



興證國際金融集團有限公司

China Industrial Securities International Financial Group Limited

(Incorporated in the Cayman Islands with limited liability)

Stock code : 6058

2022

Environmental, Social and
Governance Report



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



CONTENTS

STATEMENT OF THE BOARD ON ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)	2
1. ENTERING INTO CISI	3
1.1 Corporate Profile	3
1.2 Principal Business	4
1.3 Group Structure and Development History	5
1.4 Awards and Accolades	5
2. ESG MANAGEMENT	6
2.1 ESG Management Structure	6
2.2 Stakeholder Communications	7
2.3 Identification and Analysis of Material Issues	8
3. ECONOMIC AND OPERATIONAL RESPONSIBILITIES	10
3.1 Risk Management	10
3.2 Compliance and Business Ethics	12
3.3 Responsible Finance	18
4. PRODUCT AND SERVICE RESPONSIBILITIES	22
4.1 Responsible Marketing	22
4.2 Customer Communication and Complaint Management	22
4.3 Investor Education	26
5. EMPLOYEE RESPONSIBILITIES	27
5.1 Equal and Diverse Workplace	27
5.2 Common Development Workplace	30
5.3 Healthy and Energetic Workplace	32
6. COMMUNITY RESPONSIBILITIES	33
6.1 Public Welfare and Charity	33
6.2 Joining Hands to Fight the Pandemic	33
6.3 Practicing Environmental Protection and Public Welfare	34
7. ENVIRONMENT RESPONSIBILITIES	35
7.1 Responding to Climate Change	35
7.2 Promoting Green Operation	40
7.3 Strengthening Waste Management	43
KEY QUANTITATIVE PERFORMANCE INDICATORS	45
REPORT INDEX	49
DESCRIPTION OF REPORT PREPARATION	55



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

STATEMENT OF THE BOARD ON ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

China Industrial Securities International Financial Group Limited (“CISI”, together with its subsidiaries collectively referred to as the “Group”, stock code: 6058.HK) has made full use of Hong Kong’s status as an international economic hub, continuously improved its professional level and business capabilities, and become an international business platform under the “Industrial Securities” brand. At the same time, the Company deeply recognizes the importance of ESG management to its sustainable operation, and has always been committed to deeply implementing ESG concepts in all aspects of its operation and business execution, so as to contribute to the continuous construction of a sustainable financial ecosystem.

In 2022, the Group interpreted and analyzed external policies and industry trends, combined with the practice benchmarking of peer institutions, clarified its own responsibility direction and ESG material issues, and assessed, analyzed and ranked the importance and priority of identified ESG material issues through stakeholder research, and finally supervised, deliberated and made decisions by the Board of Directors (the “Board”) to strengthen the pertinence of ESG management.

Steady governance to lay a solid development foundation. A sound governance structure is fundamental to the protection of shareholders’ rights and interests and the efficient operation of enterprises. In order to further enhance its corporate governance capabilities, the Group has established and continuously improved its ESG management system, with the Board participating in the deliberation and decision-making of major ESG matters, supervising and assuming overall responsibility for the Company’s ESG work, and clarifying a hierarchical governance structure for the “Board, ESG Committee, ESG Working Team, relevant departments and subsidiaries” to perform their respective duties to ensure the continuous and effective advancement of ESG. At the same time, the Group has also actively incorporated ESG risk management into the comprehensive risk management system to achieve comprehensive risk control.

Green operation to practice responsible finance. Responsible finance and responsible operation are important objectives pursued by the Group. In its business, the Group fully considers ESG factors such as climate and environmental risks of the target enterprises, incorporates them into risk management and business decision-making, and gives full play to its own resources and professional advantages to provide customers with high-quality green investment and financing services to create more environmental benefits. In its operations, the Group attaches great importance to the impact of its operations on the environment, conducts statistics, collection and analysis of carbon emissions, energy, waste and other performance indicators every year, and sets relevant targets, regularly tracks the changes of performance indicators and reviews the achievement of targets, so as to promote the improvement of ESG performance.

Contributing to society and creating shared value. The Group has always adhered to the core values of “enhancing employee value and creating customer value”, and actively fulfilled its responsibilities to employees, customers and society. In terms of creating customer value, the Group adheres to the origin of serving the real economy, and has made in-depth efforts in supporting the development of technological innovation industries, serving Chinese enterprises to “go global”, and helping the construction of infrastructure for people’s livelihood. In terms of enhancing employee value, the Group provides employees with a good development platform, competitive remuneration and benefits, and a healthy and equal working environment. In terms of creating social value, the Group actively participates in Hong Kong social charity activities, provides long-term support and assistance to Hong Kong youth and vulnerable groups, and contributes to the common prosperity and development of Hong Kong society.

Looking forward to the future, in the journey of China’s second centennial goal, the Group will continue to strengthen the implementation of sustainable finance strategies on the basis of a sound and standardized risk and compliance management and control system, help more real industries develop steadily, promote the green transformation of the real economy, and earnestly fulfill its financial responsibilities in the process of high-quality development of the country. At the same time, the Group will continue to improve the employee welfare system and employee development system, strengthen the management of climate risks and opportunities, actively participate in social welfare undertakings, and comprehensively promote the sustainable development of employees, environment and society.



1. ENTERING INTO CISI

1.1 Corporate Profile

CISI was successfully listed on the GEM of The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”) in 2016, becoming the first subsidiary of a Chinese securities group to be spin-off and listed overseas, and successfully listed on the Main Board of the Hong Kong Stock Exchange in 2019. Located in Hong Kong, the Group is a comprehensive financial group integrating investment and financing businesses such as global securities and futures brokerage, institutional sales and research, corporate finance, fixed income, asset management and private wealth management, and holds licenses of Types 1, 2, 4, 5, 6 and 9 regulated activities issued by the Securities and Futures Commission of Hong Kong.

The controlling shareholder of CISI is Industrial Securities Co., Ltd. (“Industrial Securities”). As a bridgehead for Industrial Securities to practice its internationalization strategy, the Group adheres to the concept of “focus on value, create the future with wisdom”, relies on Hong Kong as an international financial center, has built an international investment and financing platform. After years of development, the Group has gradually established a solid foundation in Hong Kong and become one of the major comprehensive securities trader in Hong Kong.

