



— 2022 —

No.111, Fuhua Yi Road, Futian Street,
FutianDistrict, Shenzhen, Guangdong,P.R.China
Postal Code: 518046
For further information, please contact 0755-82943666
Hotline: 95565
Welcome to visit CMS website: www.cmschina.com

CHINA MERCHANTS SECURITIES CO., LTD.

**ENVIRONMENTAL,
SOCIAL AND GOVERNANCE REPORT**

CONTENTS

About this Report

Statement of the Board of Directors

About the Company07

Overview	09
Core businesses and services	13
Honors and awards	15

01ESG Governance System17

Social responsibility management philosophy	19
ESG governance structure	20
Identification and communication of stakeholders	21
Identification and analysis of materiality	23

04Assume Social Responsibility49

Protect the rights and interests of employees	51
Boosting Employee Development	53
Strengthen employee care	56
Promote community development	61

05Safeguard Sound Operation65

Improve corporate governance	67
Comprehensive risk management	70
Compliance and integrity management	53
Establish responsible supply chain	80

02Realization of Client Value25

Protection of rights and interests of clients	27
Optimization of service experience	31
Contribution to investor education	34

03Create Capital Impact37

Serve the real economy	39
Practice inclusive finance	42
Support rural revitalization	45

06Engaging in Green Development81

Practicing green operation	83
Tackling climate risks	85
Developing green finance	90
Green finance achievements and awards	93

Appendixes

Appendix I . List of disclosure policies	95
Appendix II. List of quantitative disclosure data	97
Appendix III. Index of the Guidelines for Environmental, Social and Governance Report issued by Hong Kong Stock Exchange (effective from January 1, 2022)	105

| About this Report

This is the seventh ESG Report issued by China Merchants Securities Co., Ltd. (“CMS” , the “Company” or “We”) since 2017. The purpose of the Report is to disclose to all stakeholders the actions taken by the Company to implement the ESG concept and strive for sustainable development, and the results achieved.

Scope of the Report

The scope of 2022 report:China Merchants Securities Corporation headquarters,**12** branches,**259** securities branches, and**5** wholly-owned subsidiaries.

Reporting period: January 1, 2022 to December 31, 2022 (some contents are retrospective and prospective as appropriate).

Reporting frequency: This is an annually disclosed report.

Reference of the Report

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

Reporting Principles

- Given the principle of importance, the Report identifies and responds to important ESG issues that affect the sustainable development of the Company based on data analysis and other work. See “ESG governance system” herein for the process and results of significance analysis.
- Given the principle of quantification, the Report discloses the Company’ s quantitative key performance in ESG. See Appendix III. List of Quantitative Disclosure Data for details.
- Given the principle of consistency, the indicators used herein for different reporting periods are consistent as far as possible to reflect the performance trend. For the performance indicators to be calculated, the relevant calculation basis and reference standards are indicated herein.
- Given the principle of balance, the Report reflects objective facts and discloses positive and negative indicators.

Report Data Description

The data in the Report are mainly derived from the original records of the actual operation of the Company. Unless otherwise specified, the financial data presented in the Report are denominated in Chinese Yuan (CNY).

Report Assurance Method

The Company makes a public commitment to the trustworthiness and reliability of the Report, which is self-published and will be subject to third-party review when appropriate.

Access to the Report

The Report is published in digital form and can be downloaded from:

The Hong Kong Exchange (<http://www.hkexnews.hk>)

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

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

Statement of the Board of Directors

The year 2022, as the year of the 20th Communist Party of China (CPC) National Congress, is the key year to start a new journey of socialist modernization and to implement the “14th Five-Year Plan”. China Merchants Securities (CMS), in the new development stage, has always scientifically and comprehensively implemented the new development concept, actively served the new development pattern, implemented ESG concepts and initiatives into its own operations, continuously improved the Company's ESG management level, and contributed to help the sustainable development of the securities industry.

In order to strengthen the Board of Directors' supervision and responsibility for ESG efforts, China Merchants Securities has established a strategy and sustainable development committee to assist the Board of Directors in researching, making decisions and monitoring the progress of implementation on major matters related to environmental, social and governance objectives, planning, strategies and risks of China Merchants Securities; the Company's management has established a sustainability leading group to make specific arrangements and requirements for major ESG decisions of the Board of Directors and ensured that ESG perspectives are reflected in all aspects of the Company's management and operation; a sustainability working group has been established under the leading group, headed by competent CMS Office and consisting of main persons in charge of each department and office at headquarters and each wholly-owned subsidiary as team members, to coordinate and promote specific ESG efforts. In 2022, the Board of Directors identified the Company's ESG management priorities in the following areas and actively promoted management implementation.



Stable operation contributes to high-quality development

Adherence to legal compliance and sound operation is a must for the high-quality development of securities companies. In 2022, the Company has strictly followed the industry culture concept of “compliance, integrity, professionalism and soundness” and its bottom line, solidifying the foundation of sound operation. In terms of risk management, we continued to optimize the effective risk management and internal control system, adhered to the optimization and improvement of risk management platform, carried out in-depth risk data governance, and strengthened the promotion of risk culture. In terms of compliance management, we focused on the disposal and prevention of major compliance and legal risks on the one hand, and the promotion and facilitation of business innovation on the other hand. We also actively promoted the construction of a compliance management system, implemented various tasks, and created a strong compliance atmosphere featuring cooperation and compliance. In terms of integrity and anti-corruption management, we gave full play to the combined efforts of discipline inspection and supervision, compliance, risk control and audit. In addition, the Company focused on key areas such as investment banking quality control and employee compliance practice, educated employees to hold discipline in awe, tied the “fence” and built a good “wall” to provide solid support for high-quality development.

We stay true to the original intention and draw a better blueprint for business

The Company aims to create high-quality services, protect the rights and interests of investors, and continuously improve the customer service protection mechanism; strengthen the financial technology innovation capability, and continuously introduce innovative and high-quality financial products and services to the market; and advocate the concept of rational investment, and contribute to the maintenance of financial market stability.

The Company actively plays an important role as a

financial institution in promoting national economic transformation and development, and always serves national strategies and real economy to provide financing and service support to science and technology innovation, real economy transformation and upgrading, and major infrastructure-related projects or enterprises in order to support industrial transformation and upgrading. At the same time, the Company gives full play to its business advantages and supports the development of green industries and projects through multi-channel and multi-species green investment and financing instruments to help peak CO2 emission before 2030 and achieve carbon neutrality by 2060.

We work together for sustainable ecological construction

The Company has attached great importance to talent empowerment and society development. In terms of talent management, we rely on the four-dimensional training system of “sound training system guarantee” + “reasonable training resources allocation” + “efficient training program operation” + “advanced learning platform support” to provide comprehensive support for employees' career development.

In terms of social development, the Company actively responded to the national rural revitalization strategies, practiced corporate social responsibilities, and constantly promoted rural revitalization and regional economic development by the practice of securities industry. In addition, the Company also took its social responsibilities in accordance with social development by making donations through China Merchants Securities Public Foundation, carrying out various volunteer activities, and helping disadvantaged groups.

The Report discloses in detail the progress of China Merchants Securities' management and practice on the above efforts and other ESG topics, all of which have been considered and approved by the Board of Directors in March 2023.



CHINA
MERCHANTS
SECURITIES

ABOUT THE COMPANY

Overview

Core Business and Services

Honors and Awards



| About the Company

Overview

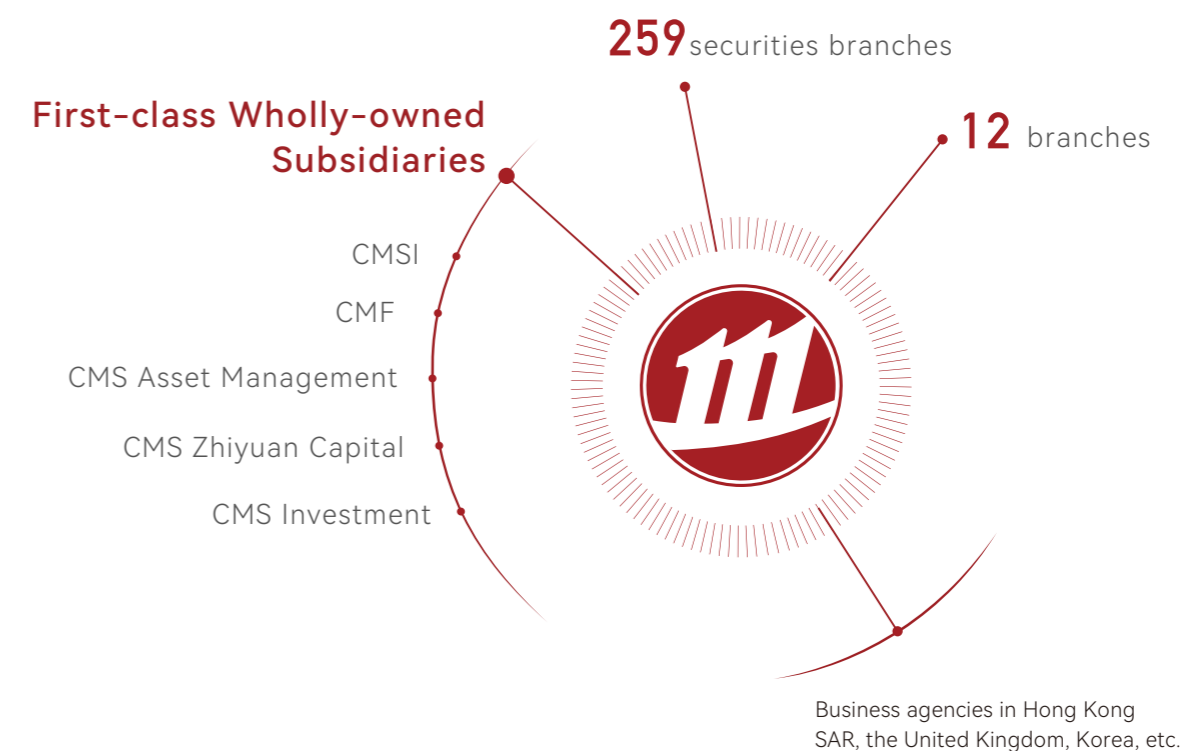
Founded in Shenzhen in August 1991, China Merchants Securities Company Limited, as the core financial enterprise under the century-old China Merchants Group, is the largest integrated securities company operating within the system of the State-owned Assets Supervision and Administration Commission of the State Council (SASAC). In November 2009, the Company was listed in the Shanghai Stock Exchange, and in October 2016, the Company was listed in the Hong Kong Stock Exchange, thereby becoming the seventh securities company in the industry to achieve listing of both A and H shares. In August 2020, the Company successfully completed the allotment of A+H shares. Since then, the Company has become the first securities company to implement the allotment of A+H shares, with a net asset size of over CNY 100 billion.

China Merchants Securities demonstrates stable and sustainable profitability, scientific and reasonable risk management structure, and comprehensive and professional service capability. It has also been persistent and steady in its operation. The Company, characterized by a balanced business structure and a solid foundation for overall development, has developed significantly competitive advantages in the business areas of agency trading, custody outsourcing, bond and derivatives investment, etc. In addition, the Company has a solid foundation and growing competitiveness in retail brokerage business, excellent comprehensive service capability in institutional client business, and steadily improving service capability in the whole industry chain for corporate client business. After more than 30 years of development, the Company has gradually grown into a first-class comprehensive listed brokerage firm in China, with its overall strength leading the industry.



China Merchants Securities (CMS) has five first-class wholly-owned subsidiaries, including China Merchants Securities International Company Limited ("CMSI"), China Merchants Futures Co., Limited ("CMF"), China Merchants Securities Asset Management Co., Ltd. ("CMS Asset Management"), China Merchants Zhiyuan Capital Investment Co., Ltd. ("CMS Zhiyuan Capital") and China Merchants Securities Investment Co., Ltd. ("CMS Investment"); 259 securities branches and 12 branches in China; and business agencies in Hong Kong SAR, the United Kingdom, Korea, etc. The Company also holds equity interest in Bosera Asset Management Co., Limited and China Merchants Fund Management Co., Ltd., to build a comprehensive securities service platform with integrated domestic and international business.

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



| Core Business and Services

Adhering to a client-oriented approach, we provide clients with all-round professional services of Wealth-Management and Institutional business, Investment Banking, Investment Management, Investment and Trading. Our core business and services are as follows:

Wealth Management and Institutional Business

- The Company trades stocks, funds, bonds, futures and other derivatives on behalf of our clients and provides them with other value-added services such as investment consultancy, investment portfolio recommendation, sales of products, account assessment and assets allocation;
- Provides capital-based intermediary services (including margin financing and securities lending as well as stock pledge repo) to clients ;
- Provides investment research, sales and trading, prime brokerage and other services for a variety of institutions such as funds and insurance companies

Investment Banking

- The Company provides one-stop domestic and international investment banking services to corporate clients, including domestic and international equity financing, debt financing, structured financing, over-the-counter (OTC) listing, financial advisory and other services.

Investment Management

- The Company provides investment management services, including collective asset management, separately managed account, specialized asset management, equity investment fund management, and earns management fees and performance fees.

Investment and Trading

- The Company engages in proprietary trading and market-making business in relation to equity and fixed-income securities, commodities, foreign exchange, alternative investment and other derivatives as well as OTC financial products

Honors and Awards

Awarding Institution

Awards/Honors

Social Responsibility Bureau of the SASAC

Selected in the "Central Enterprises ESG·Pioneer 50 Index"
Selected in the "Central Enterprises ESG·Social Value Pioneer 50 Index"
Selected in the "Central Enterprises ESG·Risk Management Pioneer 50 Index"

SASAC

"Model State-owned Enterprises on Corporate Governance "

National Business Daily

Top 10 Chinese Listed Companies by Brand Value in the Securities Industry

Southern Finance Omnimedia Corp.

2022 Best SFC Nancaihao

China Securities Investor Services Center

2022 Champion Team for the "Here Shareholders Coming"
2022 Best Hosting Award for the "Here Shareholders Coming"

**Shenzhen Securities Association,
Shenzhen Securities Investor Service Center**

2022 Outstanding Investor Education Base in Shenzhen Jurisdiction

Securities Times

Jun Ding Award of Best Investment Advisory Team
2022 Jun Ding Award for Retail Securities Broker in China
2022 Jun Ding Award for Full-Service Investment Bank in China
2022 Jun Ding Award for SSE&SZSE Main Board Investment Bank in China
2022 Jun Ding Award for Growth Enterprise Market Investment Bank in China
2022 Jun Ding Award for STAR Market Investment Bank in China
2022 Jun Ding Award for Regional Investment Bank in China (South China Region)

**Zhaopin and Center for
Social Research, Peking University**

China Best Employer of the Year

51Job

China Top 100 Exemplary Employer,
Outstanding Human Resource Management Award

Awarding Institution	Awards/Honors
New Fortune	New Fortune Best ESG Practice Research Institute in 2022
	The 15th New Fortune Best Investment Banks in “Best Practice ESG Investment Bank”
	The 15th New Fortune Best Investment Bank in “Best Local Investment Bank”
	The 15th New Fortune Best Investment Bank in “Best Investment Bank in Equity Underwriting”
	The 15th New Fortune Best Investment Bank in “Best Investment Bank in Debt Underwriting”
	The 15th New Fortune Best Investment Bank in “Best IPO Investment Bank”
	The 15th New Fortune Best Investment Bank in “Best Refinancing Investment Bank”
	The 15th New Fortune Best Investment Bank in “Best Investment Bank in Mass Consumption”
Sina Finance	The Most Distinctive Research Institute of Sina Golden Kirin in 2022
China Securities Journal	2022 China Securities Industry Golden Bull Analyst Award – Most Popular and Influential Research Institute
National Business Daily	2022 China Jinding Award · The Most Influential Custodian
	2022 China Jinding Award · The Most Comprehensive Wealth Management Broker
China Fund	2022 Best Private Placement Custodian Award
Hong Kong Council of Social Service	Recognition Logo of “Caring Company 2021/2022”
Shenzhen Internal Audit Association	The project of “Special Audit on Customer Complaint Management in Securities Brokerage Business” customer was honored as the Recognized Audit Project of Shenzhen Internal Audit Institution in 2021-2022

Awarding Institution	Awards/Honors
Shenzhen Municipal Local Financial Regulatory Bureau	“China Merchants Securities Cross-border Return Swap Project” won the first prize of Shenzhen Financial Innovation Contribution Award in 2021
Shenzhen Stock Exchange	The application of private equity fund portrait based on big data intelligence technology won the first prize of the Outstanding Topic of the Securities and Futures Industry of Shenzhen Stock Exchange in 2021
Financial Work Bureau, Futian District, Shenzhen	The application of enterprise portrait platform in green bond support project won the Characteristic Project Award of the 3rd Xiangmihu FinTech Innovation Award
Financial Computerizing	Institutional Transaction Integration Operation Service Platform won the 2022 Outstanding Contribution Award for Digital Transformation of Financial Industry in the 13th FinTech Application Innovation Award in 2022
Cloud Application Branch of China Computer Federation	A full range of OTC derivatives trading platforms based on cloud-native technology and an integrated product data service system based on the Data Lake House of China Merchants Securities won the highest achievement award of the 7th Yunying Project in 2022
	The Enterprise Customer Unified Management Platform of China Merchants Securities won the Excellence Award of the 7th Yunying Project in 2022
	The Unified Intelligent Marketing Operation Platform of China Merchants Securities won the Outstanding Award in the 7th Yunying Project in 2022
China Securities Information Technology Service Co., Ltd.	“2022 Talents in Prime and the Most Beautiful Technology Team in the Securities and Futures Industry”
Shenzhen Stock Exchange	First Prize for the 2021 Research Topic of the FinTech Research & Development Center (Shenzhen)



CHINA
MERCHANTS
SECURITIES

ESG GOVERNANCE SYSTEM

- Social Responsibility Management Philosophy
- ESG Governance Structure
- Identification and Communication of Stakeholders
- Identification and Analysis of Materiality

ESG Governance System

China Merchants Securities takes environmental, social and corporate governance as the Company's orientation for practicing social responsibility in all aspects, and carries forward the philosophy of "striving for innovation, aiming at growing into a powerful company, acting in a modest and practical manner and pursuing far-reaching goals", striving to create value for clients, employees, shareholders, society and other stakeholders.

