsibilities were fulfilled. In addition, the Group enhanced audit and consulting support for key businesses, carried out compliance supervision and management across the Group, organized a number of compliance inspections, further strengthened compliance promotion and training, and improved compliance management.

In 2021, the Group



developed

**12**

monthly reports on compliance



prepared and published over

**200**

kinds of compliance promotion materials



organized

**17**

training sessions for internal compliance management



organized more than

**30**

internal inspections and self-inspections

### Responsible marketing

In terms of responsible marketing, in strict accordance with such documents as the *Advertising Law*, the *Notice on Further Regulating Financial Marketing and Publicity Activities*, the *Measures for the Supervision and Administration of Distributors of Publicly Offered Securities Investment Funds*, and the *Interim Provisions on the Administration of Publicity and Promotional Materials of Publicly Offered Securities Investment Funds*, the Group further regulated the promotion of financial products, implemented strict management of the promotional materials and promotion behaviours through announcements, online information release, training, and other measures, and carried out compliance inspections on an irregular basis, so as to provide accurate and complete production information for customers. In 2021, no incidents in violation of the applicable regulations occurred across the Group in the process of financial product and service marketing.



## Intellectual property protection

In strict compliance with the requirements of the *Trademark Law*, the *Patent Law*, the *Copyright Law*, the *Regulation on the Protection of the Right to Communicate Works to the Public over Information Networks*, and the *Regulation on Computers Software Protection*, the Group drew up the Measures for Intellectual Property Management and the Action Plan on Strengthening and Improving Intellectual Property Management in a bid to protect the intellectual property and commercial information of the Group, the Group's customers, and third-party organizations.

In 2021, the Group renewed its trademarks in a timely manner and filed applications for unregistered trademarks. The Group carried out a variety of activities through multiple channels to promote intellectual property protection, compiled the *Collection of Cases on Intellectual Property and the 12 Strategies for Preventing Intellectual Property Risks*, urged relevant departments to strengthen management and increase the awareness of intellectual property protection in key areas such as images, text, and software, in a bid to provide guarantee for the protection of intellectual property.

## Comprehensive Risk Management

Bearing in mind that risk is highly correlated with capital and return, the Group implemented the strategy of prudent risk preference, continuously improved the comprehensive risk management system and structure, optimized the risk management indicator system, ramped up the building of risk management information systems, and underpinned the risk response mechanism.

Pursuant to the *Regulations for Comprehensive Risk Management of Securities Companies*, the *Measures for the Management of Risk Control Indexes for Securities Companies*, and other regulatory requirements, the Group improved the comprehensive risk management system and detailed risk management rules. In 2021, in accordance with various business rules and risk management needs, the Group formulated or revised a total of 19 institutions, including the *Measures for Risk Preference Management*, the *Detailed Rules on Investment Business Management and System Operation for Subsidiaries (Trial)*, and the *Detailed Rules on Risk Monitoring of Securities Margin Trading*.

The Group established a four-layer comprehensive risk management structure and achieved full coverage through hierarchical authorization.

In 2021, the Group continuously improved the fundamental risk management framework covering "scale, quota, access, concentration, and leverage", improved the comprehensive risk management system, put in place the risk management processes ranging from risk identification, assessment, and measurement to monitoring, control, and reporting, and carried out effective pre-event audit and mid-event management of various risks such as market risk, credit risk, and operational risk emerged in daily operation and management. The Group put a premium on the building of the risk management team and development of risk management talent, encouraged employees to hone their expertise, and organized risk management training on a regular basis to increase their risk management awareness and strengthen their risk management capabilities. In February 2021, the Group's Risk Management Department held a training session of operational risk management aimed at promoting the implementation of operational risk management and giving full play to the role of operational risk management in business development.



## Anti-money laundering

In strict accordance with *Anti-Money Laundering Law of the People's Republic of China*, the *Measures on the Administration of Client Identity Identification and Materials and Transaction Recording of Financial Institutions*, the *Measures for the Administration of Financial Institutions' Reporting of High-Value Transactions and Suspicious Transactions*, and other relevant laws and regulations, the Group enhanced organization and leadership in anti-money laundering, improved various anti-money laundering systems and processes, and optimized anti-money laundering information system, and strengthened money laundering risk management.

The Group developed a sound anti-money laundering system encompassing a total of 18 management institutions. In 2021, the Group formulated or revised 6 institutions, including the *Measures for the Management of Money Laundering and Terrorist Financing Risks*, the *Measures for the Management of Anti-Money Laundering and Anti-Terrorist Financing*, and the *Measures for Money Laundering Risk Assessment*. The Group released 12 programmes of the latest regulatory developments and new regulations of anti-money laundering and cases of regulatory violations. The Group conveyed the latest regulatory guidance on anti-money laundering and knowledge about money laundering risk to employees and investors through multiple channels such as the investor education platform on the Group's official website, WeChat official account, promotional videos, billboards, and manuals in an effort to create an effective money laundering risk management culture and enhance the awareness of investor protection.

### Participating in external training on anti-money laundering

The Group organized senior executives and anti-money laundering management personnel to participate in the fourth training programme on anti-money laundering at the Zhengzhou Training Institute of the People's Bank of China. Through the training, they gained a deeper understanding of the regulatory requirements and policies on anti-money laundering and anti-terrorist financing, sharpened up their operational skills for compliance and anti-money laundering, and learned about the techniques for money laundering case analysis and suspicious transaction monitoring and analysis. The Group also participated in anti-money laundering training for securities and futures institutions hosted by the Henan Securities, Futures and Funds Industry Association, where the Group shared the experience in how to develop a sound money laundering risk assessment mechanism.

### Organizing internal special training on anti-money laundering

In 2021, the Group organized one anti-money laundering training programme for persons in charge of various units and compliance managers, four practical training programmes for anti-money laundering personnel, one programme on compliance and anti-money laundering in investment banking, and one anti-money laundering training programme for new employees. These training programmes were intended to implement the regulatory requirements on anti-money laundering, counter-terrorist financing and anti-tax evasion, enhance employees' awareness of money laundering risk management, and help them better understand anti-money laundering policies and requirements. The training programmes covered a wide range of topics, such as the anti-money laundering regulatory situation at home and abroad, anti-money laundering management responsibilities and priorities, cases of regulatory violations, and key issues in anti-money laundering management and inspections. The training was provided for all relevant departments and anti-money laundering personnel, further increasing their awareness of money laundering risk prevention and strengthening their capabilities.

## Promoting Anti-corruption Management

### Cultivating an anti-corruption culture

In accordance with the *Regulations on the Anti-corruption of Executives in State-owned Enterprises* and the *Regulations on the Anticorruption of Securities and Futures Firms and Staff*, and other relevant regulations, the Group refined internal regulations such as the *Measures of the CPC Central China Securities Committee for Implementing the Regulations on the Anti-corruption of Executives in State-owned Enterprises (Trial)* and the *Measures of Central China Securities for Anti-corruption Management*, and drew up the *Implementation Rules on Anti-corruption Management* in 2021.

In 2021, the Group pressed ahead with the building of the corruption risk prevention and control mechanism, enhanced anti-corruption education, and kept up efforts to tackle pointless formalities, bureaucratism, hedonism, and extravagance. The Group worked hard to develop a “six-pronged” supervision system and build an anti-corruption culture, and took tough steps to address corruption and other violations and eliminate behaviours related to tunneling or propping that are prohibited by relevant laws and regulations. No corruption cases against the Group or its employees occurred during the reporting period.



### Measures for Improving Party Conduct in 2021

- Tightened restriction and supervision of the exercise of power and advanced the abandonment, formulation, and revision of **124** institutions including the Implementation Rules on Anti-corruption Management
- Took solid steps to tackle pointless formalities, bureaucratism, hedonism, and extravagance, held activities to promote a new code of conduct, distributed nearly **400** books on anti-corruption, and organized 76 lectures by Party branch secretaries
- Pushed for rectification through case analysis, convened **9** special meetings, identified **83** corrective measures for **62** issues in **5** areas, and held **76** meetings for warning and education, **1** meeting of criticism and self-criticism, and **72** meetings on organizational activities.
- Organized Party members and cadres to participate in activities about promoting an anti-corruption culture in the industry at Henan Anti-corruption Culture and Education Centre
- Conducted talks on anti-corruption with **37** newly appointed cadres in two groups and worked hard to build a strong line of defense against corruption
- Gave full play to the role of inspections and carried out **3** rounds of inspections on **6** units
- Tightened accountability for discipline compliance and levied **20** penalties

In 2021, the Group published warnings and aphorisms on a daily basis, case analysis every 10 days, and case briefings every month through the dedicated WeChat official account, issuing a total of 36 case analyses and 12 case briefings in the year. The Group sent anti-corruption warnings for the Dragon Boat Festival and Mid-Autumn Festival and distributed more than 600 copies of the *Letter to All Party Members at the Group* ahead of the 100th anniversary of the founding of the CPC.

### Activities about promoting an anti-corruption culture in the industry

In June 2021, according to the arrangements of the CSRC Henan Office, the Group organized over 30 persons in charge of key business lines and middle and back office to participate in activities about promoting anti-corruption in the industry at Henan Anti-corruption Culture and Education Centre. These activities helped improve the Party conduct and strengthen anti-corruption management.



Activities about promoting an anti-corruption culture in the industry



### Special training on anti-corruption and compliance for the investment banking business line

In order to forestall corruption risks in investment banking, the Group provided training on anti-corruption and compliance management for the investment banking personnel in April 2021. The training was held both offline and via video link. More than 260 people participated in the training, including relevant staff members of the Compliance Management Department and the investment banking personnel.



Special training on anti-corruption and compliance for investment banking

### Strengthening supplier management

As a financial institution, the Group mainly deal with three categories of suppliers, namely software and hardware, office supplies, facilities and equipment, and services. The Group developed the *Regulations on Bidding and Procurement*, continuously improved the supplier access and selection processes, and strengthened the supplier assessment system.

In line with the principle of green procurement, the Group pay close attention to the environmental and social risks of suppliers in the bidding process, require the Group's suppliers have good reputation and a complete service system, and refuse any entities listed as defaulters or involved in tax evasion cases to participate in the Group's procurement and bidding activities.