At the end of 2022, CISI had total assets of HK\$12,472 million and recorded an annual operating revenue of HK\$258 million.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

1.2 Principal Business





1.3 Group Structure and Development History



1.4 Awards and Accolades

Title of the Accolade

"Outstanding Underwriter – LGFV Category" at the Chinese Offshore Bonds Selection 2022
 First Prize in "Hong Kong Stocks and Overseas Research" at the 20th New Fortune Selection 2022
 "Best Wealth Management Award" at the 4th Golden Central Selection
 "Pioneering Contribution Institution (Pearl Bond Business) of the Year" at the China Debt Member Business Development Quality Evaluation 2022 – Comprehensive Business Category
 "Top Asian G3 Bond Investment Company" 2022
 "Highly Recommended Wise Asia G3 Bond Investor Award" 2022
 "Social Responsibility Award (Small and Mid-Cap) of the Year" at the "Guruclub" Selection for Outstanding Listed Companies in Greater China
 "Financial Innovation Award of the Year" at the "Guruclub" Selection for Outstanding Listed Companies in Greater China
 "Excellence Award" at the Financial Institution Selection 2022 – Wealth Management Platform in Securities Sector
 Caring Company 2022

Awarded by

Duration Finance
 New Fortune
 Zhitongcaijing & RoyalFlush
 China Central Depository & Clearing Co., Ltd.
 The Asset
 The Asset
 Gelonghui.com
 Gelonghui.com
 Bloomberg Businessweek
 The Hong Kong Council of Social Service



"Outstanding Underwriter – LGFV Category" awarded by Duration Finance



"Excellence Award" for wealth management platform awarded by Bloomberg Businessweek



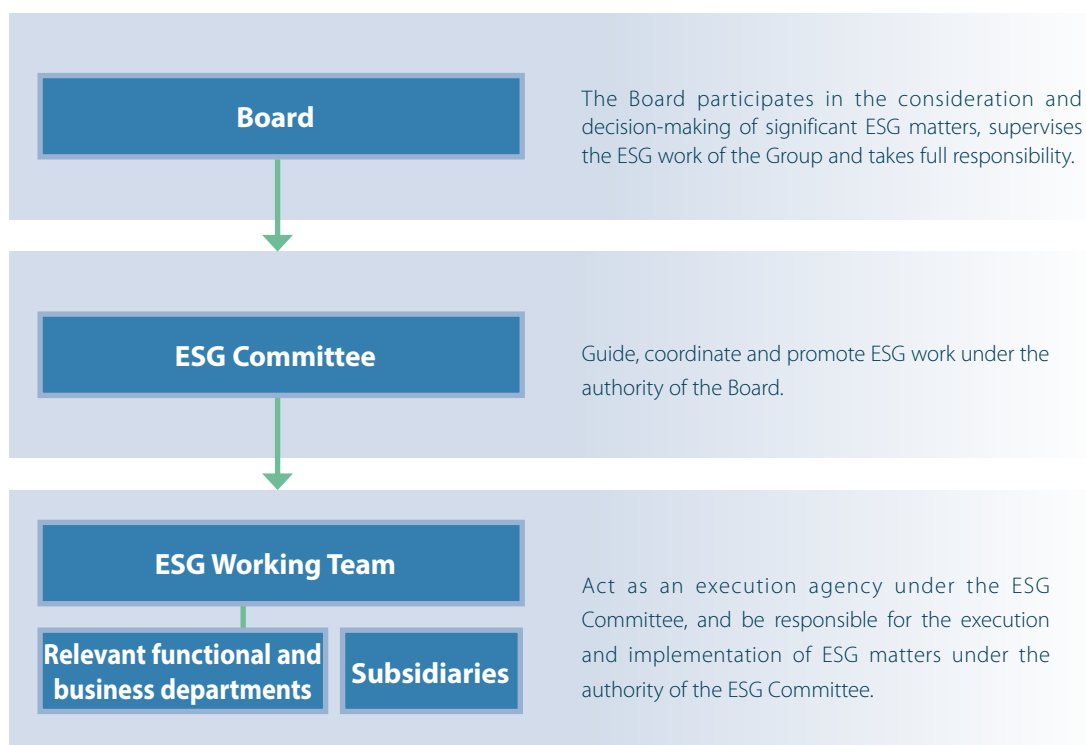
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

2. ESG MANAGEMENT

2.1 ESG Management Structure

The Group actively integrates ESG factors into all aspects of corporate management, and promotes the Group's ESG management and practices from top to bottom through the establishment of an ESG governance structure including the Environmental, Social and Governance Committee ("ESG Committee") and the Environment, Social and Governance Working Team ("ESG Working Team"), and continues to translate the Group's concept of responsibility and commitment to stakeholders into concrete actions to promote the sustainable development of itself and its stakeholders.

ESG Governance Structure of the Group





2.2 Stakeholder Communications

The Group regards the needs and expectations of stakeholders as the core considerations in planning ESG strategies and optimizing ESG management. According to its own industry characteristics and operating conditions, the Group has identified six major stakeholders, established a regular communication mechanism with each of them, incorporated the demands of stakeholders into the operation and decision-making process, and continuously improved the effectiveness of communication with stakeholders.

