



2022 **CORPORATE SOCIAL
RESPONSIBILITY REPORT**
TO BE A RESPECTED INVESTMENT BANK

CHINA GALAXY
SECURITIES CO., LTD.
**2022 Corporate Social
Responsibility and
Environmental, Social
and Governance Report**

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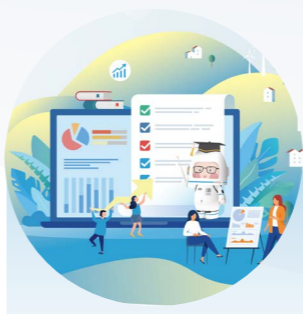
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About the Report

Reporting scope

Organizational scope: It is the same as that of the annual consolidated financial statements of the Company.

Company Name	Abbreviation
China Galaxy Securities Co., Ltd.	China Galaxy Securities, CGS, the Company or We
Galaxy Futures Company Limited	Galaxy Futures
Galaxy Capital Management Co., Ltd.	Galaxy Capital
China Galaxy International Financial Holdings Company Limited	Galaxy International
Galaxy Jinhui Securities Assets Management Co., Ltd.	Galaxy Jinhui
Galaxy Yuanhui Investment Co., Ltd.	Galaxy Yuanhui

Time span: From January 1, 2022 to December 31, 2022. Part of the contents may exceed the above-mentioned time span.

Release cycle: This is an annual report. The release time of the last report is in March 2022.

Preparation guidelines of the report

This report has been prepared in accordance with the *Self-regulatory Guidelines of Listed Companies of the Shanghai Stock Exchange No. 1— Compliance Operation and Appendix 27 Environmental, Social and Governance Reporting Guide of the Listing Rules* of the Hong Kong Stock Exchange (effective from January 1, 2022), with reference to the Sustainability Reporting Standards of Global Reporting Initiative (GRI 2021).

Preparation principles of the report

This report has been prepared following the Reporting Principles laid out in the *Environmental, Social and Governance Reporting Guide of the Listing Rules* of the Hong Kong Stock Exchange, including:

Materiality: This report has determined the key topics that should be reported through the identification, communication and analysis procedures of the substantive analysis.

This report is the sixth Corporate Social Responsibility (CSR) and Environmental, Social and Governance (ESG) Report (hereinafter referred to as “the Report”) released by China Galaxy Securities Co., Ltd. It presents the specific measures, major practices, highlight cases and key performance of the Company in the management of substantive ESG material issues in 2022 to stakeholders.

Quantitative: This report has disclosed KPIs, explained their meanings and presented the bases of calculation and assumptions, to make it easy to evaluate and validate the effectiveness of ESG and management policies.

Balance: This report reflects objective facts and discloses indicators of both positive and negative information.

Consistency: This report clearly presents the statistical methods and statistical standards of ESG KPIs and makes sure that the indicators and calculation methods in different reporting periods are kept consistent as far as possible to reflect changes in performance.

Data in the report

The financial data in this report are extracted from the audited annual reports of the Company and other data are obtained from the Company’s internal systems or manually compiled. The currency types and amounts mentioned in this report are in RMB unless otherwise stated.

Acknowledgment and approval

This report was considered and approved by the Board of Directors on March 29, 2023.

Third party assurance

Ernst & Young Hua Ming (LLP) is engaged to provide independent third party assurance services on selected key performance indicators disclosed in this report.

Publication form of the report

This report is prepared in Chinese and English. This report is released both in hard copies and online. The online version is available on the HKEx news’ website (<http://www.hkexnews.hk>), SSE’s website (<http://www.sse.com.cn>) and the Company’s website (<https://www.chinastock.com.cn/>).

ESG Statement by the Board

In 2022, China Galaxy Securities has adhered to our main responsibility and main business, strengthened fulfillment of missions, firmly followed the main theme of high-quality development and continued to expand our influence. Based on the “decision-making layer - management layer - execution layer” ESG management architecture, the Company integrated ESG elements into all aspects of its corporate management and business operation and maintained communication with stakeholders. Based on changes in regulatory policies, hot spots of the industry and its own operational characteristics, the Company, together with internal and external experts, identified and assessed ESG material issues and carried out targeted management. It kept improving ESG management and practice levels and promoted efficient and solid implementation of ESG related work.

Strengthening ESG governance. The Company incorporated “fulfilling social responsibilities and improving ESG management level” into its three-year strategic development plan, officially upgrading ESG to a strategic height. The Board of Directors fully performed its duties of reviewing, deciding on and overseeing ESG issues. In 2022, it reviewed and approved a number of ESG issues on risk management, compliant operation, etc. and defined the list of material issues of China Galaxy Securities. The ESG working group is subordinate to the Audit Committee of the Board of Directors and directly reports to the Board of Directors. In 2022, it held two meetings, kept refining the ESG working mechanism, optimized coordination among departments regarding ESG work, organized and held ESG training, and strengthened the Company’s ESG governance capability building.

Supporting the goals of carbon peak and carbon neutrality. Based on the disclosure framework recommended by the Task Force on Climate-Related Financial Disclosures (TCFD), the Company has deeply identified and analyzed risks and opportunities relating to its own operation and businesses due to climate change, and it manages climate risks and opportunities in business implementation and operation by including ESG elements such as environment into considerations when conducting investment and financing activities, performing ESG research, developing green finance, promoting green operation, etc. Meanwhile, the Company has set environmental targets for 2025 and will review how many of the targets are fulfilled every year to assist in the realization of the goals of carbon peak and carbon neutrality.

Creating and sharing value. The Company actively fulfilled corporate responsibilities, and created and shared value with customers, the society and employees. Being customer-centric, the Company vigorously promoted digital transition, upgraded service modes using FinTech, and kept improving customer service capability and level. The Company practiced in depth the original aspiration of financial institutions to serve the real economy and national strategies. It deeply supported the development of key regions, practiced high-standard opening up, served self-reliance capability building of national science and technology, assisted in the transition and upgrading of traditional industries, and continued to empower micro, small and medium-sized enterprises in their pursuit of high-quality development. Meanwhile, the Company fulfilled social responsibilities. It continued to support rural revitalization and expanded public service support areas, contributing its bit to the realization of common prosperity. We fully safeguarded employees’ rights and interests, and built and maintained a positive, healthy and harmonious working environment.

With excellent ESG management practice, the Company won many awards in 2022, including “Best Corporate Governance (G) Award of Chinese Corporate ESG Golden Awards 2022” and “Most Socially Responsible Securities Trader”. The Company’s ESG research team’s results including *Research on High-quality ESG Development of Listed Companies* and *Research on Practices of Digital Eco-platform of Intelligent Compliant Transaction Services of Listed Companies* were included into the key research results and excellent research results of the China Association for Public Companies in 2022.

Facing future, the Company will stick to the mission of “Serving the Country with Finance and Putting Customers First”, actively apply the ESG philosophy, and continue to focus on sustainable development. We will serve the real economy in all respects and from multiple dimensions, promote green transition of the economy, develop innovative green financial products, facilitate employee growth, and support rural revitalization and charity causes. We will devote our efforts to build ourselves into a respected leading modern investment bank in China and a first-rate one in the world and strive for greater achievements.

Chairman's Statement

In 2022, the 20th National Congress of the Communist Party of China was successfully held, outlining a grand blueprint for the comprehensive construction of a socialist modern country and making high-quality development the top priority. Upholding the requirements of high-quality development and serving the national strategy and real economy comprehensively are the era demands and core missions for the development of China's securities industry, as well as the common aspiration of all staff members of China Galaxy Securities.



Chen Liang

Party Committee Secretary and Chairman
China Galaxy Securities Co., Ltd.

This year, the Company has formulated a brand-new strategic plan, adhering to the mission of "serving the country with finance and putting customers first". While drawing up the business blueprint of "five-pronged approach and three-level integration", we have also elevated "practicing social responsibility and enhancing ESG management level" to a strategic height, striving to become a "leader" in resident wealth management, a "servicer" of the real economy, a "guardian" of institutional customers, a "promoter" of the dual-cycle pattern, and a "demonstrator" of the capital market. Building on the good development momentum of the previous three years, this round of strategic planning period will truly transform us from a traditional investment bank to a modern investment bank, laying a solid foundation for us to move towards higher-level goals in the future.

"Asking for the growth of wood, one must strengthen its roots; desiring the flow of water, one must dredge its sources." 2023 is the starting year for the comprehensive implementation of the 20th National Congress of the Communist Party of China and a critical year for the 14th Five-Year Plan. It is also the first year for the implementation of the Company's new strategic plan. All staff members of China Galaxy Securities shall deeply implement the spirit of the 20th National Congress of the Communist Party of China, stick to the correct path while being innovative and move forward courageously. We shall always bear in mind the political and people-centered nature of financial work, comprehensively serve the real economy, and integrate the Company's work into the overall development of the country with a more vigorous fighting spirit, thus making CGS's contributions on Chinese path to modernization.

CEO's Statement

In 2022, facing complex and ever-changing domestic and international situations, the Company seized the opportunity of deepening capital market reforms, with annual operating income of RMB 33,642 million, net profit of RMB 7,761 million, total assets exceeding RMB 600 billion, and net assets exceeding RMB100 billion, continuing its good development momentum.

Looking back on this year, the Company adhered to the responsibilities of a financial state-owned enterprise and fulfilled its duties to the country, continuously strengthened ESG management, and assisted in the successful listing of the world's first Asia-Pacific region low-carbon ETF covering in Singapore, injecting financial vitality into the low-carbon industry. The company supported the financing of major regional development strategies by RMB 227.5 billion, acted as the manager of the Hainan Free Trade Port Fund (with a scale of RMB10 billion), and served the coordinated development of the regional economy. The Company leveraged its professional strengths, used futures and derivatives tools to help 465 small and micro enterprises stabilize operating costs, and created the first nationwide inclusive agricultural ABS credit protection certificate, providing accurate support for the real economy. The Company actively assisted rural revitalization and public welfare charity, cared for employees with heart and soul, improved corporate governance, and achieved high-quality development.

2023 is the starting year for the comprehensive implementation of the 20th National Congress of the Communist Party of China and the launching year of the company's new round of strategic planning. The company will fully implement the 20th National Congress of the Communist Party of China and the deployment of the Central Economic Work Conference, fully serve the national strategy, support the development of the real economy, deepen reform and transformation, establish a risk bottom line, strive to build a respected modern investment bank, practice corporate social responsibility, enhance customer satisfaction, increase employees' sense of achievement, make more contributions to the country, industry, and society, create greater value for shareholders, and contribute CGS's power to sustainable development.



Wang Sheng

Deputy Secretary of the Party Committee and CEO,
China Galaxy Securities Co., Ltd.

China Galaxy Securities Co., Ltd. is one of the leading integrated service providers in the Chinese securities industry. With unique history, brand and shareholder advantages, an extensive business network within the industry, a large customer base and comprehensive business strength, the Company provides comprehensive financial services to governments, corporations, institutions and individuals.

Since its founding, the Company has maintained strong comprehensive competitive power and has always been among the top players in the industry in terms of capital scale, profitability, business strength and risk management capability. Always focusing on the implementation of national strategies, the Company has supported the development of the real economy and fulfilled corporate social responsibilities. Charged with the mission of realizing dynamic integration of company value, shareholder return, employee benefit and social responsibility, the Company has made unremitting endeavor to meet the diverse financial needs of the people and the real economy and realize the sustainable development of itself and the industry.

Basic information of China Galaxy Securities			
Chinese name	中国银河证券股份有限公司		
English name	China Galaxy Securities Co., Ltd.		
Registered capital	RMB 10,137 million		
Main businesses	Comprehensive financial services including wealth management, investment banking, investment management and international business		
Major subsidiaries	Galaxy Futures, Galaxy Capital, Galaxy International, Galaxy Jinhui and Galaxy Yu-anhui		
Domestic and overseas institutions	The Company has 37 branches and 487 offices in 175 cities above the prefectural level across China. The international business network extends from Hong Kong of China to Singapore, Malaysia, Indonesia, Thailand, South Korea, the United Kingdom, etc.		
	Stock Code of A Shares	601881.SH	
	Stock Code of H Shares	06881.HK	
	Total assets	RMB 625,216 million	
	Operating income	RMB 33,642 million	
	Total number of employees	13,165	





2023-2025 Strategic Development Plan
of China Galaxy Securities

The Company initiated the preparation of a wholly new strategic plan in February 2022. As the national team of the financial securities industry, China Galaxy Securities consistently adheres to integrating our mission into the overall development of the country and actively practices the philosophy of “Serving the Country with Finance and Putting Customers First”. We will stand by this mission, promote the deep integration of the national strategies and the Company’s business system, meeting the growing wealth management needs of the people and serving the high-quality development of the real economy.

In the years to come, the Company shall continue to be market-oriented and international, striving to become a comprehensive and versatile investment bank, actively building a domestic flagship securities firm and an international top-tier investment bank.



Be a financial adviser
around the people and

strive to become a
LEADER
in resident wealth management



Be a trusted investment banking
expert for entrepreneurs and

strive to become a
SERVICER
for the real economy



Be a full-chain service provider
for institutional clients and

strive to become a
GUARDIAN
of institutional clients



Be a comprehensive business provider
in the international market and

strive to become a
“PROMOTOR”
of the dual-circulation pattern



Be a professional investment dealer
in the capital market and

strive to become a
“DEMONSTRATOR”
in the capital market



Included on the List of Generous Return of the Cash Dividends List of A-share Listed Companies 2021 of the China Association for Public Companies

Best Practice Award for Boards of Supervisors of Listed Companies

Best Practice Award for Board of Directors Offices of Listed Companies 2022

China Association for Public Companies



5th New Fortune Best Investor Relations HKEx Listed Company (NFIR) (HK)

New Fortune



Excellent Bond Investment Institutions (Proprietary Type)

Shanghai Stock Exchange



Excellent Fixed-income Business Innovator Serving National Strategies and Excellent Cross-market Bond Trader

Excellent bond investment and trading institution (self-operated) and Excellent institution for cross-market bond trading

Shenzhen Stock Exchange



Awards for ESG practices

Best Corporate Governance (G) Award of China ESG Golden Awards 2022

Sina Finance

Top 10 of the ESG Green Benchmarking Enterprises in the Beijing-Tianjin-Hebei Region - ESG Overall List and Third Place of the List of ESG Green Securities Institutions in the Beijing-Tianjin-Hebei Region

Seashell Finance
CCXGF

Won an award at the National Investor Education Animation & Comics Contest

Shenzhen Stock Exchange, People's Daily's newspaper Satire and Humor and Securities Times, guided by Investor Protection Bureau of China Securities Regulatory Commission and Financial Consumer Protection Bureau of the People's Bank of China

Best Organizer of May 15 National Investor Protection Awareness Day

China Securities Regulatory Commission Beijing Office

Awarded "A" in the evaluation of investor education work

Shanghai Stock Exchange, Shenzhen Stock Exchange, Securities Association of China, and National Equities Exchange and Quotations

Top 10 Options Broker Excellent Options Operator

Shanghai Stock Exchange, Shenzhen Stock Exchange

"Excellent Fixed-income Business Innovator Serving National Strategies" and "Excellent Cross-market Bond Trader"

Shenzhen Stock Exchange

CGS-CIMB won eight awards of excellence of Bursa Malaysia in 2021

Bursa Malaysia

Excellent T-Bond Futures Market Maker of the Year 2021

China Financial Futures Exchange

Top 100 Proprietary Clearing 2021

CCDC

Annual Market Influence Award and Market Innovation Award in the inter-bank local currency market

China Futures Association, Securities Association of China and Asset Management Association of China

Second Prize of the 8th Securities and Futures Science and Technology Awards

Nation Interbank Funding Center

Golden Bull Awards for Securities Companies - Golden Bull Securities Company Award, Golden Bull Award for FinTech of Securities Companies, and Golden Bull Award for Asset Management (including five products)

China Securities Journal

Innovative Service Provider as a Wealth Advisor 2022 Five China Securities Industry Jun Ding Awards including All-Star Wealth Management Stockbroker Jun Ding Award 2022, Bond Financing Project Jun Ding Award 2022, and Equity Asset Management Plan Jun Ding Award 2022

Securities Times

National Financial Labor Day Award, National Financial Pioneer

China Finance Union

Two honors for survey results in the national financial system for outstanding achievements in ideological and political work and culture building

Research Association of Ideological and Political Work of China Financial Institutions

Fast Progress Award in Bond Underwriting Best Financial Bond Underwriter and Best Credit ABS Underwriter

2022 Best Investment Banks, Wind

Best Securities Trader by Comprehensive Strength in Wealth Management Top 10 Listed Companies in the Chinese Securities Industry by Brand Value 2022

National Business Daily

CGS-CIMB won Best Securities Trader 2022 and Best Broker 2022 in several Southeast Asian countries

Finance Asia

CGS-CIMB won 69 awards of Asia Money

Asia Money



Theme

Pooling CGS's Resources to Serve National Strategies

As a financial national team in the securities industry, China Galaxy Securities has, adhering to the mission of serving national strategies, promoted deep integration of serving national strategies and its business system and constantly upgraded its core capabilities to serve Chinese path to modernization.

In 2022, centering on the theme of high-quality development, the Company continued to build the closed-loop working mechanism, deepened the implementation of the performance evaluation system. Through innovating characteristic business models, it strongly supported the development of key regions, fully practiced high-standard opening up, and built the Galaxy brand that serves national strategies.



Building a closed-loop mechanism: forging strong endogenous power

As a financial national team in the securities industry, China Galaxy Securities has, adhering to the mission of serving national strategies, promoted deep integration of “3+3+1” performance evaluation system for serving national strategies and its business system and constantly upgraded its core capabilities to serve Chinese path to modernization.

China Galaxy Securities' “3+3+1” performance evaluation system for serving national strategies

3 evaluation parts	3 subjects	1 leading institution that makes overall planning
Earlier-stage evaluation	Headquarters	Leading group for serving national strategies President serves as the leader and business division heads as deputy leaders. The leading group ensures, on the organizational level, the implementation of services for national strategies
Quantitative assessment + qualitative evaluation	Branches	
Additional points for selected cases	Subsidiaries	

China Galaxy Securities' efforts in the building of the mechanism for serving national strategies in 2022

Strengthened political guidance to strengthen the concept		<ul style="list-style-type: none">The leading group for serving national strategies adhered to the collective learning system through quarterly working meetings, which pointed directions for business development;Posted more than 200 documents via public platforms such as “China Investment Ecosystem” and “China Galaxy Securities CGS” and urged employees to keep learning.
Strengthened top-level design for better overall planning		<ul style="list-style-type: none">Formulated the <i>Work Plan for Serving National Strategies in 2022</i>, clearly defining the responsibilities of each business line and each department;Formulated the <i>Implementation Plan for Serving National Strategies in 2022</i>, laying down the annual overall implementation road-map.
Strengthened evaluation to create stronger synergy		<ul style="list-style-type: none">Effectively combined the evaluation system with the annual work plan and intensified evaluation efforts;Guided the awareness of synergy with innovative working mechanisms and fully encouraged the synergy culture;Formed more than 70 targeted indicator tasks based on business characteristics and resource endowments and ensured operation of supporting mechanisms.
Strengthened organizational planning for more effective implementation across the board		<ul style="list-style-type: none">Held a Galaxy system-wide working conference on serving national strategies every quarter and made sure that the whole system fully understands and implements relevant measures;Included the implementation of work concerning serving national strategies into the business situation analysis meeting and advanced it together with business development.
Strengthened supervision to ensure responsibilities are fully fulfilled		<ul style="list-style-type: none">Included promoting the implementation of work concerning serving national strategies into the Ledger of Matters Subject to Supervision and important contents of inspection and supervision, periodically inspected the progress of business lines and departments in serving national strategies in the year, and further defined the “principal” responsibilities of units.

Performance highlights in 2022

The Company was included in **36** local government bond underwriting syndicates and its underwriting scale increased year by year and reached RMB **134,811** million, up by **190.99%** year on year

The Company's financing support for key regional development strategies recorded RMB **227,533** million, up by **15.12%** year on year, and investment amount was RMB **154.18** billion, up by **25.52%** year on year

The Company served **15** overseas equity financing projects, with a financing amount of RMB **300** million, and it served **91** overseas bond financing projects, with a financing amount of RMB **113.9** billion

The Company conducted hedging business and over-the-counter derivatives business for micro, small and medium-sized enterprises, including stepping up efforts in the development of credit protection certificates. Through the credit risk sharing mechanism, the Company launched “the first inclusive agricultural ABS credit protection certificate in China”. It served **465** micro, small and medium-sized enterprises using futures derivatives, which helped the enterprises stabilize operating cost and pursue healthy development.

Being innovation-driven: Deeply supporting the development of key regions

Finance plays a critical role in fostering a new development pattern and supporting coordinated development of regions. The Company has, leveraging its own resource endowment, closely combined the support for innovation and startups with the support for regional development strategies. Meanwhile, based on the development needs of regions and the real economy, the Company has kept developing characteristic business models that bring financial resources to regional economic development.



China Galaxy Securities' major efforts and achievements in supporting the development of key regions

- With the Beijing-Tianjin-Hebei region, the Yangtze River Delta and the Guangdong-Hong Kong-Macao Greater Bay Area at the core, the Company's support also covered the Chengdu-Chongqing economic circle and central cities in the central and western regions. The Company built accurate customer portrait for those regions and continued to channel more resources to the regions.
In 2022, in the Company's credit business, its new advances to customers to "support innovation and startups" in the Beijing-Tianjin-Hebei region, the Yangtze River Delta and the Guangdong-Hong Kong-Macao Greater Bay Area.
- In cooperation with local governments, large enterprise groups, etc., the Company originated the "theme fund + base service" business model, which, centering local and enterprise development plans, supports the development strategies of key regions with investment and financing integrated services by jointly setting up comprehensive service bases or jointly establishing theme funds.
In 2022, the Company successfully built comprehensive financial service bases in Zhenjiang of Jiangsu, Deqing of Zhejiang, Zhongshan of Guangdong, etc. and reached a preliminary agreement on joint construction of comprehensive financial service bases with more than 30 local governments and enterprise groups, actively contributing financial resources to coordinated development of regions and transformation and upgrading of industries.
- The Company led its investment subsidiaries Galaxy Yuanhui and Galaxy Capital in jointly setting up funds with local governments and industrial capital. As at the end of 2022, a number of funds were set up, and those are, Hainan Free Trade Port Construction Investment Fund, Zhongshan Xingzhong Galaxy Green Industry Investment Fund, Zhaoyuan Galaxy Hongxu Equity Investment Fund, Zhenjiang Yunfan Innovation Investment Fund, and Jingning Revitalization Fund, with a total scale of more than RMB10 billion.
- In addition, the Company signed a strategic cooperation agreement with most regional equity markets in China to build "models" of services for regional economy and real enterprises.