## Advancing Industry Cultural Construction

Industry culture reflects the soft power and core competitiveness of securities institutions, and is the bedrock of the high-quality development of the securities industry. In 2021, the Securities Association of China (SAC) issued the *Ten Elements for Cultural Progress in the Securities Industry*, providing guidelines for securities institutions to advance cultural progress. The SAC also launched the first evaluation on practices to promote cultural progress of securities institutions.

The Group actively put into practice the industry's core values of "Compliance, Integrity, Professionalism, and Prudence", actively implemented the corporate culture of "Benevolence, Virtuousness, Strictness, and Pragmatism", and continuously advanced corporate cultural construction.

In 2021, the Group revised its *Articles of Association* in accordance with the requirements of the CSRC and the SAC on promoting industry culture as well as its own business needs. The Group took corporate cultural progress as an important responsibility of the Board of Directors and the Management and included it in its *Articles of Association* and development plan for the 14th Five-Year Plan period from a strategic perspective. The Group put forth the core concepts and implementation measures of cultural progress and fully implemented the elements for cultural progress in the securities industry, laying solid groundwork for corporate cultural progress in the next five years.

### Main Measures for Advancing Cultural Progress in 2021



The Chairman of the Group published an article titled *Fostering Culture and Staying True to Founding Aspirations to Promote High-Quality Development*



Actively responded to and earnestly implemented the requirements of the CSRC and the SAC on promoting industry culture, printed the copies of the *Ten Elements for Cultural Progress in the Securities Industry* in accordance with the SAC's standard format, distributed the copies to various units, and strengthened the publicity of industry culture



Purchased a number of books on integrity, a core concept of the industry culture, and carried out activities to promote integrity



Books on integrity the Group purchased in 2021



Produced posters and animations about corporate culture and promoted the industry culture and corporate culture through the internet and new media to further build up the Group's brand image and spread the concepts of the Group's corporate culture

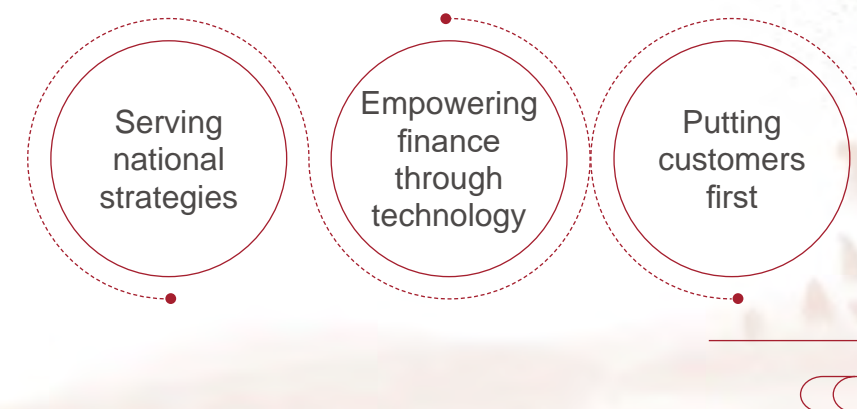
# Fulfilling Responsibility: Professional Service and Firm Commitment



We will make the financial sector better serve the real economy, improve the institutional arrangements for medium- and long-term capital supply in the real economy, develop innovative financial products and services that can directly stimulate the real economy, and enhance the role of the multi-level capital market in financing.

—— China's Outline of the 14th Five-Year Plan (2021-2025) for National Economic and Social Development and the Long-Range Objectives Through the Year 2035

As a "service provider" of direct financing, "manager" of social wealth, and "pioneer" in financial innovation, securities companies have distinctive and irreplaceable advantages in serving the real economy. The Group has persisted in serving the real economy through financial services and redoubled efforts to fulfill its responsibility and mission and contribute to achieving the goal of common prosperity. The Group put customer front and centre, provided professional services for them, and harnessed the power of technology to improve the service quality.





# Serving National Strategies

## Developing green finance

The Outline of China's 14th Five-Year Plan proposes to continuously improve the environmental quality and speed up efforts to foster a green way of development. In response to the national strategy, the Group gave full play to the role of finance in resource allocation across time and space, provided financial services for green and environment-friendly businesses, and boosted the development of green finance in a bid to support China's green transformation endeavour.

### Undertaking the IPO of GAD Environmental

GAD Environmental Technology Co., Ltd. (GAD Environmental) is a leader specializing in solid waste pollution isolation systems in China. The company adopts full-chain new models including pollution isolation, environmental remediation, renewable resource utilization, and integrated landfill operations to achieve effective protection of soil, groundwater, and air.

In September 2021, the Group served as the sponsor and lead underwriter for the IPO of GAD Environmental and underwrote RMB247 million for it. By facilitating the A-share listing, the Group helped GAD Environmental raise sufficient funds to further enhance its competitive advantages and promote its market expansion.

### Assisting with BCCY's IPO

Henan BCCY Environmental Energy Co. Ltd. (BCCY) engages in the environmental protection business and is one of the leading landfill gas treatment service providers in China. It collects landfill gas and uses it as a raw material for power generation, as opposed to the enormous coal consumption at coal-fired power plants. Meanwhile, this addresses the incompliant emissions of biogas from landfills, reducing direct carbon emissions.

As its sponsor and underwriter, the Group helped BCCY successfully get listed on the Growth Enterprise Market of the Shenzhen Stock Exchange in May 2021. A total of RMB369 million was raised, helping the company improve its financial structure, expand its business, and enhance its core competitiveness.

### ZDKY Venture Capital invested in Liying Technology

Henan Liying Environmental Technology Co., Ltd. (Liyong Technology) specialises in the technology R&D, equipment manufacturing, and project investment and operation of harmless treatment of medical waste. With dedicated R&D centres, the company provides medical waste disposal solutions for customers.

As the sole lead investor, ZDKY Venture Capital invested RMB20 million in Liying Technology to help it ramp up business expansion. In 2021, Liying Technology registered good performance and was basically eligible for listing on the Beijing Stock Exchange.

In 2021, the Group provided RMB**2,314** million in financing for clean energy, energy saving, and environmental protection companies through IPOs and refinancing.

## Serving private enterprises

Private enterprises make up a large share in China's market and play a significant role in creating jobs and keeping the macro economy stable. Catering to the objective needs of private enterprises, the Group capitalized on its business advantages and actively provided financial services for private enterprises to support their development.

In 2021, the Group completed a total of 17 IPOs, refinancing, and asset restructuring projects and provided RMB **9,756** million in financing for private enterprises.

### Facilitating the IPO of CARVE

Henan CARVE Electronics Technology Inc. (CARVE) is a private high-tech enterprise engaging in the R&D, production, and sales of precision electronic connectors. It is located in Shenqiu County of Zhoukou City, a low-income area.

As the IPO sponsor and lead underwriter, the Group underwrote RMB650 million for CARVE and assisted the company in successfully passing the evaluation, making it the first listed company in Shenqiu County. This would not only enable CARVE to expand its capacity and market share but also create more local jobs and drive the economic development of surrounding areas.

ZDKY Venture Capital, a subsidiary of the Group, set up the Central China Science and Technology Venture Capital Fund, which is dedicated to providing financial support for small and micro startups in Henan Province.

Adhering to the business philosophy of "Equality, Integrity,

As at the end of 2021,  
the Fund had earmarked a total of  
RMB **306.14** million  
for **35** projects



Innovation, and Efficiency", Equity Exchange, a subsidiary of the Group, is committed to "serving the real economy, serving micro, small, and medium enterprises, and promoting the integration of industry, technology, and capital". Under the supervision and guidance of the Henan Provincial Financial Regulation Administration and the CDRC Henan Office, it provided facilities and services for MSMEs in Henan, including the issuance, transfer, and related operations of stocks, convertible bonds, and other private securities.

### Five functions of Equity Exchange

Corporate information display

- Enterprises can display their basic information, business highlights, competitive advantages, and development plans through Equity Exchange, making themselves better known in society.

Listing for transfer

- Equity Exchange **offers private securities transfer services** such as corporate stocks and convertible bonds, facilitating fair value pricing. It also provides exit channels for enterprises' strategic investment, financial investment, and venture capital.

 <p>Private placement</p>	<ul style="list-style-type: none"> <li>By bringing together various financial institutions such as banks and securities, trust, guarantee institutions as well as industry funds and venture funds, Equity Exchange provides comprehensive, low-threshold, and high-efficiency financing services such as private equity capital raise, equity pledge, and convertible bonds, which expand the financing channels for MSMEs and meet their capital needs at different stages of development.</li> </ul>
 <p>Registration and custody</p>	<ul style="list-style-type: none"> <li>It provides registration, custody, and settlement services for private securities such as corporate stocks and convertible bonds and regulates the management of relevant equity assets to protect the rights and interests of equity holders.</li> </ul>
 <p>Incubation</p>	<ul style="list-style-type: none"> <li>well-regulated corporate governance, and fosters and incubates companies to get listed on higher-level capital markets.</li> <li>In 2021, a total of <b>23</b> training programmes were carried out, with a total of more than <b>1,000</b> participants from over <b>500</b> enterprises.</li> </ul>

### Assisting SYKJ with financing

Puyang Shengyuan Energy Technology Co., Ltd. (SYKJ) specializes in the R&D and production of eco-friendly new materials in maleic anhydride and downstream products. Its products are widely used in the production of degradable plastics, fiberglass reinforced plastics, artificial stones, eco-friendly interiors of vehicles, and eco-friendly coatings. In recent years, SYKJ has been in dire need of financing as its capacity is unable to meet the rapidly growing market demand.

Based on months of follow-up services and targeted matchmaking, Equity Exchange recommended a number of fund companies to SYKJ. As a result, SYKJ raised a total of RMB271.53 million through a private placement of 30.17 million shares. This move gives a strong boost to its business development and paves the way for getting listed on the Beijing Stock Exchange, enabling it to play a bigger part in comprehensively tackling "white pollution".

private placement of  
**30.17** million shares

SYKJ raised a total of RMB  
**271.53** million

### Supporting innovative industries

China's 14th Five-Year Plan vows to improve the market-oriented technological innovation mechanism, reinforce the principal position of enterprises in innovation, guide and support the concentration of factors of innovation in enterprises, and develop a market-oriented system for technological innovation featuring the leading role of enterprises and collaboration between enterprises, universities, and research institutes.