Stakeholders' Focuses and Responses

Stakeholder	Issue focused	Communication and response
Shareholders and investors	Operation in compliance	Regular information disclosure on the website of the Hong Kong Stock Exchange
	Risk management	Establish an anti-corruption system
	Anti-corruption	Carry out anti-corruption training
	Intellectual Property Protection	Official website, WeChat public account of the Company and other media
Customers	Data security and customer privacy protection	Promote construction of information security infrastructure
	Investor education	Investor education activities
	Customer communication and complaint management	Establish the 95562 customer service system and smart cat intelligent assistant system
	Serving real economy	Support real economy related businesses
	Responsible marketing	Promote eligibility management
Employees	Employee rights and benefits	Launch the "Co-creation Series" summer internship programme
	Employee development and training	Establish staff training and promotion systems
	Employee health and safety	Employee care activities
Government and regulatory agencies	Operation in compliance	Regulate information disclosure
	Anti-corruption	Establish an anti-corruption system
	Responsible marketing	Carry out anti-corruption training
	Intellectual property protection	Intellectual property protection
Suppliers and partners	Supplier management	Bidding and procurement
	Intellectual property protection	Formulate procurement management measures
		Cooperation and communication
Community and public	Community investment	Participate in charity activities
	Green finance and ESG investment	Issue green bonds
	Response to climate change	Practice ESG investment
	Environment and natural resources	Manage climate change risks
	Waste management	Promote low-carbon operation Proper disposal of waste

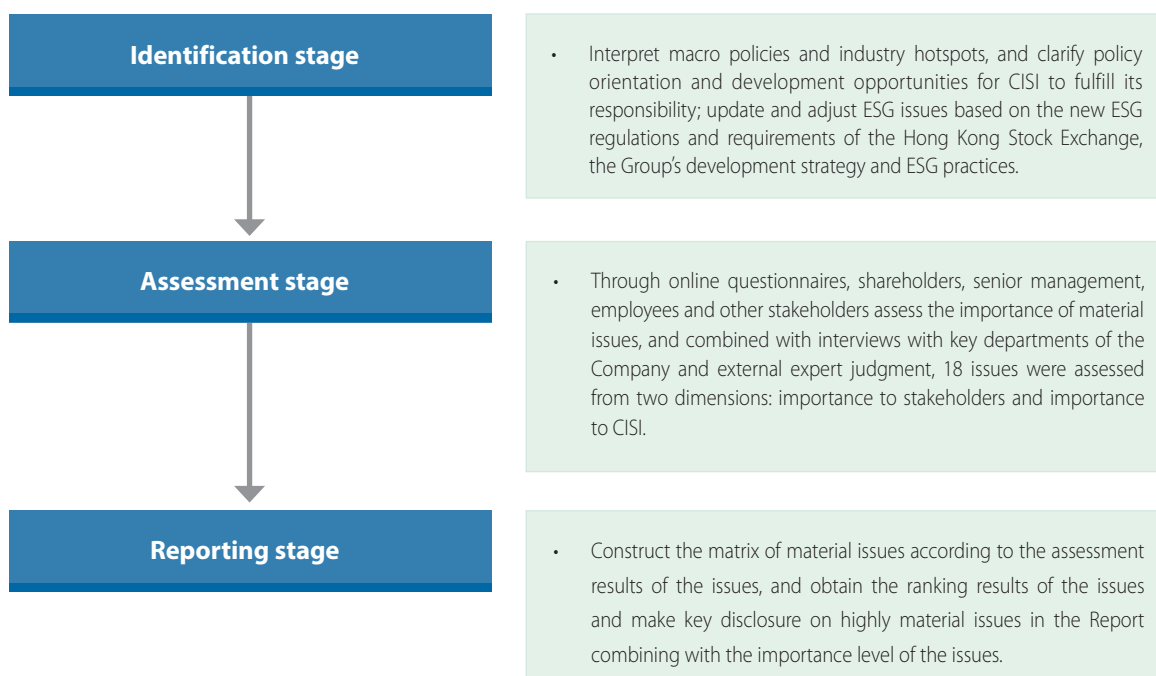


ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

2.3 Identification and Analysis of Management Issues

Based on the development strategy and industry characteristics, the Group carried out the identification, assessment and reporting of management issues in accordance with the *Environmental, Social and Governance Reporting Guide* (《環境、社會及管治報告指引》) of the Hong Kong Stock Exchange, with reference to domestic and foreign macro policy trends, domestic and foreign ESG standards, and peer benchmarking, etc., and identified 18 issues of importance to the Group and its stakeholders, and the Board will finally review and determine the identification results of the Group's important ESG issues to ensure that important ESG issues are covered. Make the report more responsive to stakeholder demands and expectations.