Upgrading the "Deqing High-tech Board" and building a model project of serving county economy

- In August 2019, the Company reached strategic cooperation with the People's Government of Deqing County, Zhejiang Province and the Zhejiang Equity Exchange and established the "Deqing High-tech Board" (hereinafter referred to as the "Deqing High-tech Board 1.0") that mainly provides listing and financing services. The Company provides, in the form of a financial advisor, comprehensive financial services including management consulting, financing matching, subsequent capital operation, etc. to enterprises.
- In 2022, the operating model of the Deqing High-tech Board 1.0 was upgraded into 2.0. The board became an online and offline integrated service platform and comprehensive policy utilization platform that empowers listing through the full chain covering trading, investment & financing, standardization, share reform, tutoring, consultation, etc. and formed a new type of regional equity market that matches the high-quality economic development needs of Deqing.
- The Company set up the "Deqing Base" in Deqing that periodically visited and tracked the companies listed on the board, which effectively improved service quality. As at December 31, 2022, the Deqing High-tech Board helped 21 companies get listed on the Deqing High-tech Board. It built and improved long-term capital supply channels for companies, assisting in the high-quality development of the local economy.

Galaxy Capital manages Hainan Free Trade Port Fund to support the development of Hainan Free Trade Port

- The Hainan Free Trade Port Construction Investment Fund (hereinafter referred to as the "Hainan Free Trade Port Fund"), invested by the Department of Finance of Hainan Province, completed filing with the Asset Management Association of China in February 2022 and has a scale of RMB10 billion. It is important financial support to the services for the development of Hainan Free Trade Port. Galaxy Capital serves as its manager.
- In 2022, through the Hainan Free Trade Port Fund, Galaxy Capital assisted the government and CPC Provincial Committee of Hainan Province promoting equity investment aimed to bail out enterprises, which helped more Hainan-based enterprises restore development vitality. As at the end of 2022, the Hainan Free Trade Port Fund had 10 sub-funds including Nanfan Breeding Fund and a number of projects the Fund is involved including CDF H-share IPO shares and listing of Italy's Ferretti Group on the Hong Kong market were implemented. It successfully found a classic model that guides global high-end industries to do business in key regions of China.
- The Hainan Free Trade Port Fund was awarded "2021-2022 Best Government Industry Guidance Fund in China" by Chinese Venture in August 2022.



Hainan Free Trade Port Fund

Connecting to the world: practicing high-standard opening up

The Company is committed to becoming an “impeller” of the dual-circulation (domestic circulation and international circulation) pattern that promotes integration and synergy between domestic and international factors and supports high-standard opening up.

In 2022, according to the working requirements specified in the plan for serving national strategies, the Company practiced high-standard opening up by helping domestic companies get listed overseas, issuing overseas bonds and supporting the Belt and Road Initiative.



China Galaxy Securities’ major efforts in fostering the dual-circulation pattern in 2022

Helped domestic enterprises get listed overseas

Issued overseas bonds

Supported the Belt and Road Initiative

- The Company helped LEPU BIOPHARMA (2157.HK), CTG DUTY-FREE (1880.HK), FLOWING CLOUD (6610.HK), SCIENTECH (2291.HK), etc. get listed on the Main Board of the Hong Kong Stock Exchange.
- The Company helped TIANQI LITHIUM (9696.HK) successfully land on the Hong Kong Stock Exchange, completing its listing on both the A-share market and the H-share market.
- The Company helped TECHSTAR (7855.HK) go public on the Main Board of the Hong Kong Stock Exchange and become the fifth SPAC listed in Hong Kong.
- The Company also helped Lepu Medical and Joincare successfully issue Swiss GDR at SIX Swiss Exchange.

- The Company has helped the Ministry of Finance and Guangdong Province successfully issue RMB T-bonds in Macao. In 2022, the total amount of offshore RMB bonds underwritten by the Company exceeded RMB10 billion.
- The Company helped Qingdao Jiaozhou Bay Development Group Co., Ltd. issue overseas senior unsecured green bonds, which were the first overseas green bonds of Qingdao.
- The Company took the lead in the issuance of the first Euro bonds of enterprises in key industrial parks of Hainan Free Trade Port and also the first overseas bonds enhanced by standby letters of credit (SBLC) in Hainan.
- The Company led the issuance of the first SBLC enhancement structure green US dollar bonds in the Chinese photovoltaic power station industry.
- It also led the issuance of the largest bank SBLC enhancement and the first enterprise credit well-maintenance structure offshore RMB bonds in Shanghai Free Trade Zone.

- Using its unique advantage in the layout in Southeast Asia and the synergistic effect of China Investment Ecosystem, the Company innovated in external cooperation model.
- In cooperation with the Shanghai Stock Exchange, the Company set a precedent by holding roadshows for investors in Southeast Asia.
- Galaxy International, together with five major publicly offered funds, went to three ASEAN countries and helped promote high-quality Chinese publicly offered fund products overseas.

Achieving new breakthroughs in cooperation with ASEAN in cross-border ETF products

The **CSOP CGS-CIMB FTSE Asia Pacific Low Carbon Index ETF**, which was jointly launched by the Company as its investment adviser and CSOP Asset Management, successfully got listed on the Singapore Exchange (“SGX”) and the Shenzhen Stock Exchange (SZSE) on September 28 and December 9, 2022 respectively.

The Low Carbon ETF tracks the FTSE Asia Pacific Low Carbon Index. With investment targets covering 214 companies, it mainly invests in China and Asian countries and regions on the Belt and Road, and it is issued to global investors. It’s the world’s first low carbon ETF that covers Asia Pacific and the equity ETF with the largest fundraising scale on SGX. It is also the first ETF product that is listed on both the mainland China market and SGX after SZSE and SGX signed the memorandum of understanding on cooperation in SZSE-SGX ETF Connect.

The successful listing of the ETF product overseas is a breakthrough in the development of new models of inter-connection between the Chinese capital market and the capital markets in ASEAN. It has added a new cross-border investment channel for international investors on the Belt and Road and also met the diversified cross-border investment needs of investors in mainland China.



The CSOP CGS-CIMB FTSE Asia Pacific Low Carbon Index ETF is successfully listed on SGX.

Building a new cooperation model in serving the development of the Belt and Road

Italy is the first country in the G7(Group of Seven)that have signed the Belt and Road agreement with China. On March 30, 2022, Ferretti S.p.A. (“Ferretti”), an Italian luxury yacht company invested by the China-Italy bilateral investment funds, was listed on HKEx and raised a net amount of HKD1,771 million. Its stock code is 9638.HK.

Hainan Free Trade Port Fund, which is managed by the Company’s subsidiary Galaxy Capital, subscribed 7,186,400 shares of Ferretti as a cornerstone investor. With the successful subscription of the shares, Galaxy Capital, through Hainan Free Trade Port Fund, helped Ferretti move its high-end yacht production line from Europe to Hainan Free Trade Port as a whole.

The Company served in depth the Belt and Road Initiative. Leveraging China Investment Ecosystem’s cross-border investment partner network that is rooted in China and covers the globe, the Company dynamically combined the services for the development of Hainan Free Trade Port and those for the Belt and Road Initiative and created a new model that guides global high-end manufacturing industries to develop their business in Hainan.

Strengthening CGS' ESG Management



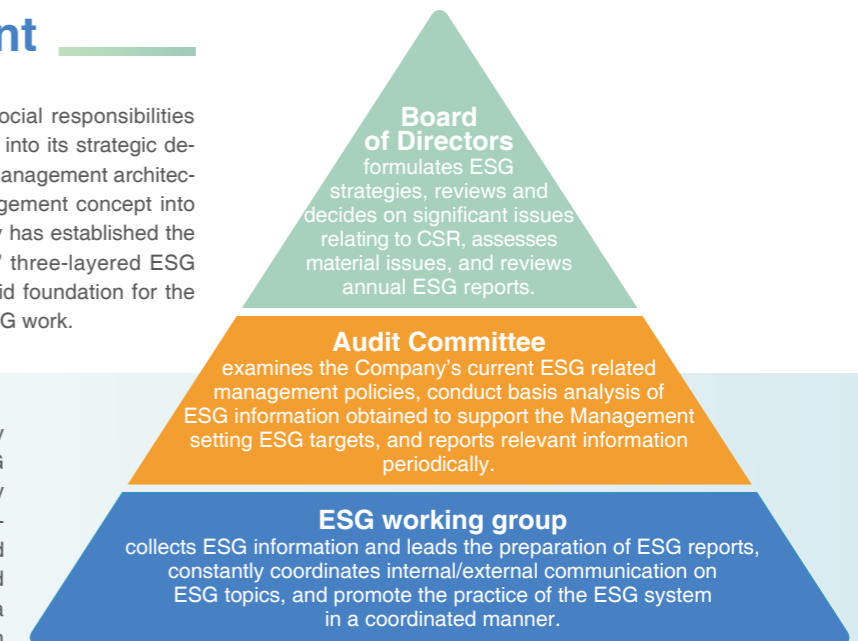
ESG philosophy

China Galaxy Securities upholds the philosophy of trust and win-win cooperation and adheres to the core values of "innovation, compliance, service and synergy". It identifies and keeps practicing its missions and responsibilities as a listed company, financial enterprise, corporate citizen and brand employer and it is committed to creating sustainable value for stakeholders including shareholders, employees, customers and the society.

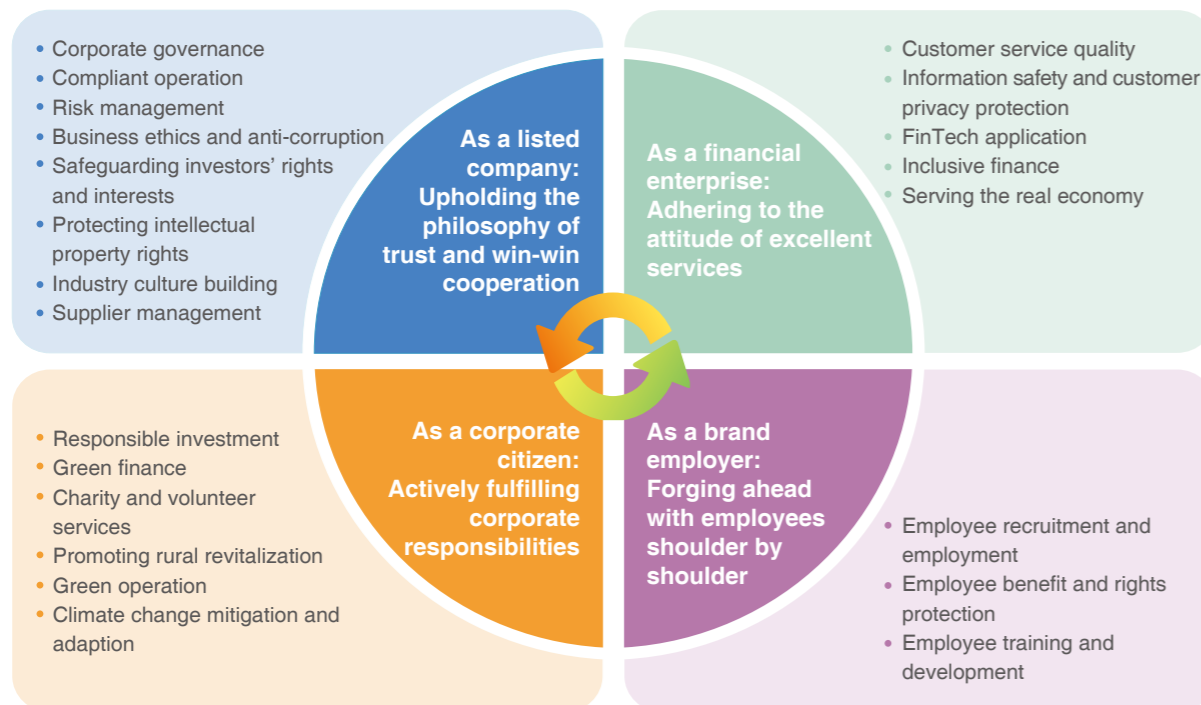
ESG management

The Company has included fulfilling social responsibilities and improving ESG management level into its strategic development plan, kept refining its ESG management architecture, and incorporated the ESG management concept into daily operating activities. The Company has established the "oversight - management - execution" three-layered ESG management architecture, laying a solid foundation for the implementation and improvement of ESG work.

The Board of Directors of the Company has attached great importance to ESG management and development and fully performed the duties of reviewing, deciding on and overseeing ESG related issues. In 2022, the Company's Board of Directors reviewed and approved a number of ESG proposals and issues on corporate governance, information disclosure, risk management, compliance operation.



China Galaxy Securities' ESG management structure



China Galaxy Securities' CSR & ESG management model

Main work of the ESG working group of China Galaxy Securities in 2022

- Held two ESG working group meetings in 2022;
- Continued to communicate with internal and external stakeholders to learn about the regulatory policy trends for the industry where the Company is in and the industry's development trends, summed up stakeholders' concerns, and reported to the Board of Directors periodically;
- Refined the ESG working mechanism and optimized synergy among departments in ESG work;
- Revised the Company's ESG index dictionary database item by item by referring to the *Environmental, Social and Governance Reporting Guide* of the Stock Exchange of Hong Kong Limited and the latest GRI standards.
- Invited external experts to participate in the identification and analysis of material ESG topics of the Company in the year.

Holding ESG training among directors, supervisors and the senior management

To strengthen the Company's ESG governance capability building, on October 27, 2022, the Company invited an external professional institution to conduct ESG training themed by "Latest Regulatory Requirements on ESG and Outlook" for the Company's directors and the senior management. The training, which covered such contents as ESG background and trends, new rules of the HKEx on ESG governance and information disclosure, ESG practice cases of domestic and overseas peers, etc., effectively enhanced the ESG knowledge and professional skills of the Board of Directors and the senior management.



A screenshot of the ESG training courseware

Communication with Stakeholders

Based on actual businesses and its own management and operation characteristics and from the two dimensions of interests that are significantly affected by the Company's business activities and that have significant impact on the Company's business activities, the Company has identified the important topics that the six stakeholders, namely, shareholders and creditors, government and regulatory authorities, customers, employees, suppliers and communities, are concerned about. Meanwhile, the Company has maintained communication with stakeholders and responded to their concerns periodically via various channels including information disclosure, shareholders' general meetings, investors' meetings, investor education activities, staff meetings and online platforms.



China Galaxy Securities' stakeholder management approach

China Galaxy Securities' communication with and response to stakeholders

Key stakeholders	Issues of concern	Communication and response
 Shareholders and creditors	Corporate governance Risk management Safeguarding shareholders' and creditors' rights and interests Business ethics and anti-corruption	Shareholders' general meeting Periodical information disclosure on ex-changes' websites Investors' meetings Performance presentations Company's website and WeChat account
 Government and regulators	Compliant operation Risk management Business ethics and anti-corruption Green operation Green finance Industry culture building Protecting intellectual property rights	Cooperating in regulators' inspections Participating in the government's surveys Periodical information disclosure Periodical meetings and reporting Carrying out energy conservation and emission reduction activities Supporting the development of green industries Holding industry culture building activities Patent application and renewal
 Customers	Customer service quality Information safety and customer privacy protection FinTech application Inclusive finance Serving the real economy Investor protection and education	Customer consulting and complaints Customer satisfaction survey Building "online CGS" "intelligent CGS" Company's website and WeChat account Supporting the development of specialized and sophisticated enterprises that produce unique and novel products and micro, small and medium-sized enterprises Investor education activities
 Employees	Employee recruitment and employment Employee benefit and rights protection Employee training and development	Trade union activities Employee training Employee activities OA platforms
 Suppliers	Business ethics and anti-corruption Supplier management	Strategic cooperation and communication Business communication Bidding activities
 Communities	Responsible investment Charity and volunteer services Promoting rural revitalization Green operation Climate change mitigation and adaption	Holding Party organization joint-building activities Community public service programs Volunteer activities Providing assistance Carrying out energy conservation and emission reduction activities Practicing responsible investment principles Supporting the development of green industries

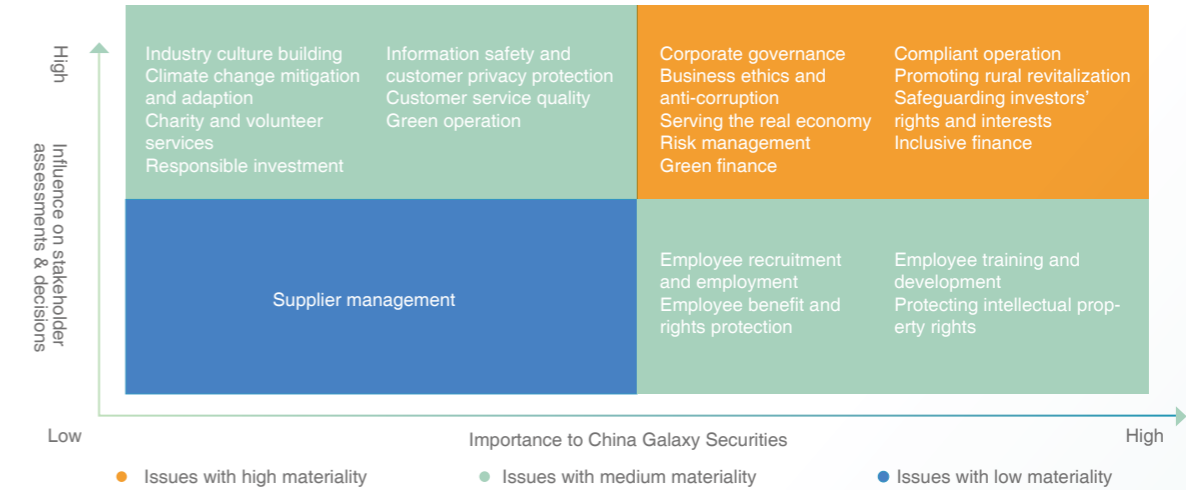
Materiality Analysis

Material issues are the anchor of the Company to fulfill social responsibilities and conduct ESG management and information disclosure. In 2022, based on daily continuous communication with stakeholders, business and industry characteristics, policy trends and exchanges' information disclosure requirements in 2022, the Company identified and summed up 22 material issues and implemented topic-specific management. In addition, the Company ranked the 22 material issues in order of importance based on internal and external experts' opinions, the Management's feedback and the important topics that capital market rating agencies are concerned about, and formed the material topic matrix. This report mainly discloses the Company's management and performance of ESG issues of relatively high materiality in 2022.



China Galaxy Securities' Analysis Process of Material Issues

China Galaxy Securities' Matrix of Material Issues



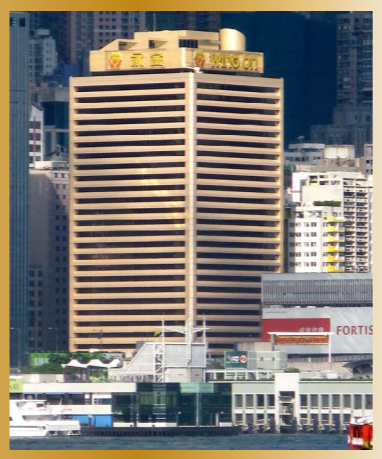
Major changes in material issues of China Galaxy Securities in 2022

Material issues in 2021	Material issues in 2022	Change	Reason for change
Low-carbon operation	Green operation	Adjustment of representation	The content of the issue was extended so as to better disclose relevant information and respond to the latest regulatory requirements.
Green public services	Charity and volunteer services	Adjustment of representation	
Volunteer services			
Supporting community development			
Protecting minority shareholders' rights and interests	Safeguarding investors' rights and interests	Adjustment of representation	
Anti-corruption	Business ethics and anti-corruption	Adjustment of representation	
FinTech application	FinTech application	Combination of issue	Based on the realities of the Company, "business synergy" was incorporated into "FinTech application" to make information disclosure more specific.
Business synergy			
Employee benefit	Employee benefit and welfare	Combination of topics and adjustment of representation	The content of the issue was extended so as to better disclose relevant information and respond to regulatory requirements.
Employee care			
Customer satisfaction and complaints	Customer service quality	Combination of topics and adjustment of representation	
Safeguarding customers' rights and interests			
Investor protection			
Investor education			
Promoting industry development	Responsible investment	Combination of issue	The content of the issue was adjusted based on the realities of the Company so as to better disclose relevant information and respond to regulatory requirements.
Responsible investment			
——	Climate change mitigation and adaption	Addition	The new issue was added to respond to capital market and regulatory concerns.
——	Green finance	Addition	Based on regulatory requirements and the Company's realities, the new issue was added as an important material issue in the industry.
——	Inclusive finance	Addition	The new issue was added to respond to regulatory concerns
——	Industry culture building	Addition	The new issue was added to respond to regulatory concerns

Contributing to SDGs

Based on its main responsibilities and main businesses, the Company has aligned its own goals with the United Nations Sustainable Development Goals(SDGs) and assessed its contributions of operating and business activities to corresponding goals. It is committed to facilitating environmental and social sustainable development with financial services.