1.1 Social Responsibility Management Philosophy



Our Goal of Social Responsibility

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



Our Focus of Social Responsibility

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



Our Path of Social Responsibility

With the mission of "boosting China's economic transformation and upgrading, and helping to preserve and increase the value of social wealth", the Company insists on the path of scientific development, innovative development, harmonious development, and green development, based on our own operation and management practices. In the actual operation process, the Company demonstrates the height of responsibility awareness, implements the strategy of responsibility work, realizes the value of responsibility and enhances the ability to fulfill our responsibilities, thereby achieving a coordinated and balanced development of quality, efficiency and scale of the Company.



Our Principles of Social Responsibility

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

1.2 ESG Governance Structure

The Company has always attached great importance to ESG management, established and continuously improved ESG management structure, integrated ESG concept into all aspects of daily operation and management, and continuously promoted the integration of sustainability concept and business development to ensure that ESG management is put into practice. The ESG management strategies of the Company are decided by the Board of Directors, and coordinated and implemented by the management. All departments and subsidiaries should collaborate and cooperate with each other to carry out and promote the ESG work.



1.3 Identification and Communication of Stakeholders

China Merchants Securities has always attached importance to communication with various stakeholders, and has established a comprehensive service and communication system of stakeholders, formulated corresponding key performance indicators and adopted effective communication methods and actions in response to the concerns of government and regulatory authorities, shareholders, customers, employees, communities and other stakeholders. We listen to the voices of our stakeholders in the formulation of our strategies, policies and plans and in our daily operations to continuously improve our sustainability performance.



List of stakeholder concerns and communication channels

Stakeholders	Concerns	Communication channels	Responses
 Government and regulatory authorities	Tax compliance Robust and compliant operations Disclosure transparency Supporting local development	Meetings and training for government and regulatory authorities Collaboration projects between local government and enterprise Regular reports	Improving corporate governance structure Timely and accurate reporting on enterprise situation Disclosing environment data
 Shareholders	Sound corporate governance Risk management system Business ethics Protecting the rights and interests of minority shareholders	Exchange official websites and other media channels Investor Relations section on the official websites General Meeting of Shareholders Investor conference Investors-related survey Telephone IR E-mail	Improving the governance structure Improving the risk management system
 Clients	Client confidentiality policy Client service improvement Satisfaction of product needs	95565 Client Hotlines Themed surveys Research on product and clients' needs client satisfaction survey Official website, official microblog, Zhiyuan financial services platform (PC, mobile) and other channels Investment strategy meetings Training and meetings Emails and phone calls client visits	Compliant and legal operation Suitability management Protecting clients privacy Improving compliant handling mechanism Innovative service products
 Employees	Protecting employees' rights and interest Working environment Workplace diversity Workplace stability Career development Work and life balance	Enterprise WeChat account Office mobile App OA platform E-learning platform	Equal and impartial career path Competitive remuneration schemes Sound and safe working environment Enriching employees' spare time Establishing a training system linked to career development
 Community	Environmental protection Combating Climate Change Supporting community construction Charity activities	Disclosure of environmental performance Community surveys and trainings Promoting rural revitalization Serving the real economy Practicing inclusive finance	Developing green finance Practicing green operation Targeted poverty alleviation Charity activities

1.4 Identification and Analysis of Materiality

During the preparation of the Report, we have taken into account the identification and analysis results of materiality issues of China Merchants Securities in previous years, and the key issues of concern in the industry at home and abroad, and comprehensively considered the Company's strategy and the focus and expectations of stakeholders. Through the two dimensions of "importance to stakeholders" and "importance to the sustainability of China Merchants Securities", the materiality issues are comprehensively analyzed and ranked to form a materiality issues matrix, and information is disclosed in different sections of the Report to respond to the concerns of stakeholders and to continuously improve the Company's sustainability management.

Identification and Analysis of Major Materiality Issues

Identify ESG issues

- Analyze national macro policies and industry concerns;
- Sort and analyze the requirements of SSE, HKEX, etc. on relevant social responsibility, ESG management and disclosure;
- Analyze corporate strategy and practice focus, and identifying issues.

Rank the importance of issues

- A comprehensive analysis of the materiality of the issues based on stakeholder opinions combined with expert opinions;
- Evaluate the selected issues from two dimensions: importance to stakeholders and importance to China Merchants Securities.

Build the Materiality Matrix

- Based on the evaluation results, the Company constructs a matrix for analyzing the importance of issues, obtains the ranking results of issues based on the importance of issues, and highlights the issues with high materiality in the Report.

Materiality Matrix of China Merchants Securities





CHINA
MERCHANTS
SECURITIES

REALIZATION OF CLIENT VALUE

Protection of Rights and Interests of Clients

Optimization of Service Experience

Contribution to Investor Education

Realization of Client Value

China Merchants Securities insists on being “Client-centric” and is committed to providing Clients with a diversified and multi-level product and service system, while attaching great importance to the protection of investors’ rights and interests. The Company has improved its Client protection system and mechanism to effectively protect the basic rights and interests of Clients; continued to bring better service experience to Clients through Client service capacity enhancement and technology-enabled means; and created innovative and diversified investment education products and services to actively promote the popularization and development of national investment education.

2.1 Protection of Rights and Interests of Clients

China Merchants Securities attaches great importance to the protection of investors’ rights and interests. We protect investors’ right to information by regulating marketing practices; protect Clients’ personal information through a comprehensive Client privacy protection mechanism; and improve the efficiency of complaint handling to effectively respond to investors’ concerns.

2.1.1 Compliance Marketing Management

Strictly followed by the policy requirements such as the Administrative Measures for the Sale of Securities Investment Funds and the Provisions on the Administration of Proxy Sale of Financial Products by Securities Companies, the Company has formulated the Administrative Measures for the Proxy Sale of Financial Products by Wealth Management Business of China Merchants Securities to regulate the Company’s financial product sales business, ensure that Clients understand the true and complete product information and effectively safeguard the legitimate rights and interests of investors.

As required by the Company, to carry out financial product promotion activities, Clients should be provided with detailed financial product contracts, product specifications and other documents provided by the principal; comprehensive, fair and accurate information on financial products; and a full explanation of the main risk characteristics of financial products such as credit risk, market risk and liquidity risk. Branch sales personnel should also follow the above requirements for offline promotions.

In order to improve the awareness of responsibility compliance of marketing personnel, the Company has carried out compliance marketing training for all wealth advisors, covering marketing service specifications, suitability management, financial product sales compliance issues, etc. Compliance trainings have also been strictly incorporated into the wealth advisor grading training system for new wealth advisors, heads of branch wealth management center and other important groups. On the basis of regular monthly training sessions, special trainings have been added to further enhance the overall compliance awareness of the marketing team.

19 Compliance marketing trainings

30,000+ people that trainings involved

2 lectures delivered by external experts

3 courses launched on the mobile learning platform

In 2022, the Company provided a total of 19 compliance marketing trainings to wealth advisor teams, involving over 30,000 people. Among them, external experts were invited to deliver 2 compliance training lectures, and 3 special courses were launched on the mobile learning platform.

2.1.2 Data Privacy Security

The Company attaches great importance to the management and protection of Client information security and privacy, strictly follows the *Data Security Law of the People's Republic of China*, the *Data Classification Guidelines for Securities and Futures Industry*, and other laws and regulations, and has formulated the *Data Security Classification and Grading Management Measures of China Merchants Securities*, the *Information System Data Security Management Measures*, the *Emergency Management Measures for Network Security Incidents* and other relevant systems or regulations to comprehensively protect Clients’ personal information and transaction capital.

To fully protect the security of Client information and transactions, the Company has established a system related to data security, granted minimal authority in business according to the needs of position, established corresponding control measures for each link of the process, strengthened supervision and accountability, and enhanced employees’ awareness of confidentiality. The use of technology has also been strengthened to enhance the technical security of Client information.



Measures to Protect Customer Information Security

Reinforcing safety awareness

Sign confidentiality agreements with employees and conduct regular security awareness trainings. In 2022, the Company conducted the training for *the Information Security Awareness for China Merchants Securities* among all employees, with a total of 7,356 participants.

Promotion and warning

We give warning about information security in the process of business promotion and help customers learn the danger of information leakage, understand how to strengthen information protection, distinguish the truth of information induction and recognize the means of information interception, so that customers can establish sufficient awareness of prevention in their daily lives.

Information compliance management

The management systems such as *the Information System Data Confidentiality Management Measures* and *the 00-Information Security Information System Emergency Manual* are formulated to supervise and control the whole process of information access, realize the integrated management for access restriction, access supervision, access traceability and access environment, and form a closed-loop process.

Safety and technology security

We build multi-layer information security protection system, deploy effective security measures in network isolation, user authentication, data security, virus prevention, and illegal intrusion detection; realize closed-loop security control through diversified means such as self-discovery, cloud monitoring and penetration testing by security vendors; and make thorough deployment, strict implementation, and timely disposal of all information security work, so as to ensure the continuous safe operation of the Company's information system.

2.1.3 Sound Complaint Management

China Merchants Securities always adheres to the “customer-centric” concept, and is committed to providing customers with a quality customer experience. We focus on customer satisfaction, carefully address customer issues, demand tracking and feedback, and continuously improve our customer service capabilities. The Company has established a long-term mechanism for complaint handling, strengthened continuous supervision of complaint handling; strengthened synergy and efficiency, continuously followed up on the progress of complaint resolution, regularly summarized and implemented mechanisms related to retrospective inspection; strengthened in-depth analysis and carried out source management to reduce complaint matters and curb the high incidence of complaints.



The Company has formulated *the Management Measures for Handling Customer Complaints of China Merchants Securities* and *the Implementation Rules for Handling Customer Complaints in Securities Brokerage Business of China Merchants Securities* to clarify the working principles and workflow of customer complaint handling, and time limit of complaint handling. Therefore, a closed-loop management of complaints handling is realized.

The Company has also established a unified electronic complaint processing platform to realize the complaint processing, transfer of co-investigation system, automatic reminder of complaint processing time limit, approval of extension application system, and systematic archiving of record materials of each link to ensure the response of customer complaints and improve the efficiency of customer complaint processing.

In 2022, the Company further clarified the time limit for complaint processing, requiring the complaint receiving unit to make a decision on acceptance within 3 trading days from the receipt of complaint and to make a decision on processing within 10 trading days from the date of receipt. It has greatly shortened the resolution cycle of customer complaints and improved customer satisfaction with complaint feedback.

2.2 Optimization of Service Experience

China Merchants Securities insists on being “customer-centric” and is committed to providing customers with a diversified and multi-level product and service system, and continues to improve the construction of its service capability system, thereby bringing customers a quality service experience through customer service quality improvement and financial technology empowerment, and promoting the transformation of modern investment banking services.

2.2.1 Improvement of Customer Service Quality



Note: According to the statistics of Yiguan Qianfan

China Merchants Securities has always been committed to providing the best quality service to its customers, and has been managing its customer services from top to bottom to effectively ensure customer service protection. The Company has made it a priority in 2022 to enhance its wealth advisor support capabilities, including to accurate identification of customer needs in pre-investment; to ensure in-depth communication and provide customers with targeted solutions and advice during the investment; to maintain continuous attention to customers' position, timely review, and solution adjustment to help customers achieve their investment goals of asset preservation and appreciation.

In response to market fluctuations and customer investment anxiety, the Company has focused on special capacity training for post-investment services, including core elements of customer experience and key actions for post-investment services. Wealth advisors should pay attention to the net value of funds held by customers in real time, take the initiative to communicate with customers, integrate multifaceted information such as current policies, corporate views, and fund operation reports to provide investment advice to customers, and emphasize to them the need for contrarian investment strategy and asset allocation.

In addition, the Company has actively been building a customer experience awareness platform to better sense customer experience and enable business optimization, thereby providing customers with better products and services.

2.2.2 Fintech Empowerment

China Merchants Securities attaches great importance to financial technology innovation and continues to increase investment in digital construction. On the one hand, the Company builds a stable and sensitive technology platform and continuously upgrades its technology R&D engine; on the other hand, it promotes the construction of a number of key digitalization projects to continuously improve the technology elements of the Company's business, empower business development, and create value for customers.

Upgrade of customer experience

In 2022, relying on the three sections of the “**Tips for Stock Market**”, the “**Tips for Wealth Management**” and the “**Ways to Attract Wealth**”, the App of CMS created a comprehensive wealth management platform for users to invest in stocks and buy funds. This App has added **an elderly oriented version** and **a mini app**, and constantly improved customer satisfaction.

- In the “**Tips for Stock Market**” section, the Market Area, the Ordinary Transaction and the Credit Transaction have been completely revised. Besides, the vision of the Self-selected Market has been optimized to reduce investors' fatigue due to watching the market for a long time, and pages of the New Share Subscription and the New Bond Subscription have been merged to achieve investors' one-click subscriptions. Furthermore, the new share subscription services have also been upgraded. In this case, professional analyses on each new share issued will be carried out and the issuance and industry P/E ratio will be provided for reference, so as to help investors avoid the stock-price breaking risk.
- The “**Tips for Wealth Management**” section aims to insight into customer needs, polish product services, plan and launch a series of content operation activities, and upgrade the shelf-style product display to content scenario services.
- While the “**Ways to Attract Wealth**” section aims to popularize investment knowledge and concepts tested by time through continuous content publicity and functional guidance, so as to awaken users' investment awareness and constantly improve users' financial management and investment capabilities.

Improvement of marketing efficiency

With the **WeChat app** and **APP Zhaocaihao** as the carriers, the Company's WeChat official account connects all internal customer service related systems to create a “Wealth+” marketing service system, allowing marketing personnel to maintain a strong connection with existing customers through social relationships and to reach potential users by fission marketing. We, by building campaign management operations and big data decision making, dramatically improve the efficiency of customer conversion and marketing.

Empowerment of digital operations

The integrated operation platform for institutional trading has launched 7 digital processes and 53 business scenarios, to comprehensively improve business efficiency by 40% and effectively reduce business operation risks. We have built 79 sets of professional trading system cards to achieve a resource reuse rate of over 90%, and constructed a multi-dimensional and multi-level business operation and risk monitoring system to greatly reduce communication costs and business risks, and to improve business quality and efficiency.

The operation and management platform of UFT integrates business data monitoring and comparison analysis through “manual scripting, scripting tooling and tooling platforming” from the business operation level, to provide monitoring and verification mechanism for ultra fast trading systems to achieve continuity and business data consistency. Currently, 65 calibration and monitoring indicators in 6 categories have been achieved.



"Domain-driven Design-based Cross-border Return Swap for Multiple Business Desks" Project won

FIRST PRIZE of Shenzhen Financial Innovation Contribution Award in 2021

"Application of Enterprise Portrait Platform in Green Bond Support" Project won

CHARACTERISTIC PROJECT AWARD of the 3rd Xiangmihu FinTech Innovation Award

"Application of Private Equity Fund Portrait Based on Big Data Intelligence Technology" Project won

FIRST PRIZE of the FinTech Topic of the Securities and Futures Industry of Shenzhen Stock Exchange

"Enterprise Cloud Native Technology Architecture Practice to Support Full-Stack IT Application Innovation" Project was selected to be

the first batch of pilot projects for capital market fintech innovation

2.3 Contribution to Investor Education

China Merchants Securities strictly complies with the Securities Law of the People's Republic of China, the Opinions of the General Office of the State Council on Further Strengthening the Work of Protection of the Legitimate Rights and Interests of Minority Investors in the Capital Markets, the Code of Practice for the Protection of the Rights and Interests of Investors in Securities Companies, and the work system of Shanghai Stock Exchange, Shenzhen Stock Exchange, and Beijing Stock Exchange on investor protection and investor education, and has revised the Management Measures for Investor Education Work of China Merchants Securities. In order to further standardize the management of investor education, the Company has formulated the Management Measures for the Protection of Investors' Rights and Interests of China Merchants Securities to improve the rules for investor education and clarify the management responsibilities of each department.

China Merchants Securities continues to innovate the investor education model and is committed to providing investors with special investor education products. We provide differentiated investor education services to different types of investors. At present, China Merchants Securities has formed a diversified investor education system for social subjects, including listed companies, community residents, students of universities and primary and secondary schools, and promoted the concept of value investment to the whole society and showed the social responsibility of the securities industry by popularizing securities knowledge, promoting laws and regulations, revealing investment risks and other forms.



In 2022, over **2,000** investor education activities were conducted, reaching millions of investors. Among them, the "Visiting Listed Companies" event was held nearly **100** times, engaging nearly **60** listed companies and reaching nearly **500,000** investors.



In 2022, a total of **200** visits were made to communities across the country, reaching nearly **300,000** investors.



In 2022, more than **120** events were held for university students, reaching nearly ten thousands of people. Nearly **60** events were held for primary and secondary school students and children, reaching nearly **4,000** people.

Case 1: Build the investor education curriculum system for colleges and universities

The national investor education base of China Merchants Securities has carried out “second classroom of off-campus finance” activities for students from Harbin Institute Technology, Shenzhen, Shenzhen University and other colleges and universities. Professional lecturers were invited to deliver diversified financial classes with the theme of practical financial skills for college students, thereby helping students to enrich their knowledge of securities investment, learn rational investment concepts and enhance their financial professional abilities. A number of branches of China Merchants Securities also actively cooperated with universities to carry out elective courses such as “Securities Investment Analysis”, and to provide diversified financial teaching and practice activities for students through knowledge lectures, knowledge competitions, and career guidance, etc.