Analysis Process of Material Issues

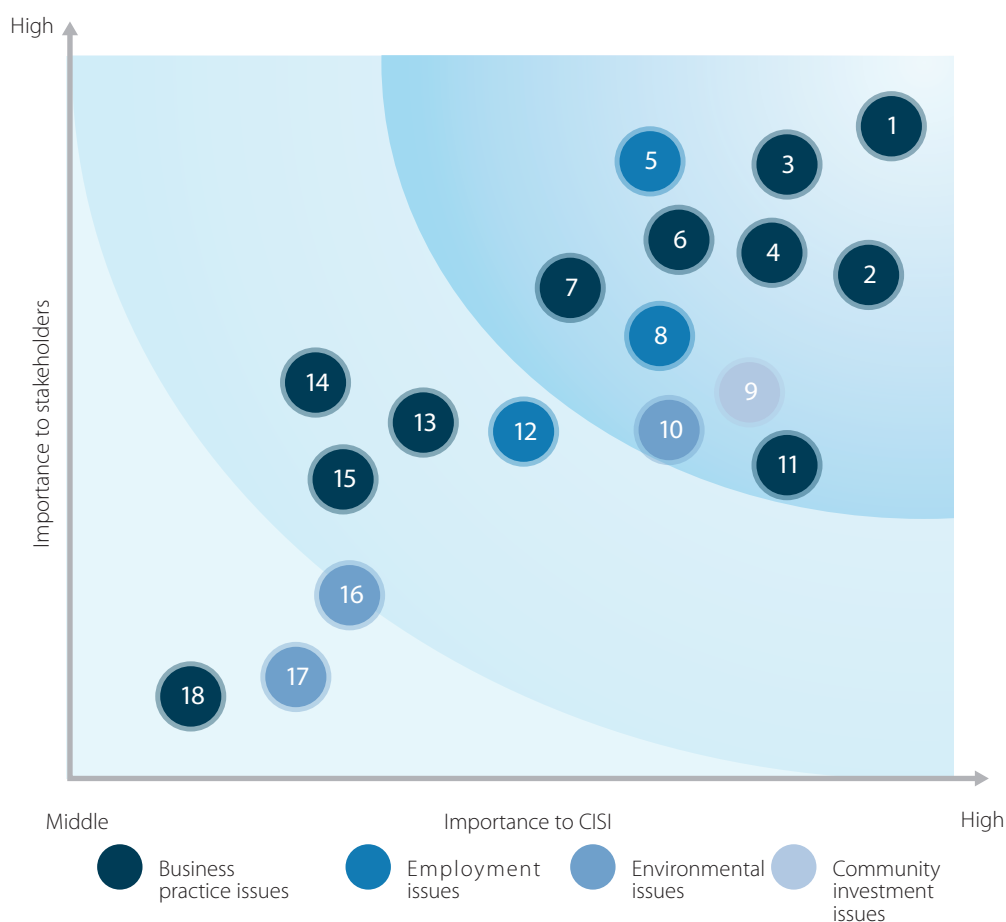


Major Changes in Material Issues in 2022

Material issues in 2021	Material issues in 2022	Reason for change
—	Risk management	To reflect the Group's continuous improvement of the risk management system, accurately identify, assess and manage the measures and progress in addressing various risks, including ESG risks, and respond to the concerns of the Hong Kong Stock Exchange and investors.
—	Operation in compliance	To reflect the specific situation of the Group to avoid the risk of violation and achieve its own stable operation through legal and compliant operation, to meet the regulatory requirements and the Group's own development needs.



Material Issue Matrix of the Group



Prioritization of Material Issues of the Group

No.	Name of issue	No.	Name of issue
High material issues		Middle and high material issues	
1	Operation in compliance	12	Employee health and safety
2	Risk management	13	Responsible marketing
3	Serving real economy	14	Investor education
4	Anti-corruption	15	Intellectual property protection
5	Employee development and training	Middle material issues	
6	Customer communication and complaint management	16	Environment and natural resources
7	Data security and customer privacy protection	17	Waste management
8	Employee rights and benefits	18	Supplier management
9	Community investment		
10	Response to climate change		
11	Green finance and ESG investment		



3. ECONOMIC AND OPERATIONAL RESPONSIBILITIES

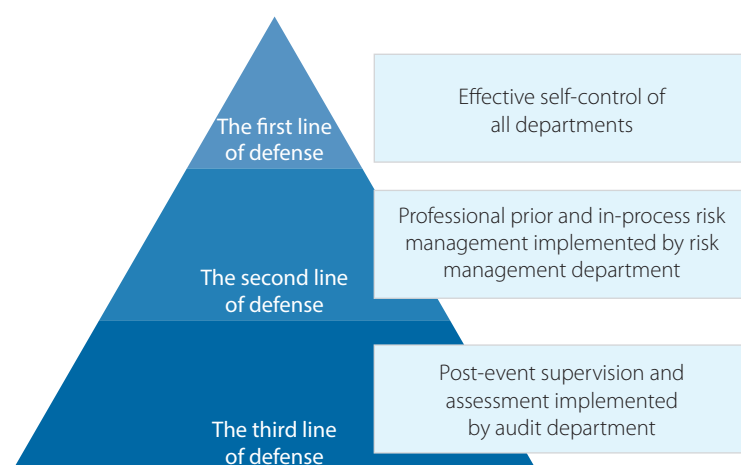
3.1 Risk Management

- **Comprehensive Risk Management**

The Group attaches great importance to comprehensive risk management. The Group has defined the overall objective of comprehensive risk management of “establishing a strong internal control system and core competitiveness of risk management”, and established an organizational structure for comprehensive risk management consisting of the Board, management, risk management committee, risk management department and various departments. At the same time, the Group has established a comprehensive risk management system that matches its business development, including an operational management system, sound organizational structure, reliable information technology system, quantitative risk indicator system, professional talent team, effective risk response mechanism and good risk management culture, to achieve full coverage of risk management, ensure that all risks are measurable, controllable and bearable, and promote the long-term healthy development of the Group’s business and the realization of strategic goals.

At the same time, the Group has also established three lines of defense for risk management, effectively ensuring the checks and balances and constraints of risk management rights and responsibilities, and ensuring the efficiency and effectiveness of risk management implementation.

Three Lines of Defense for Risk Management



In 2022, the Group continued to solidly promote the construction of risk management mechanism and risk management and control of various business lines, combined with market conditions and the Group’s business development planning, formulated risk management strategies in a forward-looking manner, and issued annual programmatic documents such as risk appetite statements.



Major Risk Management Efforts Carried out in 2022

- Comprehensively built an automated risk monitoring and reporting system, promoted the standardized storage and convenient application of risk control data, and improved risk management efficiency;
- Strengthened the monitoring, reporting and response to various business risks, and conscientiously implemented substantive risk management and control;
- Strengthened day-to-day communication with business departments to support innovative business development;
- Organized the study of risk management mechanism and the sharing of operational risk cases, including risk appetite, risk limit and other risk management systems, as well as market-related operational risk case sharing, etc., to help employees improve their awareness and ability of comprehensive risk management and ESG risk management.

ESG Risk Management

The Group firmly believes that good ESG risk management is a key element in promoting sustainable development. To this end, the Group has formulated the *Climate-related Risk Management System for Asset Management Business of China Industrial Securities International Financial Group Limited* (《興證國際金融集團有限公司資產管理業務氣候相關風險管理制度》) and other institutional norms, gradually established an ESG assessment and management system that meets the policy requirements and the Group's business development in terms of access to new business and due diligence, and actively paid attention to ESG factors in business due diligence, project approval decision-making and follow-up management.

ESG Risk Management Process for the Group's Investment and Financing Projects

Main stage	Main content
Pre-investment research stage	<ul style="list-style-type: none"> • Identify the client's industry and the main ESG risks and opportunities faced by the industry; • Consider incorporating specific ESG factors into the assessment dimension according to the client's industry characteristics.
Due diligence stage	<ul style="list-style-type: none"> • If a third-party institution is required to issue a professional opinion, the Group will engage a third-party ESG professional institution to conduct due diligence on the client's ESG performance, understand the client's ESG management measures and performance, and assess the ESG risk situation; • The Group's project team and third-party ESG professional institution (if involved) prepare the improvement suggestions for ESG management based on the actual situation of the client; • The Group's project team prepares an ESG chapter of the prospectus based on the client's ESG risk situation and discloses it to public investors.
Business approval stage	<ul style="list-style-type: none"> • As the highest decision-making body for investment and financing business management, the investment and financing business review committee takes into account the ESG-related risks that may be involved in the client during the approval process.
Subsequent management stage	<ul style="list-style-type: none"> • For customers with high ESG risks, the Group will closely track and pay attention to the changes in ESG risks of customers in the follow-up assessment process.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In addition, the Group has established and continuously improved the risk event reporting and risk information reporting mechanism, timely reported potential or sudden risk events found in the business process, and taken appropriate risk mitigation or corrective measures.