Corresponding Chapter in this report	China Galaxy Securities' actions	Corresponding UN SDGs
Theme: Pooling CGS's resources to serve national strategies	Supporting the development of key regions Practicing high-standard opening up	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 17 PARTNERSHIPS FOR THE GOALS
Strictly abiding by compliance: Strengthening CGS's governance	Corporate governance Risk management Compliant operation Business ethics and anti-corruption Safeguarding investors' rights and interests Protecting intellectual property rights	16 PEACE, JUSTICE AND STRONG INSTITUTIONS 17 PARTNERSHIPS FOR THE GOALS
Serving the real economy: fulfilling CGS's mission	Serving the real economy Promoting inclusive finance	1 NO POVERTY 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
Going steady and going far: improving services	Providing more convenient services Developing digital economy Safeguarding customers' rights and interests	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
Being diverse and inclusive: improving employees' career paths	Safeguarding employees' rights and interests Empowering talent development Caring employees	3 GOOD HEALTH AND WELL-BEING 5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH 10 REDUCED INEQUALITIES
Green development: launching CGS actions	Climate change mitigation and adaption Developing green finance Promoting low-carbon operation	12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION
Fulfilling responsibilities: sending CGS warmth	Promoting rural revitalization Contributing to public undertakings	1 NO POVERTY 4 QUALITY EDUCATION 11 SUSTAINABLE CITIES AND COMMUNITIES



中国银河证券
CHINA GALAXY SECURITIES
创造财富·担当责任

Strictly Abiding by Compliance: Strengthening CGS's Governance

As a state-owned securities company, China Galaxy Securities has always adhered to “following the Party’s leadership and strengthening Party building” as its “root” and “soul”. It has promoted deep integration of the Party’s leadership and corporate governance, kept improving corporate governance, consolidated compliant operation, advocated a clean style of work, and strengthened culture building.

Formulated or revised	Abolished
277 policies	19 policies
The Board of Directors hasd among whom:	
11 members	4 independent directors
3 female directors	1 employee director
Anti-corruption training for directors and employees:	
10,470 person-times	

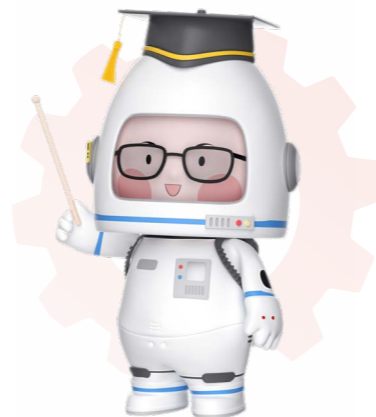


Guiding corporate governance through Party building

The Company has continued to implement the guiding principles of the *Suggestions for Central State-owned Enterprises to Strengthen the Party's Leadership When Improving Corporate Governance*, included the Party's leadership into the *Articles of Association of China Galaxy Securities Co., Ltd.*, and formulated the *Implementation Rules of the CPC China Galaxy Securities Committee on Upholding and Strengthening the Party's Overall Leadership and Advancing in Depth Full and Strict Party Self-governance*. It has given full play to the leading role of the Party Committee and promoted deep integration of the Party's leadership and corporate governance.

In 2022, using the remediation of problems found by the central inspection team as an opportunity, the Company promoted the implementation of the "Principle and Direction" (adhering to the Party's leadership of state-owned enterprises is the important political principle; establishing a modern enterprise system is the direction of the reform of state-owned enterprises) across the Company, unified the efforts to strengthen the Party's leadership and those to improve corporate governance, further promoted "earlier-stage review by the CPC CGS Committee", and optimized the *List of Matters for Discussion by the CPC CGS Committee*, and incorporated the leadership of the Party into corporate governance. In 2022, the Company held 42 CPC CGS Committee meetings and three special meetings of the CPC CGS Committee, which studied and discussed 631 material items.

Meanwhile, the Company promoted routine, long-term Party history learning and education, enriched Party building activities, and consolidated standardization of Party organizations at the primary level. Those efforts effectively improved the quality and efficiency of Party building at the primary level.



As the end of 2022, the Company had **8** primary-level Party organizations, **29** Party branches, and **359** primary-level Party branches.

In 2022, the Company received **140** probationary Party members and completed transition of **261** probationary Party members into full Party members.

The research project named *China Galaxy Securities: Forge a "Red Engine" to Guide and Ensure High-quality Development - Research on the Building of a Primary-level Party Building Brand System by State-owned Financial Enterprises in a New Era* from the research group of the Party Building Department of the Company won **First Prize** of the subject research on Party building and ideological and culture building of the national financial system in 2021.

Research on the Brand Building Practice of Ideological and Political Work of State-owned Securities Companies in the New Era won **the first category of excellent research results** of China Ideological and Political Work Research Association 2021

China Galaxy Securities' characteristic Party building activities in 2022



▲ Knowledge Contest on the Guiding Principles of the 20th CPC National Congress

▼ Chongqing Branch holds a themed Party Day activity



▲ The Party Branch of Jinan Luoyuan Street Securities Office visits CPC Shandong Early History Memorial Hall



▲ Shanghai Branch holds the united front seminar of institutions within its jurisdiction to study and implement in depth the guiding principles of the 20th CPC National Congress

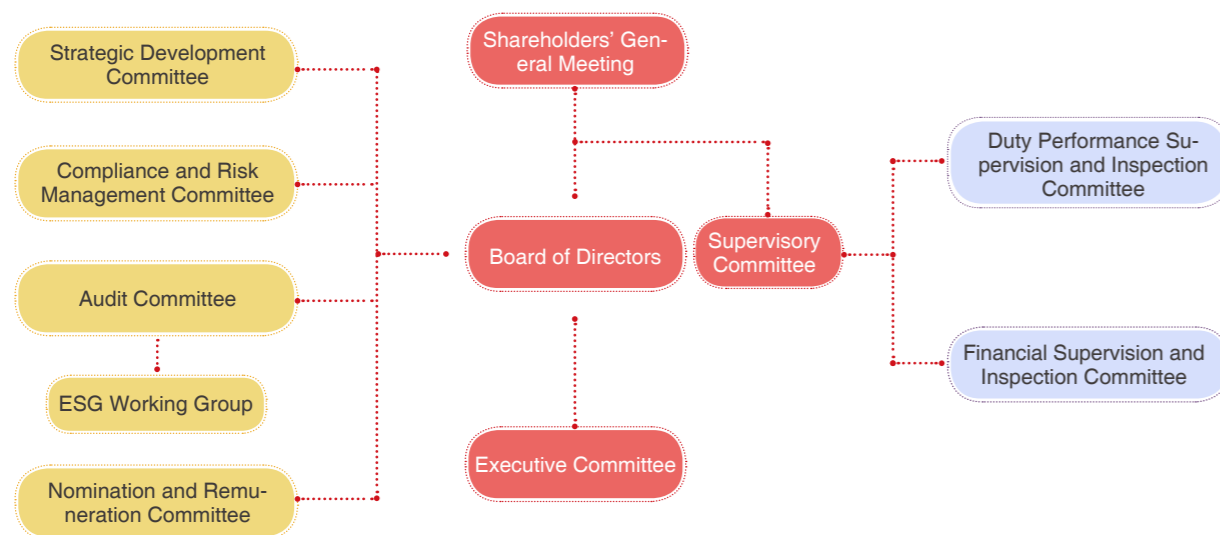
Improving corporate governance

Corporate governance structure

With the goal of establishing an “excellent, sound, efficient” corporate governance mechanism, China Galaxy Securities has strictly abode by the *Company Law of the People's Republic of China*, the *Securities Law of the People's Republic of China*, the *Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited*, etc., promptly responded to the latest requirements specified by regulators, and kept optimizing corporate governance.

The Company has established the corporate governance structure that comprises the shareholders' general meeting, the Board of Directors, the Supervisory Committee and the Executive Committee and kept refining the check-and-balanced corporate governance structure, to ensure the authority of power, the decision-making body, the supervisory body and the executive body perform their respective functions and run efficiently. To make sure that its corporate governance policies match the corporate governance structure, the Company has combined the *Letter of Authorization of the Board of Directors to President (2018)* and the *Authorization Scheme of the Board of Directors to the Executive Committee* into the *Authorization Scheme of the Board of Directors to the Executive Committee*, further defining the review and approval authority of the Board of Directors and the Executive Committee. In addition, according to relevant laws and corporate governance policies and regulations, the Company further defined the duties of the Executive Committee and President and formulated the *Authorization Scheme of the Executive Committee to Deputy Director (President) of the Executive Committee and Management Issues*, to make sure that the Company's decision-making procedures comply with laws and regulations.

In 2022, the Company revised nine management policies, including the *Management Policy for Norms and Related Party Fund Transactions of China Galaxy Securities Co., Ltd.*, etc., to ensure that the Company's governance policies are in line with new laws and regulations and adapted to the needs of the Company's business development. The Company also completed the issuance of A-share convertible bonds, raising RMB 7.8 billion in funds, effectively supplementing the Company's operating capital.



China Galaxy Securities' organizational structure

The Company has adopted a policy concerning diversity of Board of Directors members according to the SEHK's Corporate Governance Code and considered diversity of board members from multiple dimensions. The members of the Board of Directors have professional competence in financial management, risk management, etc. and also abundant working experiences in the industry, effectively ensuring the decision-making accuracy and scientificity of the Company.

The Company has adhered to and refined the employee director mechanism and the employee supervisor mechanism, allowing employee representatives to participate in corporate governance in an orderly manner.

Composition of the Board of Directors and Supervisory Board

Relevant Meetings Held

11 Directors	2 general meetings 15 resolutions discussed
2 Executive Directors	10 Board of Directors meetings 62 resolutions discussed
4 Non-executive Directors	
4 Independent Non-executive Directors	24 meetings of the special committees under the Board of Directors 59 resolutions discussed
1 employee Director	
3 female Directors	
5 Supervisory Committee members	8 Supervisory Committee meetings 24 resolutions discussed
2 employee Supervisors	

For other relevant details about corporate governance, please refer to the chapter of “Corporate Governance” in the 2022 Annual Report of China Galaxy Securities Co., Ltd. On March 10, 2023, the Company appointed Ms. Li Hui as a non-executive director at the first extraordinary general meeting of the Company of 2023.



Safeguarding investors' rights and interests

The Company attaches great importance to protecting investors' rights and interests and strives to provide comprehensive, effective investor relations services. The Company has clearly defined shareholders' rights in the Articles of Association, ensuring shareholders', especially minority shareholders' rights to know and treating all shareholders equally. During the reporting period, the Company strictly followed laws and regulations and regulatory requirements and disclosed relevant information in an authentic, accurate, complete and timely manner, making sure that investors had timely knowledge of the Company's important matters and protecting investors' interests to the greatest extent.

The Company has designated special personnel to hold investor relations activities, communicate with shareholders, and promptly meet shareholders' reasonable requirements. Meanwhile, the Company has set up the “Investor Relations” column on its official website, in an effort to facilitate effective communication with investors.

In 2022, the Company held investor reception and communication activities of various forms to facilitate interactive development between investor relations management and businesses. The Company classified investor relations activities into three types, namely, routine, periodical and dynamic activities, and managed them by type. It organized three performance presentations facing all investors, held investor communication activities with nearly 100 participants, and contacted domestic and overseas analysts and held 11 survey meetings with them.

Attaching great importance to reasonable return on investment to investors, the Company has implemented the stable, continuous profit distribution policy. In 2022, the Company paid principles with interests for all matured bonds, and interests for unmatured other bonds, effectively ensuring creditors' benefits.

In 2022, the Company issued **339** A-share and H-share announcements.

The cash dividends to be paid by the Company to investors for 2022 were **RMB2,331,574,325.48** (tax inclusive). The Company's 2022 profit distribution plan was already approved at the 16th Session of the Fourth Board of Directors of the Company (periodical) and is yet to be approved by the Shareholders' General Meeting.

Consolidating compliant operation

Compliance & internal control system

To securities companies, the internal control system is the basic guarantee for stable development. The Company has strictly followed the *Securities Law of the People's Republic of China*, the *Compliance Management Measures of Securities Companies* and *Securities Investment Fund Management Companies* and other relevant laws and regulations, formulated the *Compliance Management Policy of China Galaxy Securities Co., Ltd.*, the *Implementation Rules for Management of Conflicts of Interest*, etc., and established a thorough compliance management system that covers the parent company and subsidiaries. The Company has included subsidiaries of all levels into unified compliance management. While observing local and industry-specific compliance management requirements, subsidiaries shall also abide by the Company's unified compliance management standards. In 2022, the Company had no significant violation of laws or regulations in compliant operation.

Board of Directors Compliance and Risk Management Committee	Determines the compliance management objectives of the Company and take responsibility for the effectiveness of compliance management.
Supervisory Committee	Oversees directors' and the senior management members' performance of compliance management duties.
Chief Compliance Officer	Implements compliance management objectives, takes the responsibility for compliant operation, and is directly responsible to the Board of Directors.
Legal and Compliance Department	Responsible to the Compliance Director, reports to the Compliance Director, and assists the Compliance Director in carrying out compliance management work.
Head of a subordinate unit (business lines, departments, branches, subsidiaries)	Implements correspond unit's compliance management objectives and is responsible for compliant operation of corresponding unit.
All employees	Observe relevant laws, regulations and norms of behavior and are responsible for compliance of practices in work.

Organizational system for compliance management of China Galaxy Securities

Completed revision and filing of 3 compliance management plans for tier-2 subsidiaries including the Compliance Management Plan of Galaxy Derivatives Capital Management Company Limited
Held four compliance training sessions among all investment banking personnel during investment banking business seasons, which involved 15 departments and 428 people
Conducted compliance training targeting relevant subsidiaries and business departments through the lecture themed by "Galaxy and Me"

Compiled the questions of the quarterly compliance test based on the latest regulatory provisions and regulatory cases and organized business personnel to take part in the compliance test

China Galaxy Securities' main work concerning compliance and internal control in 2022

In 2022, the Company conducted five compliance training sessions targeting relevant subsidiaries and business departments through the lecture themed by "Galaxy and Me", which had 300 attendees.

The training contents covered relevant businesses and compliance and risk management work.



A "Galaxy and Me" training session

Anti-money Laundering

The Company has followed the "risk-based" management principle in anti-money laundering work and has improved the Company's AML risk prevention capability. The Company has strictly followed the *Anti-Money Laundering Law of the People's Republic of China*, the *Rules for Anti-money Laundering by Financial Institutions* and other relevant laws and regulations, and formulated 13 company-level AML policies including the *Anti-money Laundering and Counter-terrorist Financing Management Policy* and five business line-specific AML policies including the *Implementation Rules of Anti-money Laundering and Counter-terrorist Financing for Brokerage Business*. Meanwhile, the Company has established the AML management structure comprising the leading group for AML, the AML team and compliance managers to continuously push for implementation of AML work. In 2022, the Company had no money laundering related violations.



China Galaxy Securities' major AML efforts in 2022

- Formulated the *Implementation Rules of Anti-money Laundering and Counter-terrorist Financing Supervision and Inspection*, the *Implementation Rules of Money Laundering and Terrorist Financing Risk Assessment* and the *Implementation Rules of Management of Internal Audits on Anti-money Laundering and Counter-terrorist Financing*, revised the *Management Measures of Large-sum Transactions and Suspicious Transactions* and the *Implementation Rules of Anti-money Laundering and Counter-terrorist Financing for Brokerage Business*, and refined business procedures.
- Explored technological empowerment of AML, built the intelligent AML monitoring and analysis system based on the difficulties and pain points in the monitoring and analysis of suspicious transactions, and strictly reported large-sum transactions and suspicious transactions.
- Implemented basic work such as keeping customer identification and customer ID data and transaction records, managing customer money laundering risks by category, monitoring lists, freezing terrorist assets, cooperating or assisting in investigations, etc.
- Conducted institution money laundering risk self-assessments and business money laundering risk assessments and strengthened identification, assessment and management of money laundering risk.
- Strengthened AML training and publicity. In 2022, the Company held a total of 13 AML training sessions among directors, supervisors, senior management, all staff, new employees, AML personnel, audit personnel and business personnel.



The AML training was held in the online and offline combined form in 2022



Risk management

The Company strictly followed the Securities Law of the People's Republic of China, the Norms of Comprehensive Risk Management of Securities Companies, the Management Measures of Risk Control Indicators of Securities Companies and other relevant laws and regulations, kept refining the Group-wide risk management system, deepened Group risk management, improved professional capability of risk management, developed and optimized risk management tools, and ensured proper risk control through the full process and in key areas and key businesses, so as to effectively respond to complex internal and external market environments and make sure that no systemic risks arise.

Risk management structure

Decision-making layer: the organizational system for risk management mainly comprising the Board of Directors, Supervisory Committee and the operation management

Executive layer: the primary-level institutions of the organizational system for risk management established according to the "three lines of defense", which implement vertical management of subsidiaries' risks

Risk management policies

The Company has formulated and refined more than 40 risk management policies including the Company-wide Risk Management Policies and the Group Risk Appetite Management Measures

In 2022, the Company formulated or revised nine policies including the Management Measures of Company Risk Control Indicators, the Management Measures of Negative Lists of the Company, the Management Measures on Grading and Classification of Company Asset Risks, the Implementation Rules of Risk Management for Over-the-Counter Derivatives of the Company and the Implementation Rules of Risk Management for Investment Banking Business of the Company

Risk management indicators

Established the level-by-level, category-by-category risk limit indicator system after level-by-level transmission and breakdown of risk appetite

Risk management tools

The Company has built and constantly refined professional risk management tools and strictly implements full-process risk control
The Company has increased resource input in development of risk management technologies to improve the technological and intelligent levels of risk management

Risk management system of China Galaxy Securities

The Company has improved core competitiveness mainly by improving risk management capability and level and has actively built a risk culture. The Company has established a regular risk management training mechanism, shared risk management tools and policies irregularly, and held series training on operational risk and control self-assessment, Meanwhile, we have continuously enhanced publicity and training of the risk culture, promptly released risk warning information, and caused all staff to enhance risk responsibility awareness.



Protecting intellectual property rights

China Galaxy Securities strictly abides by the Trademark Law of the People's Republic of China, the Patent Law of the People's Republic of China and other relevant laws and regulations and pays attention to the protection of intellectual property rights in the implementation of all businesses.

In 2022, the Company revised the *Implementation Rules of Management of We Media of China Galaxy Securities Co., Ltd.*, the *Implementation Rules of Quality Review of Securities Research Reports of China Galaxy Securities Co., Ltd.*, etc., making the requirement of protecting intellectual property rights institutionalized within the Company. While protecting the Company's own intellectual property rights, those regulations can help avoid infringement of others' intellectual property rights. In 2022, the Company had no incident of infringement of others' intellectual property rights.

01

The Company requires indicating the source when reprinting or quoting contents and paying attention to the use of materials like pictures, portraits, videos, music, typefaces and memes.

02

The Company requires obtaining official authorization when reprinting the contents of a non-government functional organization.

03

Domain users shall not infringe upon others' intellectual property rights when naming the domain, or use the company name or trademark name which has been registered in China by others, or harm the interests of the nation, society or the public.

04

When preparing a securities research report, the securities analyst shall not copy others' works, theses or other securities analysts' research results and shall add a note when quoting others' works, theses or research results in the securities research report.

05

Employees are forbidden to install or use pirated software on the Company's office computers and shall take responsibilities for damage to the Company's software or disputes involving the Company over intellectual property rights due to improper safekeeping.

China Galaxy Securities' intellectual property management measures

知识产权

Promoting a clean style of work

Business ethics and anti-corruption

China Galaxy Securities attaches great importance to the building of a clean culture. It has put forth effort to establish the supervision coordination mechanism in which the CPC CGS Committee implements overall supervision, the discipline inspection institution implements supervision of specific responsibilities, and functional departments implement professional supervision, and has constantly refined the long-term integrated promotion mechanism in which employees do not dare to, cannot and do not want to commit corruption. The Company has innovatively launched a special campaign "Integrity Galaxy" that covers all employees, focusing on enhancing the sense of integrity among party members and employees, optimizing the political ecology of the system, and building a "Integrity Galaxy" with clean cadres, political integrity, and a clean work environment. The Company has formulated the Standard Terms Template of China Galaxy Securities Co., Ltd. On Anti-commercial Bribery, further strengthening standardization of employees' professional conduct and detailing anti-commercial bribery requirements by business line. In 2022, the Company held annual clean practice training and test among all staff online and issued A Collection of Penalty Cases on Clean Practice at Securities Companies to caution employees and enhance their awareness of clean practice.

Anti-corruption training held by China Galaxy Securities in 2022

- Posted training courses including Practice Professional Ethics and Adhere to Clean Practice and 2022 Practicing Behavior Compliance Training of Securities Practitioner on the internal online training platform Galaxy Classroom, and organized and held one Personal Investment Behavior, Ethical Wall and Clean Practice Management Test, which had 10,470 director and employee attendees.
- Launched the "Honesty Lecture Hall" and organized three live streaming courses focusing on key areas such as marketing expenses, with a total of 36,000 participants.
- Established the "Integrity Vanguard" and utilized 155 branch disciplinary inspectors to strengthen supervision at the grassroots level and cover front-line staff.
- Built the "Integrity Base" by creating a culture of integrity around each branch and promoting the formation of a clean and honest atmosphere.
- Produced the Integrity Galaxy special publication, featuring more than 80 cases of clean and honest branch units, to create a positive atmosphere for building a "Integrity Galaxy" with all staff.
- Developed a package of learning materials for promoting party conduct and clean governance, focusing on themes such as the management of marketing expenses, the responsibility and performance of cadres and employees, the role of disciplinary inspectors, and the awareness of institutional norms, and compiled 14 special study packs.



Holding the 2022 collective talk on clean practice of newly

On October 27, 2022, the Company organized and held the 2022 collective talk on clean practice of newly appointed leaders and cadres. A total of 28 newly appointed leaders and cadres above the deputy level of departments and subsidiaries attended the talk on the spot or via video. The attendees watched two case warning education films together.



At the 2022 collective talk on clean practice of newly appointed leaders and cadres

Supplier management

As a financial enterprise, the Company's suppliers mainly include suppliers of electronic equipment, software and hardware maintenance, line lease, software R&D, housing lease, property management service, security service, printing service, publicity and advertising service, audit service, legal service, etc.

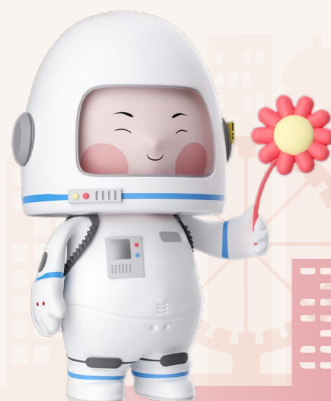
The Company has strictly followed the *Procurement Law of the People's Republic of China*, the *Law of the People's Republic of China on Bid Invitation and Bidding* and other relevant laws and formulated relevant policies including the *Procurement Management Policy of China Galaxy Securities Co., Ltd.* and the *Centralized Procurement Management Measures of China Galaxy Securities Co., Ltd.* In 2022 the Company has sorted out and optimized the centralized procurement decision-making mechanism and procurement-related processes, refined the responsibilities of procurement-related personnel, improved the efficiency of procurement compliance operations and standardized the supplier management.