In 2021, the Group provided a range of financial services such as equity financing, bond financing, and direct investment for technology startups, with a focus on emerging industries such as information technology, energy conservation and environmental protection, new materials, and modern agriculture. It supported the development of technology startups by helping them address various problems such as enormous R&D investment, weak profitability, and insufficient liquidity.

### Undertaking the IPO of Dataway

Dataway is a Beijing-based innovative enterprise that integrates new-generation information technologies such as the internet and big data with its core businesses.

As the IPO sponsor and lead underwriter, the Group underwrote RMB350 million for Dataway and helped it successfully get listed on the Growth Enterprise Market of the Shenzhen Stock Exchange on November 3, 2021. Dataway would use the funds raised to implement its development strategy of data intelligence service, expand its presence in various regions and fields, and support the modernization of governance capacity and the application of business intelligence in decision making.



Dataway successfully got listed with the help of the Group

## Empowering Finance Through Technology

### Promoting the development of FinTech

The new round of technological revolution represented by big data, cloud computing, artificial intelligence, and blockchain and other technologies is propelling the finance sector to surpass and reshape itself. Leveraging technology to empower finance, the Group continued to improve the service efficiency and quality and put forward the digital transformation strategy of "one main line, dual model and dual drive, plus three ecosystems and three digital systems". The digital transformation leading group was established to be responsible for overall coordination of the Group's digital transformation efforts. The dedicated FinTech department is tasked with planning and implementing the FinTech capabilities required by digital transformation.

#### Digital Transformation Strategy

##### One main line

- Adhering to the vision of building a digital organization with wealth management at the core, the Group boosts digital capabilities for management and operations, the channel ecosystem, compliance and risk management, and FinTech through digital wealth management, so as to ramp up the digitalization of investment banking, asset management, and self-operated businesses.

The Group focuses on both the dual model of steady state and agile state, driven by big data and artificial intelligence.

##### Dual model and dual drive

- In advancing digital transformation, the Group must work to build agile FinTech capabilities while ensuring business stability.
- Big data and artificial intelligence are the core driving forces of digital transformation.

The focal point of digital transformation is to build three ecosystems and three digital systems.

##### Three ecosystems and three digital systems

- The three ecosystems refer to an internal ecosystem marked with the fusion of technology and business, an open, inclusive, and shared FinTech ecosystem, and an agile and win-win innovation collaboration ecosystem, which together constitute the wealth management value chain.
- The three digital systems include the digital employee system, digital customer operation capability, and digital product operation system.



The Group promotes the digitization of businesses and operations by building an independent development system and a big data analysis system, and leverages technology to facilitate precise business activity, increase the operational efficiency, and improve the customer experience.

Key Digital Transformation Measures in 2021

Operations	<ul style="list-style-type: none"><li>Established several operational platforms such as smart operations, QR code marketing in partnership with banks, and WeChat Work account, and developed an online-offline integrated smart operation system based on data connection, greatly improving the operational efficiency</li><li>Organized over 10 activities to help employees improve their professional knowledge and skills about digital technology</li><li>Promoted the application of the robotic process automation (RPA) technology and artificial intelligence technology to automate repetitive tasks, reducing the workload of employees and improving the work efficiency</li></ul>
Business	<ul style="list-style-type: none"><li>Upgraded the Caishengbao app 6 times and continuously optimised the online business processing features</li><li>Established a product research platform and connected online product selling platforms in an effort to build an entire value chain ranging from investment, research and production to product introduction</li><li>Actively fostered a data-driven culture and integrated commonly used business analysis through a data portal to automatically generate business analysis reports and perform data analysis. In 2021, a total of 187 data development requests were fulfilled, and 201 data reports were developed</li><li>Built data analysis models to reactivate customers</li></ul>

The Group upgraded Caishengbao APP 6 times in 2021

Caishengbao is a smart financial service app launched by the Group. It provides one-stop, comprehensive financial services for users and comes with a rich set of features such as account opening, market quotations, transaction, wealth management, business processing, smart information, smart customer service, and marketing campaigns.

In 2021, the Group upgraded Caishengbao 6 times, adding new features such as one-way video account opening, REITs, technological transformation for the merger of Shenzhen Stock Exchange's main board with the SME board and for the newly launched Beijing Stock Exchange, and Level 2. The upgrades optimized the online business processing features and improved the user experience.

As at the end of 2021, the Caishengbao app had a total of **854,800** accounts, an increase of **241,200**, or **39.31%**, over 2020. It posted **451,100** monthly active users and **240,800** daily active users, who on average opened the app **9** times and spent **21.3** minutes with the app a day. The app ranked 25th in the sector by the four key internet use metrics.

The Group actively carried out exchanges with other organizations, shared its research outcomes related to FinTech with them, and drew upon the experience from others in a bid to push forward high-quality digital transformation.

The Group participated in SZSE Technology Conference

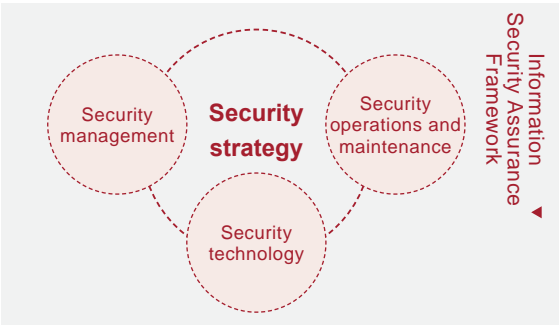
As an influential technology summit held by the Shenzhen Stock Exchange (SZSE), the SZSE Technology Conference brings together industry regulators, stock exchanges, brokerage firms, and other participants to share their insights on FinTech innovations to promote the digital transformation of the industry. The 2021 SZSE Technology Conference was held through live streaming in December on the theme of “Technology Leads To and Starts A New Journey Empowered by Data Intelligence”.

At the conference, the Group delivered a report titled Research on Comprehensive Fund Evaluation Based on Big Data Analysis and Machine Learning. The research focuses on fund research data query and visualization and builds a classification system based on the concept of modularization, gaining high recognition from the participants.

Protecting customer privacy

Customer privacy protection is a top priority in the Group's work. In accordance with the *Personal Information Protection Law*, the *Data Security Law*, and other applicable laws and regulations, the Group acted on the guidelines of “emphasis on prevention, security first, full engagement, comprehensive management, and continuous improvement” and developed the information security system and information security framework based on “one core, three basic points”. The Group established the hierarchical structure composed of the information security leading group, information security management team, and information security personnel, implemented the security technology system for pre-event prevention, mid-event monitoring, and post-event audit, further regulated information security management, and reinforced the security assurance capabilities of network information systems.

In 2021, the Group revised the *Caishengbao Privacy Policy*, the *Measures for Security Management of Information Systems*, and the *Measures for Antivirus Management of Information Systems*, employed new technologies to further standardise, regulate, and refine security management, and continuously improved IT operation and maintenance systems, ensuring the secure and stable operation of information systems. In 2021, no customer information and privacy leaks occurred across the Group.



Main Measures for Ensuring Information Security in 2021

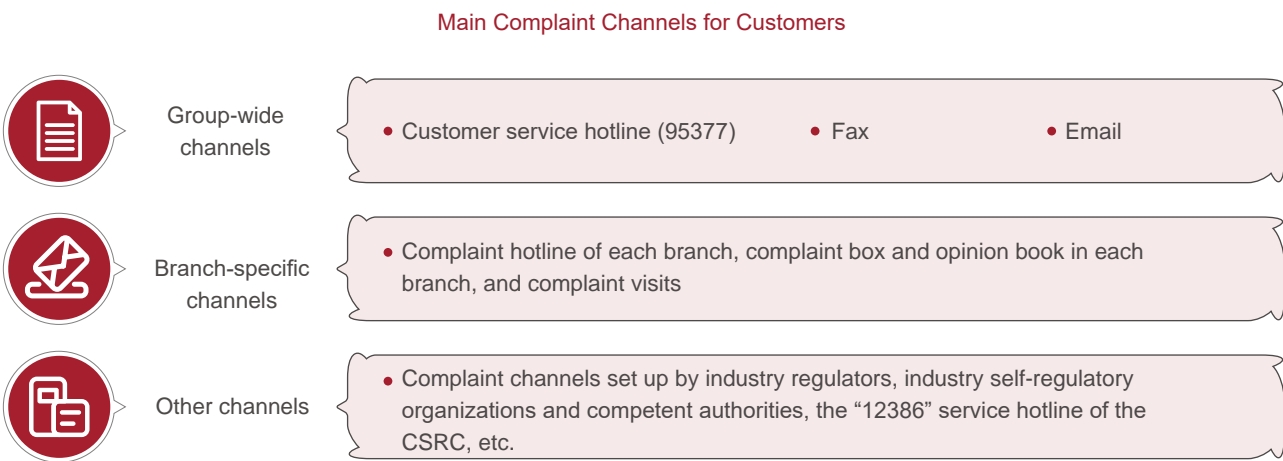
Optimizing the network security system	<ul style="list-style-type: none"><li>Enhanced network security safeguards, strengthened vulnerability scanning and fix, improved the threat warning system, and reinforced antivirus protection</li><li>Based on the warnings issued by the National Network and Information Security Information Centre, adopted the technologies of traffic alarm and network security logging based on big data to accurately block IP addresses posing threats</li></ul>
Conducting security evaluation and penetration testing	<ul style="list-style-type: none"><li>Carried out penetration testing and security protection</li><li>Adopted comprehensive self-inspection, on-site security monitoring, and other measures to ensure the secure and stable operation of information systems</li><li>Organized multiple emergency exercises, further strengthened the security of information systems, optimized contingency plans, and enhanced the emergency response capabilities of information systems</li></ul>
Providing training for all staff members	<ul style="list-style-type: none"><li>Invited technical experts from cybersecurity companies to provide training for its information technology personnel to increase their security awareness and improve their security management skills</li><li>Carried out activities to enhance the network security awareness of all employees and fostered a positive information security culture</li></ul>

# Putting Customers First

## Improving the quality of customer service

The Group provides a diversified and multi-tiered product and service lineup based on the actual needs of customers. In accordance with the *Securities Law, the Law on the Protection of Consumer Rights and Interests, the Measures for the Eligibility Management of Securities and Futures Investors*, and other relevant laws and regulations, the Group formulated or revised the *Regulations on Classified Management of Customers*, the Measures for the Eligibility Management of Customers, and other documents in an effort to improve the customer service experience and satisfaction.