Case

Organize management and employees to participate in ESG training

In June 2022, the Group organized management, heads and employees of risk management and business-related departments to participate in online ESG training. The theme of this training is the *Management and Disclosure of Climate-related Risks by Fund Managers* (《基金經理對氣候相關風險的管理及披露》), to help employees better understand the regulatory requirements on ESG disclosure and continuously improve their ESG risk awareness and management capabilities.

3.2 Compliance and Business Ethics

• Compliance Management

In carrying on its business activities and daily operations, the Group strictly abides by relevant laws, regulations, codes and guidelines such as the *Companies Ordinance* (Cap. 622), the *Securities and Futures Ordinance* (Cap. 571), the *Code of Conduct for Persons Licensed or Registered with the Securities and Futures Commission* (the "Code of Conduct") and the *Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited* (the "Listing Rules"), and actively promotes the establishment of a sound compliance and legal risk management framework, formulates relevant management policies and procedures, and timely adjusts and improves relevant management policies and procedures with changes in external laws, regulations and regulatory requirements, continuously improves the level of compliance management, so as to provide a solid guarantee for the stable operation of the Group.

Compliance Management System of the Group

Management system level

- The Group attaches great importance to compliance management, strictly abides by applicable laws, regulations, codes and guidelines in its business activities and daily operations, formulates management policies and procedures related to compliance management, and establishes a compliance management structure to provide a solid guarantee for the Group's stable operation.

Management structure level

- The Group has established a sound compliance management framework and established three lines of defense for compliance management; the compliance and legal affair department closely monitors the compliance operations of the Group's various businesses and urges all business lines to strictly implement relevant regulatory requirements.

Compliance enforcement level

- The Group has established an independent compliance and legal affair department to take the lead in carrying out compliance management work such as compliance review, compliance inspection, compliance supervision, compliance consultation, and compliance training to ensure that the Group prevents and handles various compliance risks in a timely manner.
- Through the close collaboration of in-house full-time legal staff and external legal adviser, the Group ensures that it prevents and handles various legal risks in a timely manner.



In 2022, the Group actively created a good compliance culture atmosphere, tracked and analyzed various regulatory developments in a timely manner, issued 268 compliance reminders through email and internal must-read reminder system, drafted and released 12 monthly reports on compliance and anti-money laundering publicity, and organized 15 internal compliance training sessions throughout the year to continuously enhance employees' practice level and compliance awareness.

Case

Inviting a law firm to hold professional compliance training to improve the compliance practice level of employees

On 21 June 2022, in order to enhance the understanding of the relevant new requirements of the *Code of Conduct* and the *Listing Rules* among the Group's staff, and to enhance the relevant staff's ethics and professional standards, the Group invited a law firm to hold a compliance training at the office of the Company with the theme of "New Requirements for Concurrently Acting as a Sponsor and Early Appointment of an Overall Coordinator".

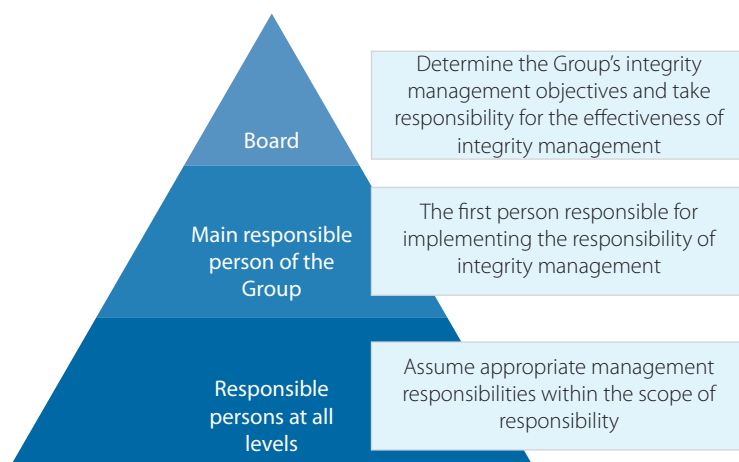
The compliance training was delivered by professional lawyers from the corporate finance department of the law firm, which explained in detail the background, latest requirements, effective date and transitional arrangements of the revision of the *Code of Conduct* and the *Listing Rules*, as well as the impact of the new requirements on the IPO schedule of the Main Board, and was actively participated by 124 employees. This compliance training provides support for business departments to understand and implement the new regulatory regulations, and further implement the compliance culture concept of "compliance, integrity, professionalism and moderateness".

• Anti-corruption

The Group attaches great importance to anti-corruption and integrity risk management, strictly complies with the relevant provisions and requirements of laws and regulations such as the *Prevention of Bribery Ordinance*, and formulates internal management systems such as the *Regulations on the Integrity of Employees of China Industrial Securities International Financial Group Limited* (《興證國際金融集團有限公司員工廉潔從業規定》) and the *Anti-corruption and Bribery Policy* (《反貪污及賄賂政策》), strictly prohibits employees from conveying improper benefits to others or seeking improper benefits, and prohibits employees from engaging in any form of bribery, corruption, extortion and fraud in the course of business, so as to ensure clean and compliant operations.

The Group clarifies the responsibilities and obligations of personnel at all levels, including the Board, the main responsible person of the Group and responsible persons at all levels, in the honest practice.

Integrity Management Structure of the Group





ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

At the same time, the Group has formulated the *Whistle-blowing Policy*, and also established a complaint reporting and handling mechanism for employees to report any violations. After receiving the report, the Group will investigate the reported matter, and will strictly keep the identity information and relevant information of the whistleblower confidential, and report to the ICAC and relevant regulatory authorities within 5 working days if necessary according to relevant internal requirement.