In the selection of a supplier, the Company conducts a full market survey to learn about the supplier's social risk and environmental risk. It screens, evaluates and periodically inspects suppliers, strictly monitors and prevents commercial bribery, and rejects suppliers who have moral or reputation issues or records of misconduct. The Company keeps procurement information open and transparent, makes sure that the information obtained by all participating suppliers is consistent, and publishes procurement results on the internet in a timely manner. In 2022, the Company didn't find any supplier who had any actual or potential material negative impact or violation regarding commercial ethics, environmental protection or labor standards.

The Company has improved its online procurement bidding methods, which has effectively met the timeliness and compliance requirements of procurement projects. In promoting green procurement, the company prioritizes the purchase of environmentally friendly water-based paint furniture, energy-saving, and water-saving appliances, among others.

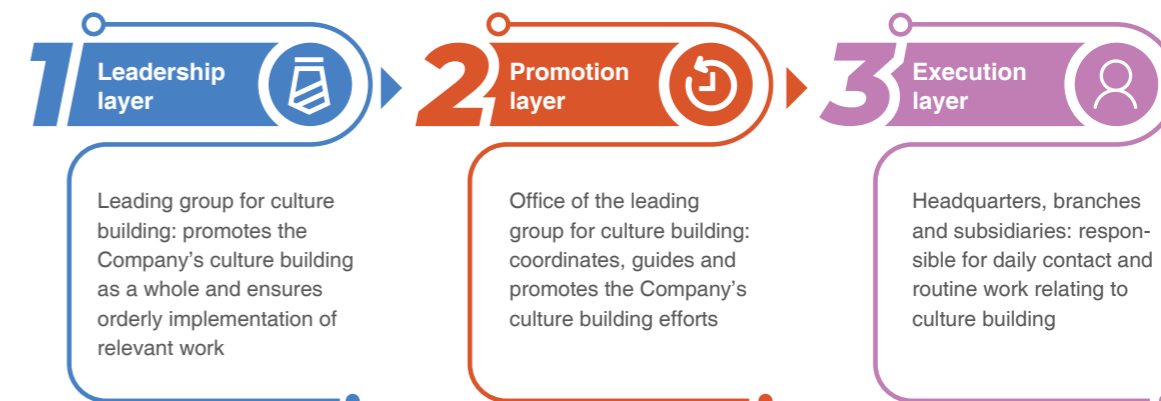
In addition, the industry guidebook *Purchasing Management Guide for Financial Enterprises* edited by the company, was officially published and released by China Financial Publishing House in October 2022. This book provides a systematic summary and discussion of the business background, organizational management, policy development, process management, risk management, supervision management, and digital management related to procurement in financial enterprises, with a focus on promoting the development of the financial procurement industry.

In 2022, the Company has 202 suppliers, over 50% of whom were distributed in Beijing, Shanghai and Shenzhen.



Strengthening culture building

China Galaxy Securities has actively responded to the call and relevant requirement of China Securities Regulatory Commission and the Securities Association of China of strengthening industry culture building, practiced the industry culture building philosophy of building a "compliant, honest, professional and stable" industry, and strengthened corporate culture building with strategic thinking, in line with the requirements of the times and from the perspective of development.



Organizational system for culture building of China Galaxy Securities

The Company has constantly refined the working system for culture building, carried out in depth the requirements specified in the *Ten Elements of Culture Building in the Securities Industry*, and pushed for the implementation of the Company's strategic goals for culture building, which has provided ideological guarantee, value guidance and spiritual drive for the high-quality development of the Company.

The Company has used popular means such as Galaxy Culture, Galaxy e Party Building and Galaxy Culture Lectures to spread the Company's cultural concepts and build the characteristic corporate culture brand project. Based on the Company's characteristics of having many branches, long business lines and broad coverage, the Company has organized and held the culture building campaign themed by "Learn Culture, Apply Culture in Actions, and Promote Development".

中国银河证券 CGS

“学文化、见行动、促发展”
文化建设主题活动



Activity Book of "Learn Culture, Apply Culture in Actions, and Promote Development" Themed Culture Building Campaign of China Galaxy Securities

In 2022, with characteristic culture building work and solid and rich culture building results, the Company was fully affirmed by the industry and was awarded AA under Category A and 2021-2022 Excellent Unit in the Financial System in Culture Building in the industry's 2021 annual assessment of culture building practices.



China Galaxy Securities won 2021-2022 Excellent Unit in the Financial System in Culture Building

Serving the Real Economy: Fulfilling CGS's Mission

Adhering to its original aspiration to serve the real economy through finance, the Company has given play to the leading role of state-owned assets, helped expand effective investment, increased the coverage of services for micro, small and medium-sized enterprises, and supported the building of the cooperation ecosystem featuring “contribution, sharing and win-win cooperation”, contributing its bit to the high-quality development of the real economy.

Supported self-reliant tech companies growing stronger

Helped attracting more than RMB

30 billion external investment

Served **1,731** micro small and medium-sized enterprises, and invested RMB **1,078** million in micro, small and medium-sized enterprises, an increase of over **400%** from 2021

Inclusive finance service accounts such as “Galaxy Securities Services” produced and output a total of **2,629** pieces of contents in 2022 reaching **12.78** million users.







Serving the real economy

Serving the national strategy of building self-reliance and strength in science and technology

Serving technological innovation is one of the responsibility positionings of the Company. With a focus on key tracks of fields concerning the national strategy of developing self-reliant technologies such as advanced manufacturing, new energy/new materials, digital economy, life science and medical technology, the Company has established special investment and financing teams, and provided all-round capital market financial services including direct equity investment, listing financing, M&A and reorganization, refinancing, etc. to support tech companies and innovators in segments growing stronger and serve the national strategy of building self-reliance and strength in science and technology.

In September 2022, the Company became one of the first qualified market makers on the Science and Technology Innovation Board.

 <p>New energy industry</p>	<ul style="list-style-type: none"> Obtained RMB790 million financing through additional issue for DFSK Motor Co., Ltd. to support its comprehensive transition into the intelligent new energy vehicle field. The additional issue project was the intelligent NEV financing project with the largest issue scale in the history of A shares. Obtained RMB30 million financing through additional issue for Shenzhen Senior Technology Material Co., Ltd., to support its R&D of "power lithium battery diaphragm" technology. Provided stock pledged financing service to Dahua Tech shareholders to support its subsidiary Leapmotor getting listed on the Hong Kong Stock Exchange. Provided stock pledged financing service for Qingdao TGOOD Electric Co., Ltd shareholders to support its subsidiary TELD New Energy Co., Ltd. development. Investment in Hubei Rongtong High-tech Advanced Materials Co., Ltd, an upstream enterprise in the new energy vehicle industry, to support its expansion of lithium iron phosphate production capacity.
 <p>Advanced manufacturing</p>	<ul style="list-style-type: none"> Served as sponsor and lead underwriter to support the refinancing of the domestic chip manufacturer TDG Holding Co., Ltd. Served as sponsor of Henan Silane Technology Development Co., Ltd. in its listing on the Beijing Stock Exchange, the first listing case by book-building on the Beijing Stock Exchange, which helped Silane Technology further improve the degree of localization of electronic silane gas and the implementation of its 500t/year a semiconductor silicon materials project; Galaxy Yuanhui has long adhered to value investment and guided capital elements to flow into technological innovation areas. In 2022, it made 11 new equity investments, with a total investment amount of about RMB400 million, which empowered the development of quality tech companies and innovators including Shenzhen ZhiCheng Semiconductor Materials Co., Ltd. and Bolu Sipan Precision Machine Tools Co., Ltd. and supported the national strategy of building self-reliance and strength in science and technology with own funds.
 <p>Digital economy</p>	<ul style="list-style-type: none"> The Company's subsidiary Galaxy International Holdings, as joint bookrunner and joint lead manager, assisted the "No. 1 Metaverse Stock on HKEx" Flowing Cloud Technology successfully getting listed on HKEx.
 <p>Life science and medical industry</p>	<ul style="list-style-type: none"> Invested in Beijing Percutec Therapeutics Inc. and supported its independent development of aorta stent, the first of its kind in the world, filling in the clinical gap.

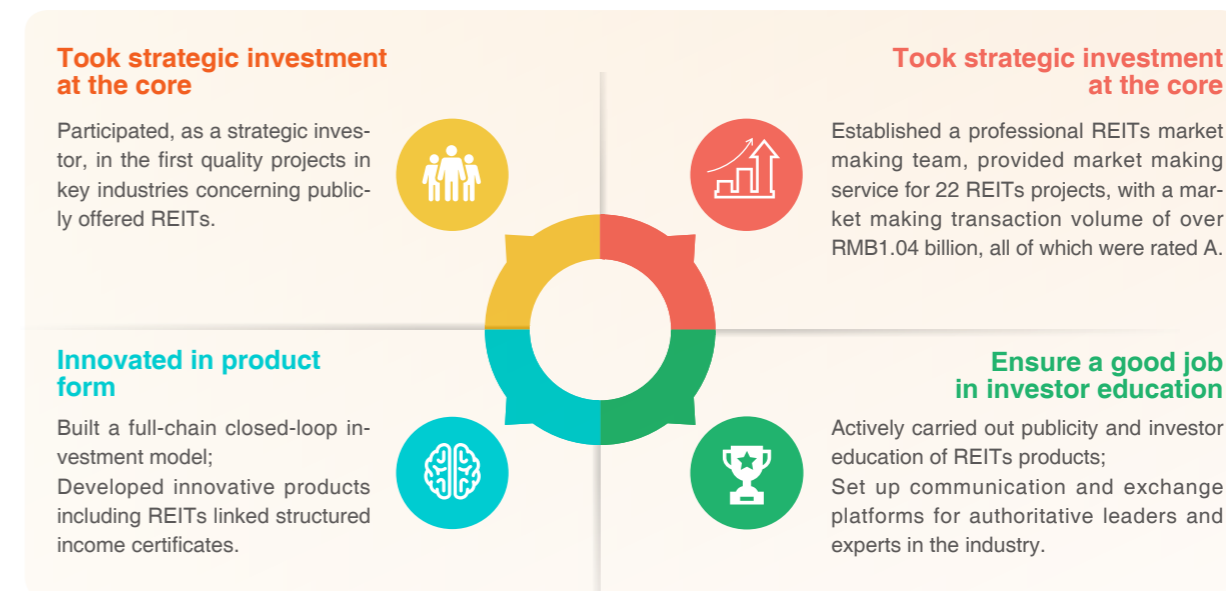
Highlights of China Galaxy Securities' support to technological innovation industries in 2022

Supporting the transition and upgrading of traditional industries

The Company has supported the optimization and upgrading of traditional industries, enhancing the strength of industrial chains and providing strong support to high-quality economic development.

REITs are an important financial innovation that can help expand effective investment and realize high-quality development. The Company has kept abreast of the policy trends on major innovative publicly offered REITs on the capital market. It has established a professional team to analyze and summarize regulations and procedures. By investing in publicly offered REITs projects with its own funds, the Company has supported transition and upgrading of different types of infrastructure and sustainable development.

Besides, to address the difficulties faced by traditional real enterprises during transition, the Company proposed the inventory preservation solution and launched corresponding raw materials and product options, which reduced risks for enterprises during capacity replacement and upgrading.



China Galaxy Securities actively participated in publicly offered REITs projects in 2022



The Company co-organized the 6th China Real Estate Asset Securitization and REITs Summit Forum





Galaxy Futures launches iron ore options to reduce transition risks faced by the steel industry

To meet traditional steel enterprises' purchase need of raw materials futures, in 2022, the Company's subsidiary Galaxy Futures advised steel enterprises to use options for hedging and designed a feasible inventory preservation management solution, that is, using iron ore options to replace scrap steel and hedging against raw materials, which effectively hedged against risks and saved costs for enterprises.

The project is the only the success case in actual practice that uses iron ore options to replace scrap steel for hedging in the "enterprise risk management plan" of the Dalian Commodity Exchange. It is an innovative attempt in cross-type hedging and has provided more possibilities of hedging operations for capacity swap and cost reduction for traditional real enterprises.

Promoting inclusive finance

Micro, small and medium-sized enterprises are the capillaries that ensure smooth operation of the Chinese economy. In 2022, by supporting small and medium-sized enterprises in financing, deeply engaging in regional equity market business, conducting hedging business and over-the-counter derivatives business among micro, small and medium-sized enterprises, etc., the Company expanded the coverage of services for micro, small and medium-sized enterprises and continuously refined the development path of inclusive finance.

China Galaxy Securities' measures and achievements in promoting inclusive finance in 2022

Continued to step up efforts in serving specialized and sophisticated enterprises that produce unique and novel products

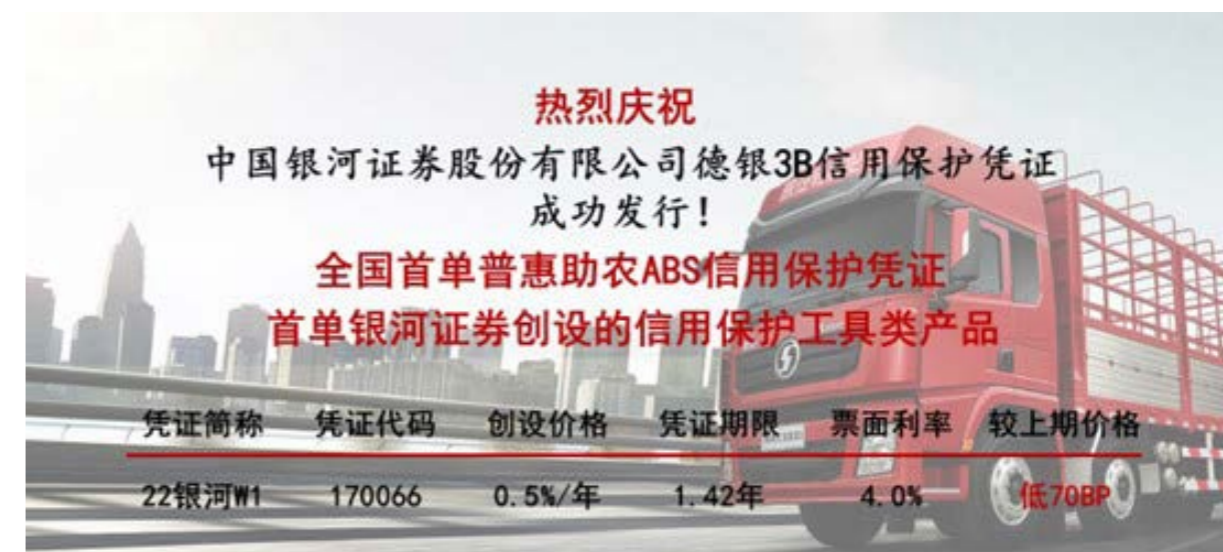
- In 2022, the Company ranked 3rd in the industry in terms of IPO and additional issue volume (subject to actual amount of funds raised) as well as in number of companies underwritten

Deeply engaging in regional equity market business

- Copied the inclusive finance template "Zhejiang Deqing Model", developed deep cooperation with regional equity markets, and became a shareholder of Beijing Equity Exchange and Jiangxi Equity Exchange
- Explored models of jointly serving local micro, small and medium-sized enterprises with regional equity operators

Expanding new ways of cooperation with local governments and banks

- Set up special fund limits for micro, small and medium-sized enterprises in a bid to bail them out
- Conducted hedging business and over-the-counter derivatives business among micro, small and medium-sized enterprises, including stepping up efforts in the development of credit protection certificates and creating the "first inclusive agricultural ABS credit protection certificate in China" through the credit risk sharing mechanism; served 465 micro, small and medium-sized enterprises using futures derivatives, which helped them maintain stable operating cost and achieve healthy development



创设机构 中国银河证券 CGS 计划管理人 天风证券 天风证券 发行人 德银融资租赁

二零二二年三月

The first inclusive agricultural ABS credit protection certificate in China - DeeWin 3B Credit Protection Certificate was successfully issued



Assisting Huifeng Diamond getting listed on the Beijing Stock Exchange

Diamond micro-powder, a featured product of Zhecheng Huifeng Diamond Technology Co., Ltd. ("Huifeng Diamond"), is an advanced inorganic nonmetallic material included in the national development strategy of key new materials. Huifeng Diamond has been named a specialized and sophisticated "little giant" that produces unique and novel products. Its downstream application industries include such high-tech industries as clean energy, semiconductor and military industry.

The Company, as sponsor and lead underwriter, assisted Huifeng Diamond in getting listed on the Beijing Stock Exchange on July 18, 2022, which raised over RMB350 million funds. Zhecheng, the county in Shangqiu City, Henan Province where Huifeng Diamond is located, was once a nationally designated poor county. Before listing, Huifeng Diamond had difficulties obtaining financing. By giving full play to its strengths and demonstration role, the Company successfully helped Huifeng Diamond get listed and it set a record with the fastest review and approval time on the Beijing Stock Exchange. The Company solved the enterprise's financing problem through listing and supported the development of the Chinese ultrahard material industrial chain.



Supporting the development of micro and small enterprises in Rongcheng City

In 2022, the Company's subsidiary Galaxy Jinhui actively supported the development of micro and small enterprises. It purchased a total of RMB100 million special bonds for micro and small enterprises issued by Rongcheng Economic Development Investment Co., Ltd. to support the company issuing entrusted loans to micro and small enterprises within the jurisdiction of the Rongcheng government or in other regions approved by the Rongcheng government to assist in the development of micro and small enterprises in Rongcheng.

Going Steady and Going Far: Improving Services

China Galaxy Securities upholds the “customer-centric” philosophy and is committed to becoming a “leader” in wealth management and an “escort” of institutional customers. In 2022, the Company optimized customer service experience in all respects, pushed for digital transformation with FinTech, strengthened customer information security and privacy protection, ensured a good job in investor education, and continued to improve professional standards and increase service coverage.

New brokerage customers reached	
1,108	thousand, covering a new high market share in seven years
Active users of China Galaxy Securities App totaled	
5,537.3	thousand
Satisfaction rate of return visits of new customers was over	
99.37%	
AI trading volume was close to RMB	
400	billion



Safeguarding customers' rights and interests

Suitability management

The Company has strictly followed the Administrative Regulations on Sale of Financial Products by Proxy by Securities Companies, the Measures for the Suitability Management of Securities and Futures Investors and other relevant laws and regulations, formulated 36 suitability management policies including Investor Suitability Management Measures of China Galaxy Securities Co., Ltd., and established the system of product and business policies covering client qualification management, due diligence and risk assessment of financial products, marketing and publicity management, sale brokerage business control mechanism, etc. In addition, based on business development realities, the Company has kept updating and refining the system to make sure that there are applicable rules and policies available, safeguard investors' legitimate rights and interests, and promote healthy and stable business development.

In 2022, the Company followed relevant requirements when marketing relevant financial products and sale business and implementing suitability management. There was no violation of laws or regulations.

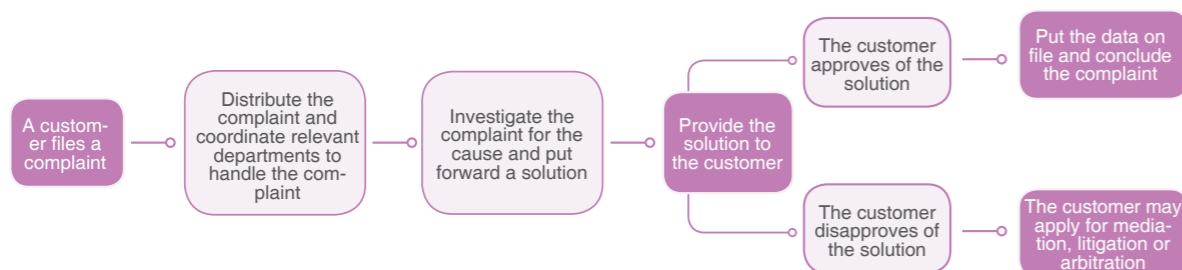


In 2022, The Company's investment advisers increased by **258** to **3,588**, a growth of **7.75%** from the end of 2021;

The company served **251.9** thousand investment advisory clients, with an increase of **30.9** thousand clients, an increase of **13.98%** compared to the end of 2021;
The Company's contracted net assets of high-net-worth clients were RMB **55.8** billion.

Customer communication and compliant handling

The Company has formulated detailed rules for handling of complaints and established customer complaint handling management architecture. It receives customers' questions, advice and complaints via various consulting and complaint channels online and offline, has clear complaint handling procedures, conducts customer satisfaction surveys, and requires the customer contact center to evaluate and sum up complaint handling work every year. Regarding the problems that are most complained by customers, the Company has actively taken improvement measures including standardizing services, optimizing systems, etc. to improve customer experience.



Customer complaint handling process of China Galaxy Securities

Information security and privacy protection

The Company has strictly followed the Cybersecurity Law of the People's Republic of China, the Data Security Law of the People's Republic of China and other relevant laws and regulations, formulated nine policies including the Cybersecurity Management Measures and the Management Measures of Data Governance Work, and clearly defined primary responsibilities and organizational functions, which has effectively improved the Company's information security level. In 2022, the Company had no confirmed material information security incident or customer privacy leak incident or violation of customer privacy or loss of customer data, or receive any confirmed relevant complaint.

In 2022, the Company implemented unified management of operators' limits of authority via the authority management platform, established the identity authentication mechanism for operators and the network access and terminal security management mechanism, set strict access authority to sensitive information, standardized the read-write and other operations of privacy information. In the meantime, the Company made log records of all operating behaviors, entrusted professional security vendors to assess security risk and conduct penetration tests periodically, and established an effective ex post supervision mechanism to ensure the security of sensitive data.

The Company established and improved the information system security emergency mechanism, set up the information system emergency management team, and promptly revised and improved the contingency plan. It also actively participated in the joint emergency drills on cybersecurity organized by industry organizations, conducted information security awareness training among all staff, and kept improving the internal information security awareness and information security management level of the Company.