The Group revised the Measures for the *Management of Customer Complaints* to further regulate the processes such as complaint acceptance, handling, feedback, and revisits, clarify the respective responsibilities of various units, and ensured that customer complaints were handled in a timely and effective manner, thus improving customer satisfaction.



## Strengthening investor education

Investor education is always a focal point in the Group's work. In 2021, the Group further integrated investor education with businesses, revised the *Regulations on the Work of Investor Education*, and put in place the investor education liaison mechanism at the operating departments of the Headquarters and the branches to deliver consistent and professional investor education through collaboration.

The Group made active explorations on the “Yuanyuan Classroom” investor education product model and omni-channel promotion and operation model, and launched a total of 31 investor education products in the forms of audio, video, and animation. The Group also leveraged new media platforms such as WeChat Channels, Douyin, and Xinhuanet to popularize financial knowledge among a broader range of investors.

In 2021,  
the Group's WeChat Channels  
and Douyin accounts were viewed  
**126,492** times

Xinhuanet account  
**2,638,000** times

The Group's video about the  
newly launched Beijing Stock  
Exchange received  
**2** million views a week

In 2021,  
the Group organized  
**6** investor education activities  
on campus

**2** investor education activities  
at communities

**3** special lectures on SSE  
stocks

**2** promotional lectures on  
REITs

**4** listed company tours.

The Group carried out a variety  
of themed investor education  
activities marking the March  
15 Financial Consumer Rights  
Day and May 15 Investor  
Protection Day. In 2021, based  
on the actual situation, the  
Group launched

**1** campaign to promote  
investor education in  
enterprises

**2** online quizzes

**1** online lecture

## The Group held “Yuanyuan Finance Academy” activities at universities in Henan

In 2021, the Group joined hands with the Central China Investor Education Base to hold the “Yuanyuan Finance Academy” activities at a number of universities in Henan. Nearly 1,600 college students participated in the activities.

The activities were held in both online and offline formats at Henan University of Economics and Law, Xinxiang University, and other universities successively. Experts from the Shanghai Stock Exchange and senior investor education lecturers from the Group expounded on the status quo of capital markets, future political and economic trends, how to prevent illegal securities and futures activities, and other topics. These activities broadened the students' horizons and increased their awareness of rational investment and risk prevention.

In the 2021 Securities, Futures, and Fund Investor Education Competition held by the Henan Securities, Futures and Funds Industry, the Group's two investor education programmes – “Keep Away from Illegal Securities and Futures Activities” and “Listed Company Around Me: Salt Lake Stock” – won the “Most Popular Investor Education Product Award” and “Outstanding Investor Education Product Award”, respectively.

In the 2020-2021 national investor education base evaluation organized by the CSRC, the Group's investor education base received a “Good” rating.



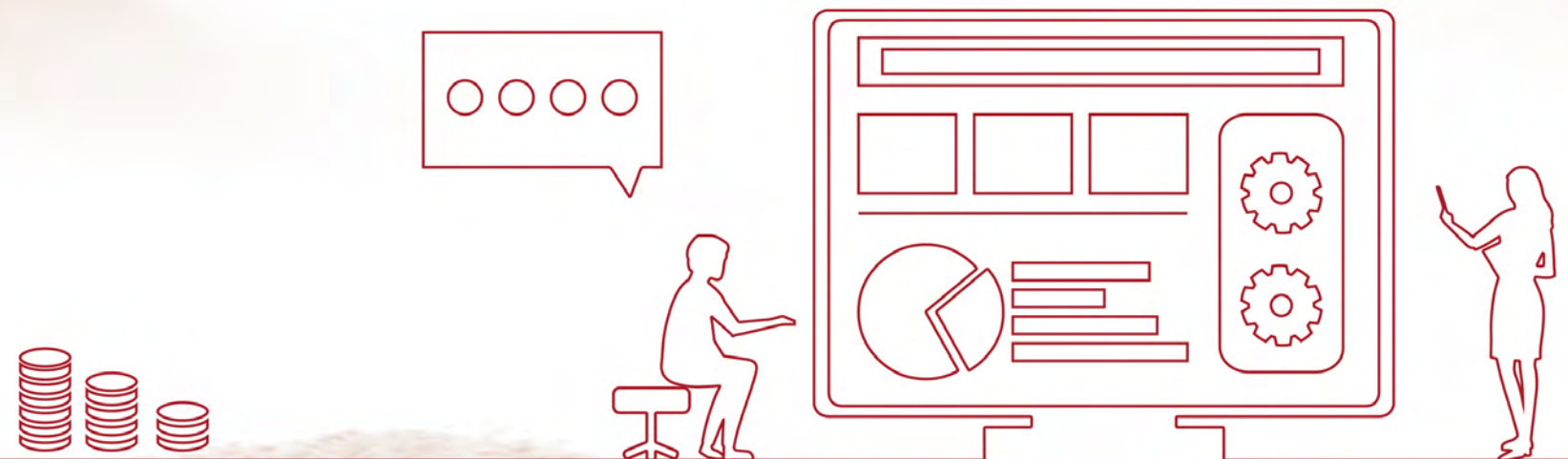
# Pooling Strength: Developing the Group through Employees and Creating a Vibrant Workplace



*It is important to foster a culture that respects knowledge, encourages hard work and creativity, and is conducive to talent development. Reform is necessary to improve a full spectrum of talent management practices, including training, recruitment, and placement, thus giving full play to the role of talent, the most essential resource.*

*--Outline of the 14th Five-Year Plan (2021-2025) for National Economic and Social Development and the Long-Range Objectives Through the Year 2035 of the PRC*

Securities sector is a field where monetary capital and human capital are highly concentrated and integrated. Acting on the principle that employees are the foundation and core competency of a company as well as human-oriented philosophy, the Group took concrete actions to protect employees' lawful rights and interests, built steady career development channels and strived to foster a safe and harmonious work environment, thus creating a workplace brimming with vitality.





## Protecting Employees’ Rights and Interests

The basic rights and interests are the most concerned and most immediate benefits of employees. Safeguarding employees’ rights and interests in employment, placement and social security, etc., is conducive to giving the full play to their enthusiasm and creativity.






The Group strictly abided by the *Labour Law of the People’s Republic of China*, the *Labour Contract Law of the People’s Republic of China* and other documents, and managed human resources in line with laws and regulations. It upgraded internal rules and regulations including the *Employee Recruitment Management Measures*, and recruited employees in an orderly manner through multiple channels such as its official website, campus recruitment and cooperation with staffing agencies. Upholding the principle of equal employment, it prohibited selection and discrimination of employees based on gender, race, ethnicity and other aspects. In addition, the Group strictly checked employees’ valid identity information and resolutely prevented the employment of child labour. During the reporting period, no violation of laws and regulations of hiring child labour and forced labour was found.

### Expanding the coverage of supplementary commercial medical insurance for employees

The Group bought supplementary commercial medical insurance and provided an enterprise annuity scheme for employees to improve their benefits security.

In 2021, in addition to the actions including declaring chronic diseases and renewing supplementary medical insurance for employees, the Group incorporated retired employees into the coverage of supplementary commercial medical insurance. At the same time, following the principle of “voluntary and self-paying”, it provided channels through which an employee’s immediate family can buy supplementary commercial medical insurance the same as that of the employee, so as to ease his/her financial burden from medical expenses and increase his/her sense of gain, happiness and security.

### An Overview of Employees’ Rights and Interests and Benefits

 Compensation and benefits	<ul style="list-style-type: none"><li>• Applying a market-oriented and performance-based employee compensation structure, and a multi-layered and comprehensive assessment system with performance and management goal at its core</li><li>• Paying the five mandatory insurance schemes (pension fund, medical insurance, industrial injury insurance, unemployment insurance, and maternity insurance) and housing fund in full and on time, buying supplementary commercial medical insurance and providing an enterprise annuity scheme for employees</li></ul>
 Working hours and vacations	<ul style="list-style-type: none"><li>• Standard working hours: 40 hours per week</li><li>• Special working hours for special type of work</li><li>• Statutory holidays, annual leave, sick leave, marriage leave, maternity leave, etc.</li></ul>
 Assistance to employees in difficulties	<ul style="list-style-type: none"><li>• Providing assistance to employees afflicted by disasters and in difficulties. Donating a total of RMB298,000 to 50 employees in difficulties and RMB84,000 to employees afflicted by disasters</li><li>• Submitting applications for medical assistance of critical illness three times, allowing 22 employees to enjoy a subsidy of RMB72,500</li></ul>
 The care for female employees	<ul style="list-style-type: none"><li>• Organizing female employees to do special physical checkups to care for their health</li></ul>
 Benefits and visits	<ul style="list-style-type: none"><li>• Preparing and distributing benefits on tradition festivals such as Spring Festival and Dragon Boat Festival</li><li>• Timely visiting sick employees, pregnant and breast-feeding female employees, as well as retired leaders, and giving supplements to them</li><li>• Holding lectures on health and first aid to improve employees' competence to step in during a first aid emergency</li><li>• Actively promoting group-buying houses scheme to reduce employees' worries on family issues</li></ul>

## Boosting Talent Development

Talents underpin a company. The Group attached great importance to advancing employee capability and career development and formulated the *Measures of Central China Securities for Employee Training Management*. Taking into consideration the corporate development strategy and the real situation of operations and management, the Group outlined training plans to fully support employees’ long-term career paths and development and provided them with sufficient and equal training and promotion opportunities. By making these efforts, the Group strived to grow together with employees.

In 2021, the Group continued to increase employee training and vigorously cultivated high-end talents. Regarding employee training as an important part of employee team building, the Group achieved rapid employee growth through training and established a tiered training system covering both new employees and on job employees to provide targeted business training.

In 2021, the total employee training hours registered

**23,432** hours



with a coverage rate of

**100** %



### Employee Training System



New employees

- The goal is to ensure that the knowledge and ability of the new employees meet the basic requirements for entrance of job. The training content includes the Group’s profile, the Group’s cultures, development strategy, management system, job skills, workflow, etc. The Group conducts assessment to review the effectiveness of training.



On job employees

- The goal is to improve on job employees’ ability to perform their duties. Differentiated training content is developed, with priority given to strengthening business knowledge, research and development capabilities, marketing services, management and other knowledge and skills. Examinations were combined to promote training as well.