In order to strengthen employees' awareness of integrity risks and integrity practice, the Group promotes and ensures employees' compliance with relevant anti-corruption laws and regulations and internal systems by conducting training and requiring employees to sign the *Employee Compliance and Integrity Practice Commitment* (《員工合規與廉潔從業承諾書》) upon employment. In 2022, the Group conducted anti-corruption training for employees and directors, covering 190 employees, with 1.00 hour of training per employee and 1.00 hour of training per director.

During the Reporting Period, the Group did not have any litigation cases or violations related to bribery, corruption, extortion or fraud against the Group or its employees.

Case

Inviting a law firm to hold a compliance training on "Market Misconduct in Hong Kong Securities Market"

On 23 December 2022, the Group invited a law firm to provide compliance training to share the latest developments on misconduct in the Hong Kong securities market, including publicity on the relevant requirements of the *Prevention of Bribery Ordinance*. Directors, senior management and key employees of the Group attended the training.

The training focused on case studies of misconduct in the securities market, interpretation of the *Prevention of Bribery Ordinance* and enforcement measures for market misconduct, etc., to comprehensively enhance the awareness and ability of the Group's employees to practice honestly and standardly, and promote the maintenance of a good business environment in Hong Kong.



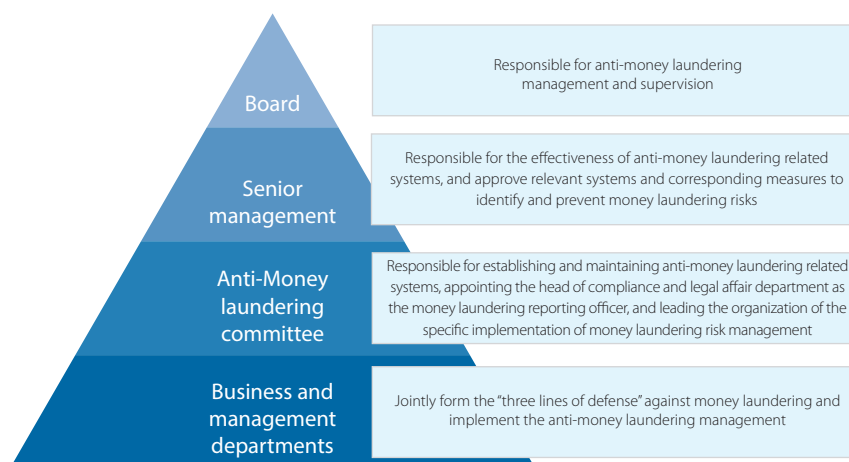
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

- **Anti-money Laundering**

The Group strictly implements the requirements of laws, regulations, codes and guidelines such as the *United Nations (Anti-Terrorism Measures) Ordinance* (《聯合國(反恐怖主義措施)條例》), the *Anti-Money Laundering and Counter-Terrorist Financing Ordinance* (《打擊洗錢及恐怖分子資金籌集條例》) and the *Guideline on Anti-Money Laundering and Counter-Financing of Terrorism (For Licensed Corporations)* (《打擊洗錢及恐怖分子資金籌集指引(適用於持牌法團)》) of Hong Kong Securities and Futures Commission, continuously improves the relevant anti-money laundering system, clarifies the anti-money laundering guidelines and procedures, guides staff to standardize anti-money laundering and effectively prevents money laundering risks.

The Group has established a money laundering risk management structure consisting of the Board, senior management, the Anti-Money Laundering Committee, and business and management departments to fulfill its anti-money laundering obligations.

Anti-money Laundering Management Structure of the Group



In 2022, in accordance with the latest changes in anti-money laundering-related laws, regulations and regulatory requirements, the Group regularly reviewed the anti-money laundering related systems and improved and revised them when necessary to ensure the timeliness and effectiveness of the anti-money laundering management system.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Main Works in Improving the Anti-Money Laundering Related System in 2022

- Revised the *Regulations on Anti-Money Laundering and Counter-Terrorist Financing* (《打擊洗錢及恐怖分子資金籌集工作規定》), further clarified the division of responsibilities of various departments and personnel in the system, further refined the requirements for core anti-money laundering such as customer identification, source of funds and suspicious transactions, and added new regulations for cross-border agents to ensure compliance with the latest regulatory requirements;
- Revised the *Assessment Form for Money Laundering Prevention Risk* (《防止洗錢風險評估表格》), the *Due Diligence Confirmation Form for Account Opening* (《客戶開戶盡職審查確認表》), the *Due Diligence Form for the Source of Client Funds and Wealth* (《客戶資金及財富來源盡職審查表》) and the *Enhanced Customer Due Diligence Form* (《增強客戶盡職審查表》), to reduce the risks that may constitute “tip-offs” as stipulated in the anti-money laundering guidelines, further standardize the content, method and scope of customer due diligence, and strengthen record retention;
- Formulated the *Code of Practice for Money Laundering Risk Assessment in Jurisdictions* (《司法管轄區洗錢風險評估操作規程》) to ensure that the results of the national money laundering risk level assessment are reasonable and the processes are perfect, so as to provide clearer guidance for business operation.

At the same time, in 2022, the Group continued to pay more attention to anti-money laundering management, increase the allocation of resources for anti-money laundering management, add an anti-money laundering officer, and complete the launch of SAS Institute Ltd. (SAS) anti-money laundering system and Kingstar abnormal transaction system, so as to continuously improve the online management level and effectiveness of anti-money laundering management.

The Group attaches great importance to anti-money laundering publicity and education, and in 2022, through organizing and carrying out anti-money laundering training, issuing monthly anti-money laundering publicity reports, emails and compliance must-read reminders issued by the Group's internal management system, etc., to publicize the latest requirements and non-compliance cases of anti-money laundering and enhance employees' anti-money laundering awareness. During the Reporting Period, the Group held one anti-money laundering training session with an attendance of 195, and released 12 issues of monthly anti-money laundering reports.



During the Reporting Period, there was no non-compliance incidents related to money laundering in the Group.