CASE

Holding the training themed by "Improve Information Security and Secrecy Awareness and Prevent Information Security Risk"

The Company conducted "Improve Information Security and Secrecy Awareness and Prevent Information Security Risk" themed training on Galaxy Classroom by online streaming on May 16, 2022. The training further improved employees' security and secrecy awareness, cultivated four security awareness (FIRE) and four security habits (LEAP), improved the Company's information security management level, prevented risk of leak of sensitive data of the Company, and ensured information security of the Company.

FIRE安全意识与LEAP安全习惯模型



A screenshot of the courseware of the training on information security and secrecy awareness

Optimizing customer services

While expanding and improving offline outlet layout, the Company has independently developed off-site account opening, realizing integration of online account opening, business processing and customer services. The Company has established mobile internet service platforms including WeChat service account and the mobile App of China Galaxy Securities, improved the customer wealth management account system and payment system of the “online mall” internet finance model, and enriched the service channels of internet financial platforms to make customer reach more convenient.

Number of new contractual brokerage business customers of China Galaxy Securities in 2022

New brokerage customers 1,108 thousand, a market share of 7.48%, a new high in seven years of which: accounts opened online 1101.0 thousand. Percentage of accounts opened online to total new accounts opened 99.37%

China Galaxy Securities’ service system for high-net-worth customers





Service content	Asset allocation, capital service, exclusive value-added service
Service process	Diagnosis → Advice → Allocation → Private care
Service model	“1+1+N” headquarters-branch cross service ¹



1: 1+1+N headquarters-branch cross service refers to customer specialist A+customer specialist B+internal and external business experts of the company, providing comprehensive financial services to strategic customers in an efficient and collaborative manner.

The Company strengthened the building of the product allocation system, and centering on “professional + accompanying + agile”, it developed communication channels by refining the organizational and personnel architecture and improving the customer service system, strengthened the building of the professional service team, and improved the quality of customer services and customer satisfaction.

Measures taken by China Galaxy Securities to improve customer service quality in 2022

 Refining the organizational and personnel architecture	<ul style="list-style-type: none">Improved the building of the customer service specialist team, combined the weekly meeting mechanism and the monthly multi-department joint business meeting mechanism as before, and continuously operated the multi-department joint meeting platform every month that covered 12 business departments and subsidiaries.
 Improving the customer service system	<ul style="list-style-type: none">Set up the service team for core strategic customers, and developed the new service mode for core strategic customers “One-to-one Expert Consulting” and comprehensive service solutions for institutional investors of private equity.
 Developing communication channels	<ul style="list-style-type: none">Established to provide brokerage public platform: “Galaxy Securities Service” WeChat official account, which provides 7*24h*365d human consultation services for customers, and offers digital, intelligent, diversified and precise services.Enhanced communication and interaction with customers through improved online and offline communication channels, organized four quarterly business exchange meetings for national customer commissioners, seven monthly business exchange meetings, 12 monthly team meetings, and 24 business sharing sessions.
 Cultivating a professional service team	<ul style="list-style-type: none">Formulated and refined the <i>Plan for Optimizing National Customer Service Specialists’ Business Communication Meetings</i> and the <i>Training Plan of the Customer Service Specialist Team at the Customer Center</i>.Held quarterly comprehensive business communication meetings and bimonthly communication meetings of customer service specialists across the nation in the online and offline combined form; conducted professional knowledge and skill training among all customer service specialists at the customer center twice every month. Gave extra points to personnel who made special contributions to internal training in the annual evaluation of the customer service specialist team, to motivate departments and employees to take the initiative and be creative in the training work.

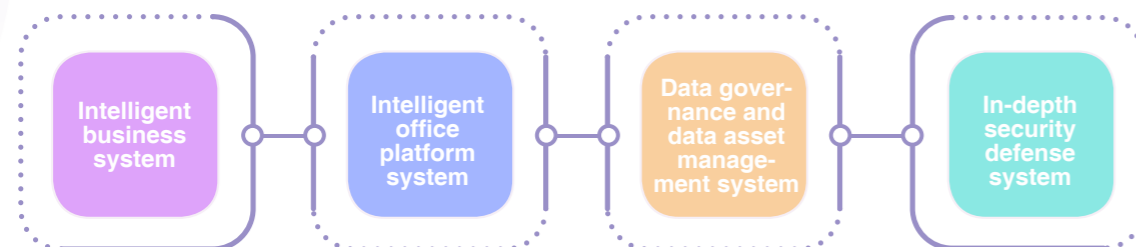


FinTech empowerment

FinTech is a key means of the Company to improve core competitiveness and serve customers. The Company has strictly followed the *Administrative Measures of Internet Information Services* and other relevant laws and regulations, formulated a number of internal management policies including the *Implementation Rules of Management of Digital Financial Services* and the *Implementation Rules of China Galaxy Securities Co., Ltd. for Internet Information Operation Management*, and established the digital finance center, to make sure that the Company provides digital financial services according to laws and regulations.

In 2022, the Company incorporated digitalization and FinTech into its strategic development plan, continued to push for deep integration of FinTech and business development, promoted business transformation in all respects with technology as the engine, and built the Galaxy FinTech system. The Company moved the Digital Finance Center from the FinTech and IT Governance Committee to the Wealth Management Committee and adjusted its positioning from a supporting department to a business department to promote the building of "Intelligent Galaxy". While empowering business lines and branches with big data and intelligent application, the Company actively explored new business models that promote deep integration of FinTech and business development.

FinTech System of China Galaxy Securities



China Galaxy Securities' main efforts to use FinTech to empower business development in 2022

- Built the four-dimensional AI trading ecosystem and refined the contingency plan for AI trading business.
- In 2022, for AI trading services, the Company formed a strong product matrix with seven customer scenarios at its core and 18 conditional order tools and 7 stock market watching tools as derivatives. The Company served over one million customers in 2022, and AI trading volume exceeded RMB400 billion.



AI trading tools of China Galaxy Securities

AI advisor

- Launched the column "Galaxy Golden Shine" to especially serve high-net-worth customers;
- Launched characteristic columns such as Wealth Star - Allocation, Wealth Star Plus, Wealth Star - Selected Funds, etc. centering on investment consulting and wealth management services;
- Became one of the first companies in the industry to launch innovative businesses like "personal ageing service" and "e-CNY zone".

e-CNY

- The "Pilot Project of Innovation in e-CNY Application Scenarios in the Securities Industry" ("Phase I Plan") that was jointly designed by the Company and ICBC won First Prize of the "Financial Innovation Results Award" at the 2nd Capital Financial Innovation Incentive Program.
- In 2022, the Company continued to enrich digital RMB application scenarios and worked closely with asset management institutions, digital RMB operators and custodians to gradually build a perfect digital RMB capital market application ecology.



AI marketing

- In 2022, the company cooperated with Jingdong Technology to carry out an intelligent marketing optimization consulting project, drawing on the experience of digital marketing of Internet majors to optimize the framework, process and Internet operation methods of the company's intelligent marketing business and boost the company's digital transformation.

Digital Training

- Industry experts were invited to conduct training on "digital operation" to enhance the professional ability and operational capability of business personnel in digital operation and improve the effect of online sales of financial products.
- SOP standardized operation process training was introduced to improve daily work efficiency and establish standardized workflow.

CASE Improving the mobile terminal APP for wealth management

The Company launched the mobile wealth management terminal - China Galaxy Securities APP in 2022, and has constantly optimized and upgraded it since then. In 2022, the Company updated the App 76 times and launched 26 versions. By building content service scenarios and AI trading tools, developing characteristic quotation trading and investment consulting services, high-net-worth customer services and institutional customer services, the App provides immersive business experience and actively builds itself into "a financial advisor at customers' side". In 2022, The China Galaxy Securities App had 5,537.3 thousand active users.



Interface of mobile terminal APP for wealth management

Investor education

The Company has strictly followed the *Guidelines on Strengthening the Building of Securities and Futures Investor Education Bases*, the *Norm on Investor Protection for Securities Companies*, the *Investor Education Guide for Securities Operators* and other relevant laws and regulations, established a special system of investor protection and education policies, spread financial knowledge, and built an investor education brand with CGS's characteristics.

In 2022, the Company formulated the *Rights Protection, Shared Responsibility - 2022 Investor Education Activity Plan* and advanced investor education activities through the year in an orderly manner.

China Galaxy Securities' investor education activities in 2022

Held four characteristic brand investor education activities

- Formed four activity brands, those are, "Little Galaxy FQ Training Camp" "Invest Smartly with Galaxy" Go to Campuses, "Professional Galaxy Companionship" Go to Communities, "Galaxy Protection for Shareholder Interests" Go to Listed Companies.
- Promoted differentiated investor education in depth, carried out layered education activities by age group, knowledge structure and investing experience, strengthened FQ education among teenagers and college students, spread basic knowledge among new investors, explained advanced investment knowledge to general investors, and gave special risk warnings to elderly people

Carried out special investor education activities

- Carried out the practical education program in law-finance cross fields in cooperation with Peking University Law School
- Developed characteristic investor education products in various forms, including "Understand Listed Companies' Reports" "Launch of New ETF Options Types" and "Automatic Investment Compass" series videos, the original anti-illegal fundraising music video *Invest Cautiously*, etc., spreading knowledge of securities laws and regulations and business rules among investors and warning them about risks
- Using such time nodes as "March 15 Investor Protection Awareness Month" "May 15 National Investor Protection Day" "Financial Knowledge Publicity Month" "World Investor Week", etc. as an opportunity, continued to organize investor education and knowledge publicity activities
- In 2022, the Company produced and released more than 340 types of original investor education products, organized and held more than 4,200 investor education activities, which had over 48 million audiences.

CASE Holding the "personal pension" investor education campaign

The Company was among the first securities companies that obtained the qualification to sell personal pension funds. The Company earnestly implemented the guiding principles of the *Opinions on Promoting the Development of Personal Pension* of the State Council and actively participated in the building of the multi-tiered pension system. With the launch of the personal pension system, the Company, based on customer demand and customers' pension plans, carried out various investor education activities including live streaming of investor education on the personal pension system and production of some 10 videos. Those activities motivated customers to participate in the personal pension system, eased customers' investment difficulties, and increased their enthusiasm for investment.



Holding the "personal pension" investor education campaign

CASE Holding the "Share Views on New Economy for a Win-win New Future" Investor Education Forum

In October, 2022, China Galaxy Securities held the 1st "Share Views on New Economy for a Win-win New Future" Investor Education Forum, which invited heavyweight guests from universities and the economic circles. They discussed hot topics in the capital market with CGS's researchers and relevant experts. The "Share Views on New Economy for a Win-win New Future" Investor Education Forum rolled out five programs, which had in-depth discussions on five hot topics that investors were concerned about, those are, mortgage rate decline, ESG green finance, carbon neutrality, and the registration-based system.



The 1st "Share Views on New Economy for a Win-win New Future" Investor Education Forum

Honors and awards China Galaxy Securities obtained for investor education in 2022

"A" in the investor education work evaluation of securities companies in 2022 (China Securities Association)

"Excellent" in the 2021-2022 evaluation of national securities and futures investor education bases



2022 JRJ Navigating China GoldenWis "Outstanding Investor Education Award"



Video Work Award at the 3rd National Investor Education Animation & Comics Contest



"Best Organizer" of the large live streaming event in Beijing at the 4th "May 15 National Investor Protection Awareness Day"



Holding a course practice activity with Peking University Law School

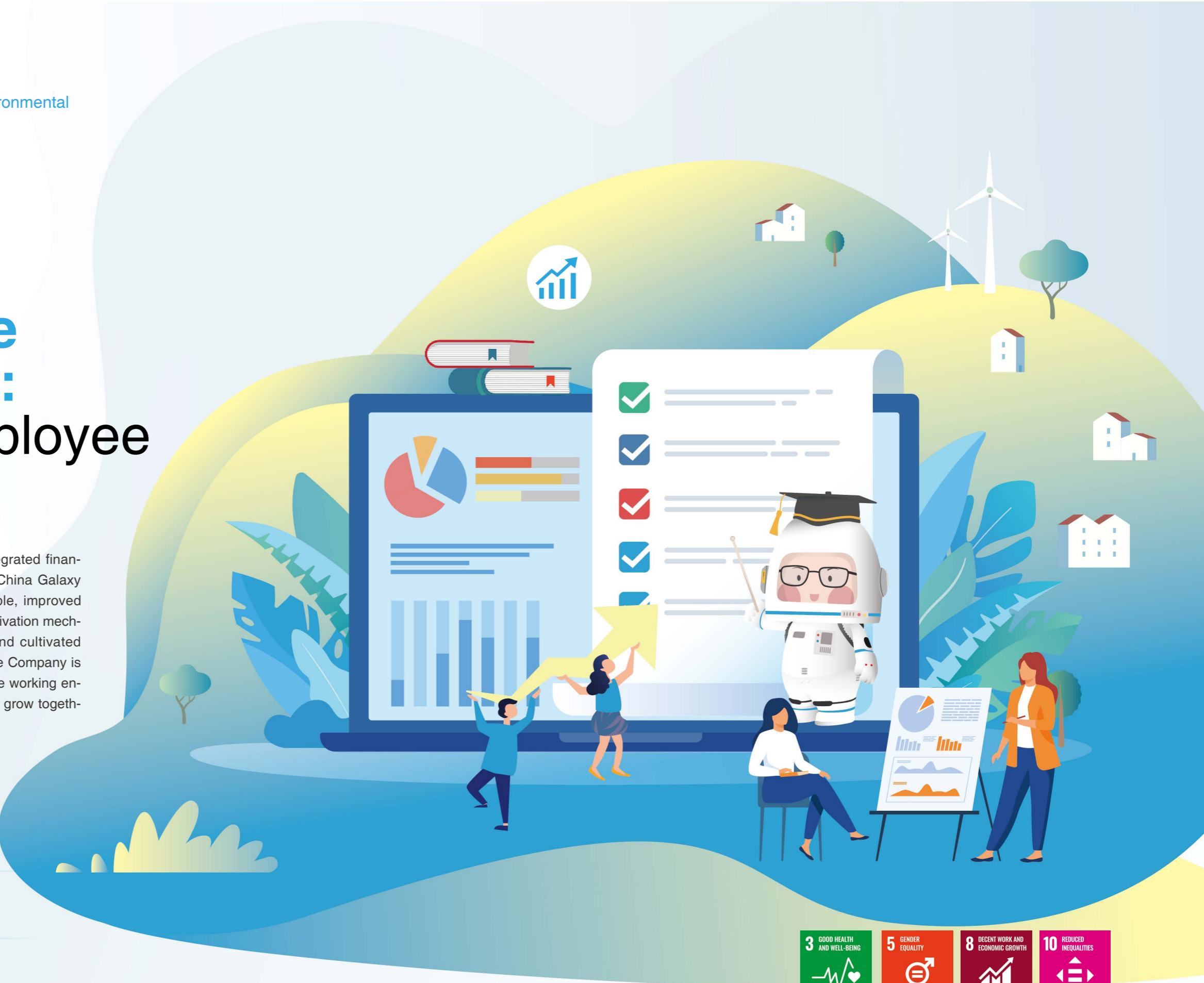
Being Diverse and Inclusive: Improving Employee Career Paths

Talents are the core competitive power of modern integrated financial companies. As it accelerates international layout, China Galaxy Securities has, adhering to the “people-centric” principle, improved the employee benefit and security system, the talent cultivation mechanism and scientific career advancement channels and cultivated and brought up a group of highly-competent people. The Company is committed to providing an inclusive, diverse, comfortable working environment for employees and encourages employees to grow together with the Company.

Issued a total of
830 offer letters to new recruits from social recruitment

Female employees accounted for
46.9%

The Company's contribution ratio to enterprise annuity rose from
5% to **8%**



Safeguarding employees' rights and interests

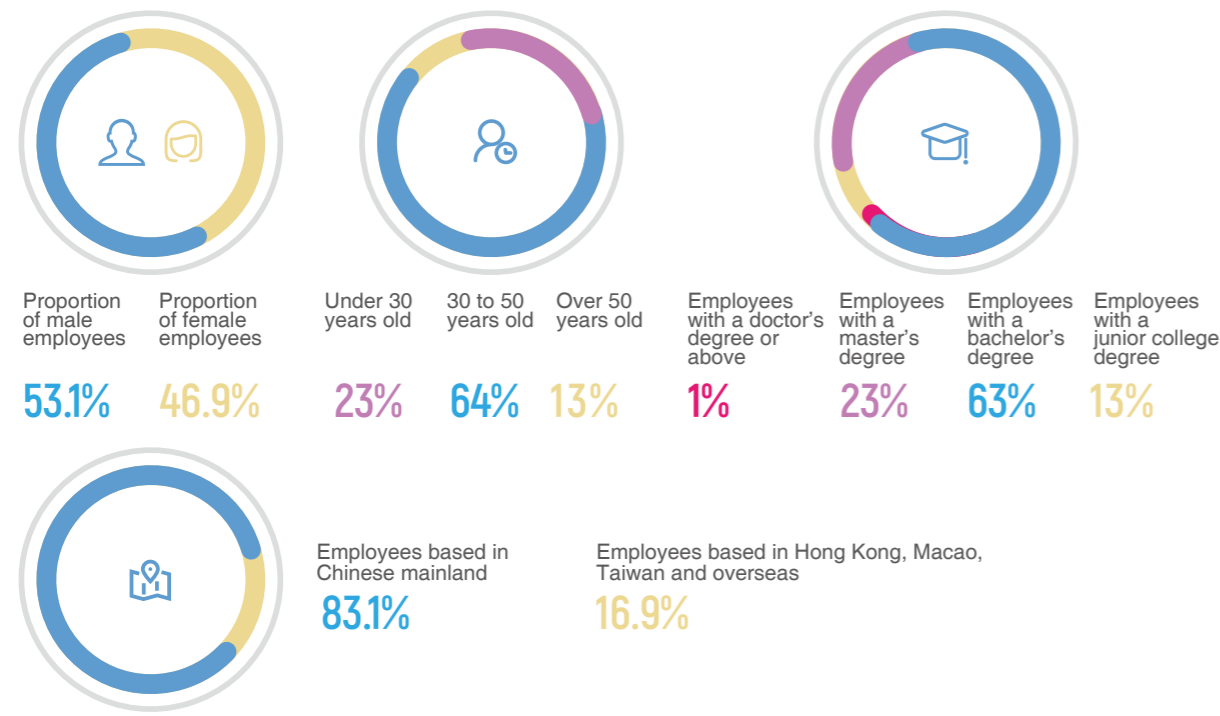
Equal employment opportunity

The Company has strictly abode by the *Labor Law of the People's Republic of China* and other relevant laws and regulations, formulated the *Management Measures of China Galaxy Securities Co., Ltd. on Employee Recruitment*, followed the principles of public recruitment, equal competition, comprehensive evaluation and hiring the best candidate, and prevented discrimination because of race, gender, religion, social origin or other factors. The Company forbids all illegal employment practices including employment of child labor, forced labor, limiting employees' freedom, etc. In 2022, the Company was not involved in child labor, forced labor or significant litigation regarding the employment of employees.

China Galaxy Securities' employee recruitment work and results in 2022

- Formulated the 2022 recruitment plan, and the Headquarters of the Company introduced 276 talents in investment banking, wealth management, investment research, FinTech, etc.
- The Headquarters of the Company issued 99 offer letters to new recruits from campus recruitment.
- Received 1 military cadre transferred to civilian work.
- Proportion of female executives is 19%.

China Galaxy Securities' performance in employee diversity in 2022



Employee rights and benefits

The Company has strictly followed the *Labor Law of the People's Republic of China*, the *Law of the People's Republic of China on Promotion of Employment* and other relevant laws and regulations and formulated relevant policies including the *Management Measures of China Galaxy Securities Co., Ltd. on Employee Benefits* and the *Management Measures of China Galaxy Securities Co., Ltd. on Attendance and Leave* to ensure the basic rights and interests and benefits of employees.

Employee rights and benefits of China Galaxy Securities

Type	Rights and benefits
Basic rights	<ul style="list-style-type: none">• Paid annual leave, maternity leave and other holidays stipulated by law• 8 working hours a day and 40 hours a week on average• Five social insurances and one housing allowance (basic old-age insurance, basic medical (including maternity) insurance, unemployment insurance and work-related injury insurance, and housing provident fund)
Remuneration	<ul style="list-style-type: none">• Basic salary, allowance, performance bonus
Supplementary benefits	<ul style="list-style-type: none">• Supplementary medical insurance and health checkup• Enterprise annuity: the unit contribution ratio to enterprise annuity rose from 5% to 8%• Lunch allowance to customer managers



Democratic communication and participation

The Company actively listened to the voice of employees and addressed their demands. It conducted surveys among primary-level employees through the workers' congress and seminars, learned about their needs, and collected employees' opinions and advice for the Company. It promptly found potential management problems and took countermeasures. Those efforts further improved employee satisfaction and initiative.

China Galaxy Securities' main work concerning democratic communication in 2022

In July 2022, the Labor Union of the Company, together with the Research Institute, sought employee representatives' advice on the *Management Measures of China Galaxy Securities Co., Ltd. on Customer Manager (Revised in 2022)* and the *Implementation Rules of China Galaxy Securities Co., Ltd. on Remuneration and Evaluation Management of Private Banking Customer Managers (Trial)* via "Galaxy Classroom".

The Labor Union of the Company held the 7th Session of the 2nd Workers' Congress of the Company by video conferencing on December 21, 2022. The delegates listened to the *Report on the Work of the Company for the Year 2021*, the *Report on the Preparation and Implementation of the Budget for the Performance of the Company's Leadership and Operating Expenses for the Year 2022*, the *Report on the Performance of the Non-Company Leadership and Operating Expenses for the Year 2021*, and the report on the performance of the staff directors and staff supervisors.