### Training sessions and seminars for leaders of branches

In May 2021, in order to improve the management and business capabilities of leaders of branches, the Group, based on the types of the branches, invited professional trainers and organized several internal training sessions and seminars covering the sales of financial products, compliance concepts, crisis management and many other sectors. During the training, leaders of branches actively shared their experience to draw on each other’s strengths and make progress together.



Training sessions and seminars for leaders of branches



The Group continued to promote the development of talent teams, implemented the reform of position and professional title management across the Group, followed up the effectiveness and got feedback of the reform to constantly translate the soft power generated from the reform into the solid support for the development of the Group. It further strengthened the match between the positions and professional titles, coordinated classified management and attached importance to incentive plans. By optimizing the reform plan, it built more reasonable talent teams, ensuring the smooth operations of all businesses.

In addition, the Group awarded employees passing the professional examinations such as CIIA and CFA, including reimbursing examination fees and providing allowances, so as to encourage them to build expertise.

In 2021, the Group disbursed a total of RMB **547,400** for professional examination allowance.

Creating A Vibrant Workplace

Adhering to the guideline of “caring for and serving employees and guiding young employees”, the Group put into place democratic communication channels, and organized various sports and entertainment activities, in a bid to enrich the spiritual and cultural life of employees, increase their sense of happiness and belonging, and create a harmonious workplace brimming with vitality.

The Group took solid steps to protect employees’ lawful rights and interests, provided benefits for them, and established staff and workers’ representative congress mechanism for employees to voice their opinions. In 2021, the Group convened 7 staff and workers’ representative congresses in which several systems and proposals were reviewed and approved, including the *Management Measures on Social Donations of Central China Securities*, and the *Interim Management Measures on Supplementary Medical Insurance of the Head Office of Central China Securities*, so as to constantly improve the Group’s democratic management and strengthen democratic decision-making.

Organizing theme activities on International Women’s Day

On March 8, 2021, the Group organized activities on the theme of “Beautiful Women, Colorful Life – DIY Floral Chinese Fans”. The activities, with more than 60 female employees participated, were aimed at enriching the cultural life of female employees and enhancing their artistic taste.

In the activities, the florist introduced the knowledge of floral Chinese fans and taught the skills of making and preserving the fans through enthusiastic communication with female employees, thus effectively enhancing female employees’ sense of happiness and gain.



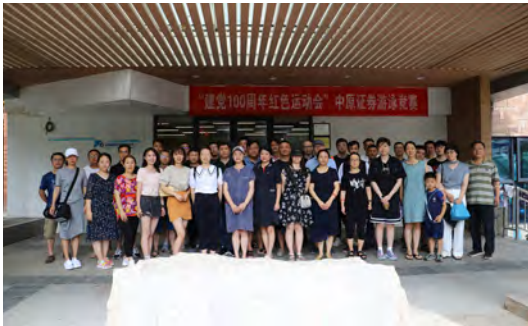
Florist was giving introduction



Group photograph of the theme activities

Organizing a swimming competition

In July 2021, the Group organized a swimming competition themed on “Red Games to Celebrate the Centenary of the CPC”. More than 60 employees from various departments and business lines were engaged, and they were divided into four groups based on their gender (male/female) and age (above 50/under 50) to compete for the champion. There were 16 events in the competition, including 25m breaststroke and freestyle and 50m breaststroke and freestyle, and the last race was 4\*25m mixed relay. The competition enriched employees’ leisure time, enhanced their competitive spirit and promoted the friendship between them.



Group photography of participants



Photography of the game



# Win-win: Green and Low-carbon Development for Common Prosperity



*Man and Nature need to coexist in harmony. When we take care to protect Nature, Nature rewards us generously; when we exploit Nature ruthlessly, it punishes us without mercy. We need to have deep reverence for Nature, respect Nature, follow Nature's laws and protect Nature, so as to build a homeland of harmonious coexistence between man and Nature.*

*-- Keynote Speech by H.E. Xi Jinping President of the People's Republic of China at Leaders' Summit of the 15th Meeting of the Conference of the Parties to the Convention on Biological Diversity 2021*

Climate change is a major global challenge facing mankind today. The financial industry plays an important role in responding to climate change and achieving carbon neutrality targets. The Group upheld China's carbon peak and neutrality targets, integrated its own development with the national development strategies and took active steps to respond to climate change and bolster environmental protection.

Adhering to its values of serving the country and the society through financial services, while creating economic benefits, the Group accumulated strength in the course of high-quality development, pooled group-wide resources to perform its social responsibilities, accelerated rural revitalization and promoted public welfare, in a bid to fulfill its mission as a state-owned financial enterprise and work together for a shared future.





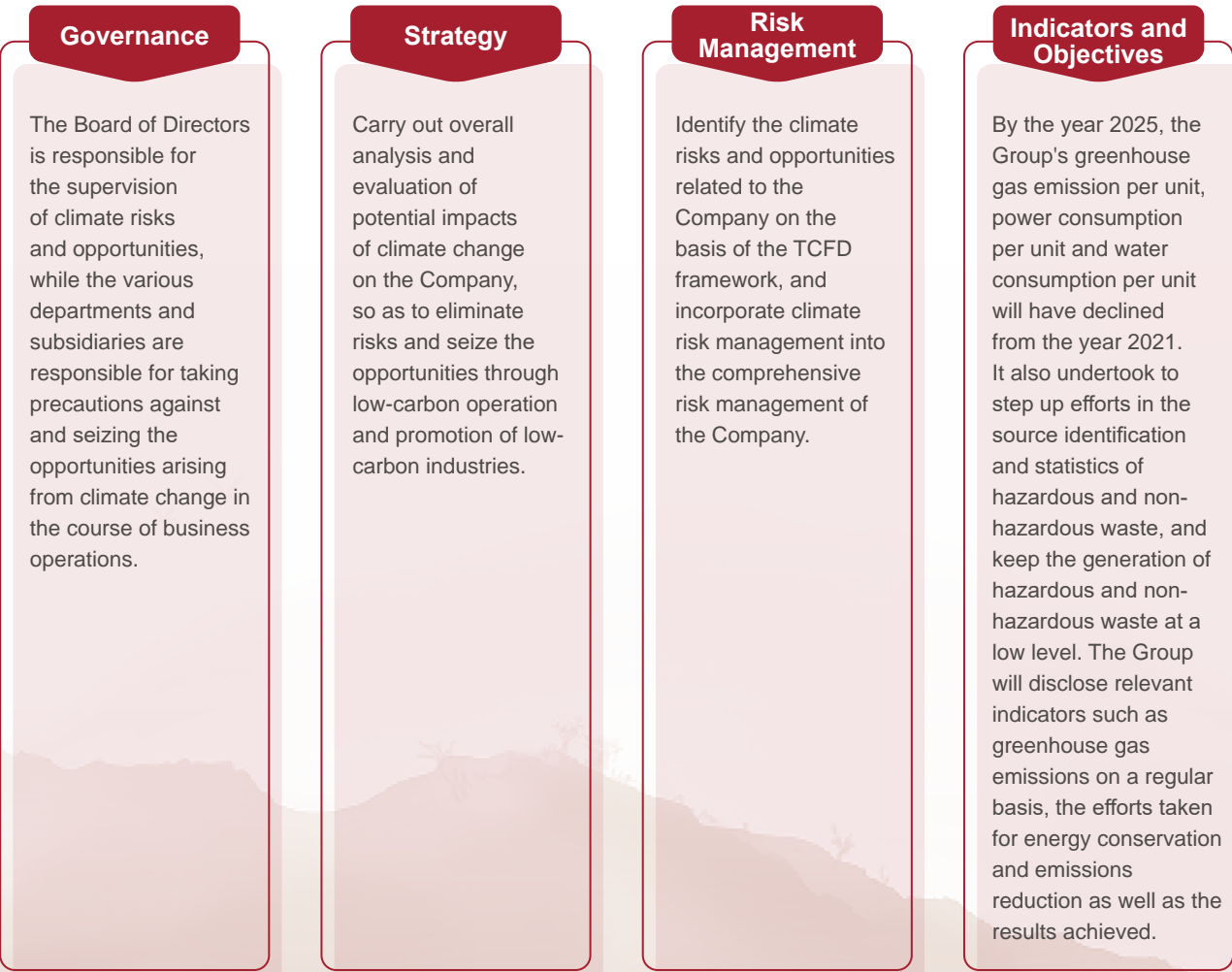
Low-carbon and Green Operations

Climate risk management



Tackling climate change has become a global issue that must not be overlooked. In September 2021, the CPC Central Committee and the State Council issued the *Working Guidance for Carbon Dioxide Peaking and Carbon Neutrality in Full and Faithful Implementation of the New Development Philosophy and the Action Plan for Carbon Dioxide Peaking Before 2030* successively, which put in place a “1+N” policy framework and accelerated the green development for enterprises.

As a financial enterprise, the Group was aware that climate change and other environmental risks not only impacted the business operations of the Company, but would also pass on from the real economy to the Company through investment and financing activities. Based on the *Guidelines on Environmental Information Disclosure for Listed Companies* issued by the People's Bank of China and the framework proposed by the Task Force on Climate-related Financial Disclosures (TCFD) of the Financial Stability Board (FSB), the Group identified the climate risks and opportunities related to its operation and took counter measures according to the identification results, so as to effectively manage the impact of climate change on the Group.