Case 2: Build the financial education base and conduct summer camps for youth

The investor education base of the Xi'an Department of China Merchants Securities joined hands with Xi'an Qujiang Twelfth Primary School and the Cui Ruixue Master Studio to build a financial literacy education base for teenagers. Students' financial literacy is enhanced through financial literacy courses, preparation of financial literacy picture books, and themed artwork contests. At the investor education base, students can learn about the history of capital market and other knowledge through the special areas; learn the basic knowledge of finance by the lecturer of the investor education base; and enhance their interest in learning financial knowledge through the special interactive game experience.

Case 3: Conduct Company Open Day activities with investment researchers and executives of listed companies

China Merchants Securities cooperated with senior industry analysts, researchers and senior wealth advisors from various branches to allow investors to learn more about leading listed companies, strengthen their understanding of listed companies and cultivate their investment analysis ability. In addition, the investor education team of China Merchants Securities actively integrated internal and external expert resources to create differentiated and advanced investor education courses such as "Investor Market Entry Class", "Investor Education Micro Class" and "Star Navigation Investment Academy". In addition, we also innovate the investor education model to provide investors with diversified and unique investor education products to better help investors absorb securities investment knowledge and strengthen their awareness of financial risk prevention.

Investor activity data of China Merchants Securities in 2022

The online and offline education promotion cover 378,520 investors	
Number of investor education activities	Total quantity of investor education products issued by headquarters and branches
3,141	711,714

Investor education base-related data of China Merchants Securities in 2022

Total number of investor education products is 1,204	
Average monthly opening hours	Average monthly service to the public
216 hours	841 people
Investor education activities	Average monthly number of participants in online and offline surveys
166 hours	830
Customer satisfaction	Originality rate
99.70%	54%



CHINA
MERCHANTS
SECURITIES

CREATE CAPITAL IMPACT

Serve the Real Economy

Practice Inclusive Finance

Support Rural Revitalization

| Create Capital Impact

As the largest securities company within the SASAC system, China Merchants Securities, with the mission of “boosting China's economic transformation and upgrading, and helping to preserve and increase the value of social wealth” , has given full play to its role as a capital intermediary in serving the overall situation of the country and the development of the real economy. On the one hand, the Company made due efforts to serve the “needs of the country” by focusing on key areas and industries to build up its professional service capability; and on the other hand, the Company integrated resources and deepened reforms to explore new modes of serving the real economy and helping rural revitalization.

3.1 Serve the Real Economy

In 2022, China Merchants Securities has given full play to the role of financial support for the real economy, actively provided various types of high-quality investment banking services to meet the financing needs of real enterprises, continued to focus on key industries in respect of green energy, advanced manufacturing, digital economy, and medical healthcare. Based on the real economy, we have continuously met the direct financing needs of investee companies, continued to help the innovation and development of real enterprises, and strongly supported national emerging industry of strategic importance.

In 2022, China Merchants Securities assisted a total of **7** physical enterprises in successfully listing on the A-share market and helped **11** listed companies complete equity financing.

As of the end of December 2022, China Merchants Securities, as a sponsor, lead underwriter, and financial advisor, had provided investment banking services, including equity sponsorship and underwriting, bond underwriting, and M&A restructuring, for a total of **143** physical enterprises. It helped raise a total of CNY **320.685 billion** and underwrote a total of CYN **128.407 billion**.

In 2022, China Merchants Investment invested approximately CNY **900 million** in high-quality enterprises in the fields of green low-carbon, intelligent manufacturing, integrated circuits, medical health, and other fields through direct investment or private equity investment funds.

In 2022, China Merchants Zhiyuan Capital continued to focus on key industries such as green energy, advanced manufacturing, and the digital economy, completing **13** project investments in related fields, with a total investment of approximately CNY **900 million** delivered.

3.1.1 Stimulate the Vitality of Science and Innovation

Based on the fundamentals of revitalizing the country through science and technology, China Merchants Securities continues to provide a full range of financial services to leading companies in the field of science and technology innovation, to help a number of science and technology enterprises to successfully list and raise funds on the second-board market and the STAR market, effectively solve the problems of heavy investment demands on research and development, poor profitability and capital liquidity, promote the enhancement of technological strength and product quality, and stimulate innovation and vitality.



January 25, 2022

The Company helped leading enterprise in the field of precision electronic components, **Yidong Electronic Technology Co., Ltd.**, successfully listed on the Shenzhen Stock Exchange's ChiNext board and raised a total of **CNY 2.17 billion** in funds.

March 9, 2022

The Company helped leading enterprise in the field of zinc-manganese battery manufacturing, **Zhejiang Hengwei Battery Co., Ltd.**, successfully listed on the Shenzhen Stock Exchange's ChiNext board and raised a total of **CNY 0.86 billion** in funds

April 20, 2022

The Company helped leading enterprise in the field of integrated circuit thin film deposition, **Piotech Co., Ltd**, successfully listed on the Shanghai Stock Exchange's Science and Technology Innovation Board and raised a total of **CNY 2.27 billion** in funds.

July 22, 2022

The Company helped leading enterprise in the field of military electronic and radio frequency integrated circuits, **Nanjing Guobo Electronics Co., Ltd.**, successfully listed on the Shanghai Stock Exchange's Science and Technology Innovation Board and raised a total of **CNY 2.84 billion** in funds.

3.1.2 Support Infrastructure Construction

China Merchants Securities has actively invested in various national key infrastructure capital projects, and has repeatedly provided high-quality capital market services for a number of large state-owned power and transportation facility projects through its advantages and experience in the field of REITs, helping to revitalize assets and contributing more to serving the real economy and realizing a virtuous cycle of investment and financing in the capital market.



Case 1: Facilitate the listing of the first listed central enterprise expressway REITs

On June 30, 2022, the first listed central enterprise expressway REITs and the largest infrastructure REITs in the CSRC system, had its asset-backed securities officially listed.

As the leading sales institution, China Merchants Securities, taking into account the characteristics of the underlying assets, reasonably set up the transaction arrangement to achieve the revitalization of stock assets and the improvement of the efficiency of capital utilization; in addition, the project was provided with a streamlined transaction structure and the withdrawal target of public REITs, constituting an important step for Gezhoubu to break through the whole cycle of new capital operations for "Pre-REITs, REITs, public REITs" in the infrastructure sector. The project has also laid a good foundation for the continuous revitalization of Gezhoubu's high quality expressway infrastructure.

Case 2: Help SPIC to issue the first single SPV structured REITs in the exchange

On July 20, 2022, the ICBCCS-CMS-SPIC Sichuan Hydropower Asset-Backed Special Project (REITs) ("SPIC REITs") was successfully issued in the Shanghai Stock Exchange. It was also the first single SPV structured REITs issued by SPIC with China Merchants Securities in the Stock Exchange, and the first single REITs in the energy industry in Sichuan Province, setting a new benchmark for practicing the new development concept and achieving "high quality and stable growth".

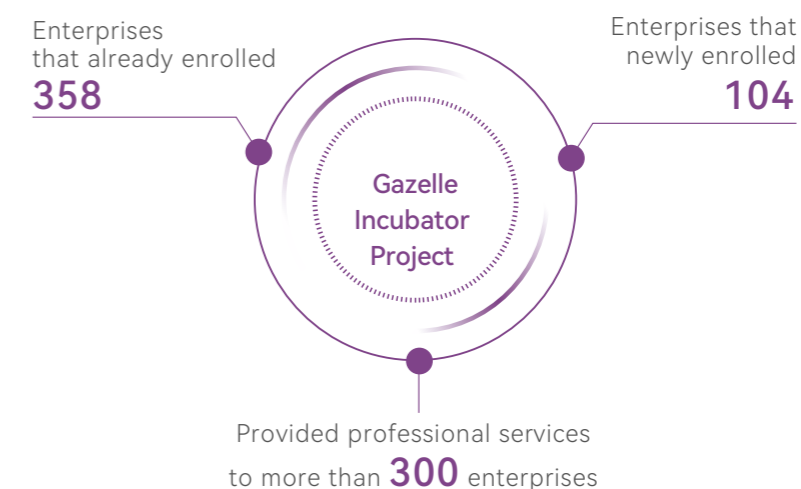
Case 3: Help Anhui Province's first expressway public REITs project to be listed

On November 22, 2022, China Merchants Securities acted as the exclusive financial advisor and liquidity service provider for the first expressway public REIT project in Anhui Province, i.e., CICC-Anhui Transportation Expressway Closed Infrastructure Securities Investment Fund ("Anhui Transportation REITs", fund code: 508009), which was successfully listed in the Shanghai Stock Exchange. This project was the largest public REITs project issued to date, with an approved fund issue size of CNY 10.88 billion.

The Underlying of Anhui Transportation REITs is the riverine expressway from Whuhu (Zhanghan) to Anqing (Dadukou district) ("Riverine Expressway"). As a high-speed "necklace" linking the city groups of Wanjiang City Belt and an important part of the Anhui section of Shanghai-Chongqing Expressway (G50), the riverine expressway realizes the rapid interchange between the upper, middle and lower reaches of the Yangtze River and is the first real expressway channel running through the "Yangtze River Delta". It is of great significance to strengthen the economic activities in the pan-Yangtze River Delta region.

3.2 Practice Inclusive Finance

In 2019, the Company strategically proposed to build the "Gazelle Incubator Project" to serve growing and innovative enterprises, and give full play to the advantages of "capital + capital intermediary" as an integrated service provider to provide enterprises with all-round customized financial products and services throughout their life cycle, and to help the development of "specialized and sophisticated" SMEs. In 2022, the Company continued to promote the "Gazelle Incubator Project" to enhance the ability of science and technology-based SMEs to provide services. By the end of 2022, 358 enterprises were enrolled in the "Gazelle Incubator Project", of which 104 enterprises were newly enrolled in 2022. Since its operation, the "Gazelle Incubator Project" has provided professional services to more than 300 enterprises.



In 2022, in practicing financial inclusion and serving SMEs, China Merchants Securities, as the lead underwriter, participated in the issuance of a number of bond products, including assisting in the issuance of Bank of Communications' Phase II special financial bonds for small and micro enterprise loans in 2022, the issuance of Guangdong Huaxing Bank' s special financial bonds for small and micro enterprise loans in 2022, China Construction Bank's issuance of FCJP Phase I and Phase II micro enterprise loan asset-backed securities in 2022, and Wenzhou Bank's issuance of Wen Ying Phase I micro enterprise loan asset-backed securities in 2022. A total of CNY 94.824 billion has been raised, of which CNY 22.355 billion was underwritten by China Merchants Securities.

CNY **94.824 billion** has been raised | CNY **22.355 billion** was underwritten by China Merchants Securities

Case 1: Contribute to the issuance of Guangdong Hua Xing Bank's special financial bonds for small and micro enterprise loans in 2022

On February 25, 2022, Guangdong Huaxing Bank' s special financial bonds for small and micro enterprise loans in 2022, mainly underwritten by China Merchants Securities, were successfully issued in the national interbank bond market with a total issue size of CNY 3 billion, of which CNY 450 million was underwritten by China Merchants Securities.

A total issue size of CNY **3 billion** | CNY **450 million** was underwritten by China Merchants Securities

Case 2: Assist China Construction Bank in issuing FCJP Phase I and II micro enterprise loan asset-backed securities in 2022

On August 15, 2022, China Merchants Securities assisted China Construction Bank in the successful issuance of "FCJP Phase I micro enterprise loan asset-backed securities in 2022" in the interbank market with an issue size of CNY 9.99 billion. China Merchants Securities participated in the project as co-lead underwriter with an underwriting amount of CNY 3.596 billion. On October 24, China Merchants Securities participated again as co-lead underwriter in the issuance of "FCJP Phase II micro enterprise loan asset-backed securities in 2022", with the issuance size of Phase II reaching CNY 9.999 billion.

Phase I : a total issue size of CNY **9.99 billion** | CNY **3.596 billion** was underwritten by China Merchants Securities | Phase II: a total issue size of CNY **9.999 billion**

Case 3: Assist Wenzhou Bank in issuing the Wen Ying Phase I micro-enterprise loan asset-backed securities in 2022

On September 22, 2022, China Merchants Securities assisted Wenzhou Bank in issuing "Wen Ying Phase I micro enterprise loan asset-backed securities in 2022" in the interbank market with an issue size of CNY 2.106 billion. China Merchants Securities participated in the project as co-lead underwriter with an underwriting amount of CNY 842 million.

The project uses high-quality micro and small enterprise loans as the underlying assets, with an issue size of CNY 2.106 billion, effectively helping Wenzhou Bank to revitalize its stock of micro and small credit assets, enhance the efficiency of capital operation, increase the investment in micro and small credit, and contribute to the sound development of the credit asset securitization market.

A total issue size of CNY **2.106 billion** | CNY **842 million** was underwritten by China Merchants Securities.

Case 4: Assist Chongqing Meituan Sankuai Micro-loan Co., Ltd. and AVIC Trust Co., Ltd. in issuing MMSY and MMLX series ABS products

In 2022, China Merchants Securities helped Chongqing Meituan Sankuai Micro-loan Co., Ltd. (hereinafter referred to as "Meituan Micro-loan") to issue 12 MMSY series ABS projects, and helped AVIC Trust Co., Ltd. (hereinafter referred to as "AVIC Trust") to issue 11 MMLX series ABS projects. A total of 23 ABS projects (with a total issue size of CNY 15.73 billion) were underwritten by China Merchants Securities.

The underlying asset of MMSY and MMLX series ABS projects is the Business Loan, i.e. a personal business loan issued by Meituan Micro-loan or AVIC Trust in cooperation with Meituan for platform merchants. The Business Loan continued to provide financing services for small and micro merchants on Meituan platform to ensure the supply of their operating capital flow, thereby effectively solving the problem of unaccessible and expensive loans for SMEs in inclusive finance, and providing high-quality loan services for the majority of small and micro merchants. The continuous issuance of MMSY and MMLX series ABS products provided Meituan Micro-loan and AVIC Trust with a channel for continuous financing, secured the supply of funds for credit financing for small and micro merchants on Meituan platform.

A total of **23 ABS** projects were underwritten by China Merchants Securities. | A total issue size of **15.73 billion**

3.3 Support Rural Revitalization

The implementation of rural revitalization strategy is an important foundation for building a modern economic system. China Merchants Securities insists on consolidating the achievements of poverty alleviation, comprehensively promoting the development of rural revitalization, adhering to the priority development of agriculture and rural areas, contributing to the construction of an industrial power based on the strength of the securities industry, and solidly promoting the implementation of rural industrial, talent, cultural and ecological development.



3.3.1 Empower Rural Development

In 2022, the Company actively responded to the national rural revitalization strategy and resolutely fulfilled its corporate social responsibility by deeply promoting rural revitalization, ecological civilization and economic construction, and helping the issuance of the first rural revitalization-themed green financial bond in China, the first triple-label bonds with "green + rural revitalization + revitalization and development of old revolutionary areas" in China, and the first triple-label bonds with "green + rural revitalization + energy supply guarantee" in China, so as to contribute to the strength of the securities industry to promote rural development.

Case 1: Contribute to the issuance of the first rural revitalization-themed green financial bond in China

On May 11, 2022, China Merchants Securities assisted China Merchants Bank in successfully issuing the first issue of 2022 green financial bonds in the national interbank bond market, with an issue size of CNY 5 billion. These bonds are subject to the first issue of green financial bonds by China Merchants Bank in China, and also the first green financial bonds issued by a commercial bank nationwide with the theme of rural revitalization. All the funds raised from the bonds will be used for green industry projects within counties that can strengthen the support to financial services for rural revitalization, especially for wind power, photovoltaic and clean energy projects.

The first issue of 2022 green financial bonds in the national interbank bond market
with an issue size of CNY **5 billion**

Case 2: Assist in Haolebaoji-Ji'an Railway Co., Ltd.'s 2022 non-public issue of green corporate bonds for rural revitalization (Phase I and II) to professional investors

On August 9, 2022, China Merchants Securities helped China's first green corporate bonds for rural revitalization (supporting old revolutionary areas), i.e., "Haolebaoji-Ji'an Railway Co., Ltd.'s 2022 non-public issue of green corporate bonds for rural revitalization (Phase I) to professional investors (supporting old revolutionary base areas)", to be successfully issued on the SSE. The bonds are the first triple-label bonds with "green + rural revitalization + revitalization and development of old revolutionary areas" in China, with an issue size of CNY 2.5 billion. China Merchants Securities participated in the project as co-lead underwriter with an underwriting amount of CNY 719 million. This issue of green corporate bonds for rural revitalization is an important initiative of China Merchants Securities to assist Haolebaoji-Ji'an Railway Co., Ltd. in supporting the green revitalization development of rural areas and the ecological civilization and economic construction of old revolutionary areas during the "14th Five-Year Plan" period, which further optimizes the financial structure of the Company, reduces the financing cost, promotes the development of green transportation construction, and speeds up the revitalization of the countryside and the green development of old revolutionary areas.

On September 14, 2022, China Merchants Securities once again helped Haolebaoji-Ji'an Railway Co., Ltd. to successfully issue green corporate bonds for rural revitalization (Phase II) (Energy supply guarantee bonds) to professional investors in 2022 on the SSE. The bonds are the first triple-label bonds with "green + rural revitalization + energy supply guarantee" in China, with an issue size of CNY 2.5 billion.