Case	Conduct training on anti-money laundering regulations to enhance the understanding of anti-money laundering requirements among the Group's employees
	<p>On 18 May 2022, the Group organized a training on the anti-money laundering regulations of CISI to enhance employees' understanding of the content of anti-money laundering and relevant regulatory requirements, and improve their professional level.</p> <p>The training shared the basic knowledge of anti-money laundering, the systems and measures for anti-money laundering and counter-terrorist financing, the main amendments to the <i>Regulations on Anti-Money Laundering and Counter-Terrorist Financing of China Industrial Securities International Financial Group Limited</i> (《興證國際金融集團有限公司打擊洗錢及恐怖分子資金籌集工作規定》) and the notes to anti-money laundering related forms, and received an active participation of 195 employees, effectively promoting the cultural construction of anti-money laundering and creating a good compliance culture atmosphere.</p>

In addition, in accordance with the principle of "Know Your Customer", the Group has formulated the *Guidelines on Information for Account Opening* (《開立賬戶資料指引》) and the *Rules for the Management of Customer Information* (《客戶信息資料管理細則》), to clarify the standardization of the process of handling customer information by our staff to ensure the authenticity, completeness and validity of customer information. At the same time, the Group has adopted a risk-based approach, by which different anti-money laundering monitoring measures have been adopted against customers assessed as different risk ratings.

• Protection of Intellectual Property Rights

The Group strictly complies with the provisions of laws and regulations such as the *Copyright Ordinance*, the *Trademark Ordinance* and the *Patent Ordinance*, and strictly reviews the published content to comply with the relevant provisions on the protection of copyright, trademark rights and other intellectual property rights. In order not to infringe intellectual property rights of others and effectively protect our own intellectual property rights, the Group has allocated special legal personnel to carry out legal review on the contracts to be signed and effectively prevent the legal risks related to intellectual property rights.

In addition, the Group requires employees to sign the *Regulations on the Integrity of Employees* (《員工廉潔從業規定》) upon employment, promising to comply with laws, regulations and provisions on intellectual property, including but not limited to "protect the intellectual property of the Company, and do not use, transfer or permit a third party to use the intellectual property rights of the Company at will; do not infringe the intellectual property of the Company, other entities or individuals; use the intellectual property of the Company, other entities or individuals that have been mastered only within the scope permitted by law; and bear the corresponding liability for compensation for the damage caused to the Company due to the infringement of intellectual property".



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

- **Sustainable Supply Chain**

The Group follows the principles of fairness, impartiality and openness in its procurement work, develops and continuously improves the internal supplier management system such as the *Measures for Procurement Management of China Industrial Securities International Financial Group Limited* (《興證國際金融集團有限公司採購管理辦法》), the *Rules for Selection of Qualified Suppliers for Decoration Works of China Industrial Securities International Financial Group Limited* (《興證國際金融集團有限公司裝修工程合格供應商選用規則》) and the *Norms on the Management of Information Technology Supplier of China Industrial Securities International Financial Group Limited* (《興證國際金融集團有限公司資訊技術供應商管理規範》) and establishes a complete supplier review, classification, assessment and rating and risk management system.

In addition, the Group pays attention to the environmental and social risks of suppliers and their performance in terms of environment, labour and business ethics. For suppliers with high environmental and social risks, the Group will consider removing them from the list of suppliers.

In terms of anti-corruption and integrity management of suppliers, the Group requires all employees involved in procurement and supplier review to sign the *Letter of Commitment on Procurement Integrity* (《採購廉潔從業承諾書》) to prevent any bribe-taking. Meanwhile, in order to effectively put an end to any collusive bidding, fraud, bribery and other illegal acts, the Group requires all suppliers to sign a letter of commitment to bid during the bidding process to strictly prevent any bribery.

The Group actively promotes green procurement, and clearly stipulates in the *Measures for Procurement Management* (《採購管理辦法》) that the selection criteria of purchased goods should conform to the energy conservation and environmental protection and green concept. In the process of material and equipment procurement, the Group gives priority to the procurement of products with high environmental protection level, energy efficiency labels and recyclable packaging. Meanwhile, the Group continues to optimise the procurement process, promote the use of OA process in procurement, and achieve online approval of all relevant materials, so as to minimize the impact of procurement on the environment.

3.3 Responsible Finance

- **Green Investing**

The Group is committed to studying the ESG investment concept, continuously optimising the ESG theme investment strategy, and contributing to promoting the low-carbon transformation of the economy. The Group has developed documents such as the *New Business Risk Management Measures of China Industrial Securities International Financial Group Limited* (《興證國際金融集團有限公司新業務風險管理辦法》), which provides a strong institutional guarantee for the Group's green investment business.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Meanwhile, the Group integrates ESG factors in the due diligence, project approval and subsequent project management of the investment business process, and actively uses ESG investment strategies such as positive screening, negative elimination and ESG factor integration to avoid ESG risks and identify more high-quality enterprises worthy of investment, and create long-term and sustainable economic and social benefits.

Application of ESG Investment Strategy of the Group

ESG investment strategy Application

Positive screening	<ul style="list-style-type: none">• Give priority to investment in issuers of green and developing industries, scientific and technological innovation industrial parks, and advanced manufacturing industries, and increase investment.• Prefer to invest in leading energy-saving technology companies in construction and other industries, and pay attention to the Company's ESG evaluation.
Negative elimination	<ul style="list-style-type: none">• Carefully invest in enterprises that have recently experienced major ESG issues, or issuers that have experienced material ESG issues such as governance or corruption, and have not yet proposed feasible solutions.• Carefully invest in enterprises with frequent changes in management, corruption of senior executives, regulatory penalties due to imperfect internal control systems and other major governance events.• Carefully invest in enterprises facing regulatory penalties for environmental problems such as sewage treatment and geological damage.
ESG factor integration	<ul style="list-style-type: none">• In addition to referring to the external ESG rating database, the Group also explores and designs the internal ESG rating model, and strives to combine the analysis template of the universal ESG with the analysis template of the internal personalized ESG to identify the investment opportunities of customers with sustainable development capabilities.
Sustainability themed investing	<ul style="list-style-type: none">• When making investment decisions on asset management business, the Group considers investing in enterprises in sustainable development industries in relation to energy conservation, renewable resources, energy storage, etc.
Shareholder activism	<ul style="list-style-type: none">• Actively communicate with the invested enterprise, understand the identification and evaluation of ESG risk of the invested enterprise, and track its relevant performance.• In 2022, the <i>Management System for ESG Participation Measures of China Industrial Securities International Financial Group Limited</i> (《興證國際資產管理有限公司 ESG參與措施管理制度》) was formulated to communicate with the invested enterprises on the factors affecting ESG risks and opportunities, encourage the invested enterprises to improve their ESG practice level and information disclosure quality, and promote the invested enterprises to take active action in the identified ESG risks and opportunities.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In 2022, the fund products under the Group have invested a total of HK\$740 million in green bonds, including green bonds issued by Beijing Gas Group, Henan Railway Investment, Industrial and Commercial Bank of China and other enterprises. The proceeds raised from the bonds will be used for the financing or refinancing of enterprises in line with green projects, and contribute to the national carbon neutrality goal and the development of green industries.