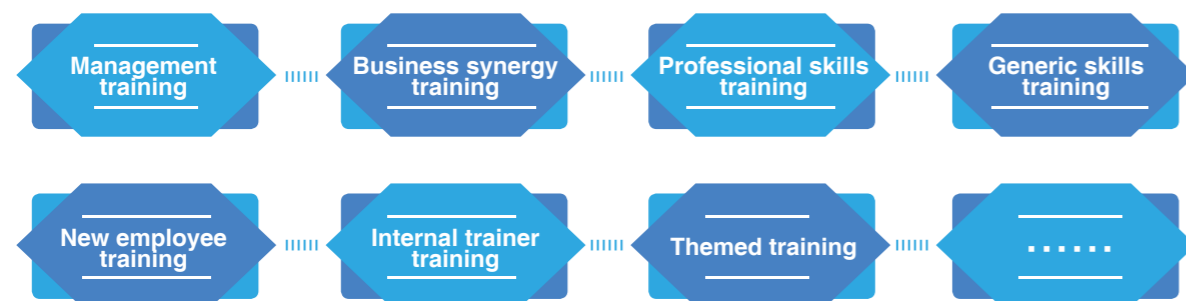
Empowering talent development

Employee training

Attaching great importance to employee selection and cultivation, the Company has formulated the *Management Measures for Employee Training*, the *Management Measures for Reserve Talent of the Company* and supporting implementation rules, constantly improved the employee training system, and initiated and deepened the building of a learning organization.

In 2022, the Company formulated the *2022 Cadre Education and Training Plan* and the annual training plan. While optimizing the three-dimensional layered training system, it actively innovated in training. In online and offline combined forms, it carried out various training activities and training programs with diverse forms and rich contents steadily and orderly, which improved employees' qualities and business competence.

In 2022, the Company's total employee education expenditures were RMB5,066.7 thousand.



China Galaxy Securities' employee training system

Online "Galaxy Classroom"

In 2022, the learning platform posted a total of 401 new courses, with a total of 548.8 hours, and the courses were played 145,297 hours.

As at the end of 2022, the learning platform had a total 1,638 courses, with a total duration of 1,782.97 hours, and the courses were played 715,988.3 hours.

Off-line training

The Company has organized nearly 60 training sessions, with a total of 187,000 training hours and 18,000 participants (including headquarters and branch staff).

The training covers management training, business training, general skills training for employees, vocational skills training, etc. The Company continues to promote the development of core job system courses in the main business areas and the construction of the internal trainer team to accumulate and precipitate internal training resources and provide training support for the Company's development continuously.

China Galaxy Securities' employee training work in 2022

CASE Holding "Live Streaming Skills Training Camp" training

Against the backdrop of digital transformation, live streaming teaching has become a required skill of employees in more and more positions.

From June to September 2022, the Company held the first "Live Streaming Skills Training Camp", which included self-study with recorded courses, live streaming course empowerment, and practical live streaming roadshow. A total of 53 trainees from 15 branches and 5 departments of the Headquarters joined the training camp.

National Enterprise Live Streaming Training Demonstration Base
China Galaxy Securities Co., Ltd.



Employee development

The Company has formulated relevant policies such as *Post Rank Management Measures* and laid down talent selection criteria, providing institutional guarantee for the growth of excellent employees.

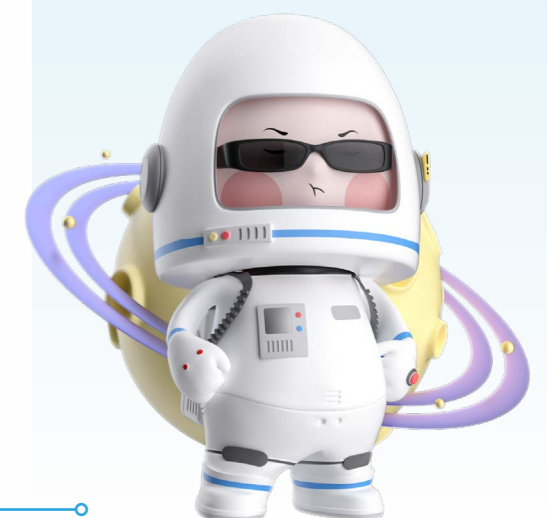
On the basis of competitive remuneration, the Company has developed corresponding market-based incentive mechanism based on the core characteristics of each business line in line with the principles of "being performance-oriented" and "attaching equal importance to incentives and constraints".

The Company has formulated the "green growth channel for excellent employees" system, fully shown the positive incentive effect, made the discovery, training and use of excellent young cadres the core project in the building of the cadre team, and refined the competition, transfer, rotation and exchange mechanisms.

The Company has given full play to the role of evaluation, continued to optimize performance evaluation management, and formed an effective closed-loop of planning, implementation, feedback and improvement. In 2022, the Company assigned performance evaluation indicators to each business line/department, and it assigned the comprehensive performance evaluation indicators of branches for the first time. The Company continued to build the evaluation system that is based on categories of branches and takes into account their differences in resource endowment characteristics.

To ensure a good job in the reservation of internationalization talents, the Company provided diversified development rooms and formulated the selection plan of employees dispatched overseas and its support plan. As at the end of 2022, the Company had nine employees dispatched to Galaxy International Holdings - CIMB.

In 2022, the Company selected 70 middle-level cadres, with an average age of 40, of whom cadres born between 1980 and 1990 accounted for 66%.



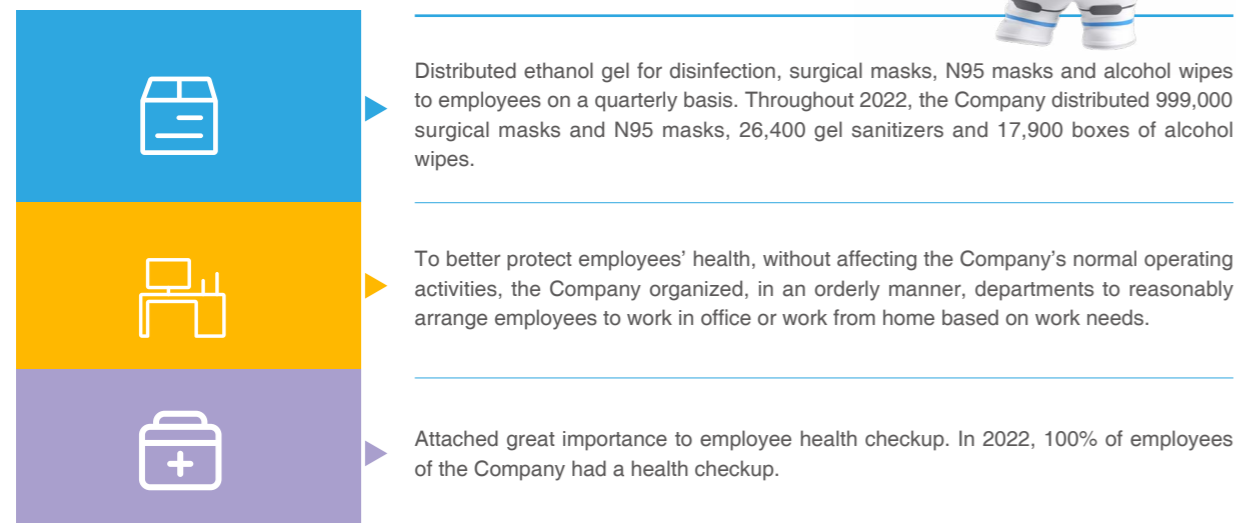
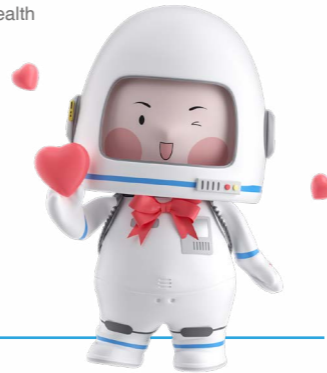
Caring employees

Employee health and safety

The Company is a financial enterprise and does not involve occupational hazard factors such as dust, noise and radioactive substances. The Company strictly follows *the Labor Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Control of Infectious Diseases* and relevant laws and regulations, attaches great importance to employees' physical and psychological health and safety, and is committed to providing a safe, healthy and harmonious working environment to employees by maintaining security in office spaces and protecting employees' physical health.



Measures taken by China Galaxy Securities to ensure employees' safety and health



China Galaxy Securities' main efforts to ensure employees' physical and psychological health in 2022¹

1: The relevant statistics is at the parent company level of China Galaxy Securities.

Employee care

The Company has treated employee needs as the starting point and ultimate goal of its work. It cares about employees' difficulties in life and attaches great importance to communication with employees. It strives to be a friend of employees.

In 2022, the Company held a variety of cultural and sports activities, advocated work-life balance, and strengthened employee care, to build a heartwarming workplace.



The Headquarters of the Company has set the "milk preparation room", which is equipped with a refrigerator and other relevant devices and provides a relaxing and lactation space for female employees during pregnancy or lactation period.



In 2022, the Company provided assistance to 900 employees with exceptional poverty and retirees, visited 77 sick and hospitalized employees, and congratulated 79 employees who got married or had a child.

Some of China Galaxy Securities' employee care actions

CASE

Holding 2022 series competitions and activities of literary and artistic works from employees

In 2022, the Company organized and held series competitions and activities of literary and artistic works themed by "Chinese Dream, Hard Work and Financial Contribution - Celebrate the 20th CPC National Congress and Make Contributions in the New Era" including online speeches, calligraphy and paintings, photography, micro videos, dancing, etc. A total of 223 works under five categories were received. The Company displayed excellent works and videos on the Employees' Cultural Corridor on the second floor of the Headquarters of the Company.



Employees' Calligraphy, Paintings and Photography Exhibition of the Labor Union of China Galaxy Securities

CASE

CGS-CIMB holds Employee Wellness Day



CGS-CIMB holds Employee Wellness Day

The Company's subsidiary CGS-CIMB pays attention to employees' physical and psychological health and dynamically integrates the ESG concept and employee benefits. It holds Employee Wellness Day at the Singapore office, which provides lectures on food science and nutrition, free health screening and gift packages of healthy fruits to employees, hoping that it would increase morale and enhance employees' sense of belonging to the Company while improving their awareness of a healthy lifestyle.

Green Development: Launching CGS Actions

China Galaxy Securities has applied the green development philosophy in depth and actively practiced the idea of responsible investment. While avoiding investment risks and creating economic benefit, the Company has improved the social benefit of investment, promoted the development of green finance and its own green operation with a strong sense of responsibility and sense of mission, promoting the country's work to achieve carbon peaking and carbon neutrality goals.



Per capita greenhouse gas
emissions
1.44 tons of CO₂ equivalent per person

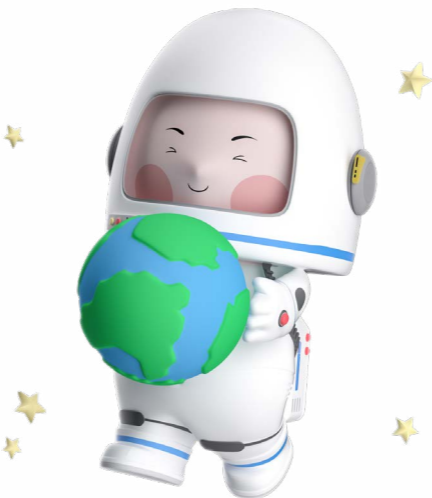
Underwrote the issuance of	with a total issue volume of RMB	amount of issued green bonds underwritten totaled RMB
30 new green bonds	73,386 million	4,017 million



Climate change mitigation and adaption

Climate change management system

Climate change and the Company's long-term stable development are highly related. The Company has included climate risk into all business decision-making procedures as a focus of attention, identified, analyzed and managed relevant risks according to the climate change related information disclosure framework formulated by the Task Force on Climate-Related Financial Disclosure (TCFD), and strengthened climate risk and opportunity management.



Governance	The Board of Directors is responsible for overall supervision of climate risk; the Audit Committee, as the decision-making and discussing body of ESG work, reviews strategies, goals and other major decisions relating to environmental protection, climate change and other aspects of sustainable development; the ESG working group is responsible to the Audit Committee and is responsible for implementing and promoting environmental policies and climate change related policies.
Strategy	The Company comprehensively analyzes and assesses the potential impacts of climate risk and opportunities on the Company and reduces risk and seizes opportunities through low-carbon operation, development of green finance, establishment of cooperation with climate change related industries.
Risk management	The Company identifies climate risk and opportunities relating to the Company and determines their materiality according to the TCFD framework.
Indicators and goals	The Company periodically discloses indicators like GHG emissions as well as energy conservation and emission reduction measures and corresponding achievements.

China Galaxy Securities' climate change management system

Climate-related risks and opportunities management

Climate-related risks/opportunities	Acute physical risks	Chronic physical risks	Policy and legal risks		Technological risks	Market opportunities	Resource efficiency	Adaptability
Description of risks and opportunities	<p>Drastic climate change such as typhoon and flood can cause extreme weather or natural disasters, which may affect the normal operation of the Company's business department, thus affecting the business implementation of the Company</p> <p>The Company's customers/investment targets may be affected by disasters and cannot do business normally, which can lead to decline in solvency or market</p>	<p>Long-term changes in natural modes such as rise in sea level and long-lasting hot weather may impact the normal operation of the Company</p> <p>As climate gradually deteriorates and the probability of occurrence of natural disasters may affect the market value of some customers/investment targets</p>	<p>The issuance of new environmental policies and stricter regulation can affect the normal operation of the Company's customers/investment targets. For example, carbon-intensive industries may be shut down and that will lead to decline in their solvency and market valuation</p> <p>The Company and its customers may face risks of being held legally accountable, being subject to regulatory measures, being given disciplinary punishment or having property loss or business reputation loss for failing to meet climate related policies or laws</p>		<p>During the technological transition toward low-carbon development, there may be major breakthroughs in energy conservation and environmental protection technologies such as renewable energy and new energy, so traditional energy/production technologies will be gradually phased out, which will affect the solvency and market valuation of some customers/investment targets that are unable to promptly update technologies</p>	<p>Against the backdrop of low-carbon economy, climate-friendly products and enterprises are becoming more favored by the market, so the market valuation of relevant investment targets may rise</p>	<p>Improving the utilization efficiency of resources like energy, water and materials during the operation of the Company can help reduce the resource expenditures of the Company</p>	<p>Actively establishing co-operation with climate change related industries or participating in communication with climate-related industries can help nurture adaptability to climate change, thus improving the Company's ability to respond to risks and seize opportunities</p>
Potential financial impact	<p>Operating income ↓ Value of investment portfolios ↓ Fixed assets ↓</p>	<p>Operating cost ↑ Value of investment portfolios ↓</p>	<p>Operating income ↓ Value of investment portfolios ↓</p>		<p>Operating income ↓ Value of investment portfolios ↓</p>	<p>Operating income ↑</p>	<p>Operating cost ↓</p>	<p>Operating income ↑ Operating cost ↓</p>
Countermeasures	<ul style="list-style-type: none">Established relatively complete emergency management measures, implemented the around-the-clock guard watch and accident information reporting policy, and prepared emergency equipment, in order to effectively reduce the impact of extreme weather on the operation of the Company	<ul style="list-style-type: none">Continuously tracked and monitored the impact of climate on commodity demand and supply and prices before investing in commodities and term businesses and in the management procedures during their duration, etc	<ul style="list-style-type: none">Paid close attention to possible adverse impacts on the Company's business in the implementation of carbon peak and carbon neutrality policies and took countermeasures in a timely manner		<ul style="list-style-type: none">For investment and financing business, used risk warning tools and the negative list management mechanism to strengthen pre-investment risk identification and post-investment continuous management of high-carbon objects of investment and financing.Regarding industries with high energy consumption and high carbon emissions such as coal and steel, set concentration risk limits and strengthened their tracking and monitoring	<ul style="list-style-type: none">Intensified financial support to green industries such as energy conservation and environmental protection, PV energy storage, clean energy, etc. (see 6.2 Developing green finance for details)	<ul style="list-style-type: none">Equipped water-saving/energy-saving appliances in office spacesPromoted paperless office and operationInstalled large trash cans to reduce the use of plastic bagsBuilt a green data center	<ul style="list-style-type: none">Established the carbon neutrality team and led a number of carbon peak and carbon neutrality related subject researchesEstablished the carbon peak and carbon neutrality innovation center to provide research and consulting services

Analysis of climate-related risks/opportunities and countermeasures taken by China Galaxy Securities

Developing green finance

China Galaxy Securities has implemented the green development philosophy in depth, actively practiced responsible investment, innovated in green financial products, provided research and consulting services, and conscientiously fulfilled corporate environmental opportunities.

Innovating in green financial products

Centering on the national green development strategy, the Company has allocated more resources to green finance, and actively explored innovation in products and service modes, so as to meet the diverse financing service needs of enterprises and projects and give full play to its role in connecting financial capital and the real economy.

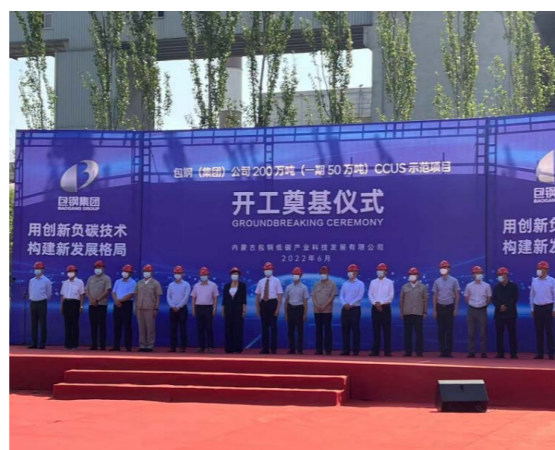
Highlights of China Galaxy Securities' innovation in green products in 2022

- Issued the first green medium-term notes in the National Pilot Zone of Reform and Innovation in Green Finance
- Underwrote the issuance of the first green auto installment asset-backed securities
- Helped promote the first CCUS project in the Inner Mongolia Autonomous Region
- Supported Bank of Beijing and Bank of China issuing two green bonds, with a total issue volume of RMB39 billion
- Supported Shandong Hi-speed Group successfully issuing USD500 million green bonds
- Established the CGS - Guiyang Public Transport Operating Charges Usufruct Green Asset-based Plan, which raised RMB470 million funds
- Launched the world's first low-carbon ETF that covers Asia Pacific and successfully got it listed on the Singapore Exchange and Shenzhen Stock Exchange. See the case titled *Achieving new breakthroughs in cooperation with ASEAN in cross-border ETF products* in this report for details.

CASE Helping Baogang Group launch the CCUS demonstration project

In 2022, the Company provided the comprehensive service solutions for carbon neutrality industry funds especially for Baogang Group, and pushed for the establishment of Baogang Low Carbon Company by Baogang Group and the carbon dioxide production increasing technology service provider Bezenith as well as the commencement of the 2 million tons of carbon capture, utilization and storage (CCUS) demonstration project. It is estimated that after the Phase I of the project is completed, it can reduce the emission of carbon dioxide by 365,300 tons a year.

The project is the first full-process, integrated CCUS project with an application closed-loop in the Chinese steel industry and is also the first CCUS project in the Inner Mongolia Autonomous Region. It helped effectively solve the difficult problems about "carbon capture and utilization".



Foundation stone laying ceremony of the Baogang Group CCUS demonstration project

CASE Underwriting the issuance of sustainability linked bonds by Huzhou City Group

In 2022, the Company, as lead underwriter and bookkeeper, helped Huzhou City Investment & Development Group Limited (hereinafter referred to as "Huzhou City Group") successfully complete bookkeeping of its sustainability linked bonds on the interbank market, with a bond issue volume of RMB3 billion. They were the first sustainability linked bonds from a prefecture-level city investment enterprise in China¹. It is a milestone in the development of the Chinese green bond market.

The coupon rate of the medium-term notes was linked to sustainability performance targets (SPT). If the issuer fails to achieve the target on the cumulative completed floor space of green buildings within the target year, the bond structure during duration will be adjusted and the coupon rate of the bonds during duration will be raised 25 bps on the basis of the original rate. If Huzhou City Group achieves corresponding SPT within the target year, the environmental benefits that the cumulative floor space of green buildings completed within the target year include saving 32,387 tons standard coal, reducing 85,503 tons carbon dioxide emissions, and saving 56,443 tons water resources.

Conducting green research and consulting

In terms of green research, the Company served as director unit and academic support unit of the Green Finance Committee of the Asian Financial Cooperation Association for the fourth year straight. It also established a green finance research team to conduct in-depth research on carbon neutrality, environmental protection, energy conservation, etc.



Green research

- Participated in the formulation of the ESG topic of the blue paper of listed companies of the Academy of Social Sciences
- Released ESG series investment research reports in Southeast Asia
- Led a number of carbon peak and carbon neutrality related subject researches, of which *Research on High-quality ESG Development of Listed Companies* and *Research on Practices of Digital Eco-platforms for Intelligent Compliant Transaction Services of Listed Companies* were included into the key research results and excellent research results of the China Association for Public Companies respectively in 2022.

Participation in industry sharing

- Held the communication meeting on ESG ratings with Hainan Green Finance Institute
- Held the 1st "Share Views on New Economy for a Win-win New Future" Investor Education Forum and shared ESG and green investment research results
- Held The Cooler Earth Sustainability Summit 2022

China Galaxy Securities' green research and participation in industry results sharing in 2022



CSG and CIMB jointly hold The Cooler Earth Sustainability Summit 2022

1: A sustainability linked bond is a bond that links bond terms and the issuer's sustainability goals. When the issuer achieves or fails to achieve the preset performance targets, bond terms (e.g., coupon rate or term) will change.

To further promote green, low-carbon development with professional carbon finance, in 2022 the Company's Hong Kong-based subsidiary Galaxy International Holdings established the carbon peak and carbon neutrality innovation center to conduct such business as research of carbon peak and carbon neutrality related industries, low carbon management consulting (including CCER/VCS and other domestic and international voluntary emission reduction development), innovation in carbon finance products, carbon finance training, etc., serve enterprises' low-carbon transformation needs, and promote interconnectivity of domestic and overseas carbon markets.

In 2022, Galaxy International acted as the financial advisor for the development of carbon assets for the "Comprehensive Utilization of Agricultural Organic Waste Project" in the Mainland, and completed the development of carbon assets for the client. The company will conduct green and low-carbon development research on the lake industry, carry out feasibility analysis on "enhancing the carbon sink storage capacity of lake systems", and provide clients with value-added service solutions for forestry carbon sink assets.