Phase I : a total issue size of CNY	An underwriting amount of CNY	Phase II : a total issue size of CNY
2.5 billion	719 million	2.5 billion

Case 3: Assist in the issuance of the first phase of medium-term notes (rural revitalization) by Agricultural Valley Industrial Group in 2022

On October 28, 2022, China Merchants Securities helped Agricultural Valley Industrial Group to successfully issue the first phase of medium-term notes (rural revitalization) in 2022, with an issue size of CNY 500 million and an underwriting amount of CNY 400 million by China Merchants Securities. Such issuance of bonds marks the successful issuance of the first rural revitalization note in Jingmen City and the second one in Hubei Province, and is also a significant achievement of Agricultural Valley Industrial Group by using financial tools to serve the rural revitalization strategy after the 20th CPC National Congress put forward the comprehensive promotion of rural revitalization.

As an important carrier for Jingmen Municipal Party Committee and the Jingmen municipal government to focus on "agriculture, rural areas, and farmers" and promote rural revitalization, Agricultural Valley Industrial Group has been strengthening its capital operation in recent years, actively guiding social capital to invest in rural revitalization and helping the implementation of rural revitalization strategies. The funds raised from these bonds will be mainly used for the construction of major strategies and key projects such as the "Jing Pin Ming Men" of Jingmen City and the Best Works.

a total issue size of CNY **500 million** CNY **400 million** was underwritten by China Merchants Securities

3.3.2 Innovation of Poverty Alleviation Practice

In August 2022, China Merchants Securities sent a research team to Neixiang County to conduct field research—on innovative poverty alleviation models, comprehensively sort out the innovative poverty alleviation models and related successful experiences in Neixiang County, and systematically summarize the challenges faced by Neixiang County in organically linking with rural revitalization. On this basis, NeiXiang County was provided with targeted development suggestions in three aspects: industrial development, talent introduction, and financing for small and micro enterprises. Further help was provided to NeiXiang County to optimize its industrial structure and realize rural revitalization.

The Company has taken consumption assistance as an important means to help poverty-alleviating areas and households to increase their income. In the past three years, the Company has continued to purchase agricultural products through such channels as the Shenzhen Higreen Consumption Poverty Alleviation Center and the Guangdong Pavilion of National Consumption Assistance. In 2022, the Company consumed CNY 5,653,200 in total to consolidate and expand the results of poverty alleviation and help the rural revitalization strategy with practical actions.

In 2022, the Company consumed CNY **5.6532 million** in total to consolidate and expand the results of poverty alleviation

In August 2022, in order to contribute to the consolidation and expansion of poverty alleviation and rural revitalization, Shenzhen China Merchants Securities Public Foundation donated CNY **1.75 million** to Shenzhen Charity Federation, specifically for the **“Rural Revitalization Industrial Park Project in Daitou Village, Jiadong Town, Lufeng City”**

In September 2022, the Company launched the “consolidating poverty alleviation results and promoting rural revitalization” **Hongyan Village Reservoir Fundraising Project** to raise CNY **52,163** from **189** donators for Hongyan Village in Qingtaiping Town, Badong County, Hubei Province. In November, a 132-cubic-meter reservoir was built to guarantee water for the production and living of more than **200** people in over **60** households.





CHINA
MERCHANTS
SECURITIES

ASSUME SOCIAL RESPONSIBILITY

Protect the Rights and Interests of Employees

Boosting Employee Development

Strengthen Employee Care

Promote Community Development

| Assume Social Responsibility

As a state-owned financial enterprise, China Merchants Securities, bearing in mind its mission, insists on fulfilling its social responsibility with high quality, and puts the core values of “National Identity and Responsibility of the Times” into corporate actions such as employee growth, community development and public welfare charity, thereby safeguarding the rights and interests of employees in accordance with the law. The Company provides employees with a perfect and competitive remuneration and benefit system, builds equal and diversified career paths, and constructs a scientific and efficient training system to actively promote the common growth of employees and the Company. The Company also relies on its own resources to organize volunteer activities and initiate various public welfare and charity projects to ensure the harmonious development of the Company and the community and contribute to the wealth creation and sustainability of society.

4.1 Protect the Rights and Interests of Employees

China Merchants Securities has been committed to actively exploring in terms of equal and compliant employment, market-competitive remuneration and benefits, care for physical and mental health, etc., constantly optimizing and improving the Company's employee management system, effectively protecting the legitimate rights and interests of employees, and enhancing their happiness and sense of belonging.

4.1.1 Ensure Equal Hiring Opportunities

In 2022, China Merchants Securities was awarded:



The Company strictly abides by *the Labor Law of the People's Republic of China, the Regulations on the Promotion of Harmonious Labor Relations in the Shenzhen Special Economic Zone*, and other relevant laws and regulations, and has established *the Recruitment Management Measures of China Merchants Securities* to ensure the legal and compliant formulation and implementation of the systems.

The Company signs labor contracts with all employees on the basis of equality, voluntariness and consensus, establishes labor relations in accordance with the law, and provides a safe and healthy working environment and working conditions in strict accordance with labor protection requirements. We continuously monitor the implementation of the Company's recruitment policy and recruitment management system, inspect the recruitment of each position in the Company and supervise the recruitment work; each employing department is responsible for inspecting or self-checking the recruitment work within the responsibility of department, continuously improving the coordination mechanism of labor relations, actively building harmonious and stable labor relations, and safeguarding the legitimate rights and interests of employees.

4.1.2 Improve Remuneration and Benefits

China Merchants Securities continues to improve its remuneration management system, and optimize its remuneration and benefit policies and systems based on relevant national policies and the Company's business strategy positioning and future benefit forecast. By establishing a talent training mechanism and incentive mechanism for long-term development, the Company relies on high-quality talents with both virtues and talents to promote sustainability.

Vacation Benefits

The Company provides comprehensive leave-related benefits for its employees, all of which are no less than the national standard for all employees, including paid annual leave, marriage leave, paternity leave, maternity leave, breastfeeding leave, parental leave, nursing leave, and other kinds of leave, to guarantee paid leave benefits for all employees, encourage the balance of work and rest, and promote the physical and mental health of employees.

Employee Insurance

The Company has built a comprehensive and effective securities system, and timely applied for various social insurance and multi-level pension insurance system for employees. Its social insurance participation rate is 100%. The Company continues to provide employees with short-term commercial insurance and flexible programs to meet the daily medical needs of employees and their families. To help employees further enhance and improve their risk prevention capabilities, the Company also provides employees with long-term supplemental medical insurance protection programs on top of the one-year short-term supplemental medical insurance to help employees establish more comprehensive and longer-term supplemental medical protection.

In addition, the Company also provides employees with an enterprise annuity plan, further optimizes employee welfare protection, continuously follows up on implementation, and adopts a variety of mutually complement protection programs. A comprehensive employee welfare protection system has been established to provide comprehensive protection for employees.

Multi-tiered pension insurance system established by China Merchants Securities for employees

Social insurance

- Including basic pension insurance, basic medical insurance, local supplementary medical insurance, work injury insurance, unemployment insurance.
- The social insurance coverage rate reaches 100%.

Supplementary medical insurance

- Including group accident insurance, critical illness insurance, comprehensive medical insurance, etc.

Corporate annuity plan

- Establish a corporate annuity plan for employees with a certain number of years of service with the Company to encourage employees to grow with the Company and share the results of the Company's continuous operation.

4.2 Boosting Employee Development

China Merchants Securities attaches great importance to talent training and development and insists on the concept of "talent is the first resource, the first capital and the first driving force" as the principle and starting point of talent management of the Company, by deeply implementing the strategy of strengthening the Company with talents, scientifically planning the promotion, development and cultivation system of talents, continuously improving the diversified development channels of the talent team, promoting the development of the Company through the ability of employees and the development of the Company to help the employees pursue excellence and progress, so as to realize the development and progress of the Company and employees together.

4.2.1 Talent Promotion Mechanism

The Company continues to broaden the development space for professional talents, fully implements the business grading system based on international investment banking practices, further improves the dual-channel mechanism for talent development, and fully manages the job qualification system. Under the guidance of "dual career channels", the Company adopts the policy of "business ranking system" and "cadre position system" in parallel for the employees to broaden their career development. At the same time, the Company continues to explore diversified and specialized development channels, and has set up MD business grade sequence, financial technology grade sequence and administrative service sequence to encourage employees to develop their talents in diversified professional channels.

4.2.2 Construction of Training System

China Merchants Securities has established diversified talent training systems and a rich system of training programs based on its five-year change strategy and needs of business development, including a special training for executives, training for new managers, training camp for key young employees, induction training for new employees, and other annual special training activities, thereby strengthening the strategy of talent training and empowering industrial development.

Training System

Based on the strategic planning and talent training goals, the Company has established a four-dimensional training system of "sound training system guarantee" + "reasonable training resources allocation" + "efficient training program operation" + "advanced learning platform support". Specific to different training personnel and objectives, the Company adopts diversified learning methods such as online learning, live broadcast, on-site training, and integration of training and testing, to achieve precise training and in-depth training, improve learning efficiency, promote the application of knowledge and continuously improve the Company's talent reserve.



Training Category	Training Curriculum
Induction training for new employees	Conduct 4 sessions of induction training for new employees, each lasting 1-2 weeks. A combination of internal and external teachers is used to strengthen new employees' understanding of corporate culture, rules and regulations, organizational structure, compliance and risk control, professional ethics and industry knowledge, and to promote the integration of new employees into the organization as soon as possible and their mastery of necessary professional skills.
Training camp for backbone members	Organize young managers and backbone members to participate in a 5-week training camp, focusing on political literacy and integrity awareness, thinking transformation and excellent managerial initiation, etc. The training contains 35 courses in four modules, with 20 hours per
Training for newly appointed managers	Organize a one-month training camp for newly appointed managers to strengthen their political ethics, integrity awareness and MTP management ability, etc. The training includes five modules and 15 courses, with 20 hours per capita.
Senior management training	Organize various training series for executives, including "carbon peaking" (10 courses/10 hours), world class lectures (25 courses/50 hours), OKR training (1 course/3 hours), and the spirit of 20th CPC National Congress, etc., with a total of over 200 participants. In addition, the company's executives were selected to participate in various trainings held by regulatory authorities.

Employee training performance of China Merchants Securities in 2022

Total number of training sessions	Total training hours	Total attendance	training programs satisfaction¹
618	657,398 _{hours}	722,021	96.40 _{points}

(¹Refer to the Company's on-site centralized training.)

Case : Increase training investment and broaden training latitude

In 2022, in order to strengthen the talent training of "three investments" , the Company carried out 14 training sessions of "Investment Research Seminar" by inviting internal experts to conduct training on industry analysis, investment analysis, investment and research skills, etc., with more than 3,000 participants. In order to promote the training of digital talents, the Company carried out 8 training sessions of "Digital Lecture" by inviting internal and external lecturers to introduce the concept of digital transformation, cutting-edge development and the latest technology, and inviting internal experts to analyze the experience and methods of digital work, with over 1,600 participants. The Company has continuously carried out medium and long-term special training for product managers and digital analysts to train a group of product managers and digital analysis talents who meet the requirements of the Company.

In order to help employees improve their professionalism, maintain their mental health and strengthen communication and collaboration in the workplace, the Company has organized 10 sessions of "air refueling stations" and lecture series of thematic training, with over 1,700 participants.

4.3 Strengthen Employee Care

China Merchants Securities attaches importance to the health and safety of employees, and pays attention to the balance of their work and life. By carrying out rich and diversified activities, the Company enhances the safety awareness of employees, enriches their spare time, and strengthens the cohesion of the Company and the team identity of employees, so as to jointly create a harmonious and humanistic environment.

4.3.1 Employee Health and Safety

China Merchants Securities adheres to the core value of “talent-oriented” concept and resolutely implements the Law on the Prevention and Control of Occupational Diseases by properly carrying out regular occupational health and safety management, strictly implementing the requirements of occupational health management in the workplace, comprehensively delivering lectures or online lectures, vigorously promoting employee health and safety awareness, workplace safety, and safety specific training related work to continuously improve the occupational health of the Company's employees.

Care for Physical and Mental Health

In order to comprehensively protect the physical and mental health of employees and balance their work and life, the Company continues to promote the daily health management activities of employees through various forms of lectures or online lectures, mental health lectures, occasional sharing of health management knowledge, etc. on the basis of providing employees with high-quality, comprehensive, targeted health prevention and medical checkup services.

Case 1: Health management themed activities

In 2022, the Company conducted approximately 16 activities throughout the year on topics related to employee health management, including online mental health lectures as well as “Employee Eye Health/Oral Health Care”, “Employee Face-to-Face Medical Examination Report Interpretation”, “Expert Consultation and TCM Physical Therapy”, etc., which are well received and praised by employees.



Figure: Employee eye care activities



Figure: TCM physical therapy activities

Case 2 "One-Minute Clinic" and "Automated External Defibrillator (AED)" in the office building

In 2022, the Company strengthened the configuration of "hardware facilities" for employee health and safety by providing a number of facilities to serve employee health and safety in daily office areas, including first aid equipment such as AED, and introducing "one-minute clinic" as self-help consultation room; preparing daily emergency medicines on each office floor to deal with sudden discomfort of employees, issuing employees with medicine kits, containing common medicines and anti-cold sachets. While facilitating medical treatment for employees, such measures also provided safety protection for employees and were affirmed and praised by employees.



Figure 1: The Company introduced "One-Minute Clinic" on the office floor for easy consultation of employees



Figure 2: The Company arranged first aid equipment, i.e., AED, in the office area

In 2022, the Company organized 16 daily health management activities.

Strengthen the Safety of Production and Operation

China Merchants Securities actively responds to the national activities for “Safety Production Month”, International Fire Day, Disaster Prevention and Mitigation Day, and Safety Compliance Month, etc., carries out in-depth safety training and education, solidly promotes the construction of safety leadership, organizes fire evacuation drills, strengthens safety execution, continuously improves employees’ safety awareness, so as to promote the learning and application of the concept of safety development continuously.

In 2022, the Company further strengthened the requirements for safe production and operation of the data center by conducting four daily inspections of power supply system in the data center, HVAC system, fire protection system, diesel generation system and weak current system, and regular maintenance and repair of each equipment system by professional maintenance vendors. During the whole year, 96 planned drills, 26 special production safety inspections and 5 comprehensive fire drills were conducted to find and optimize 8 hidden dangers. For the fire protection system, the Company organized three comprehensive assessments on the data center by external professional fire protection companies. The good results at all times guaranteed the safe and stable operation of the headquarters data center.



Figure 1: Fire simulation drill



Figure 2: UPS battery inspection

In 2022, there were **96** planned drills, **26** special safety inspections, and **5** comprehensive fire drills, resulting in the discovery and optimization of **8** hidden safety hazards.

4.3.2 Enrichment of Recreational Activities

Case Study: Successful organization of the Company's fourth corporate culture festival

In 2022, taking the Fourth Corporate Culture Festival as an opportunity, the Company held a series of cultural and sports activities suitable for employees. The 14th “China Merchants Securities Cup” Football Tournament, the 14th “China Merchants Securities Cup” Basketball League, the 2nd “Management Elite Cup” Badminton Invitational Tournament and the 17th “Fenjin Cup” Badminton Team Tournament, the 19th China Merchants Securities Weiqi Tournament, etc. were successfully carried out.

In addition, a rich variety of special theme activities were also carried out, including: “Honor of Kings II” e-sports competition, “Happy Growth with Family – Environmental Protection Creative Fashion Show” activity, “Read and Recite the Classics” reading month activity and “Chinese New Year Fair” online procurement activities, to show the vitality and vigor of contemporary employees of China Merchants Securities, enhance the sense of belonging and cohesion, and inspire cadres and employees to further overcome difficulties and take on collaborative roles.



Figure: The 2nd “Management Elite Cup” Badminton Invitational Tournament



Figure: The 14th “China Merchants Securities Cup” Basketball League



Figure: “Honor of Kings II” e-sports competition



Figure: “June 1” Environmental Creative Fashion Show

4.4 Promote Community Development

China Merchants Securities has always insisted on practicing corporate social responsibility, continuing to help social development, actively carrying out charitable activities in a people-oriented and dedicated manner, thereby giving back to the community, demonstrating corporate responsibility, and contributing to social development.

In order to carry out public welfare work more professionally and efficiently, China Merchants Securities established the China Merchants Securities Public Foundation on November 11, 2015, aiming to practice socialist core values and carry out charity activities in a people-oriented and dedicated manner, so as to give back to the society and create a harmony future together. The scope of the Foundation's public welfare activities includes: services to the poor, the needy, the elderly, orphans, the sick, the disabled, disasters, health care, students, etc.



In 2022, the Company donated CNY **20 million** to the Shenzhen China Merchants Securities Public Foundation.

As of December 31, 2022, the Foundation has carried out the Delipu elementary school teaching project, the Daitou rural revitalization industrial park project, the Longjiang Securities Love Fund Dream Center project, the "Hope for Rural Sisters" public welfare project, the donation project in Shitai County, and the donation program of Futian Education Development Foundation, with a total

donation of CNY **3.3265 million**.

4.4.1 Volunteer Activities

In the field of volunteer activities, the Company has been actively practicing its corporate social responsibility and commitment, in the field of culture and education, the Company has continued to organize the "Sowing Hope, Warming Love in Liangshan" education support activities to impart diversified knowledge and enriched experience for children in mountainous areas.

Case: The Company continued to support education and provide care for girls in Liangshan, Sichuan

On November 16, 2022, the company's fourth batch of youth volunteer teachers departed for Jinhe Township, Yanyuan County, Liangshan Yi Autonomous Prefecture, Sichuan Province for a one-month volunteer teaching activity. During the month-long teaching period, the volunteer teachers faced various challenges, including a cold wave, but persevered in their teaching tasks, improving campus infrastructure, and organizing student activities. They consolidated and expanded the achievements of previous volunteer teaching activities, contributing to the revitalization of rural areas with the strength of young people from China Merchants.