Climate Change Management System of Central China Securities



Identification of Major Climate Risks

Types of Risk	Description of Risk
<div><p>Physical Risks</p></div>	<ul style="list-style-type: none"><li>Climate disasters which have a direct impact on the normal business operations of the Company's securities branches and branch offices</li><li>In case of decline in the solvency or market value of its customers/investment objects due to climate disasters, the Company's credit risk will increase and the value of its investment portfolios will decline.</li><li>Continued climate deterioration may lead to climate disasters, with a negative impact on the market value of certain investment objects of the Company. As a result, the value of the Company's investment portfolios will decline.</li></ul>
<div><p>Transition Risks</p></div>	<ul style="list-style-type: none"><li>The market demand and supply structure has changed, and climate-friendly products and services are more favored. Consequently, the Company's customers/investment objects will be exposed to operational risks, and their solvency or market value will decline. In that case, the Company's credit risk will increase and the value of its investment portfolios will decline.</li><li>With the introduction of environment protection policies and tighter regulations, the normal operation of the Company's customers/investment objects may be affected. For example, some highly polluted industry capacities will be suspended and relevant solvency and market value will be challenged. In that case, the Company's credit risk will increase and the value of its investment portfolios will decline.</li><li>In the course of transformation toward low-carbon development, major technical breakthroughs may happen in energy conservation and environmental protection, which means the solvency and market value of Company's customers/investment objects in some traditional industries may be affected. In that case, the Company's credit risk will increase and the value of its investment portfolios will decline.</li></ul>

Identification of Major Climate Opportunities

Types of Opportunity	Description of Opportunity
<div><p>Market Opportunities</p></div>	<ul style="list-style-type: none"><li>Given the guiding role of carbon neutrality policies, climate-friendly products will be more popular in the market, which means the market value of some of the Company's investment objects may go up. In that case, the value of the Company's investment portfolios will increase.</li><li>The change of market trends calls for the creation of a series of financial products such as green bonds and carbon-neutral bonds, which will provide more space for the Company's future development.</li></ul>
<div><p>Resource Efficiency</p></div>	<ul style="list-style-type: none"><li>With the development and spread of clean energy and new energy, the transition to clean energy and new energy can help the Company reduce its operational costs in the long term.</li></ul>

Green Operations

As a financial enterprise, the energy consumption and carbon emission of the Group mainly came from daily operation, and the energy used included purchased electricity, natural gas and petro for its own vehicles; the resources used included water from the municipal supply system, and the Group had no problems in obtaining water resource; the main wastes generated included printer cartridges, computers and computers accessories. In 2021, no confirmed environmental violations in the Group were found.

In terms of waste management, the Group acted in strict compliance with the *Environmental Protection Law of the People's Republic of China*, *Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Waste*, the *Regulations for the Administration of the Recovery and Disposal of Waste Electric and Electronic Products* and other environmental protection laws and regulations, and formulated internal environment policies including *Measures for the Management of Physical Assets of Central China Securities Co., Ltd.* The Group energetically promoted green operations and cooperated with qualified recyclers to recycle and dispose of wastes, so as to reduce energy consumption, improve energy efficiency and help mitigate climate change.

Measures for Energy Conservation and Emissions Reduction



In 2021, the Group defined the 2025 environment management goals based on its business operations. By the year 2025, the Group's greenhouse gas emission per unit, power consumption per unit and water consumption per unit will have declined from the year 2021. It also undertook to step up efforts in the source identification and statistics of hazardous and non-hazardous waste, and keep the generation of hazardous and non-hazardous waste at a low level.

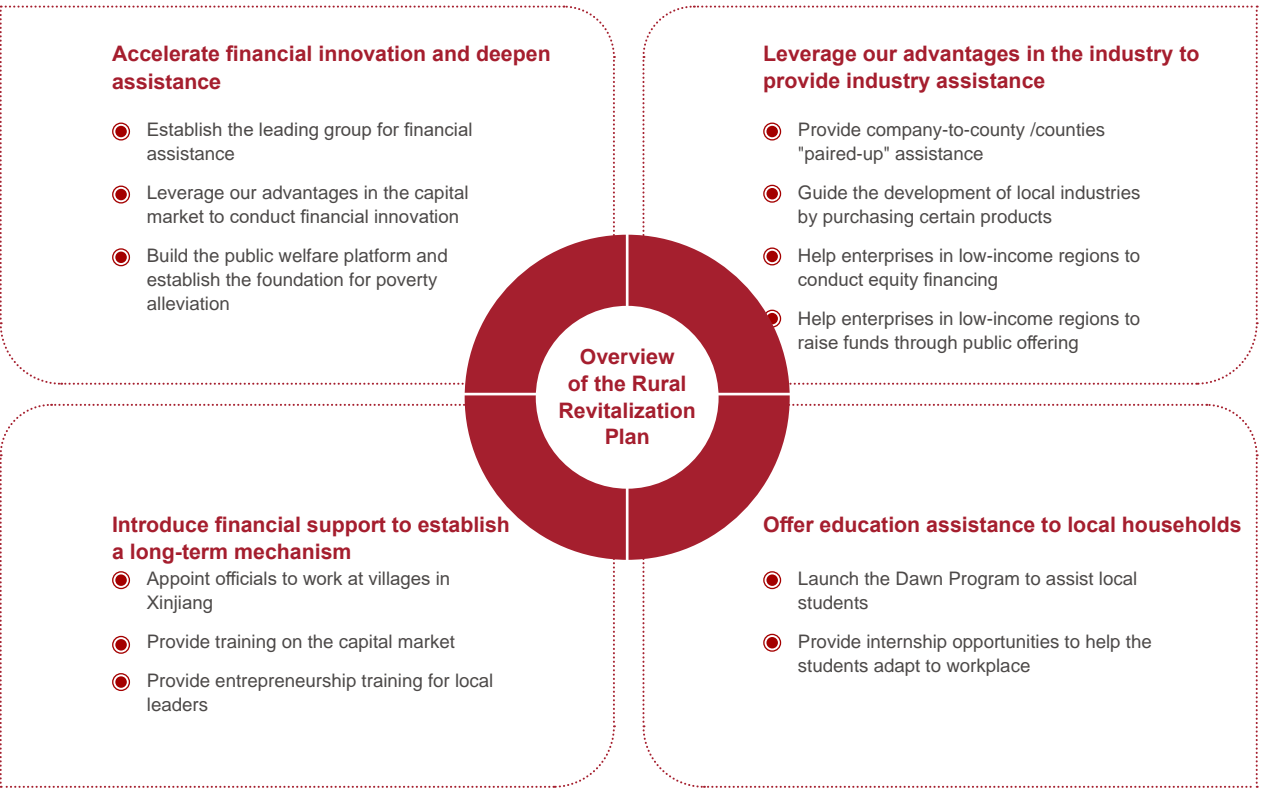
Promoting paperless office in an all-round way

The Group embraces the concept of green office by adopting paperless office and providing a good atmosphere for green office. It continued to improve the IT transformation of the settlement system by applying the office automation (OA) system and Cross-Banking Solution (CBS). In carrying out the Robotic Process Automation (RPA) project, it applied the application scenarios of settlement and process automation, and achieved paperless settlement in the whole process including application, approval and payment. In 2021, Central China Securities saved 90,000 pieces of paper at the Parent Company level.

Promoting Rural Revitalization

In 2021, China issued the *Opinions of the CPC Central Committee and the State Council on Comprehensively Promoting Rural Revitalization and Accelerating Agricultural and Rural Modernization*, *Opinions on the Effective Linkage of the Consolidation and Expansion of Educational Poverty Alleviation and the Effective Connection of Rural Revitalization*, *Law of the People's Republic of China on the Promotion of Rural Revitalization*, pointing out that the comprehensive promotion of rural revitalization is a major task for realizing the great rejuvenation of the Chinese nation, and that the energies of the whole party and the whole society shall be mobilized to accelerate the modernization of agriculture and rural areas.

Responding to the call of the CPC Central Committee, China Securities Regulatory Commission (CSRC), Securities Association of China (SAC), CPC Henan Provincial Committee and the People's Government of Henan Province on promoting common prosperity and implementing the Rural Revitalization Strategy, the Group strengthened its organization and leadership and established a leading group for financial assistance to provide comprehensive and tiered assistance for rural revitalization. By making these efforts, the Group consolidate our achievements in poverty elimination and assisted in the implementation of the rural revitalization strategy.



2021 Main Measures for and Achievements in Rural Revitalization

Paired-up assistance	<ul style="list-style-type: none"><li>The Group paired up with Lankao County and Suiping County to consolidate our achievements in poverty alleviation and make new progress in rural revitalization.</li></ul>
Partner assistance	<ul style="list-style-type: none"><li>The Group appointed a leader with investment and financing experience to serve as the deputy magistrate of Shangcai County, who introduced target measures such as promoting the listing of enterprises and creating platform companies to effective promote the development of Shangcai County.</li><li>The Group appointed a qualified leader to serve as the "first secretary" in Luochen Village, Guangshan County, Henan Province, who helped Luochen Village to achieve poverty alleviation. The county was rated as "excellent" in the provincial inspection on poverty alleviation.</li></ul>



Public welfare assistance

- By 2021, the cumulative fundraising scale of Henan Province Foundation for Poverty Alleviation, which the Group had taken the lead to establish, had reached RMB **800** million. More than **20,000** poor people were lift from social poverty alleviation projects on education, medical treatment, and industry and were lifted out of poverty.
- To help low-income regions such as Gushi, Lankao, Tongbai, Shangcai and Guangshan, the Group spent RMB **660,000** to purchase local agricultural products including millet, dried vegetables, peanuts, fine dried noodles and ginger.
- In 2021, Equity Exchange provided a listing fee reduction of RMB **920,000** to **80** MSMEs from low-income regions.

In 2021, the fundraising scale of Henan Province Foundation for Poverty Alleviation, which the Group took the lead to establish, ranked first among the poverty alleviation foundations established by 20 financial institutions in China.

Promoting Public Welfare Activities

Public welfare donations

The Group has long supported public welfare undertakings and has taken the lead to establish the poverty alleviation platform to promote public welfare activities. In 2021, the Group formulated the *Measures of China Securities Co., Ltd. on Administration of External Donations* to ensure that the Group performs its social responsibilities properly. Through such efforts, we continued to standardize the processes, strengthen the management and improved the efficiency of external donations.

Every year, the Group donates to public welfare efforts to help college students and those in primary and secondary schools, as well as people with disabilities, which covers most of the undergraduate colleges in Henan province. Therefore, the Group ranked at the forefront of the industry in terms of public welfare spending.

2021 Main Public Welfare Donations

Objectives	Amount (RMB 10,000)	Recipients
Rural Revitalization	190	Henan Province Foundation for Poverty Alleviation
Flood Mitigation and Disaster Relief	300	Henan Foundation For Justice And Courage
	200	Henan Province Foundation for Poverty Alleviation
Promoting the Development of Traditional Chinese Medicine	65	Nanyang Zhang Zhongjing Foundation of Henan Province
Carrying Forward Traditional Culture	45	Henan Charity General Federation (HCF)
Total	800	—

Supporting the Dawn Programme of Henan Province Foundation for Poverty Alleviation

The Group provided educational assistance through the platform of Henan Province Foundation for Poverty Alleviation. The Group launched the “Dawn Programme” Self-Improvement Class for Extremely Poor High School Students in 2017 to offer educational assistance to poor households, so as to prevent poverty from passing down from one generation to the next and achieve sustained poverty alleviation.