CASE Galaxy International helps Shunchang County in Fujian Province launch the "one-yuan carbon sink" project in Hong Kong

In December 2022, the government of Shunchang County, Fujian Province and Associated Engineers Ltd. (Hong Kong) ("AEL") signed the "one-yuan carbon sink" purchase and sale contract at the 2022 International Trade Fair on Environmental Protection in Hong Kong, according to which, AEL will purchase "one-yuan carbon sinks" from the government of Shunchang County to offset its carbon emissions and the funds from the subscription will be directly used to support Shunchang County's ecological protection, construction of public utilities and consolidation of achievements in poverty alleviation.

As the exclusive agency for overseas subscription of the project, Galaxy International actively assisted in the implementation of the "one-yuan carbon sink" project in Hong Kong and provided quality products for the Hong Kong enterprise to offset carbon emissions and improve ESG performance. The "one-yuan carbon sink" project is the first ecological poverty alleviation carbon sink sale project in China that participates in Hong Kong's voluntary carbon offset market. It is an innovative move of internationalization of the domestic carbon market and a vivid example of Galaxy International Holdings' serving the Hong Kong society and promoting green, low-carbon development through professional carbon finance services.



Helping Shunchang County in Fujian Province launch the "one-yuan carbon sink" project in Hong Kong

Promoting low-carbon operation

The Company is a low-energy-consuming, light-polluting financial enterprise that mainly conducts commercial office. It will not have significant impact on the natural environment or natural resources. The Company's daily resource consumption is mainly office electricity, gas used by official cars, tap water

and office paper and its emissions are mainly from carbon emissions generated by energy consumption, domestic wastewater, office and household waste generated in daily office work and other non-hazardous wastes. In 2022, the Company had no penalty on environmental protection.

In 2022, based on its operation realities, the Company made a commitment that it would control GHG emissions per unit area, power consumption per unit area and water consumption per unit area at a relatively low level and meanwhile, it would further improve source identification and statistics of wastes and strive to reduce the amount of non-hazardous and hazardous wastes.

Green operation measures taken by China Galaxy Securities

Water resource management	<ul style="list-style-type: none"> Pastes labels like "Save water" in water using areas and encourages water saving Equips induction faucets in the office building of the Company
Energy conservation and emission reduction	<ul style="list-style-type: none"> Uses timing switch system for lighting in public areas and adjusts the nighttime lighting time of buildings based on seasonable changes Optimizes the setting of air conditioning temperature and use time in public areas to reduce the frequency of utilization of air conditioners Encourages employees to take public transportation and advocates low-carbon mobility Adopt energy conservation setting in the office area, 24 water dispensers can save about 360 kWh electricity a day. In 2022, the Company saved over 130,000 kWh electricity.
Paper saving	<ul style="list-style-type: none"> Promotes paperless office and operation and encourages replacement of offline meetings with online meetings In 2022, the Company held a total of 373 online meetings, which effectively reduced carbon emissions while reducing the Company's meeting cost and improving efficiency of coordination.
Waste management	<ul style="list-style-type: none"> Equips large trash cans and increases the frequency of cleaning patrol to reduce the use of plastic bags. In 2022, the Company's total environmental protection funds for garbage clearance was RMB660,400¹ Selects professional recycling companies with relevant qualification to recycle office equipment consumables such as toner cartridges. The Company completed recycling of 100% of such consumables and reduced environmental pollution.

All the three data centers that are currently used by the Company are leased data centers. In 2022, the Company strengthened the management of the leased data centers and took such measures as installing energy-saving air conditioning equipment, using natural cold sources to replace mechanical cooling, upgrading cooling techniques and strengthening energy consumption detection to continue to increase the resource utilization efficiency of the data centers.

Name of data center	PUE in 2022 ²
Beijing TravelSky Data Center	1.70
Beijing Fufeng Road Data Center	1.21
Shanghai Jinqiao Data Center	1.38

PUE values of major leased data centers of China Galaxy Securities

1: The scope of data statistics includes China Galaxy Securities Headquarters, Galaxy Futures Headquarters, and 33 branches in Beijing and Shanghai.
2: The PUE values of the three leased data centers of the Company are estimated values and are average values of the year.

Fulfilling Responsibilities: Sending CGS Warmth

Practicing the new development philosophy and fulfilling social responsibilities are magnanimous acts that the securities industry should have in supporting high-quality development. China Galaxy Securities has actively responded to national strategies and participated in the action of the securities industry to support rural revitalization. While paying attention to its own development, the Company has fulfilled social responsibilities and deeply engaged in programs for public good.

Charity donations totaled RMB
7,415.0 thousand

Employee volunteer
service hours reached
9,024

Participants in public welfare
activities totaled
5,437 person-times



Promoting rural revitalization

The year 2022 was the year of consolidating and expanding the achievements of poverty eradication and rural revitalization to deepen the effective connection. The company deeply studied and implements the important discourse of General Secretary Xi Jinping on the implementation of rural revitalization strategy, conscientiously implemented the guiding opinions of China Securities Regulatory Commission and China Securities Association on rural revitalization assistance work, insisted on taking the assistance work as a political task and continuously promoted the assistance work to be effective.

In 2022, the CPC CGS Committee reviewed and deployed assistance work nine times in total, which provided funds, human resources support and organizational guarantee to assistance work.

In 2022, the Company provided **RMB6.5 million** assistance funds free of charge to Jingning County and introduced **RMB28.98 million** free assistance funds, including:

Financial assistance	<ul style="list-style-type: none"> Purchased insurance against return to poverty for three categories of individuals receiving subsistence allowances¹ and Categories I and II people receiving subsistence allowances in Jingning County, totaling 4,500 persons
Industry assistance	<ul style="list-style-type: none"> Wrote the Survey Report on Development of Apple Industry in Jingning County Set up the second phase of Industry Development Fund to promote healthy development of rural industries Implemented the apple "insurance + futures" project for five consecutive years, of which 38,900 tons will be covered in 2022, covering a planting area of 32,500 mu
Talent assistance	<ul style="list-style-type: none"> Dispatched 5 cadres on secondment and held rural revitalization training among 7,800 attendees in 333 villages in Jingning County
Assistance concerning people's wellbeing	<ul style="list-style-type: none"> Implemented the Light Up Villages project in Jingning County by installing more than 600 solar street lamps in villages and towns, which significantly improved the basic conditions in the rural area
Assistance through employment	<ul style="list-style-type: none"> Provided financial aid to the building of 10 demonstration bases of entrepreneurship by those returning home to start businesses in Jingning County, three labor intermediary agencies, and three skilled master's studios, which absorbed labor within the county, helped stabilize employment, and provided 5,836 jobs
Ecological assistance	<ul style="list-style-type: none"> Implemented the project of building demonstration villages of rural revitalization in Yangju Village, Jieshi Town, Jingning County and carried out comprehensive environmental governance of the village
Cultural assistance	<ul style="list-style-type: none"> Implemented the pilot project of ideological and moral education and public culture building in rural areas in nine villages in nine towns of Jingning County
Assistance through consumption	<ul style="list-style-type: none"> Mobilized employees to purchase local agricultural products instead of directly donating money. Purchased a total of RMB13,058,400 worth local agricultural products and helped sell RMB14.36 million agricultural products

1: The three categories of individuals receiving subsistence allowances refer to individuals who are likely to return to poverty alleviation, individuals who are at the edge of poverty, and individuals who have serious difficulties in basic living in Jingning.



Signing ceremony to purchase anti-poverty insurance



Installing solar street lights for the township



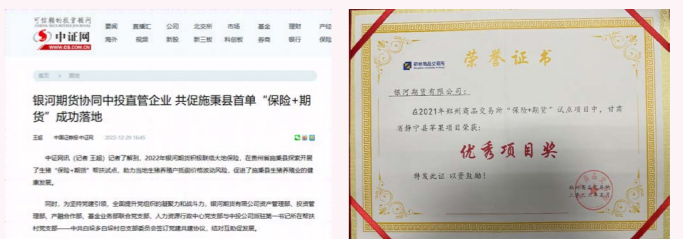
Assistance through employment



Assistance through consumption

Highlights of "insurance + futures" projects of China Galaxy Securities

Obtained the approval for the "insurance + futures" county-wide apple coverage project from Zhengzhou Commodity Exchange, which became the only assistance project in China that was implemented in the same place for five years straight or above. The total insurance premium of the project was **RMB20.025** million, and the project insured **39,000** tons of apples from **7,244** farmers with an insurance protection amount of **RMB330** million.



The "insurance + futures" apple project in Jingning County won Excellent Project Award of Zhengzhou Commodity Exchange

Successfully launched Gansu Province's largest "insurance + futures" corn as cattle feed project in Jingning County. With an insurance period of one month, the project insured a total of **27,900** tons of feed with a nominal principal of **RMB107** million and provided a premium of **RMB6.1** million in total.



Went to Shibing County to hold lectures, pay field visits, etc.

Carried out the "insurance + futures" live hog pilot project in Shibing County, Guizhou Province. Galaxy Futures donated all the premium. The project eased the problem of farmers who had insufficient funds.

Implemented the "insurance + futures" policy live hog farming benefit project in Fangchenggang City, Guangxi, upgraded the live hog profit insurance model comprehensively, and realized the advancement from the "single live hog price protection" model to the "live hog price and farming cost dual-protection" model, providing more comprehensive protection to small and medium-sized farmers with weak risk resistance capability

The "insurance + futures" live hog project in Haicheng City, Liaoning Province creatively introduced AI-based object identification to identify the quantity of live hogs and used intelligent electronic scales to monitor the weight and growth of live hogs at real time, which effectively solved problems in traditional live hog farming insurance such as difficulty in standard testing and low protection level and improved the quality and efficiency of rural revitalization services through technology empowerment.

Since 2016, Galaxy Futures has carried out more than **300** "insurance + futures" projects in more than **130** counties in **19** provinces across China, covering **300,000** agricultural operators and protecting the prices of **2,063,800** tons of agricultural products.

According to the 2021-2022 annual assessment of particular business of futures companies released by the China Futures Association, the Company ranked **1st** in the industry in terms of "insurance + futures" business.



Contributing to public undertakings

The Company has actively responded to social needs, fulfilled its social responsibilities as a state-owned financial enterprise, and practiced core socialist values. Being people-centric, the Company has helped those in distress and aided those in peril, made donations, given back to society and promoted social harmony.

In 2022, the Company further expanded public support areas to cover biodiversity, youth education, environmental protection, poverty alleviation, etc.



Galaxy-CIMB helps raise endangered animals in Zoo of Malaysia, including 16 Malayan peacock-pheasants and three lesser mouse deer



Galaxy-CIMB and three prestigious universities in Indonesia including University of Indonesia set up a scholarship



Galaxy-CIMB employee volunteers assist in the aquarium tour organized by the Indonesian Care for Cancer Kids Foundation



Galaxy-CIMB South Korea Branch participate in "Make Recycle Bags" held by Happy People Cooperation



Galaxy Futures holds an employee charity donation



Key Quantitative Performance Indicators

Economic Performance Indicators				
Indicator	Unit	2020	2021	2022
Total revenue of major business	RMB	23,749,151,575.19	35,983,985,285.28	33,641,993,399.99
Total profit	RMB	9,156,734,047.07	12,791,012,234.77	7,970,866,785.38
Total assets	RMB	445,730,215,827.42	560,135,032,623.76	625,215,724,194.40
Basic earnings per share	RMB	0.71	0.97	0.70
Social contribution per share	RMB	—	—	2.48

Note: [Calculation method] Social contribution per share = Basic earnings per share+(tax paid to the state during the year + salaries paid to employees + interest on borrowings paid to banks and other creditors + value created for other stakeholders, e.g. donations - other social costs due to environmental pollution)/total number of shares of the Company.

Environmental Performance Indicators				
Indicator	Unit	2020	2021	2022
Total greenhouse gas emissions (Scope 1 and Scope 2)	ton of CO ₂ equivalent	25,156.15	17,811.86	18,996.27
Greenhouse gas emissions (Scope 1)	ton of CO ₂ equivalent	630.35	660.31	652.07
Greenhouse gas emissions (Scope 2)	ton of CO ₂ equivalent	24,525.80	17,151.55	18,344.20
Per capita total Greenhouse gas emissions per person (Scope1 and Scope 2)	ton of CO ₂ equivalent /person	2.18	1.41	1.44
Natural gas consumption	m ³	20,600.00	61,400.00	44,135.93
Natural gas consumption per person	m ³ /person	1.78	4.85	3.35
Petrol consumption of the Company's vehicles	litre	264,000.00	234,000.00	202,631.38
Diesel consumption of the Company's vehicles	litre	2,929.34	5,240.24	4,567.00
Total electricity consumption	kWh	28,206,510.00	29,374,130.00	32,124,293.61
Electricity consumption per person	kWh/person	2,440.00	2,820.00	2,440.13
Total water consumption	ton	125,400.00	128,000.00	104,757.53
Water consumption per person	ton/person	10.86	10.11	7.96

Note 1: The data covers the same caliber as consolidated financial statements of the annual report of China Galaxy Securities.

Note 2: Greenhouse gas (Scope 1) for 2020 and 2021 are calculated in accordance with the 2006 IPCC Guidelines for National Greenhouse Gas Inventories published by the Intergovernmental Panel on Climate Change (IPCC), and for 2022, in accordance with the Hong Kong Stock Exchange guidance document How to Prepare Environmental, Social and Governance Report Appendix II: Guidelines for Reporting Environmental Key Performance Indicators (March 25, 2022).Guidelines on enterprises greenhouse gas emissions accounting and reporting -Power generation facilities(2022) by Ministry of Ecology and Environment of the PRC and China Energy Statistical Yearbook 2021(2022) by National Bureau of Statistics

Note 3: Greenhouse gas (Scope 2) for the Company's headquarters and domestic subsidiaries is calculated in accordance with the Ministry of Ecology and Environment's Notice on the Management of Greenhouse Gas Emissions Reporting by Enterprises in the Power Generation Industry from 2023 to 2025, while indirect greenhouse gas (scope 2) for overseas subsidiaries is calculated in accordance with How to Prepare Environmental, Social and Governance Reports - Appendix II: Reporting Guidelines on Environmental Key Performance Indicators (March 25, 2022), L March 25), LowCarbonPower website <https://lowcarbonpower.org/zh/>.

Waste Management Performance Indicators ¹			
Indicator		Unit	2022
Total hazardous waste produced		ton	0.5
Hazardous waste ²	Toner cartridge	ton	0.5
	Ink cartridge	item	113
	Discarded electronic products	item	0
Total non-hazardous waste produced		ton	262.56
Non-hazardous waste	Office paper ³	ton	16.16
	Food waste	ton	33.36
	Domestic waste	ton	213.00

Note 1: The data of waste management performance covers the headquarters of China Galaxy Securities.

Note 2: The data of hazardous waste is estimated from the purchased amount in 2022, the headquarters bought 462 toner cartridges and 113 ink cartridges. No electronic equipment was scrapped in 2022.

Note 3: The data of office paper waste in 2022 is estimated from the purchased amount of the headquarters.

Social Performance indicators / Employment Performance Indicators ¹			
Indicator		Unit	2022
Total number of employees		person	13,165
By gender	Male	person	6,987
	Female	person	6,178
By employment type	Full-time contract employee	person	13,165
	Other employment type	person	187
By age	>50	person	1,666
	30-50	person	8,387
	<30	person	3,112
By region	Mainland China	person	10,936
	Hong Kong, Macao, Taiwan and overseas	person	2,229
By education degree	Doctor	person	108
	Master	person	3,063
	Bachelor	person	8,284
	Junior college and below	person	1,710

Social Performance indicators / Employment Performance Indicators ¹			
Indicator		Unit	2022
Turnover rate ²		%	13
Of which:			
Account manager turnover rate (by total number of employees)		%	6.43
By gender	Male	%	14.56
	Female	%	11.23
By age	>50	%	9.12
	30-50	%	10.02
	<30	%	23.10
By region	Mainland China	%	12.07
	Hong Kong, Macao, Taiwan and overseas	%	17.54
Discrimination incident		case	0
Number of working days lost due to Occupational injury		day	0

Note 1: The data covers the same caliber as consolidated financial statements of the annual report of China Galaxy Securities. The calculation of the Company's employee turnover rate includes the number of account managers who left the company.

Note 2: [Calculation method] Turnover rate of a particular type of staff= loss number of such type of staff during the year / number of such type of staff at the end of the year.

Social Performance indicators / Employee Training Performance Indicators					
Indicator		Unit	2020	2021	2022
Total training expenses		RMB10,000	559.9	789	506.67
Employee training attendance		participant	5,114	37,641	23,793
Of which:	Coordinated training at company level	session	3	20	30
		participant	85	1,328	4,691
	Training at business department level	session	39	63	30
		participant	1,296	28,359	19,102
Total employee training hours		hour	—	—	230,969.99
Employee training coverage rate		%	—	—	86.54
By gender	Male	%	—	—	86.25
	Female	%	—	—	86.87
Average training hours per employee for each year		hour	—	—	17.54
By gender	Male	hour	—	—	18.04
	Female	hour	—	—	16.99

Note: The data covers the same caliber as consolidated financial statements of the annual report of China Galaxy Securities. Total employee training hours, coverage rate and average training duration presented are online training performance.

Social Performance indicators / Customer Service Performance Indicators			
Indicator	Unit	2021	2022
Number of complaints received about products and services	item	316	382
Complaint handling rate	%	100	100
Complaint handling completion rate	%	82.00	99.74
Satisfaction rate of customer complaint handling	%	91.91	83.87
Satisfaction rate of return visit of new customers	%	97.84	99.18
Number of incidents of violation of regulations regarding customer privacy protection	item	0	0

Note: The data covers the same caliber as consolidated financial statements of the annual report of China Galaxy Securities.

Social Performance Indicators / Community Investment Performance Indicators		
Indicator	Unit	2022
Number of staff participated in volunteering	person-times	5,437
Total employee volunteer service duration	hour	9,024
Total donation	RMB10,000	741.5
Rural revitalization input	RMB10,000	650

Note: The data covers the same caliber as consolidated financial statements of the annual report of China Galaxy Securities.

Governance Performance / Anti-corruption Performance Indicators			
Indicator	Unit	2021	2022
Number of directors and employees covered by anti-corruption trainings	person-times	12,655	10,470
Number of concluded legal cases regarding corrupt practices	case	0	0

Note: The data covers the same caliber as consolidated financial statements of the annual report of China Galaxy Securities.

Report Index

Index to the ESG Reporting Guidelines of the Hong Kong Stock Exchange

Aspects, General Disclosures and KPIs	Sections
Part B: Mandatory disclosure requirements	
Mandatory Disclosure of Governance Structure	ESG Statement by the Board ESG Philosophy
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Reporting Scope	About the Report
Part C: The “comply or explain” provision	
Subject Area A. Environmental	
Aspect A1: Emissions	
General Disclosure A1	Promoting low-carbon operation
KPI A1.1	Key Quantitative Performance Indicators
KPI A1.2	Key Quantitative Performance Indicators
KPI A1.3	Key Quantitative Performance Indicators
KPI A1.4	Key Quantitative Performance Indicators
KPI A1.5	Promoting low-carbon operation
KPI A1.6	Promoting low-carbon operation
Aspect A2: Use of Resources	
General Disclosure A2	Promoting low-carbon operation
KPI A2.1	Key Quantitative Performance Indicators
KPI A2.2	Key Quantitative Performance Indicators
KPI A2.3	Promoting low-carbon operation
KPI A2.4	Promoting low-carbon operation
KPI A2.5	The Company’s products are financial products which are not applicable for this indicator
Aspect A3: The Environment and Natural Resources	
General Disclosure A3	Promoting low-carbon operation
KPI A3.1	Promoting low-carbon operation

Aspects, General Disclosures and KPIs	Sections
Aspect A4: Climate Change	
General Disclosure A4	Climate Change Mitigation and Adaptation
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KPI B2.1	Key Quantitative Performance Indicators
KPI B2.2	Key Quantitative Performance Indicators
KPI B2.3	Caring employees
Aspect B3. Development and Training	
General Disclosure B3	Empowering talent development
KPI B3.1	Key Quantitative Performance Indicators
KPI B3.2	Key Quantitative Performance Indicators
Aspect B4. Labour Standards	
General Disclosure B4	Safeguarding employees’ rights and interest
KPI B4.1	Safeguarding employees’ rights and interest
KPI B4.2	Safeguarding employees’ rights and interest
Subject Area B. Social Operating Practices	
Aspect B5. Supply Chain Management	
General Disclosure B5	Promoting a clean style of work
KPI B5.1	Promoting a clean style of work
KPI B5.2	Promoting a clean style of work
KPI B5.3	Promoting a clean style of work
KPI B5.4	Promoting a clean style of work

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

Aspects, General Disclosures and KPIs		Sections
Aspect B6. Product Responsibility		
General Disclosure B6		Safeguarding customers' rights and interests
KPI B6.1		The Company's products are financial products only and do not involve product recycling
KPI B6.2		Safeguarding customers' rights and interests Key Quantitative Performance Indicators
KPI B6.3		Consolidating Compliant Operation
KPI B6.4		The Company's products are financial products only and do not involve product recycling
KPI B6.5		Safeguarding customers' rights and interests
Aspect B7. Anti-corruption		
General Disclosure B7		Consolidating Compliant Operation Promoting a clean style of work
KPI B7.1		Consolidating Compliant Operation Promoting a clean style of work
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Aspect B8. Community Investment		
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KPI B8.1		Promoting rural revitalization Contributing to public undertakings Key Quantitative Performance Indicators
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	Consolidating compliant operation Promoting a clean style of work
	About Us ESG management
	Requirements have been met
	Requirements have been met
	Theme: Pooling CGS's resources to serve national strategies Improving corporate governance Safeguarding customers' rights and interests Safeguarding employees' rights and interest Promoting low-carbon operation Promoting rural revitalization Contributing to public undertakings
8.2	
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8.7	Safeguarding employees' rights and interest
8.8	Promoting low-carbon operation
8.9	Requirements have been met
8.10	Not applicable
8.11	Not applicable
8.12	Not applicable
8.13	Not applicable
8.14	Safeguarding employees' rights and interest Empowering talent development Caring employees
8.15	Requirements have been met

GRI Standards Content Index

Statement of use China Galaxy Securities has reported the information cited in this GRI content index for the period from 2022.1.1 to 2022.12.31 with reference to the GRI Standards.