During the teaching period, the Yi New Year on December 9th was celebrated in Yanyuan County. The company organized employee children and representatives of the first three batches of volunteer teachers to record a music video called "Beautiful" and played it at the New Year celebration event, sending the best New Year blessings to all the teachers and students.

Additionally, the company has been implementing the "Soma Flowers Blossom - Caring for Liangshan Girls' Health" project for three consecutive years, donating cleaning supplies including toothpaste, toothbrushes, soap, laundry detergent, shampoo, masks, washbasins, towels, and more, with a total value of 85,000 yuan to a total of 1,633 students in 13 village primary schools in Liangshan Yi Autonomous Prefecture, Sichuan Province.



Figure: Teaching project of Delipu Primary School in Jinhe Township



Figure: Girls received the girl's care package

4.4.2 Community Contribution

In 2022, in response to the call from the Futian District Finance Bureau, a total of 142 volunteers, working a total of 559 hours, were involved in community service work. CMSI, a wholly-owned subsidiary of China Merchants Securities, also launched more than 20 charitable activities in various forms, including “Green Power Hike”, “the Second Tree Planting Day”, “Save Food Campaign”, “Clean Coast”, “Walk for Millions”, “China Merchants Securities – Grow with You”, “Dragon Boat Festival/Mid-Autumn Festival Warmth Delivery”, etc., which involved more than 150 employees and benefited more than 1,000 people.

For **3** consecutive years, CMSI has been awarded the **“Caring Company”** Logo by the Hong Kong Council of Social Service (HKCSS).

Case 1 : Contribute to the growth of Hong Kong youth and play an active role in Chinese enterprises in Hong Kong

CMSI has responded to the call of China Merchants Group by sponsoring the “China Merchants Securities – Grow with You” project for two consecutive years to help students of all ages in Hong Kong with their academic careers, growth, and development. In 2022, CMSI increased its investment in providing tuition subsidy to primary and secondary school students from grassroots families in Hong Kong, and selected 11 outstanding youth mentors to join the “Accompanying Growth Service” project to pair up with students and make friends with them, helping them to enhance their understanding of Chinese enterprises and the development of the Chinese Mainland; and honorably sponsored the “Future Pioneers – Hong Kong University Student Business Case Competition” to attract a large number of students from major universities in Hong Kong to participate in the competition, and allow them to enhance their knowledge and understanding of Chinese enterprises and the Guangdong-Hong Kong-Macao Greater Bay Area.



Figure: CMSI continues to fund the “China Merchants Securities – Grow with You” project for the second year



Figure: CMSI selected 11 outstanding young colleagues to be mentors of “Accompanying Growth Service” project



Figure: CMSI proudly sponsors the “Future Pioneers – Hong Kong University Student Business Case Competition”



CHINA
MERCHANTS
SECURITIES

SAFEGUARD SOUND OPERATION

Improve Corporate Governance

Comprehensive Risk Management

Compliance and Integrity Management

Establish Responsible Supply Chain

Safeguard Sound Operation

China Merchants Securities has always adhered to sound operation and standardized operation by continuously improving corporate governance, attaching great importance to risk management, deepening risk compliance management, maintaining high quality development, continuously paying back shareholders' trust, effectively protecting shareholders' rights and interests, and further establishing a good corporate image.

5.1 Improve Corporate Governance

With a diversified shareholding structure, China Merchants Securities has formed a relatively standardized and sound modern corporate governance system to carry out market-oriented operation and management and participate in industry competition. Corporate governance is sound and effective, and the effectiveness of governance is gradually coming to the fore. In accordance with the governance requirements of listed companies in Shanghai and Hong Kong, the Company has formulated a systematic and complete system based on the Articles of Association to cover the operation of the General Meeting of Shareholders, the Board of Directors, the Board of Supervisors and the management of the Company, forming a corporate governance mechanism with clear powers and responsibilities, standardized operation, coordinated operation and effective checks and balances among the authorities, decision-making bodies, supervisory bodies and the management. In accordance with the internal control supervision requirements of listed securities companies and central enterprises, the Company has established and improved a strict, standardized, comprehensive and effective internal control system featuring the orientation of risk management and the focus of compliance management supervision, and formed a comprehensive, all-staff, all-process, and all-system risk prevention and control mechanism to protect the development of the Company.

Relying on the effective corporate governance over the years, China Merchants Securities was selected as one of the **60** model central enterprises at base level in 2022, and was awarded by the SASAC



5.1.1 Corporate Governance Structure

The Company strictly complies with the requirements of the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, and relevant rules and regulations of the CSRC, the SFC and the HKEX to continuously update and optimize its corporate governance structure. According to relevant laws and regulations, the Company forms a corporate governance structure in which the General Meeting of Shareholders, the Board of Directors, the Board of Supervisors and the management are separated from each other and subject to mutual checks and balances to ensure the standardized operation of the Company.

The Company's Board of Directors currently consists of 15 directors, including 2 executive directors, 8 non-executive directors and 5 independent non-executive directors. The Company's Board of Supervisors consists of 9 supervisors, including 6 shareholders' representatives and 3 employees' representatives .



Board of Directors
15



Executive Directors
2



Non-executive Directors
8



Independent Directors
5

During the reporting period, the Company held

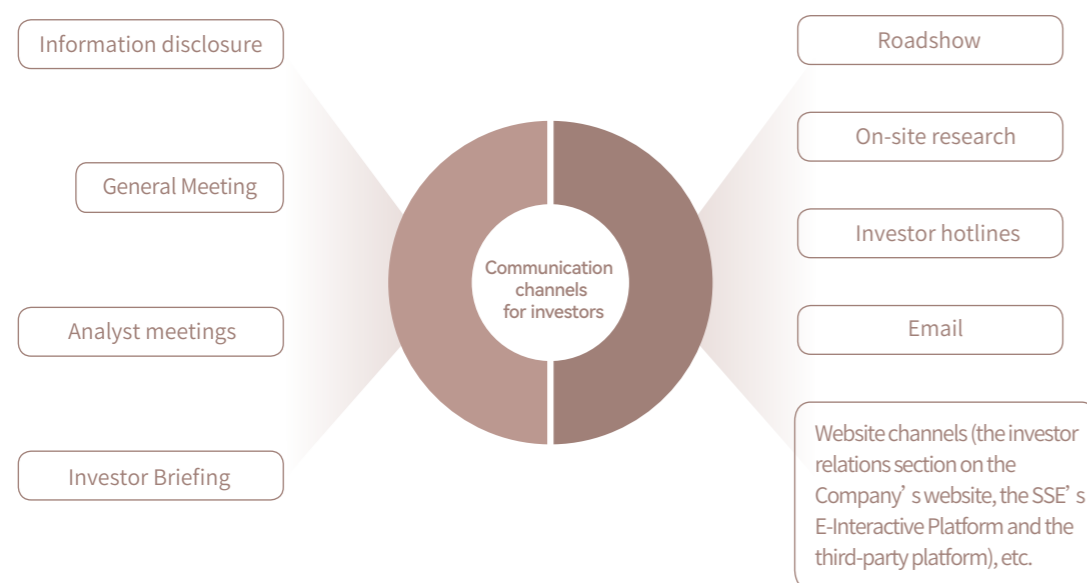
- **3** General Meeting of Shareholders to consider **23** proposals;
- **14** board meetings to consider **66** proposals and listen to **7** reports;
- **19** sub-committee meetings to consider **48** proposals and listen to or review **11** reports;
- **11** meetings of the Board of Supervisors to consider **19** proposals and listen to **4** reports.

5.1.2 Management of Investor Relations

China Merchants Securities is committed to protecting the interests of investors and uses its best efforts to raise transparency in its daily operations, strengthen communication with investors, and give investors and potential investors a better understanding of us. We also adopt a diversified mode of publicity and communication to keep pace with investors' information, improve investors' trust and recognition of us, and achieve a win-win situation between investors and us.

In 2022, we hold the 2021 annual results and 2022 interim results analysts and investor conference call, and conducted in-depth and full online communication with more than 170 institutional investors and analysts on the Company's development strategy, business development, financial performance and risk control. In addition, we held a regular report performance presentation at the Roadshow center of Shanghai Stock Exchange, and took part in the "2022 Reception Day for Investors of Listed Companies in Shenzhen".

We have maintained effective communication with investors through various channels, such as the E-Interactive of the Shanghai Stock Exchange, attending strategy meetings of securities brokerages, receiving investor surveys, investor hotlines and e-mails, in order to continue to raise transparency of the Company and ensure that investors can have a timely, accurate and comprehensive understanding of the Company.



Throughout the year, the Company held **5** results announcement in various forms, participated in **20** strategy conferences and investigations, and communicated with over **600** investors.

In the end of 2022, the market value of the Company ranked **7th** among listed securities companies.

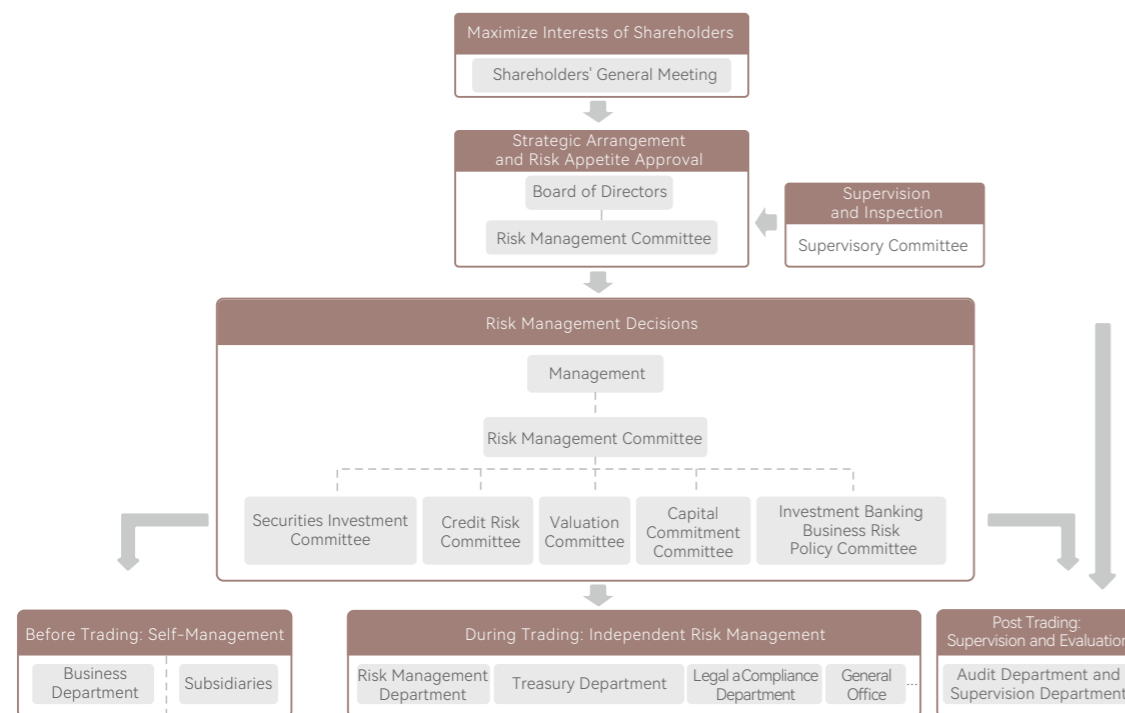
5.2 Comprehensive risk management

The Company attaches great importance to risk management and has established a sound and effective comprehensive risk management system, including a sound organizational structure, a complete risk management system, a top-down quantitative indicator system, an effective risk mechanism for assessment, auditing, monitoring and response, an intelligent integrated platform that across market, regions and currency, and a team of risk management professionals. In addition, the Company constantly optimizes the following "six dimensions" of the risk management system and strives for the best industry practice.



5.2.1 Structure for Risk Management

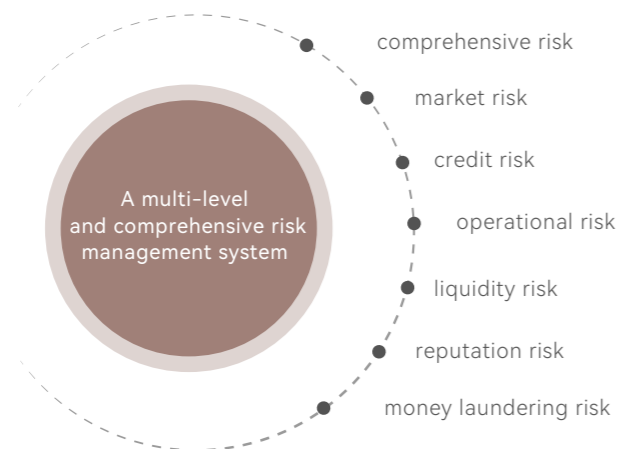
According to the requirements of *Internal Control Guidelines for Securities Companies* and *Comprehensive Risk Management Standards for Securities Companies*, and combined with its own operational needs, the Company has established a modern risk management structure composed of five levels, including: Strategic arrangement of the Board of Directors, supervision and inspection of the Board of Supervisors, risk management decisions of senior management and risk management committee, risk control checks and balances of relevant functional departments for risk management, and direct management of other departments, branches and wholly-owned subsidiaries. At the same time, the Company has established three defense lines for risk management as follows: the first defense line is the implementation of effective risk management self-control by all departments and branches; the second line is the implementation of professional risk management by functional departments related to risk management; and the third line is the post-supervision and evaluation implemented by the audit department and the supervision department.



Risk Management Framework

5.2.2 Risk Management System

By taking *Comprehensive Risk Management System of China Merchants Securities* and the *Working Rules for the Risk Management Committee of the Board of Directors of China Merchants Securities* as the program, the Company has established a multi-level and comprehensive risk management system, which including comprehensive risk, market risk, credit risk, operational risk, liquidity risk, reputation risk, money laundering risk, etc., and has defined the boundaries and general principles of all kinds of risk management, covering every part of business operation and management.



5.2.3 Risk Management Process

The Company has established three lines of defense of risk management as follows: the first line of defense is the effective self-control of risk management implemented by various departments and branches; and the second line of defense is the professional risk management work of the relevant functional departments of risk management; the third line of defense is the post-mortem supervision and evaluation implemented by the audit department. The three lines of defense continuously track the operation of the Company and do a solid job in risk protection through identification, evaluation, handling, monitoring and inspection and reporting of risks.

Case : Maintaining the securities qualification of only six regulatory pilot brokers of consolidated financial statement in the industry

The Company continues to maintain the qualification of the first batch of six risk management and supervision pilot brokers of consolidated financial statement of the CSRC. Taking this as an opportunity, the Company continues to improve the risk control indicator management mechanism and continuously improves the ability of collectivization risk management. The overall operation of the Company's risk management is good, and the asset quality continues to be excellent.



5.3 Compliance and Integrity Management

Enterprise compliance is the basis for promoting the high-quality development of enterprises and enhancing their international competitiveness. In the face of the external trend of continuous strict supervision, we regarded the “stability” as the priority and the “reality” as the foundation. In addition, we focused on the disposal and prevention of major compliance and legal risks on the one hand, and the promotion and facilitation of business innovation on the other hand. We also actively promoted the construction of a compliance management system, implemented various tasks, created a strong compliance atmosphere featuring cooperation and compliance, and laid a solid foundation for the business development.



5.3.1 Compliance Internal Control Management

China Merchants Securities continues to improve the construction of the compliance system. We have formulated and issued the *Management System for Securities Investment Behavior of Securities Practitioners*, the *Guidelines for the Application of Securities Investment Management Measures for Securities Practitioners*, and the *List of Guidelines for Domestic Securities Practitioners to Invest in Common Financial Products*, and organized the implementation of the *Supervision and Administration Measures for Directors, Supervisors, Senior Managers and Practitioners of Securities Fund Operating Institutions*. We have also established a compliance governance structure composed of the Board of Directors, senior management, compliance director, legal compliance department, and various departments, branches and subsidiaries, and have set up a team of compliance specialists in each department, subsidiary and branch.

We continue to pay close attention to the trends of regulation and industry self-discipline, actively carry out research on various new regulations and draft for comments, strengthen communication and contact with regulatory authorities and self-discipline organizations, and effectively implement various regulatory requirements. We have deepened the construction of compliance training and compliance culture system. Centering on the new regulations such as the *Due Diligence Work Standards of Sponsors*, *Guidelines on the Working Papers of Securities Issuance and Listing Sponsor Business*, compliance management requirements of subsidiaries and key points in business management, we have carried out targeted and frequent legal compliance training and compliance culture promotion, and strengthened the practice norms and typical case warning education, and enhanced the targeting of legal compliance training and compliance culture publicity to reduce compliance risks from the source. In 2022, we have conducted more than 75 legal compliance trainings online and offline, covering all employees of the Company.

Risk prevention and control

We have established an “ex ante, concurrent and ex post” system for compliance risk prevention and control to investigate potential risks, focus on key areas, and prevent and control major compliance risks. We have supervised relevant business departments to improve the corresponding business processes, strengthened control measures, and selected key areas with high risk, new business and regulatory focus, carried out proactive and preventive compliance inspection, and eliminated compliance risks in time.

Compliance review

We conducted compliance review of internal rules, regulations and major decisions, issued written compliance review opinions, enhanced legal compliance review and demonstration of major decisions, new products and new business programs, suggested compliance risks, provided feasible suggestions based on business realities, and strengthened compliance guidance and services.

Irregularity disposal

We have actively followed up the relevant cases and accident disposal work, and held compliance accountability on responsible persons or responsible units responsible for violations of laws, regulations and standards in the course of operation, management and practice.