The “Dawn Programme” is open to high school students with excellent character and academic performance from registered poor households in extremely poor counties. The successful applicants will not only receive economic assistance for three consecutive years, but also mental health counseling, themed lectures and summer camp opportunities which allow students to visit and interact with renowned universities and listed companies in Henan to open up new horizons for them. By the end of 2021, the programme had been implemented in 15 counties and districts in Henan province, benefiting more than 1,300 students. The fund raised exceeded RMB 16 million.

the programme had been implemented in

**15** counties and districts in Henan province

benefiting more than

**130,000** students

The fund raised exceeded RMB

**16** million

Managing and supporting Henan Province Foundation for Poverty Alleviation

In October 2016, the Group set up the Henan Province Foundation for Poverty Alleviation ("Foundation") together with Henan Agricultural Comprehensive Development Co., Ltd., Henan Chengrui Environmental Protection Co., Ltd., Yinchuan Rural Commercial Bank, etc.

As the founder and director of Henan Province Foundation for Poverty Alleviation, the Group assigned the chairman of the labour union and members of the Party committee of the Group to serve as the director-general of the Foundation, and selected qualified leaders of the labour union to serve as the secretary-general. The donation from the Group will be used centrally through the Foundation's platform to sponsor public welfare programmes, in a bid to build an innovative platform for public welfare assistance. By 2021, the accumulative donation received by the Foundation amounted to RMB **778** million, the value of donated items amounted to RMB **2.75** million, and the accumulative spending on public welfare programmes amounted to RMB **724** million. In total, more than **60,000** donations were received from **400** enterprises and public institutions, providing direct assistance to **1,800** poor households to lift them out of poverty. The Foundation also mobilized local private businesses to provide **10,000** job opportunities for poor households. Through the poverty alleviation programmes in education, health and industry sectors, the Foundation has helped more than **200,000** impoverished population to rid themselves of the shackles of poverty and achieve prosperity, thus making positive contribution to the success of Henan province in building a moderately prosperous society in all respects.

Flood mitigation and disaster relief

In July 2021, the heavy rainstorm in Zhengzhou, Henan province caused severe water logging, fatalities and engineering accidents, with a severe impact on railway, highway and air transport.

As a local broker in Henan, the Group rose to the challenge and lost no time in establishing a leading group for urgent deployment of flood mitigation efforts. The Group established a daily report and emergency report mechanism and issued the *Notice on Strengthening Safety Precautions at Business Premises*, the *Notice on Flood Mitigation and Disaster Relief* and other documents to ensure orderly implementation of flood mitigation and disaster relief efforts.

2021 Major Measures for Flood Mitigation and Disaster Relief

Ensuring the safety of employees

- Upholding the basis principal of "ensuring everyone is safe"
- We took comprehensive measures to ensure everyone was safe during the flood, including calling on the employees who had stayed behind on critical posts to take care of emergencies, confirming the whereabouts of everybody in each department and requesting department heads to find out if all employees had reached home safely in the first place.

Guaranteeing continuity of operations

- The Party committee took charge of flood mitigation. It prioritized safety precautions, appointed responsible persons for critical posts, strengthened management of on-duty staff members and made flexible working arrangements.
- During the flood in July 2021, the Group maintained the operation continuity of its online system for security trading information, as well as its 70 branches, subsidiaries, and securities branches in Henan province.

Supporting disaster recovery

- The Group performed its social responsibilities by donating to disaster relief efforts, volunteering in public services and supporting disaster recovery. Immediately after the disaster, the Group extended a helping hand to communities in need of relief and development.

Key Quantitative Performance

Economic Performance<sup>1</sup>

Economy

Indicator	Unit	2019	2020	2021
Profit before income tax	RMB 100 million	1.16	1.44	7.18
Total tax payment	RMB 100 million	3.15	2.44	4.72
Total assets	RMB 100 million	435.70	523.77	537.48
Social contribution value per share <sup>2</sup>	RMB	0.53	0.44	0.64

Note 1: The data in this table was calculated from the consolidated financial statement prepared by the Group under PRC GAAP or by the data in the foregoing statements.

Note 2: [Formulas] Social contribution value per share = (net profit attributable to ordinary shareholders after non-recurring profit and loss deduction + total tax payment + the total amount of wages and benefits paid by the Group + interest expenditure + the amount of value created for other stakeholders including social donations – other social costs caused by issues such as environmental pollution) / the total number of shares of the company.

Social Performance

Anti-Corruption

Indicator	Unit	2019	2020	2021
Number of anti-corruption training sessions	time	6	6	6
Number of employees participating in anti-corruption training	person	504	600	651

Compliance Management

Indicator	Unit	2019	2020	2021
Number of anti-money laundering training sessions	time	6	13	14
Number of people participating in anti-money laundering training <sup>1</sup>	person	250	500	550

Note 1: The number of people participating in anti-money laundering training was a conservative estimate. The real number was higher.



Employees<sup>1</sup>

Indicator		Unit	2019	2020	2021
Total number of employees		person	2,478	2,427	2,386
Gender breakdown	Male	person	1,397	1,354	1,336
	Female	person	1,081	1,073	1,050
Age breakdown	Aged over 50	person	115	139	131
	Aged between 40 and 50	person	579	575	557
	Aged between 30 and 40	person	1,231	1,244	1,207
	Aged under 30	person	553	469	491
By region	Inside Zhengzhou	person	1,112	1,110	1,129
	Outside Zhengzhou	person	1,366	1,317	1,257
By education level	Master's degree or higher	person	577	555	509
	Bachelor's degree	person	1,721	1,712	1,712
	Other academic qualifications	person	180	160	165
Number of new employees		person	223	215	193
Number of employees from ethnic groups		person	81	79	83
Number of employees from Hong Kong, Macao, Taiwan and overseas		person	1	1	0
Employee turnover rate <sup>2</sup>		%	8.97	7.64	8.13
Gender breakdown	Male	%	9.14	7.78	8.39
	Female	%	8.65	7.49	7.90
Age breakdown	Aged over 50	%	10.83	9.97	10.06
	Aged between 30 and 50	%	6.52	6.07	6.29
	Aged under 30	%	12.76	11.58	15.83
By region	Head Office	%	8.69	5.60	7.95
	Branches in Zhengzhou	%	8.96	7.68	8.00
	Branches outside Zhengzhou	%	9.42	8.13	8.37
Labour contract signing rate		%	100	100	100
Number of penalties received for violations of the laws and regulations on employment and labour		person	0	0	0

Note 1: [Statistical caliber] The statistical standard was the parent company of Central China Securities Co., Ltd..

Note 2: [Formulas] Employee turnover rate of a particular type = the number of employees of a particular type who left /the total number of employees of the type.

Employee Health and Safety<sup>1</sup>

Indicator	Unit	2019	2020	2021
Number of work-related fatalities	person	0	0	0
Lost days due to work injury	person	0	0	0

Note1: [Statistical caliber] The statistical standard in 2021 was the parent company of Central China Securities Co., Ltd..

Employee Training<sup>1</sup>

Indicator		Unit	2019	2020	2021
Employee training coverage rate <sup>2</sup>		%	100	100	100
Gender breakdown	Male Employees	%	100	100	100
	Female Employees	%	100	100	100
By types of employees	Ordinary employees	%	100	100	100
	Primary-level management	%	100	100	100
	Middle and senior management	%	100	100	100
Annual average training hours per employee		hour	—	—	42.5

Note 1: [Statistical caliber] The statistical caliber in 2021 was the parent company of Central China Securities Co., Ltd..

Note 2: [Formulas] Employee training coverage rate of a particular type = the number of employees of the type participating in training / the total number of employees of the type

Supplier<sup>1</sup>

Indicator	Unit	2021
Number of suppliers from the mainland	supplier	7
Number of suppliers from Hong Kong, Macao, Taiwan and overseas	supplier	0

Note 1: [Statistical caliber] The statistical caliber was the parent company of Central China Securities Co., Ltd. The Company started counting the number of suppliers from 2021.

Customer Services<sup>1</sup>

Indicator	Unit	2021
Number of complaints received	case	52
Complaint handling rate	%	100

Complaint handling satisfaction rate	%	76.92
Number of violations of laws and regulations on marketing (including advertising, promotion and sponsorship)	case	0
Number of violations of laws and regulations on products and service labelling	case	0

Note 1: [Statistical caliber] The statistical caliber was the parent company of Central China Securities Co., Ltd..

Community Service

Indicator	Unit	2019	2020	2021
Value of agricultural products purchased from low-income regions <sup>1</sup>	RMB10,000	35	75.6	66
Charitable donations	RMB10,000	—	—	809.65

Note 1: The agricultural products included millet, dried vegetables, peanuts, fine dried noodles, ginger and other local agricultural products purchased from Gushi County, Lankao County, Tongbai County, Shangcai County, Guangshan County and other poor areas. The value of agricultural products purchased amounted to RMB660,000.

Environmental Performance

Environment<sup>1</sup>

Indicator	Unit	2019	2020	2021
Total GHG emissions <sup>2, 3</sup>	CO2 equivalent (t)	3,457.5	500.5	1,192.28
GHG emissions (Scope 1)	CO2 equivalent (t)	300.7	43.8	66.09
GHG emissions (Scope 2)	CO2 equivalent (t)	3,156.8	456.7	1,126.19
GHG emissions (Scope 3)	CO2 equivalent (t)	—	—	6,416.76
Total GHG emissions per person (Scope 1 and Scope 2)	CO2 equivalent (t)/person	1.2	0.2	0.4
Total electricity consumption	kWh	—	—	1,938,371.47
Electricity consumption per person	kWh/person	—	—	729.53
Total natural gas consumption	m3	—	—	11,553.57
Natural gas consumption per person	m3/person	—	—	4.35
Gasoline consumption of vehicles owned by the companies	L	—	—	15,170.28
Total water consumption	tons	—	—	5,348.54
Water consumption per person	tons/person	—	—	2.01

Amount of office's domestic wastes generated	kg	22,181.4	23,120.3	22,806.24
Amount of office's domestic wastes recycled	kg	3,626.9	3,174.5	3,136.74
Office's domestic waste generation intensity	kg/person	7.8	9.6	8.58
Amount of printer cartridges and ink cartridges generated	units	647	124	328
Generation intensity of printer cartridges and ink cartridges	Units/person	0.23	0.05	0.12
Amount of toner cartridges generated	units	—	255	246
Generation intensity of toner cartridges	Units/person	—	0.10	0.09

Note1: [Statistical caliber] In 2021, the statistical caliber of the data, except for GHG emissions (Scope 3), was the parent company of Central China Securities Co., Ltd., Central China Futures Co., Ltd., Zhongding Kaiyuan Venture Capital Management CO., Ltd. and Central China Equity Exchange Co., Ltd. The statistical standard of GHG emissions (Scope 3) was the parent company of Central China Securities Co., Ltd..