GRI 1 used GRI 1: Foundation 2021

GRI STANDARD DISCLOSURE	LOCATION
GRI 2: General Disclosures 2021	
2-1	About Us
2-2	About the Report
2-3	About the Report
2-4	About the Report
2-5	Independent Third-party Attestation Report
2-6	About Us
2-7	Safeguarding employees' rights and interest Key Quantitative Performance Indicators
2-8	Safeguarding employees' rights and interest Key Quantitative Performance Indicators
2-9	Improving corporate governance
2-12	ESG management
2-13	ESG management
2-14	ESG Statement by the Board ESG management
2-16	Communication with stakeholders
2-17	ESG management
2-18	China Galaxy Securities Co., Ltd. 2022 Annual Report
2-22	ESG Statement by the Board
2-27	Consolidating compliant operation Promoting a clean style of work
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GRI STANDARD DISCLOSURE	LOCATION
GRI 3: Material issues 2021	
3-1	Materiality Analysis
3-2	Materiality Analysis
3-3	Materiality Analysis
GRI 201: Economic Performance 2016	
201-1	Key Quantitative Performance Indicators
201-2	Climate Change Mitigation and Adaptation
GRI 203: Indirect Economic Impacts 2016	
203-1	Theme: Pooling CGS's resources to serve national strategies Serving the real economy
203-2	Promoting inclusive finance Promoting rural revitalization Contributing to public undertakings
GRI 205: Anti-corruption 2016	
205-1	Promoting a clean style of work
205-2	Promoting a clean style of work
205-3	Key Quantitative Performance Indicators
GRI 302: Energy 2016	
302-1	Key Quantitative Performance Indicators
302-2	Key Quantitative Performance Indicators
302-3	Key Quantitative Performance Indicators
302-4	Key Quantitative Performance Indicators

GRI STANDARD DISCLOSURE	LOCATION
GRI 303: Water and Effluents 2018	
303-5	Key Quantitative Performance Indicators
GRI 305: Emissions 2016	
305-1	Key Quantitative Performance Indicators
305-2	Key Quantitative Performance Indicators
305-4	Key Quantitative Performance Indicators
GRI 306: Waste 2020	
306-1	Promoting low-carbon operation
306-2	Promoting low-carbon operation
306-3	Promoting low-carbon operation Key Quantitative Performance Indicators
GRI 308: Supplier Environmental Assessment 2016	
308-1	Supplier management
308-2	Supplier management
GRI 401: Employment 2016	
401-1	Key Quantitative Performance Indicators
401-2	Safeguarding employees' rights and interest
401-3	Safeguarding employees' rights and interest
GRI 403: Occupational Health and Safety 2018	
403-3	Caring employees
403-4	Caring employees

GRI STANDARD DISCLOSURE	LOCATION
GRI 403: Occupational Health and Safety 2018	
403-5	Caring employees
403-6	Caring employees
GRI 404: Training and Education 2016	
404-1	Key Quantitative Performance Indicators
404-2	Empowering talent development
GRI 405: Diversity and Equal Opportunity 2016	
405-1	Improving corporate governance Safeguarding employees' rights and interest
GRI 406: Non-discrimination 2016	
406-1	Safeguarding employees' rights and interest
GRI 414: Supplier Social Assessment 2016	
414-1	Supplier management
414-2	Supplier management
GRI 417: Marketing and Labeling 2016	
417-1	Safeguarding employees' rights and interest
417-2	Safeguarding employees' rights and interest
417-3	Safeguarding employees' rights and interest
GRI 418: Customer Privacy 2016	
418-1	Safeguarding employees' rights and interest

Basis of Key Data Compilation

Number of Directors (person):

The term disclosed herein refers to the number of directors of the board of China Galaxy Securities as of the reporting date.

Number of female Directors at the Board level (person):

The term disclosed herein refers to the number of female directors of the board of China Galaxy Securities as of the reporting date. It is determined according to the list of directors, supervisors and senior managers disclosed in 2022 Annual Report of China Galaxy Securities, by counting persons with title of director and with gender of female in the list.

Number of Board meetings (account):

The term disclosed herein refers to the total number of board meetings during the reporting period. It is determined according to the list of board meetings disclosed in 2022 Annual Report of China Galaxy Securities.

Number of Supervisory Committee meetings (account):

The term disclosed herein refers to the total number of supervisory committee meetings during the reporting period. It is determined according to the list of supervisory committee meetings disclosed in 2022 Annual Report of China Galaxy Securities.

Number of general meetings (account):

The term disclosed herein refers to the total number of General Meeting during the reporting period.

Percentage of female executives (%):

The term disclosed herein refers to the proportion of female directors, supervisors and senior managers of China Galaxy Securities as of the reporting date. It is determined according to the list of directors, supervisors and senior managers disclosed in 2022 Annual Report of China Galaxy Securities, by counting persons with gender of female in the list.

Sessions of anti-money laundering training (account):

The term disclosed herein refers to Anti-money laundering training sessions for directors, supervisors, all employees, new employees, personnel in anti-money laundering positions, auditors, business personnel, etc. according to the Anti-Money Laundering of the People's Republic of China, Regulations on Anti-Money Laundering of Financial Institutions, special anti-money laundering and Anti-Terrorism Financing Management System of China Galaxy Securities and special anti-money laundering system of business lines of China Galaxy Securities. The scope of statistics includes headquarters and all subsidiaries

Number of suppliers (account):

The term disclosed herein refers to the total number of suppliers involved in the procurement of China Galaxy Securities according to the Government Procurement Law of the People's Republic of China, the Law of the People's Republic of China on Tendering and Bidding, the Procurement Management System of China Galaxy Securities Co., Ltd. and the Centralized Procurement Management Measures of China Galaxy Securities Co., Ltd., etc. as of the end of reporting period. The scope of statistics includes headquarters and all subsidiaries

Number of new brokerage customers (10,000 account):

The term disclosed herein refers to the number of brokerage customers whose account opening date is within the reporting period. Brokerage customers is determined in accordance with China Securities Regulatory Commissions Appendix 1: Measures on the Administration of Securities Companies based on the company's Client Management System. The scope of statistics includes headquarters and all subsidiaries.

Accounts opened online (10,000 account):

The term disclosed herein refers to the number of brokerage customers whose account opening date is in the report period and account opening method is online self-service account opening according to the company's Client Management System. The scope of statistics includes headquarters and all subsidiaries. Brokerage customers is determined in accordance with China Securities Regulatory Commissions Appendix 1: Measures on the Administration of Securities Companies based on the company's Client Management System.

Percentage of accounts opened online to total new accounts opened (%):

The term disclosed herein refers to the ratio of the number of new brokerage customers' accounts opened online to the number of the total new brokerage customers. The scope of statistics includes headquarters and all subsidiaries. Brokerage customers is determined in accordance with China Securities Regulatory Commissions Appendix 1: Measures on the Administration of Securities Companies based on the company's Client Management System.

Active users of China Galaxy Securities App (10,000 persons):

The term disclosed herein refers to the number of active users of the mobile wealth management terminal of China Galaxy Securities APP in accordance with relevant laws and regulations (the Measures for the Management of Internet Information Services, the Rules for the Implementation of the Digital Financial Business Management and the Rules for the Implementation of the Internet Information Operation Management of China Galaxy Securities Co., LTD)., during the reporting period. The scope of statistics includes headquarters and all subsidiaries

Total amount of issued green bonds underwritten (RMB 100 million):

The term disclosed herein refers to the actual underwriting amount of the two green bonds issued by Bank of Beijing Co., Ltd. and Bank of China Co., Ltd. assisted by China Galaxy Securities during the reporting period.

Assistance funds free of charge (RMB 10,000):

The term disclosed herein refers to the non-reimbursable assistance funds invested by China Galaxy Securities in Jingning County during the reporting period in response to General Secretary Xi Jinping's Rural Revitalisation Strategy and the implementation of the Guidance on Financial Services for Rural Revitalisation jointly issued by the People's Bank of China, the CBRC, the SFC, the Ministry of Finance and the Ministry of Agriculture and Rural Affairs. The scope of statistics includes headquarters and all subsidiaries.

Free assistance funds introduced (RMB 10,000):

The term disclosed herein refers to the non-repayable assistance funds introduced by China Galaxy Securities for Jingning County during the reporting period in response to General Secretary Xi Jinping's Rural Revitalisation Strategy and the implementation of the Guidance on Financial Services for Rural Revitalisation jointly issued by the People's Bank of China, the CBRC, the SFC, the Ministry of Finance and the Ministry of Agriculture and Rural Affairs. The scope of statistics includes headquarters and all subsidiaries

Social contribution per share (RMB):

The term disclosed herein refers to the value-added per share created for the society calculated based on the basic earnings per share created by the Bank for shareholders, adding the value created by the Bank for other stakeholders during the reporting period, such as taxes paid by the Bank for the state, wages paid to employees, loan interest paid to creditors and total external donations, and deducting other costs derived from environmental pollution according with Item 4 of the Notice on Strengthening the Work of Social Responsibility of Listed Companies and Issuing Guidelines on Environmental Information Disclosure of Listed Companies in Shanghai Stock Exchange issued on May 14, 2008 by the end of the reporting period. The scope of statistics includes headquarters and all subsidiaries

Total greenhouse gas emissions (Scope 1 and Scope 2) (tons of CO2 equivalent):

The term disclosed herein refers to the sum of greenhouse gas emissions (Scope 1) and greenhouse gas emissions (Scope 2) during the reporting period. The scope of statistics includes headquarters and all subsidiaries.

Greenhouse gas emissions (Scope 1) (tons of CO2 equivalent):

The term disclosed herein refers to the greenhouse gas emissions of China Galaxy Securities from the consumption of natural gas, owned vehicle diesel and owned vehicle gasoline during the reporting period. The accounting standard is the Hong Kong Stock Exchange guideline How to prepare for environmental, social and governance reporting-appendix 2: environmental key performance indicators reporting guidelines(March 25 2022) andthe Notice on Issuing the Guidelines for Accounting and Reporting of Greenhouse Gas Emissions by Enterprises - Power Generation Facilities and the Technical Guidelines for Verification of Greenhouse Gas Emissions by Enterprises - Power Generation Facilities issued by the Ministry of Ecology and Environment. The scope of statistics includes headquarters and all subsidiaries.

Greenhouse gas emissions (Scope 2) (tons of CO2 equivalent):

The term disclosed herein refers to the greenhouse gas emissions caused by the electricity purchased by China Galaxy Securities during the reporting period. For the calculation of power emission factors of the company's headquarters and domestic molecular companies, refer to the Notice on the Report and Management of Greenhouse Gas Emission of Enterprises in the Power Generation Industry from 2023 to 2025 issued by the Ministry of Ecology and Environment. And for the calculation of overseas subsidiary, refer to the How to prepare for environmental, social and governance reporting-appendix 2: environmental key performance indicators reporting guidelines(March 25 2022) and the website <https://lowcarbonpower.org/zh/>. The scope of statistics includes headquarters and all subsidiaries.

Greenhouse gas emissions per person (Scope1 and Scope 2) (tons of CO2 equivalent/person):

The term disclosed herein refers to the data obtained by dividing the total greenhouse gas emissions (Scope1 and Scope 2) by the total number of employees (Please refer to the KPI: number of employees) at the end of the report period. The scope of statistics includes headquarters and all subsidiaries.

Natural gas consumption (m3):

The term disclosed herein refers to the total amount of natural gas consumed by China Galaxy Securities during the reporting period. The scope of statistics includes headquarters and all subsidiaries. It is calculated basing on natural gas consumption amount based on the invoices from the suppliers during the reporting period.

Natural gas consumption per person (m3/person):

The term disclosed herein refers to the data obtained by dividing the total natural gas consumption by the total number of employees. The scope of statistics includes headquarters and all subsidiaries.

Petrol consumption of the Company's vehicles (L):

The term disclosed herein refers to the gasoline consumption of China Galaxy Securities owned vehicles during the reporting period. The scope of statistics includes headquarters and all subsidiaries. It is calculated based on the petrol consumption amount on the invoices from the suppliers during the reporting period.

Diesel consumption of the Company's vehicles (L):

The term disclosed herein refers to the diesel consumption of China Galaxy Securities owned vehicles during the reporting period. The scope of statistics includes headquarters and all subsidiaries. It is calculated based on the diesel consumption amount on the invoices from the suppliers during the reporting period.

Total electricity consumption (kWh):

The term disclosed herein refers to the total amount of electricity purchased by China Galaxy Securities during the reporting period. The scope of statistics includes headquarters and all subsidiaries.

Electricity consumption per person (kWh / person):

The term disclosed herein refers to the data obtained by dividing the total electricity consumption by the total number of employees. The scope of statistics includes headquarters and all subsidiaries.

Total water consumption (tons):

The term disclosed herein refers to the total water consumption of China Galaxy Securities during the reporting period. The scope of statistics includes headquarters and all subsidiaries.

Water consumption per person (tons / person):

The term disclosed herein refers to the data obtained by dividing the total water consumption by the total number of employees. The scope of statistics includes headquarters and all subsidiaries.

Total number of employees (person):

The term disclosed herein refers to the total number of full-time contract employees of China Galaxy Securities by the end of the reporting period according to the record of the company's human resource management system. The scope of statistics includes headquarters and all subsidiaries.

Total number of male employees (person):

The term disclosed herein refers to the total number of male full-time contract employees of China Galaxy Securities according to the record of the company's human resource management system based on the official identification document of the employee at the end of the reporting period. The scope of statistics includes headquarters and all subsidiaries.

Total number of female employees (person):

The term disclosed herein refers to the total number of female full-time contract employees of China Galaxy Securities according to the record of the company's human resource management system based on the official identification document of the employee by the end of the reporting period. The scope of statistics includes headquarters and all subsidiaries.

Employee turnover rate (%):

The term disclosed herein refers to the proportion of the total number of employees who terminated labor contract with the company according to the record of the company's Human resource management system during the reporting period to the total number of employees. The scope of statistics includes headquarters and all subsidiaries.

Account manager turnover rate (by total number of employees) (%):

The term disclosed herein refers to the proportion of the total number of account managers who quit the company during the reporting period to the total number of employees at the end of the reporting period. The scope of statistics includes headquarters and all subsidiaries.

Turnover rate of male employees (%):

The term disclosed herein refers to the proportion of the total number of male employees who quit during the reporting period to the total number of male employees at the end of the reporting period. The scope of statistics includes headquarters and all subsidiaries.

Turnover rate of female employees (%):

The term disclosed herein refers to the proportion of the total number of female employees who quit during the reporting period to the total number of female employees at the end of the reporting period. The scope of statistics includes headquarters and all subsidiaries.

Number of directors and employees covered by anti-corruption trainings (person-time):

The term disclosed herein refers to the number of times that directors and employees attended the issued training courses such as Practicing Professional Ethics and Upholding Clean Practice, 2022 Securities Practitioners' Practice Behavior Compliance Training, and Personal Investment Behavior, Information Wall and Clean Practice Management Examination released and organized by online "Galaxy School" of China Galaxy Securities in accordance with the requirements of China Galaxy Securities' Model of Anti-Commercial Bribery Standard Clauses during the report period. The scope of statistics includes headquarters and all subsidiaries.

Total new course duration of the learning platform (hours):

The term disclosed herein refers to the duration of the newly listed courses on the platform operated by "Galaxy School" of China Galaxy Securities during the reporting period. The scope of statistics includes headquarters and all subsidiaries.

Number of courses on the learning platform by the end of 2022 (account):

The term disclosed herein refers to the cumulative number of courses issued by the online "Galaxy School" of China Galaxy Securities by the end of the report period. The scope of statistics includes headquarters and all subsidiaries.

Total course duration of the learning platform (accumulated) (hours):

The term disclosed herein refers to the cumulative course duration of the online "Galaxy School" of China Galaxy Securities by the end of the report period. The scope of statistics includes headquarters and all subsidiaries.

Number of complaints received about products and services (account):

The term disclosed herein refers to the number of complaints about products and services received by the Customer Contact Centre of China Galaxy Securities during the reporting period. The number of complaints is measured in accordance with China Securities Regulatory Commission's Provisions on Strengthening the Management of the Securities Brokerage Business issued in 2010.

Complaint handling rate (%):

The term disclosed herein refers to the ratio of the number of complaints resolved by the Customer Contact Centre of China Galaxy Securities to the number of complaints received about products and services during the reporting period. The number of complaints is measured in accordance with China Securities Regulatory Commission's Provisions on Strengthening the Management of the Securities Brokerage Business issued in 2010.

Complaint handling completion rate (%):

The term disclosed herein refers to the ratio of the number of complaints completed to the number of complaints received by the Customer Contact Centre of China Galaxy Securities by the end of the reporting period.

Satisfaction rate of customer complaint handling (%):

The term disclosed herein refers to the ratio of the number of complaints handled by the Customer Contact Center of China Galaxy Securities as "satisfactory" to the total number of service evaluations as "satisfactory, average and unsatisfactory" by the end of the report period.

Third-party Independent Assurance Report



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Independent accountant's assurance report

安永华明(2023)专字第61517561_A09号
China Galaxy Securities Co., Ltd.

To the Board of Directors of China Galaxy Securities Co., Ltd.:

Scope
We have been engaged by China Galaxy Securities Co., Ltd. (the "China Galaxy Securities") to perform a limited assurance engagement, as defined by International Standards on Assurance Engagements, here after referred to as the engagement, to report on the China Galaxy Securities identified subject matter in the 2022 Social Responsibility and ESG Report (the "Subject Matter") as of 31 December 2022 and for the year ended 31 December 2022.

- Subject Matter**
- Number of Directors (person)
 - Number of female Directors at the Board level (person)
 - Number of Board meetings (account)
 - Number of Supervisory Committee meetings (account)
 - Number of general meetings (account)
 - Percentage of female executives (%)
 - Sessions of anti-money laundering training (account)
 - Number of suppliers (account)
 - Number of new brokerage customers (10,000 account)
 - Accounts opened online (10,000 account)
 - Percentage of accounts opened online to total new accounts opened (%)
 - Active users of China Galaxy Securities App (10,000 persons)
 - Total amount of issued green bonds underwritten (RMB 100 million)
 - Assistance funds free of charge (RMB 10,000)
 - Free assistance funds introduced (RMB 10,000)
 - Social contribution per share (RMB)
 - Total greenhouse gas emissions (Scope 1 and Scope 2) (tons of CO₂ equivalent)
 - Greenhouse gas emissions (Scope 1) (tons of CO₂ equivalent)
 - Greenhouse gas emissions (Scope 2) (tons of CO₂ equivalent)
 - Greenhouse gas emissions per person (Scope1 and Scope 2) (tons of CO₂ equivalent/person)
 - Natural gas consumption (m³)
 - Natural gas consumption per person (m³/person)
 - Petrol consumption of the Company's vehicles (L)
 - Diesel consumption of the Company's vehicles (L)
 - Total electricity consumption (kWh)
 - Electricity consumption per person (kWh / person)
 - Total water consumption (tons)
 - Water consumption per person (tons / person)
 - Total number of employees (person)
 - Total number of male employees (person)



- Total number of female employees (person)
- Employee turnover rate (%)
- Account manager turnover rate (by total number of employees) (%)
- Turnover rate of male employees (%)
- Turnover rate of female employees (%)
- Number of directors and employees covered by anti-corruption trainings (person-time)
- Total new course duration of the learning platform (hours)
- Number of courses on the learning platform by the end of 2022 (account)
- Total course duration of the learning platform (accumulated) (hours)
- Number of complaints received about products and services (account)
- Complaint handling rate (%)
- Complaint handling completion rate (%)
- Satisfaction rate of customer complaint handling (%)

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the 2022 Social Responsibility and ESG Report, and accordingly, we do not express a conclusion on this information.

Criteria applied by China Galaxy Securities
In preparing the Subject Matter, China Galaxy Securities applied the criteria set out in the "Guidelines of the Report" within the "Introduction" and the "Basis of Key Data Compilation" in the 2022 Social Responsibility and ESG Report (the "Criteria").

China Galaxy Securities' responsibilities
China Galaxy Securities' management is responsible for selecting the Criteria, and for presenting the Subject Matter in accordance with the Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the Subject Matter, such that it is free from material misstatement, whether due to fraud or error.

EY's responsibilities
Our responsibility is to express a conclusion on the presentation of the Subject Matter as of 31 December 2022 and for the year then ended in the 2022 Social Responsibility and ESG Report based on the evidence we have obtained.

We conducted our engagement in accordance with International Standard on Assurance Engagements 3000 (Revised): Assurance Engagements Other than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Board and the terms of reference for this engagement as agreed with China Galaxy Securities. Those standards require that we plan and perform our engagement to obtain limited assurance about whether, in all material respects, the Subject Matter in the 2022 Social Responsibility and ESG Report is presented in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusions.





Our independence and quality control
We have maintained our independence and confirm that we have met the requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, and have the required competencies and experience to conduct this assurance engagement.

EY also applies International Standard on Quality Control 1, Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Description of Procedures performed
Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls. Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the Subject Matter and related information, and applying analytical and other appropriate procedures.

- Our procedures was performed at the Head Office of China Galaxy Securities, which included:
- 1) Conducted interviews with personnel to understand the business and reporting process of the Subject Matter during the reporting period;
 - 2) Undertook analytical review procedures;
 - 3) Tested, on a sample basis, underlying source information;
 - 4) Recalculation

We also performed such other procedures as we considered necessary in the circumstances.

Conclusion
Based on our procedures and the evidence obtained, we are not aware of any material modifications that should be made to the Subject Matter as of 31 December 2022 and for the year then ended in the 2022 Social Responsibility Report, in order for it to be in accordance with the Criteria.



Restricted use
This report is intended solely for the information and use of China Galaxy Securities and is not intended to be and should not be used by anyone other than those specified parties. We do not assume responsibility towards or accept liability to any other person for the content of this report.

Ernst & Young Hua Ming LLP

Ernst & Young Hua Ming LLP
28 March 2023
Beijing, China





中国银河证券股份有限公司
CHINA GALAXY SECURITIES CO.,LTD.