5.3.2 Anti-Money Laundering Management

China Merchants Securities attaches great importance to anti-money laundering. In compliance with laws and regulations such as the Anti-Money Laundering Law of the People's Republic of China, we have continuously improved the internal control system of anti-money laundering, established and revised several systems and working guidelines, and formed a money laundering risk management framework of "Board of Directors (Risk Management Committee) - Leading Group of Money laundering Risk Management - Working Group of Money Laundering Risk Management", so as to providing a solid foundation for the implementation of anti-money laundering obligations.

We have formulated *the Self-Assessment Management Measures for Money Laundering Risk*, which clearly stipulates the work responsibilities, indicator system, working procedures, results and application of the self-assessment of money laundering risk. In 2022, we have systematically completed the work of money laundering risk assessment for the first time and organized all units to propose targeted risk prevention and control measures to perfect money laundering risk management.

In accordance with national laws and regulations, relevant regulations and requirements, we regularly inspect and supervise the soundness and effectiveness of anti-money laundering management of all units, including at least once every three years for the branch offices, once per year for business headquarters, and once every two years for the business departments, wholly-owned and holding subsidiaries and operating departments that have not established headquarters. In addition, our Legal and Compliance Department has also organized and carried out several anti-money laundering audits and anti-money laundering compliance inspections, and continuously urged all units to improve their anti-money laundering work.

Technical support

we continue to strengthen the technical support for anti-money laundering work and perfect the anti-money laundering monitoring system; we comprehensively implement the relevant requirements of customer identification, continue to promote the implementation of customer identification, carry out suspicious transaction reporting, and strengthen the list monitoring by standardizing rectification guidelines, carrying out special training, strengthening the continuous identification of non-natural person customers, and actively optimizing the rules of customer identification.

Internal publicity

In 2022, we organized and carried out 21 activities of anti-money laundering training and promotion through online and offline, covering anti-money laundering laws and regulations, policy situation, business skills, case analysis, etc. The training objects covered senior management, business departments, designated personnel of subsidiaries, compliance specialists and tellers of branches, new employees, etc. We make full use of ensuring that employees at all levels, especially those in key positions, make clear the anti-money laundering performance requirements of their positions.

2,837 employees took the course of *Common Problems and Typical Cases of Anti-money laundering Performance of Securities Institutions*

In July 2022, we sorted out the common problems found in the anti-money laundering law enforcement inspection of securities institutions recently notified by the regulatory authorities, prepared the training material *Common Problems and Typical Cases of Anti-money laundering Performance of Securities Institutions*, carried out online training on our training system "CMS School". Through the training, 2,837 employees took part in learning, and the spirit of supervision was timely spread.

2,323 employees took the course of *Preventing the Risk of Money Laundering by Virtual Currency*

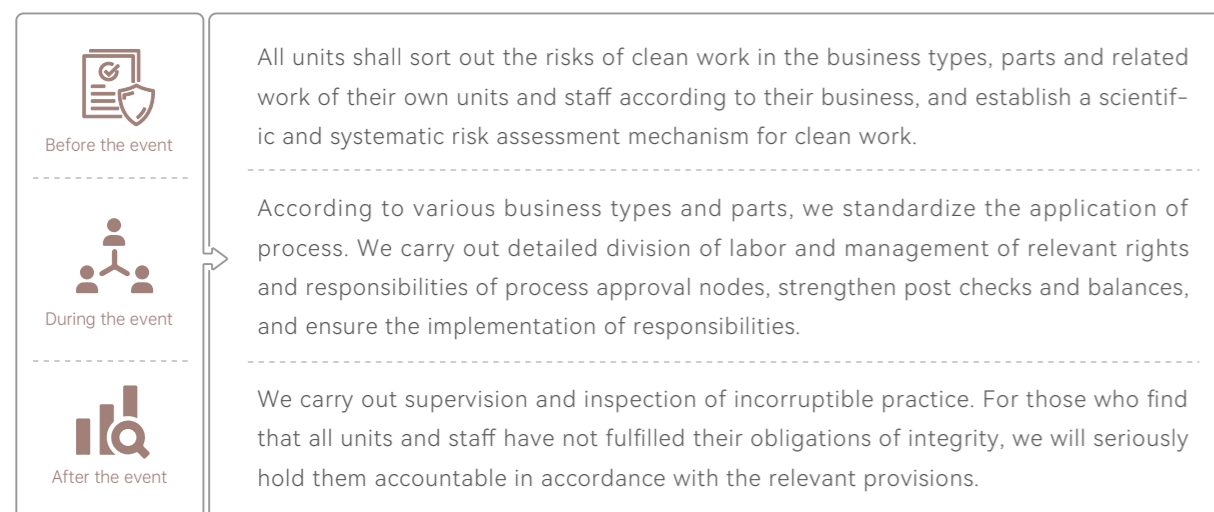
In November 2022, we produced a special course of "*Preventing the Risk of Money Laundering by Virtual Currency*" according to the actual business conditions. Through the "CMS School", 2,323 employees participated, and their ability to identify the risk of money laundering of virtual currency was significantly enhanced.



5.3.3 Anti-Corruption Management

China Merchants Securities abides strictly by laws and regulations such as *the Criminal Law of the People's Republic of China* and *the Law of the People's Republic of China on Supervision*. We have prepared the *CMS Co-operative Measures for Building a Clean Government and Anti-Corruption Work*, *CMS Administrative Measures for Clean Working for the Staff*, *CMS Interim Measures for Overseas Clean Risk Prevention and Control*, *CMS Provisions on Handling Violations and Disciplinary Behaviors of Cadres and Employees*, and *CMS Provisions on Accountability Management of Cadres and Employees*. By establishing and improving systems, strengthening discipline education and improving accountability mechanism, we will give full play to the combined efforts of discipline inspection, compliance, risk control and auditing, so as to promptly deal with and rectify problems found and report major situations.

We have established a clean employment control system of ex ante risk prevention, concurrent control and ex post accountability, including:



Staff clean employment is included into the personnel management system. In the case of personnel recruitment, promotion, advancement, resignation and assessment, the staff shall be investigated and evaluated for their clean employment, and organized to sign *the Clean Employment Commitment Letter* to ensure that all departments, branches and wholly-owned subsidiary of the Company uphold clean ethics in their business activities. We also regularly organize and carry out self-inspection of clean work to further strengthen our clean work management and improve staff's awareness of clean work. An annual company-wide warning and education conference is held to enhance the ideological consciousness and action consciousness of all employees in clean work. The Company issues a typical case notice to warn people around them. For new employees, the Company carries out integrity warning education to help new employees fasten the first button of their career. In 2022, more than 30,000 cadres and employees participated in honesty warning education.

Case Study: Publicizing and implementation of innovative clean, improvement in Party conduct and clean government

In 2022, China Merchants Securities continued to optimize and strengthen its incorruptible education position, give full play to the advantages of real-time communication and interactive communication of new media, and continued to make good use of the WeChat Official Account of "Clean CMS" to push 78 propaganda contents to all the staff. Through micro-video, short animation, cartoon, incorruptible idioms and other multi-level content design in the form of lively, loved by the masses, we strove to create a clean and upward cultural atmosphere. At the same time, we published 29 articles on discipline and law knowledge, case notification and clean culture in the column of "Building Party Conduct and Clean Government" in the OA system to guide cadres and employees to understand the bottom line of rules and know the consequences of behaviors. Discipline inspection and supervision departments, functional departments and business departments carried out clean joint construction activities to enhance cadres and employees clean working awareness. Additionally, we actively participated in the construction of clean culture in the industry, undertook the task of content design and curriculum production for the clean education base of Shenzhen Securities & Equities Commission, and carried out the key research projects of *Research on the Construction of Clean Culture in Securities Industry* issued by the Securities Association of China, report on *the Implementation Rules for Clean Practice in Securities Industry*, the evaluation and revision of the *Implementation Rules for Clean Practice in Securities Industry*, and *Analysis of the Connotation and Denotation of Clean Practice* issued by Securities Association of Shenzhen.



We continuously improved the complaint and reporting mechanism, effectively protected the legitimate rights and interests of the whistleblower, and strictly prohibited to suppress, discriminate, make difficulties for the whistleblower and his relatives, or even fight against retaliation and frame-up. In addition, it was strictly prohibited to transfer the reported and accused materials and relevant information to the accused or unrelated units. We shall seriously investigate and deal with violations of the democratic rights of informants. We continuously standardized and smoothed the complaint and reporting mechanism, and set the “I need to report” entrance on the home page of our OA system. Meanwhile, employees could report by call, letter, visit, etc.

5.3.4 Intellectual Property Protection

The Company strictly abides by the requirements of the Patent Law of the People’s Republic of China, the Copyright Law of the People’s Republic of China, and other relevant national laws and regulations on intellectual property protection, and protects its intellectual property according to law, and respects and avoids infringing upon others’ intellectual property rights. In 2022, the Company did not infringe upon any intellectual property rights, ownership, or right of use of any third party.



5.4 Establish Responsible Supply Chain

China Merchants Securities strictly abides by the relevant laws and regulations such as the Law of the PRC on Tendering and Bidding, the Implementation Regulations on the Law of the PRC on Tenders and Bids, Interim Provisions on the Central Procurement Management of State-owned Financial Enterprises. We have formulated such internal management systems as the CMS Procurement Management Measures, the CMS Supplier Management Provisions, Guidelines for Implementation of Bidding for Construction Projects that CMS Must Solicit Bids According to Law, Management Measures for External Lawyers of CMS, etc., so as to carry out standardized management of the whole process of warehousing, use, evaluation, exit and supervision of external suppliers. At the same time, we conduct annual evaluation of cooperative suppliers, continuous regulation of procurement behavior and promotion of clean procurement.

5.4.1 Responsible Procurement

We comprehensively promote the transparent purchase project, starting from all aspects such as the personnel arrangement, standard implementation, discipline constraints, and constantly strengthen compliance management to do a good job in transparent procurement. The purchasing demand department, organizational department and inspection and supervision department all perform their duties according to the four principles of legal compliance, fairness and justice, collective decision-making and interest avoidance, so as to separate purchasing and demand and isolate positions. In addition, we formulate and continuously optimize the CMS Purchasing Management System, clearly standardizing the division of responsibilities, business processes, approval and authorization, and accountability for violations of procurement management; and we continue to promote and improve the management mechanism and operating procedures for the specific implementation process of procurement.

We actively explore and practice the mode of green procurement and sustainable procurement, and limit the environmental protection level of furniture, vehicles and other centrally purchased products, stipulate that the emission standards of office vehicles must meet National VI standard. Furniture suppliers shall have China Environmental Labeling Certification (Ten Ring Certification). Furniture board shall meet the E1 level of new national testing standard. All lacquered furniture should be painted with high quality environmental protection paint.

5.4.2 Supplier Management

China Merchants Securities strictly standardizes the entire process of suppliers’ entry, utilization, evaluation, withdrawing and supervision, formulates and continuously optimizes the CMS Implementation Rules for Supplier Management, and standardizes the admission, performance management and bad behavior treatment of suppliers.

We have set the basic conditions for the storage of suppliers, including having good business reputation and not being listed in the following lists: list of serious illegal and trust-breaking enterprises (blacklist), abnormal business list, list of serious trust-breaking subjects, persons subject to enforcement for trust-breaking, and the blacklist of integrity of China Merchants Group. In the evaluation process, the suppliers will be rejected if they have the above problems.

The Company organizes and carries out annual supplier evaluation to evaluate the selected suppliers from the aspects of trading behavior and performance of the agreement. Suppliers with violations of discipline and regulations, breach of trust, commercial bribery and other bad behaviors in the process of procurement and performance of the contract will be dealt with seriously according to the system, including ordering rectification, banning or blacklisting, and actively creating a fair and just purchasing environment.



CHINA
MERCHANTS
SECURITIES

ENGAGING IN GREEN DEVELOPMENT

Practicing Green Operation

Tackling Climate Risks

Developing Green Finance

Green Finance Achievements and Awards

Engaging in Green Development

6.1 Practicing Green Operation

In 2022, combining with its own characteristics, the Company strengthens the publicity of energy conservation and environmental protection and improves the efficiency of resource use.

Energy Conservation and Environmental Protection Publicity

First, promote the importance of environmental protection, energy conservation and emission reduction through various internal media channels, as well as the policies, laws and regulations of energy conservation.

Upgrading Energy Conservation Facilities at Workplaces

We applied two ways to achieve energy-saving goals. Firstly, in terms of air conditioning facilities and equipment, we used the ice storage and cooling systems to reduce electricity costs through storing ice and cooling during off-peak hours at night and melting ice and cooling during peak hours during the day. Secondly, we replaced the lighting fixtures in the underground parking lot with intermittent extinguishing mode to achieve energy-saving purposes.

Conserving the Office Supplies

First, advocate the use of online OA office systems to reduce the frequency of paper document printing and fax usage. Second, strengthen the management of office supplies, standardize the equipment, procurement, and distribution of office supplies, strictly follow equipment standards, and choose environmentally friendly and energy-efficient office equipment as much as possible.

Conserving Electricity and Water

First, set the temperature of the office air conditioning at a reasonable level, especially during the summer season, the indoor temperature should not be set below 26 degrees Celsius. Second, adopt natural light as much as possible in places such as offices and meeting rooms, turn off the lights as much as possible or do not turn them on to save electricity. Third, check the use of water and electricity in the office area during the safety inspections to avoid unnecessary consumption.

Achievements of Low-carbon Operation

- In 2022, the total electricity consumption of the Company's headquarters, the China Merchants Securities Building, decreased by **615,000** kWh compared with 2021;
- In 2022, the total food waste transferred decreased by **8** tons compared with 2021.

In order to actively respond to the national "3060" dual-carbon strategic goal, the Company formulates long-term targets of the green operation strategy, improves the use efficiency of resources from various dimensions such as energy conservation publicity, energy saving and green procurement, and creates an environment-friendly office environment.



Targets

Greatly affected by objective circumstances in 2020-2022, the relevant energy consumption data is low, so the targets are based on the year 2019. In 2025, the per capita electricity consumption in the Company's headquarters, the China Merchants Securities Building, will decrease by **2%**, and the per capita water consumption will decrease by **2%**.



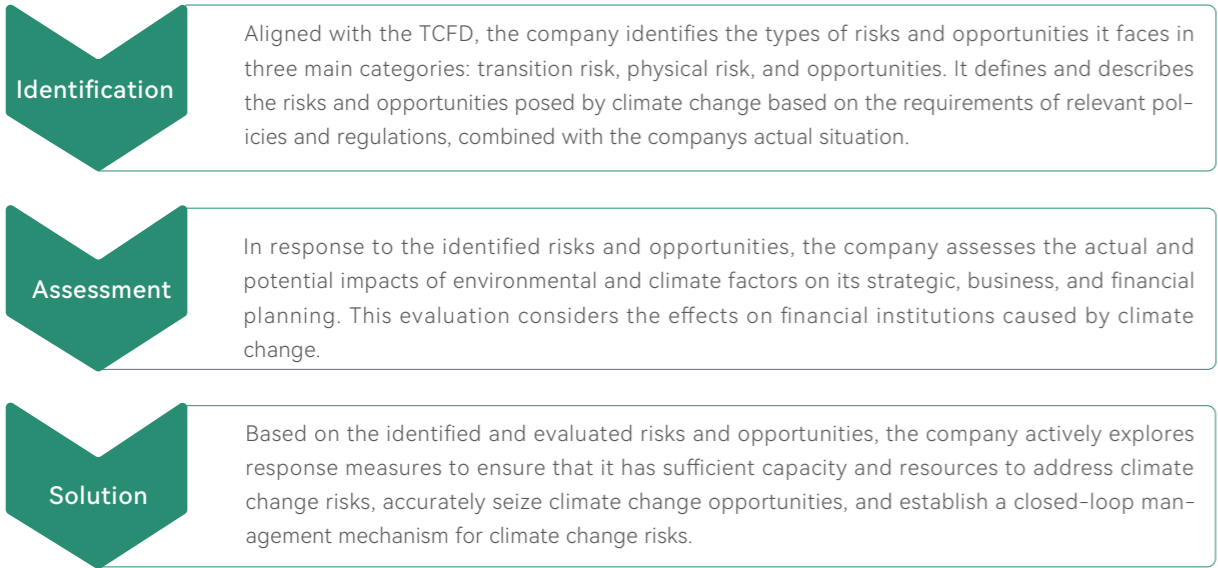
Measures

- Reduce the air-conditioning energy consumption during daytime concentrated office hours by continuing to store ice during the night valley electricity-tariff period, and melt ice during the daytime peak electricity-tariff period.
- Gradually replace floodlights with energy-saving lamps.
- Advocate water conservation and adopt water-saving sanitary wares.
- Regularly inspect and repair water equipment to avoid leakage.

6.2 Tackling Climate Risks

To effectively manage climate risks in business development and operations and seize climate opportunities, the company actively identifies, evaluates, and addresses climate risks in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) of the G20 Financial Stability Board. It continues to improve China Merchants Securities' management level of climate risks.

Framework for Identifying Climate Risks and Opportunities



Transition Risk



Policy and Legal Risks

- Description

- Since China proposed its carbon peak and carbon neutrality targets, the country has successively introduced policies, regulations, and relevant standards to address climate change. In 2021, the revised rules for periodic reporting disclosure of listed companies by the China Securities Regulatory Commission and the "Guidelines for Environmental Information Disclosure by Financial Institutions" issued by the People's Bank of China both involve climate risk management. In March 2021, the "Regulations of Shenzhen Special Economic Zone on Green Finance" (hereinafter referred to as the "Regulations") were officially implemented, and the company's green finance activities in the Shenzhen Special Economic Zone are subject to the "Regulations". If the company fails to strictly comply with and implement the requirements for climate risk management and related information disclosure, it may face the risk of being ordered to correct, fined or sued by regulatory authorities.
 - China is promoting the establishment of a "1+N" policy system for carbon peak and carbon neutrality, and the company's clients and investment targets are also subject to the "dual carbon" policy and regulations.