Note 2: [Calculation method] GHG emissions (Scope 1) included direct GHG emissions from the companies' natural gas consumption, gasoline consumption of vehicles owned by the companies, and diesel consumption from diesel generators. GHG emissions (Scope 2) included indirect GHG emissions from purchased electric power. The carbon emission factor of purchased electric power applied in 2021 is in accordance with the 2021 National Grid Emission Factor in the Guidelines on Enterprises Greenhouse Gas Emissions Accounting and Reporting – Power Generation Facilities issued by Ministry of Ecology and Environment of the People's Republic of China in March, 2022. GHG emissions (Scope 3) were estimated based on Greenhouse Gas Protocol (Scope 3). The statistical scope in 2021 included emissions generated from travelling by plane and train, as well as accommodation by the employees from Central China Securities Co., Ltd. during their business trips, as well as emissions generated from their commutes.

Note 3: In respond to COVID-19, the Group took measures such as working from home and limiting business trips in 2020, so the carbon emissions generated in 2020 were relatively low.



Report Standard Index

Index of the Guidelines of Self-regulation of Companies Listed on Shanghai Stock Exchange No. 1 – Standard Operation

Guidelines of Self-regulation of Companies Listed on Shanghai Stock Exchange No. 1 – Standard Operation	
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8.2	Underpinning the Foundation: Strict Compliance and Prudent Governance
8.3	ESG Statement of the Board of Directors
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8.12	Not Applicable
8.13	Not Applicable
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8.15	Meet the Requirements

Index of Environmental, Social and Governance Reporting Guide (with Effect from January 1, 2022) on Hong Kong Stock Exchange

Aspects, General Disclosures and KPIs	Sections
Subject Area A. Environmental	
Aspect A1: Emissions	Low-carbon and Green Operations
KPI A1.1	Key Quantitative Performance
KPI A1.2	Key Quantitative Performance
KPI A1.3	Key Quantitative Performance
KPI A1.4	Key Quantitative Performance
KPI A1.5	Low-carbon and Green Operations
KPI A1.6	Low-carbon and Green Operations
Aspect A2: Use of Resources	Low-carbon and Green Operations
KPI A2.1	Key Quantitative Performance
KPI A2.2	Key Quantitative Performance
KPI A2.3	Key Quantitative Performance
KPI A2.4	Key Quantitative Performance
KPI A2.5	The Company's products are financial products which are not applicable for this indicator
Aspect A3: The Environment and Natural Resources	Low-carbon and Green Operations
KPI A3.1	Low-carbon and Green Operations
Aspect A4: Climate Change	Low-carbon and Green Operations
KPI A4.1	Low-carbon and Green Operations
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KPI B1.1	Key Quantitative Performance
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Aspect B2. Health and Safety	Protecting Employees' Rights and Interests
KPI B2.1	Key Quantitative Performance
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Aspect B3. Development and Training	Boosting Talent Development
KPI B3.1	Key Quantitative Performance
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Aspect B4. Labour Standards	Protecting Employees' Rights and Interests
KPI B4.1	Protecting Employees' Rights and Interests
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Aspect B6. Product Responsibility	Fulfilling Responsibility: Professional Service and Firm Commitment
KPI B6.1	The Company's products are financial products which are not applicable for this indicator
KPI B6.2	Key Quantitative Performance
KPI B6.3	Putting Customers First Compliant and Prudent Operations
KPI B6.4	The Company's products are financial products which are not applicable for this indicator
KPI B6.5	Empowering Finance Through Technology
Aspect B7. Anti-corruption	Promoting Anti-corruption Management
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# Index for Global Sustainable Development Goals

Responding to the programme on implementation of Global Sustainable Development Goals (SDGs), the Group used the 17 SDGs set in the UN *2030 Agenda for Sustainable Development* adopted in the UN Sustainable Development Summit 2015 as its guides to action, and comprehensively examined the connection between the SDGs and its endeavour in responsibility performance, in a bid to make contributions to realizing the SDGs.

SDGs	Main actions	Relevant Chapter(s)
	<ul style="list-style-type: none"><li>Carried out paired-up assistance, partner assistance and public welfare activities to serve major national strategies of consolidating the results of poverty alleviation and boosting rural revitalization</li></ul>	<ul style="list-style-type: none"><li>Promoting Rural Revitalization</li></ul>
	<ul style="list-style-type: none"><li>Went all out to ensure the safety of employees when the heavy rainstorm hit Zhengzhou, Henan Province, lived up to the responsibilities and supported the disaster recovery</li><li>Attached importance to protecting employee' rights and interests, and organized various sports and entertainment activities to care for employees, increasing their sense of gain, happiness and security</li></ul>	<ul style="list-style-type: none"><li>Protecting Employees' Rights and Interests</li><li>Creating A Vibrant Workplace</li></ul>
	<ul style="list-style-type: none"><li>Supported the development of education in remote and economically disadvantaged areas through assistance project of public education</li></ul>	<ul style="list-style-type: none"><li>Promoting Rural Revitalization</li><li>Promoting Public Welfare Activities</li></ul>
	<ul style="list-style-type: none"><li>Developed green finance, promoted climate risk management and implemented low-carbon operation measures such as energy conservation and emission reduction in response to the national dual-carbon strategy</li></ul>	<ul style="list-style-type: none"><li>Serving National Strategies</li><li>Low-Carbon and Green Operations</li></ul>
	<ul style="list-style-type: none"><li>Developed green finance, served micro, small and medium-sized enterprises and supported innovative industries</li></ul>	<ul style="list-style-type: none"><li>Serving National Strategies</li></ul>
	<ul style="list-style-type: none"><li>Organized various sports and entertainment activities, enriched the spiritual and cultural life of employees, and cared for female employees</li></ul>	<ul style="list-style-type: none"><li>Creating A Vibrant Workplace</li><li>Promoting Public Welfare Activities</li></ul>
	<ul style="list-style-type: none"><li>Identified climate-related risks and opportunities that could substantively affect the Company's businesses and operations based on TCFD framework; set quantified environmental targets and adopted energy conservation and emission reduction measures to reduce energy consumption and improve energy efficiency</li></ul>	<ul style="list-style-type: none"><li>Low-Carbon and Green Operations</li></ul>
	<ul style="list-style-type: none"><li>Strictly abided by laws and regulations, consolidated the foundation of corporate governance, constantly improved comprehensive risk management, implemented compliance management and cultivated an anti-corruption culture across the Group</li></ul>	<ul style="list-style-type: none"><li>Compliant and Prudent Operations</li><li>Promoting Anti-corruption Management</li></ul>

# About the Report

The report is the sixth Environmental, Social and Governance Report (hereinafter referred to as the “Report”) issued by Central China Securities Co., Ltd. and its subsidiaries (hereinafter collectively referred to as the “Group”). It aims to disclose the environmental, social and governance practices and performance of the Group to its stakeholders.

## Scope of Application

Reporting period: Ranging from Jan. 1, 2021 to Dec. 31, 2021.

Reporting cycle: Annual report.

Organizational scope: Unless otherwise specified, the scope of the report is the same as that of the Group's annual consolidated financial statement.

Company name	Abbreviation
Central China Securities Co., Ltd.	CC Securities, Central China Securities, the Company, the Group
Central China Futures Co., Ltd.	Central China Futures
Zhongding Kaiyuan Venture Capital Management Co., Ltd.	ZDKY Venture Capital
Central China International Financial Holdings Company Limited	Central China International
Central China Blue Ocean Investment Management Company Limited	Central China Blue Ocean, CCBO
Central China Equity Exchange Co., Ltd.	Equity Exchange

## Compilation Basis

Shanghai Stock Exchange's Standards for the *Guidelines No.1 for the Application of Self-Regulation Rules for Listed Companies - Standardised Operation*

*Environmental, Social and Governance Reporting Guide of the Stock Exchange of Hong Kong Limited (effective from January 1, 2022)*

*Guidelines No.2 for the Content and Format of Information Disclosure by Companies Offering Securities to the Public – Content and Format of Annual Report (Revised in 2021) issues by China Securities Regulatory Commission*

*Global Reporting Initiative (GRI) Sustainability Reporting Standards (GRI Standards) (2016)*

## Reporting Language

This report includes both traditional Chinese and English versions. In case of any discrepancy between the two versions, the traditional Chinese version shall prevail.

## Reporting Data Statement

The data and cases provided come from the original records or financial reports issued by Central China Securities and its subsidiaries and branches. Unless otherwise specified, the financial data provided herein is presented in RMB. In case of any inconsistency with the financial report, the financial report shall prevail.

## Report Compilation Principles

The report is compiled in accordance with the reporting principles stated in the *Environmental, Social and Governance Reporting Guide* of the Stock Exchange of Hong Kong Limited, including:

**Materiality:** The report identifies material issues that need to be responded to through a materiality analysis, and highlights important ESG issues that might significantly affect investors and other stakeholders.

**Quantitative:** The report discloses and explains quantitative key performance indicators and specifies calculation basis and assumptions and conditions, in order to assess and validate the effectiveness of ESG policies and management systems.

**Balance:** The report reflects objective facts impartially while disclosing both positive and negative indicators, and avoids any selection, omission or reporting format that may improperly influence the decision or judgement made by report readers.

**Consistency:** The report clearly describes the statistical methods and statistical caliber of the quantitative key ESG performance indicators disclosed, keeps indicators and statistical methods used in different reporting period as consistent as possible to represent changes in performance.

## Access to the Report

The report is issued in electronic form, which is available on the Group's official website at [www.ccnew.com](http://www.ccnew.com), the website of the Shanghai Stock Exchange at [www.sse.com.cn](http://www.sse.com.cn), and the website of The Stock Exchange of Hong Kong Limited at [www.hkex.com.hk](http://www.hkex.com.hk).



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