- Impacts

Long-term impacts:

 - The company itself may face the risk of rising operating costs;
 - The company's clients and investment targets may also face regulatory penalties, financial losses, and other risks due to the tightening of policies, resulting in increased management costs for the company.

- Measures

To effectively respond to the policy and regulatory requirements related to the dual carbon goals set by the country and regulatory authorities, the company should comprehensively study the legal and regulatory content related to climate change and green finance, set green finance-related indicators in the Risk Appetite Statement, and keep up with policies to ensure adequate environmental information disclosure.



Market Risk

- Description

To achieve the "dual-carbon" goal, China is promoting energy conservation, carbon reduction, and green transformation through energy efficiency constraints, firmly curbing the blind development of high-energy-consuming and high-emission projects. This may affect the views of investors and consumers, leading to market changes such as a decline in demand for high-carbon products and services and an increase in costs for some raw materials and services.

- Impacts

Long-term impacts:

Long-term impacts: Some of the company's clients and investment targets may face an uncertain market environment, resulting in increased production and operating costs, asset depreciation, and default risks, which may be transmitted to the company through the business chain. Such risks will affect the company's business development strategy and risk management system.

- Measures

When making investment decisions, the company should fully consider such risks, increase investment in green industries, and gradually reduce financial support for high-carbon industries. The company shall implement the "4321" action plan, focusing on green investment in the fields of "4 green services," "3 green demonstrations," "2 green products," and "1 green industry." Additionally, the company should strengthen risk prevention measures for high-energy-consuming and high-carbon enterprises and improve risk review and monitoring processes.

Transition Risk



Technology Risk

- The company practices green operations and promotes digital transformation to reduce paper consumption during operations. The increase in online business volume has led to an increase in energy consumption in the company's back-end data centers and other facilities.
- Some of the company's clients and investment targets may face challenges in upgrading their energy-efficient and environmentally friendly technologies during the process of technological transformation.

Description

Short-term impacts:

- The digital transformation may increase the company's operating costs in the short term, such as the cost of staff training, the cost of using energy-saving and emission-reducing technologies in data centers, etc.

Impacts

- Technology upgrading may increase the operating costs of some of the company's clients and investment targets.

Measures

The company will increase investment in business digitalization to control the process of digital transformation and adopt advanced low-carbon technologies in operations. The company will also consider the technology risks associated with low-carbon transformation when making investment decisions.

Physical Risk



“Acute” Physical Risk

"Acute" physical risks mainly refer to the severe economic losses caused by climate change, the increased frequency of extreme weather disasters, and the severity of their impacts.

Description

Long-term impacts:

- The "acute" physical risks can cause severe economic losses for the company due to the increased frequency and severity of climate change and extreme weather events. The physical damage to the company's physical operations sites and online service back-end can affect employee attendance and subsequently disrupt the company's business continuity, leading to financial instability and increased operating costs.
- "Acute" physical risks may have adverse effects on the business operations and activities of some of the company's clients and investment targets, and may even lead to bankruptcy and other risks.

Impacts

Measures

The company is gradually establishing and improving its environmental risk emergency management system, strengthening its attention to weather forecasts, preventing risks in advance, and continuously enhancing its ability to resist physical risks caused by climate change. When carrying out business operations, the company fully considers the impact of physical risks on its clients and investment targets.

Physical Risk



“Chronic” Physical Risk

"Chronic" physical risks mainly refer to economic losses caused by the gradual increase of temperature, accelerated depreciation of certain assets, land and capital stock loss due to rising sea levels.

Description

Long-term impacts:

- On the one hand, "chronic" physical risks cause damage to the company's physical operating sites and online service back-end, affecting employee attendance rates. Deteriorating environmental conditions such as climate warming will affect the comfort of employees' work; on the other hand, rising sea levels may bring about asset impairment losses for the company.
- "Chronic" physical risks may have adverse effects on the business development and operational activities of some of the company's clients and investment targets, affecting the company's strategic positioning and business direction.

Impacts

Measures

The company is gradually establishing and improving its environmental risk emergency management system, strengthening its attention to weather forecasts, preventing risks in advance, and continuously enhancing its ability to resist physical risks caused by climate change. When carrying out business operations, the company fully considers the impact of physical risks on its clients and investment targets.



Opportunity



Resource Utilization Efficiency

Description

Companies, clients, and investment targets can enhance energy efficiency in their workplaces, data centers, and other areas, reduce waste in resource utilization through efficient management and operation, and lower operating costs.

Impacts

Medium-term impact:

The company's operating costs are reduced; Operating costs for some of the company's clients and investment targets are reduced.

Measures

Practice green operations and encourage employees to adopt low-carbon operations; Consider the low-carbon operations of investment targets when making investment decisions.



Sources of Energy

Description

The company actively guides and promotes clients and investment targets to develop and apply low-carbon energy technologies in their production and operation processes, reducing the use of fossil fuels and lowering the risk of energy price fluctuations.

Impacts

Mid-term impacts:

The operating costs of some clients and investment targets of the company will be reduced.

Measures

When making investment decisions, low-carbon technology research and development investment of the investees shall be taken into consideration.



Adaptability

Description

Actively responding to climate adaptation, while avoiding future losses, actively seek environmental and social benefits.

Impacts

Long-term impacts:

The impact on the company's strategic direction, exploring business environmental benefits.

Measures

The company seizes industry opportunities and increases its focus and investment in green industries.

6.3 Developing Green Finance

6.3.1 Overview of Green Finance Development

In response to the national call for the vigorous development of green finance, the company has incorporated the "dual carbon" work into its overall strategic planning for business development. Through issuing green financial products, mergers and acquisitions, and other forms, the company provides services for the strategic layout, business development, and industrial upgrading of green enterprises. This ensures a continuous flow of financial resources into the green industry, helping to promote high-quality and sustainable economic development.

Financing business

In 2022, China Merchants Securities completed a total of 34 green investment banking projects, with a total underwriting amount of CNY 25.105 billion and a total issue size of CNY 120.561 billion, including 2 IPO projects, 4 refinancing projects, 27 green bond projects, and 1 M&A restructuring project.

Asset management

As of the end of December 2022, CMB Wealth Management held 9 green bond positions with a total amount of CNY 421 million. Among them, 8 new investments were added in 2022 with a total amount of CNY 401 million.

Equity investment

By the end of December 2022, CMB International had invested more than CNY 300 million (including investments in green low-carbon enterprises made by private equity investment funds) in new energy, energy conservation, and environmental protection enterprises.

Private equity fund

As of the end of December 2022, CMB Zhiyuan Capital had managed and invested in three green funds, with a subscribed capital of CNY 1.252 billion, accounting for 5.29% of the total subscribed assets under management, and a paid-in capital of CNY 667 million, accounting for 3.54% of the total paid-in assets under management.

Note: Green funds refer to those whose product names, performance benchmarks or investment strategies include at least one of "sustainable development", "environmental protection", "low carbon", "new energy", or "green development".

6.3.2 Typical Cases of Green Finance Development

Case 1: China Merchants Securities supports the largest green credit asset securitization project in the domestic interbank bond market

In May 2022, China Merchants Securities assisted in the successful issuance of the "Shengshi Rongdi 2022 Second Phase Personal Automobile Mortgage Loan Green Asset-Backed Securities," with a total issue size of CNY 5.5 billion. The underlying assets and fundraising proceeds of this bond project are all new energy vehicle loans, making it a "double green" product on both the asset and usage sides. It is currently the largest green credit asset securitization project issued in the domestic interbank bond market. At the same time, the senior green asset-backed securities in this phase were rated "AAAs" by Fitch Ratings.

According to the independent evaluation and certification report by the professional third-party evaluation and certification agency United Equator Environmental Assessment Co., Ltd. prior to the issuance of the green asset-backed securities, **the underlying assets of this green asset-backed securities are expected to reduce the emissions of carbon dioxide by 65.5 thousand tons and save 45.1 thousand tons of standard coal annually, while the investment projects are expected to reduce the emissions of carbon dioxide by 40.2 thousand tons and save 27.6 thousand tons of standard coal annually.**

Case 2: China Merchants Securities Facilitates Issuance of the First Domestic "Sustainable Development-Linked" Financial Bond

In May 2022, China Merchants Securities facilitated the successful issuance of the "2022 China Construction Bank Green Finance Bonds (Phase I)", the first "sustainable development-linked" financial bonds in the domestic market. The bond had a size of CNY 10 billion, a tenor of 3 years, and an initial coupon rate of 2.6%, with a subscription multiple of 2.44 times. China Merchants Securities participated in the project as the lead underwriter, with a subscription amount of CNY 1.667 billion.

The current green financial bond, through bond structure design, not only raised long-term and low-cost funds for green low-carbon projects, but also further promoted sustainable development strategies. By setting key performance indicators (KPI) and sustainable performance targets (SPT), it can drive larger scale green business development with relatively small bond issuance size, thus having a multiplier effect. The successful issuance of this bond has enriched the product form of green financial bonds, injected new vitality into the green financial bond market, and set an example for financial innovation serving green economic development.

Case 3: China Merchants Securities helps to issue the first-ever low-carbon transformation-linked corporate bonds in the leasing industry

In June 2022, as a joint lead underwriter, China Merchants Securities helped State Grid Leasing successfully issue the first low-carbon transformation-linked corporate bond in the leasing industry – State Grid International Financing Leasing Co., Ltd. 2022 Publicly Issued Corporate Bonds (4th Series) (Low-Carbon Transformation Linked) targeted at professional investors.

Low-carbon transformation-linked corporate bonds are a specific type of corporate bond whose terms are linked to the issuer's low-carbon transformation goals. It was created by the Shanghai Stock Exchange in May 2022. The current bond uses the financing lease business in the areas of smart grid, transmission and distribution, and clean energy as a key performance indicator, which is highly consistent with the national low-carbon development strategy. The achievement of this indicator will help accelerate the green transformation and development of the energy and power industry and demonstrate the commitment and determination of State Grid Leasing in low-carbon transformation and sustainable development.

Case 4: China Merchants Securities helps Anhui Conch Power issue CNY 2.048 billion convertible bonds publicly

On December 13, 2022, the "2022 Anhui Heli Co., Ltd. Public Issuance of Convertible Corporate Bonds," for which China Merchants Securities served as the exclusive sponsor and joint lead underwriter, was successfully issued, with an issuance scale of CNY 2.048 billion.

The funds raised from this public issuance of convertible corporate bonds will be used for the construction of projects such as new energy electric pallet trucks, stackers, and key component manufacturing. The projects are in line with national industrial policies and industry development trends and are consistent with Anhui Heli's overall strategic development plan. The funds will help the company further focus on the research and development of intelligent, networked, and green technologies, address future bottlenecks in industrial vehicle production capacity, especially new energy vehicles, and further enhance the production capacity of electric new energy vehicles and high-end internal combustion vehicles.

6.4 Green Finance Achievements and Awards

Green Research: In 2022, the company's Research and Development Center completed a total of **11** ESG research reports, including **6** in-depth reports and **5** regular tracking reports. The in-depth reports cover areas such as carbon risk assessment and portfolio optimization, index carbon content estimation, social responsibility

Case: China Merchants Securities and China Merchants Bank successfully held a "Green Finance" seminar

On the afternoon of November 17, 2022, China Merchants Securities, in cooperation with China Merchants Bank's head office and Shenzhen branch, successfully held a "Green Finance" seminar. The conference conducted in-depth discussions on topics such as "how to promote green finance business, actively serve green enterprises, and promote sustainable development." During the exchange, the relevant departments of both sides introduced their understanding of the industry and their business situations around "green finance" and discussed future cooperation methods. Both parties agreed that they should jointly strengthen the precise and professional understanding of the industry, share client information with each other, and have in-depth exchanges and mutual verification on knowledge frameworks and client screening frameworks. They can take advantage of China Merchants Bank's broad client reach and combine China Merchants Securities' professional capabilities in products to provide innovative "investment banking + commercial banking" customized product services for clients covered by both parties.



Green Finance Awards: The company actively explores technological innovation in the field of green finance and participates in the selection of the "Third Xiangmihu Fintech Innovation Award" organized by the Futian District Financial Affairs Bureau. Its project "Application of Enterprise Portrait Platform in Green Bond Support Projects" won the Special Project Award.



Appendix I. List of Disclosure Policies

Topics	External policies	Internal policies
Environmental management	<i>Environmental Protection Law of People's Republic of China</i> <i>Energy Conservation Law of the People's Republic of China</i>	
Staff management	<i>Labour Law of the People's Republic of China</i> <i>Labour Contract Law of the People's Republic of China</i> <i>Trade Union Law of the People's Republic of China</i> <i>Work Safety Law of the People's Republic of China, the Law of the People's Republic of China on Prevention and Control of Occupational Diseases</i> <i>Regulation on Work-related Injury Insurances</i> <i>Employment Ordinance of Hong Kong</i> <i>Regulations on the Promotion of Harmonious Labor Relations in the Shenzhen Special Economic Zone</i>	<i>Attendance Management Regulations of CMS</i> <i>Measures for the Management of Internal Lecturers and Course Development of CMS</i> <i>Administrative Measures for CMS Staff Recruitment</i> <i>Training Management Regulations of CMS</i> <i>Regulations on the Management of Online Training System of CMS</i>
Supply chain management	<i>Law of the People's Republic of China on Bid Invitation and Bidding</i> <i>Regulations for the Implementation of the Law of the People's Republic of China on Bid Invitation and Bidding</i> <i>Interim Provisions on the Management of Centralized Procurement of State-Owned Financial Enterprises</i>	<i>CMS Procurement Management System</i> <i>Detailed rules for CMS Supplier Management</i> <i>Guidelines on the Implementation of Tendering for Engineering Projects Required by Law to be Tendered by CMS</i> <i>Measures for the Management of External Lawyers of China Merchants Securities</i>

Topics	External policies	Internal policies
Product management	<i>Measures for the Administration of the Sale of Securities Investment Funds</i> <i>Regulations on the Administration of Financial Products Sold by Securities Firms on Behalf of Securities Firms</i> <i>Data Security Law of the People's Republic of China</i> <i>Guidelines on Data Security Classification and Grading Management in the Securities and Futures Industry</i> <i>Securities Law of the People's Republic of China</i> <i>Opinions of the General Office of the State Council on Further Strengthening the Protection of the Legal Rights and Interests of Small and Medium-sized Investors in the Capital Market</i> <i>Code of Practice for the Protection of the Rights and Interests of Investors in Securities Firms</i>	<i>Measures for the Administration of Financial Products Sold on Behalf of Wealth Management Business of CMS</i> <i>Measures on CMS Data Security and Grading Management</i> <i>Measures for the Management of Information System Data Security</i> <i>Measures for Emergency Management of Network Security Incidents</i> <i>Measures for CMS Complaints Management</i> <i>Implementation Rules for Handling Complaints in Securities Brokerage Business of CMS</i> <i>Measures for the Administration of Investor Education Work of CMS</i> <i>Administrative Measures for the Protection of Investors' Rights and Interests of CMS</i>
Compliance Management	<i>Measures for the Supervision and Administration of Directors, Supervisors, Senior Managers and Practitioners of Securities and Fund Management Institutions</i> <i>Guidelines on Due Diligence for Sponsors</i> <i>Guidelines on Working Papers for Sponsoring the Issuance and Listing of Securities</i> <i>Anti-Money Laundering Law of the People's Republic of China</i>	<i>Management System for Securities Practitioners' Securities Investment Practices</i> <i>Guidelines on the Application of Securities Investment Management Measures for Securities Practitioners</i> <i>Guidance Checklist for Domestic Securities Practitioners on Investment in Common Financial Products</i> <i>Measures for the Administration of Self-Assessment of Money Laundering Risks</i>
Integrity management	<i>Criminal Law of the People's Republic of China</i> <i>Supervision Law of the People's Republic of China</i>	<i>Collaborative Measures for the Construction of Party Integrity and Anti-Corruption Work of CMS</i> <i>Measures for the Management of Integrity Practices of Staff of CMS</i> <i>Interim Measures for the Prevention and Control of Overseas Integrity Risks of CMS</i> <i>Provisions on Handling Violations and Disciplinary Acts by Cadres and Employees of CMS</i> <i>Provisions on Accountability Management for Executives and Employees of CMS</i>

Appendix II. List of Quantitative Disclosure Data

Environmental Indicators Performance Sheet

Direct and indirect greenhouse gas emissions from business activities

Indicators		Unit	2022	2021	2020	2019	2018
Direct emission	Scope I: Total gasoline emissions	tCO ₂	956	1,051	973	1,493	1,572
	Scope I: Per capita gasoline emissions	tCO ₂ /person	0.08	0.09	0.11	0.20	0.16
	Scope I: Total diesel emissions	tCO ₂	1690	-	1364	322	697
	Scope I: Per capita diesel emissions	tCO ₂ /person	0.0014	-	0.0015	0.0004	0.0007
Indirect emission	Scope II: Total emissions from outsourced electricity	tCO ₂	16,125	14,697	17,187	17,552	18,107
	Scope II: Per capita emissions from outsourced electricity	tCO ₂ /person	1.29	1.22	1.86	2.367	1.87
	Scope II: Total emissions from outsourced heating (cooling) services	tCO ₂	10,772.55	-	-	-	-
	Scope II: Per capita emissions from outsourced heating (refrigeration) services	tCO ₂ /person	0.86	-	-	-	-
Other indirect emission	Scope III: Emissions from employees' business trip vehicles	tCO ₂	666	-	-	-	-
	Scope III: Emissions from employees' business trip hotel accommodation	tCO ₂	505	-	-	-	-
	Scope III: Waste disposal and discharge	tCO ₂	93	-	-	-	-
	Scope III: Per capita waste disposal and discharge	tCO ₂ /person	0.01	-	-	-	-
	Scope III: Wastewater disposal and discharge	tCO ₂	2.19	-	-	-	-
	Scope III: Per capita wastewater disposal and discharge	tCO ₂ /person	0.0002	-	-	-	-

Indicators		Unit	2022	2021	2020	2019	2018
Total GHG Emissions		tCO ₂	29,138	15,748	18,173	19,049	19,686
GHG Emissions: Scope I		tCO ₂	973	1,051	986.64	1,496.22	1,578.97
GHG Emissions: Scope II		tCO ₂	26,898	14,697	17,187	17,552	18,107
GHG Emissions: Scope III		tCO ₂	1,267	-	-	-	-
Per Capita GHG Emissions		tCO ₂ /person	2.33	1.31	1.97	2.57	2.04

Environmental Indicators Performance Sheet

Disposal of waste generated from business activities

Indicators		Unit	2022	2021	2020	2019	2018
Hazardous wastes	Cartridge Volume	Pieces	1,096	744	1,014	1,433	2,094
	Per capita cartridges	Pieces/person	0.09	0.06	0.11	0.18	0.15
	Toner cartridges	Pieces	2,745	3,703	3,920	4,019	4,714
	Per capita toner cartridges	Pieces/person	0.22	0.31	0.42	0.54	0.49
	Modulator tube	Pieces	3,411	5,614	4,513	7,127	6,938
	Per capita modulator tubes	Pieces/person	0.27	0.47	0.549	0.96	0.72
Non-hazardous wastes	Electronic equipments	PCS	1,795	1,006	2,479	1,467	1,688
	Per capita electronic equipments	PCS/person	0.14	0.08	0.27	0.20	0.17
	Office wastes	Tons	170.59	-	-	-	-
	Per capita office wastes	Tons/person	0.01	-	-	-	-

Environmental Indicators Performance Sheet

Energy and resource consumption generated by business activities

Indicators		Unit	2022	2021	2020	2019	2018
Energy	Energy consumption	kWh	29,345,238	24,560,162	29,537,801	20,978,053	29,025,245
	Per capita power consumption	kWh/person	2,350	2,046	3,200	2,828	3,003
	Gasoline consumption	Kl	443	480	445	585	692
	Per capita gasoline consumption	Kl/person	0.04	0.04	0.048	0.08	0.07
	Diesel consumption	Kl	6.47	0	5.00	1.23	2.67
	Per capita diesel consumption	Kl/person	0.0005	0	0.0005	0.0002	0.0002
Water resource	Office water consumption	Tons	173,575	173,282	120,982	106,275	111,341
	Per capita office water consumption	Tons/person	13.90	14.43	13.11	14.33	11.52
Office paper	Office paper consumption	Tons	43	-	-	-	-
	Per capita office paper consumption	Tons/person	0.0034	-	-	-	-

Environmental Indicators Performance Sheet

The types of emissions and related data

Indicators		Unit	2022	2021	2020	2019	2018
Emissions	Total nitrogen oxide emissions	g	554,972	1,225,960	873,182	1,201,727	1,058,619
	Per capita nitrogen oxide emissions	g/person	44.40	102.10	94.60	162	110
	Total particulate matter	g	40,861	90,265	64,290	88,481	77,944
	Per capita particulate matter emissions	g/person	3.27	7.52	6.97	11.93	8.07
	Total sulfur oxide emissions	Kg	6.61	7.06	6.62	9.30	10.17
	Per capita sulfur oxides emissions	Kg/person	0.00053	0.00059	0.00072	0.001	0.001
	Total discharge of sanitary wastewater	Tons	85,579	155,955	108,884	95,648	100,207
	Per capita sanitary wastewater	Tons/person	6.90	13.00	11.80	12.90	10.40

Note:

1. The above per capita data takes the total number of employees at the end of the reporting period as the denominator.

2. The statistical range of environmental data is as below.

The 2018 environmental data includes the annual environmental data of China Merchants Securities Shenzhen headquarters (China Merchants Securities Building and Jiangsu Building) and Information Technology Center, 12 branches, 249 business departments and 5 wholly-owned subsidiaries;

The 2019 environmental data includes the annual environmental data of China Merchants Securities Shenzhen headquarters (China Merchants Securities Building) and Information Technology Center, 12 branches, 259 business departments and 5 wholly-owned subsidiaries;

The 2020 environmental data includes the annual environmental data of China Merchants Securities Shenzhen headquarters (China Merchants Securities Building) and Information Technology Center, 12 branches, 259 business departments and 5 wholly-owned subsidiaries;

The 2021 environmental data includes the annual environmental data of China Merchants Securities Shenzhen headquarters (China Merchants Securities Building) and Information Technology Center, 12 branches, 259 business departments and 5 wholly-owned subsidiaries;

The 2022 environmental data includes the annual environmental data of China Merchants Securities Shenzhen headquarters (China Merchants Securities Building) and Information Technology Center, 12 branches, 259 business departments and 5 wholly-owned subsidiaries;

3. The calculation method of nitrogen oxides, sulfur oxides and particulate matter emissions adopts Appendix II: Reporting Guideline on Environmental Key Performance issued by the Stock Exchange of Hong Kong.

4. The greenhouse gas list includes carbon dioxide, methane and nitrous oxide, mainly from outsourced electricity and fossil fuel burning. Greenhouse gas emission data are presented in terms of carbon dioxide equivalent and calculated according to the Average Carbon Dioxide Emission Factors of China’s Regional Power Grids in 2011 and 2012 published by the National Development and Reform Commission of China.

Social Indicators Performance Sheet

Indicators		Unit	2022	2021	2020
Charity	Total donations from China Merchants Securities Public Foundation	RMB 10,000	332.65	259.07	1,264.21
	Number of volunteers	Person	147	-	-
	Volunteering service hours	Hours	1,303	-	-
Customer service	Coverage of online and offline investor education publicity	Person-time	37,852,053	537,716	372,974
	Number of investor education activities	Times	3,141	1,839	1,623
	Quantity of investor education products issued by headquarters and branches	PCS	711,714	661,328	37,752
	Average monthly opening hours of investor education base	Hours	216	216	-
	Total number of investor education activities at the Base	Hours	166	110	-
	Customer satisfaction of investor education base	%	99.70	99.00	-
	Average monthly service to the public of investor education base	Person-time	841	881	-
	Average monthly number of participants in online and offline surveys at the investor education base	Person-time	830	758	-
	Originality rate of investor education base	%	54	73	-
	The total number of complaints received by the Company	PCS	4,733	-	-
	Complaint handling response rate	%	100	100	100
	Complaint handling rate	%	98.23	98.10	93.20
Supplier management	Number of suppliers by region	Number of suppliers in Chinese mainland	/	364	-
		Number of suppliers from Hong Kong, Macao, Taiwan and overseas	/	100	-
	Number of suppliers to be terminated cooperation after assessment	/	0	-	-
	Signatory Rate of Supplier anti-bribery clauses	%	77.16	-	-

Social Indicators Performance Sheet

Indicators			Unit	2022	2021	2020
Labor management	Total employees		Person	12,488	12,005	9,230
	Number of employees by gender	Number of male employees	Person	7,186	7,054	5,301
		Number of female employees	Person	5,302	4,951	3,929
	Number of employees by employment type	Number of full-time employees	Person	12,488	12,005	9,230
		Number of part-time employees	Person	0	0	0
	Number of employees by region	Number of employees in China (Mainland)	Person	12,057	11,521	8,843
		Number of overseas employees (including Hong Kong, Macao and Taiwan)	Person	431	484	387
	Number of employees by age group ⁴	Number of employees aged 30 and under	Person	4,620	-	-
		Number of employees aged 30-50	Person	6,997	-	-
		Number of employees aged 50 and above	Person	871	-	-
	Comprehensive turnover		%	10.06	10.33	7.68
	Number of employee by gender	Number of male employee turnover	Person	530	-	-
		Number of female employee turnover	Person	393	-	-
	Number of employee turnover by age group	Number of employee turnover aged 30 and below	Person	455	-	-
		Number of employee turnover aged 30-50	Person	422	-	-
		Number of employee turnover aged 50 and above	Person	46	-	-
	Number of employee turnover by region	Number of employee turnover in China (Mainland)	Person	787	-	-
		Number of overseas employees turnover (including Hong Kong, Macao and Taiwan)	Person	136	-	-
	Social insurance coverage		%	100	100	100
Employee development and training	Number of employees trained by gender	Male employees trained	Person	7,186	-	-
		female employees trained	Person	5,302	-	-
	Number of employees trained by category	Number of non-sales employees trained	Person	6,277	-	-
		Number of sales employees trained	Person	6,211	-	-
	Average training hours of employees by gender	Average training hours of male employees	Hours	52.67	-	-
		Average training hours of female employees	Hours	52.61	-	-

Social Indicators Performance Sheet

Indicators			Unit	2022	2021	2020
Employee development and training	Average training hours of non-sales employees	Average training hours of non-sales employees	Hours	48.44	66.27	52.00
	Average training hours of sales employees	Average training hours of sales employees	Hours	56.89	72.29	65.00
	Average training hours of employees		Hours	52.64	58.16	57.01
	Coverage of employee training		%	100%	-	-
	Total number of training sessions		Session	618	667	657 ³
	Total attendances		Person-time	722,021	728,726	563,724 ⁴
Occupational health and safety	Average satisfaction with training programs (100-point scale)		Points	96.40	96.20	95.60
	Number of work-related fatalities		Person	0	0	0
	Lost working days due to work-related injuries		Day	0	0	0

Note:

1. During the reporting period of 2022, the Company strictly benchmarked *the Guidelines for Environmental, Social and Governance Report* issued by Hong Kong Stock Exchange (effective from January 1, 2022), and systematically sorted out the disclosure indicator system, data statistics and calculation methods. In addition to adding some indicators, some historical data that can still be traced was revised, which may cause some data to be different from the data disclosed in the 2021 and 2020 reports. If there is any difference, it is recommended to subject to the data disclosed in the Report.
2. Since 2022, all indicator titles for “Number of persons” classified by “age group” have been uniformly changed to “Aged 30 and below” , “Aged 30-50” , and “Aged 50 and above” , and these titles will continue to be used thereafter. As no data can be compared due to different titles for one indicator, the historical data of indicators by age group before 2022 is not reflected in the 2022 report.
3. Since 2021, the indicator title of “Total number of training sessions” has been unified as “Number of whole-business training sessions” , which was titled “Number of training sessions held by the Human Resources Department” in 2020. The Report has revised the data for 2020, please refer to the data disclosed in the Report.
4. Since 2021, the indicator unit of “Total attendances” has been unified as “Person-time” , which was “Person” in 2020. The Report has revised the data for 2020, please refer to the data disclosed in the Report.

Corporate Governance Indicators Performance Sheet

Indicators		Unit	2020	2021	2022
Corporate governance	Number of General Meeting of Shareholders	Times	3	1	5
	Number of meetings of the Board of Directors	Times	14	7	15
	Number of meetings of the Board of Supervisors	Times	11	5	7
	Number of proposals considered by the Board of Directors	Items	66	36	56
	Total number of directors	Person	15	14	15
	Number of executive directors	Person	2	1	2
	Number of non-executive directors	Person	8	8	8
	Number of independent non-executive directors	Person	5	5	5
	Number of female directors	Person	2	2	2
	Legal cases involving corruption, bribery, extortion, fraud and money laundering	PCS	0	0	0
Business ethics	Number of compliance education and training programs	Times	75	-	-
	Total number of participants in compliance education and training	Person-time	Approx. 11,000	-	-
	Number of annual anti-money laundering trainings	Times	21	-	-
	Total number of participants in anti-money laundering trainings	Person-time	23,611	-	-
	Number of anti-corruption publicity and education activities	Times	15	9	12
	Number of participants in anti-corruption publicity and education activities	Person-time	Approx. 30,800	35,060	Approx. 9,000

Appendix III. Index of *the Guidelines for Environmental, Social and Governance Report* issued by Hong Kong Stock Exchange (effective from January 1, 2022)

Performance Indicator	Indicators	Disclosure Section
Main category A. Environmental		
Level A1. Emissions		
General disclosure A1	relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous wastes (a) Policies; and (b) Information on compliance with relevant laws and regulations that have a significant impact on the issuer	6.1 Practicing green operation
KPI A1.1	The types of emissions and respective emission data.	Appendix II List of quantitative disclosure data
KPI A1.2	Total direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, density (e.g., in per unit of production volume, per facility).	Direct and indirect greenhouse gas emissions from business activities
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, density (e.g. per unit of production volume, per facility).	Appendix II List of quantitative disclosure data
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, density (e.g. per unit of production volume, per facility).	Disposal of waste generated from business activities
KPI A1.5	A description of emission target(s) set and steps taken to achieve them.	6.1 Practicing green operation
KPI A1.6	A description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	6.1 Practicing green operation
Layer A2. Resource utilization		
General disclosure A2	Policies on the efficient use of resources, including energy, water and other raw materials.	6.1 Practicing green operation
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and density (e.g. per unit of production volume, per facility).	Appendix II List of quantitative disclosure data Energy and resource consumption generated by business activities
KPI A2.2	Water consumption in total and density (e.g. per unit of production volume, per facility).	
KPI A2.3	A description of energy use efficiency target(s) set and steps taken to achieve them.	6.1 Practicing green operation

Performance Indicator	Indicators	Disclosure section
KPI A2.4	A description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	6.1 Practicing green operation
KPI A2.5	Total packaging material used for finishing products (in tonnes) and, if applicable, with reference to per unit produced.	As the Company's products are solely financial, this indicator does not apply.
Level A3. Environment and natural resources		
General disclosure A3	Policies on minimising the issuer' s significant impacts on the environment and natural resources.	6.2 Tackling climate risks
KPI A3.1	A description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	6.2 Tackling climate risks
Level A4. Climate change		
General disclosure A4	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	6.2 Tackling climate risks
KPI A4.1	A description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	6.2 Tackling climate risks
Main category B. Social Employment and labour practices		
Level B1. Employment		
General disclosure B1	relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare. (a) Policies; and (b) Information on compliance with relevant laws and regulations that have a significant impact on the issuer	4.1 Protecting Employees' Rights 4.3 Strengthen employee care
KPI B1.1	Total employees by gender, employment type (e.g., full-time, part-time), age group and region.	Appendix II List of quantitative disclosure data
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Table of social performance indicators
Level B2. Health and safety		
General disclosure B2	Relating to providing a safe working environment and protecting employees from occupational hazards: (a) Policies; and (b) Information on compliance with relevant laws and regulations that have a significant impact on the issuer	4.3 Strengthen employee care

Performance Indicator	Indicators	Disclosure section
KPI B2.1	Number and percentage of work-related deaths.	Appendix II List of quantitative disclosure data Table of social performance indicators
KPI B2.2	Lost days due to work injury.	
KPI B2.3	A description of occupational health and safety measures adopted, and how they are implemented and monitored.	4.3 Strengthen employee care
Level B3. Development and training		
General disclosure B3	Policies on improving employees' knowledge and skills for discharging job duties. A description of training activities.	4.2 Boosting Employee Development
KPI B3.1	Percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Appendix II List of quantitative disclosure data
KPI B3.2	Average training hours completed per employee by gender and employee category.	Table of social performance indicators
Level B4. Labour standards		
General disclosure B4	relating to preventing child and forced labour. (a) Policies; and (b) Information on compliance with relevant laws and regulations that have a significant impact on the issuer	4.1 Protecting Employees' Rights
KPI B4.1	A description of measures to review employment practices to avoid child and forced labour.	No child labor or forced labor was employed by the Company throughout the year.
KPI B4.2	A description of steps taken to eliminate such practices when discovered.	4.1 Protecting Employees' Rights
Main category B. Social Business practice		
Level B5. Supply chain management		
General disclosure B5	Policies on managing environmental and social risks of the supply chain.	5.4 Establish responsible supply chain
KPI B5.1	Number of suppliers by geographical region.	Appendix II List of quantitative disclosure data Table of social performance indicators
KPI B5.2	A description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	5.4 Establish responsible supply chain
KPI B5.3	A description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	
KPI B5.4	A description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	

Performance Indicator	Indicators	Disclosure section
Level B6. Product liability		
General disclosure B6	relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress. (a) Policies; and (b) Information on compliance with relevant laws and regulations that have a significant impact on the issuer	2.1. Protection on customer rights and interests
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	As the Company's products are solely financial, this indicator does not apply
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	2.1. Protection on customer rights and interests Appendix II List of quantitative disclosure data Table of social performance indicators
KPI B6.3	A description of practices relating to observing and protecting intellectual property rights.	5.3 Compliance and integrity management
KPI B6.4	A description of quality assurance process and recall procedures.	As the Company's products are solely financial, this indicator does not apply
KPI B6.5	A description of consumer data protection and privacy policies, and how they are implemented and monitored.	2.1. Protection on customer rights and interests
Level B7. Anti-corruption		
General disclosure B7	relating to bribery, extortion, fraud and money laundering. (a) Policies; and (b) Information on compliance with relevant laws and regulations that have a significant impact on the issuer	5.3 Compliance and integrity management
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period and the outcomes of the cases.	Appendix II List of quantitative disclosure data Table of social performance indicators
KPI B7.2	A description of preventive measures and whistleblowing procedures, and how they are implemented and monitored.	5.3 Compliance and integrity management
KPI B7.3	A description of anti-corruption training provided to directors and employees.	5.3 Compliance and integrity management
Level B8. Community investment		
General disclosure B8	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	4.4 Practicing public welfare and charity
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	4.4 Practicing public welfare and charity
KPI B8.2	Resources contributed (e.g. money or time) to the focus area	Appendix II List of quantitative disclosure data