- **Green Financing**

As one of the first institutions to carry out green finance business, the Group has always adhered to the development of green finance, actively fulfilled its environmental and social responsibilities, fully utilised its rich resources and diversified product advantages, and provided high-quality green financing services to customers.

In 2022, the Group launched various bond issuance and underwriting projects involving green themes, covering water and environmental protection, photovoltaic power generation, new energy and other fields, and issued a total of 20 green bonds at an aggregate amount of approximately US\$6.517 billion and an underwriting amount of approximately US\$475 million.

Case
As the joint global coordinator to assist in issuing the first offshore bond of ESG Free Trade Zone of a financial institution in China
In December 2022, the Group, as the joint global coordinator, successfully assisted Bank of Communications Leasing Management Hong Kong Co., Ltd. to issue the first national financial institution and the first ESG Free Trade Zone offshore bond (Pearl Bond). The scale of this issuance is RMB2.4 billion, which is the highest scale of offshore bond issuance in the Free Trade Zone in 2022. Based on the certification of Vigeo Eiris, the world's leading ESG evaluation agency, the proceeds raised from the project will be used for the Company's green and social responsibility-related projects and assets in line with the sustainable financial framework.

- **Promoting ESG-linked Capital Facilities**

To help customers grow continuously and realise the sustainable development of customers and themselves is the goal that the Group has always pursued. The Group focuses on supporting the development of scientific and technological innovation enterprises, serving Chinese enterprises "going global", assisting in livelihood and infrastructure construction and other fields, and continues to support enterprises with excellent ESG performance to enter the capital market and help customers finance.

In 2022, the Group supported the issuance of 20 bonds in total, with a financing scale of US\$6.52 billion; the Group has supported the IPO of 6 enterprises and the refinancing of one enterprise's equity, with a financing scale of US\$300 million.



Major Project of the Group in 2022

Financial service	Major project and achievement
Supporting the development of scientific and technological innovation enterprises	<ul style="list-style-type: none"> In November 2022, as the joint bookrunner and joint lead manager, CISI successfully assisted Many Idea Cloud Holdings Limited to list on the main board of the Hong Kong Stock Exchange, raising approximately HK\$310 million. In March 2022, CISI successfully assisted Jiangsu Recbio Technology Co., Ltd., which has a high-value subunit vaccine portfolio, to list on the main board of the Hong Kong Stock Exchange, raising HK\$765 million.
Serving Chinese enterprises "going global"	<ul style="list-style-type: none"> In September 2022, CISI successfully assisted Zhengzhou Real Estate Group Co., Ltd. to issue US\$350 million of overseas senior fixed-interest bonds and RMB 1 billion of free trade zone offshore RMB bonds. In July 2022, as the joint bookrunner, CISI assisted Fujian Zhanglong Group Co., Ltd. successfully issue US\$500 million bonds, which is the first investment-grade overseas green bond of Fujian state-owned enterprises.
Assisting in livelihood and infrastructure construction	<ul style="list-style-type: none"> In July 2022, as an agent for the additional issue and placement of Hong Kong shares of C&D International Investment Group Limited, CISI assisted to raise approximately HK\$510 million. In November 2022, as the exclusive sponsor, CISI successfully assisted the listing of JY Gas Limited on the main board of the Hong Kong Stock Exchange, raising about HK\$156 million. In January 2022, as the sole global coordinator, CISI successfully assisted Shaoxing City Construction I Investment Group Limited to successfully issue five-year RMB 1 billion free trade zone offshore bonds.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

4. PRODUCT AND SERVICE RESPONSIBILITIES

4.1 Responsible Marketing

In accordance with regulatory documents including the *Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission* (《證券及期貨事務監察委員會持牌人或註冊人操守準則》) and the *Guidelines on Online Distribution and Advisory Platforms* (《網上分銷及投資諮詢平台指引》), in 2022, the Group developed or revised management systems such as the *Guidelines on Sales of Financial Products* (《金融產品銷售操作指引》), the *Due Diligence Guidelines on Introduction of Financial Products* (《金融產品引入盡職調查操作指引》), and the *Disclosure Statement of Non-exchange Complex Products* (《非交易所複雜產品披露聲明》). Through standard due diligence and risk rating processes for financial products, the Group sold products with appropriate risk levels according to the risk tolerance of investors, recommended appropriate products to appropriate investors, and effectively protected the interests of investors.

On standard Internet marketing and market development, we formulated the *Internet Media Management Measures* (《互聯網媒體管理辦法》), the *Management Rules on Direct Marketing* (《直接促銷行為管理規定》) and the *Guidelines on Market Development and Services* (《市場拓展及服務工作指引》) in accordance with the *Guidelines on Online Distribution and Advisory Platforms* (《網上分銷及投資諮詢平台指引》) of the SFC and other regulations. These policies are designed to centrally plan for and manage promotional activities of the Group and its subsidiaries through Internet media and other channels, effectively ensure compliance of our business marketing and market development.

During the Reporting Period, the Group was not involved in any information or label non-compliance for its products and services, or any violation of marketing and promotion regulations.

4.2 Customer Communication and Complaint Management

- **Protect the Rights and Interests of Customers**

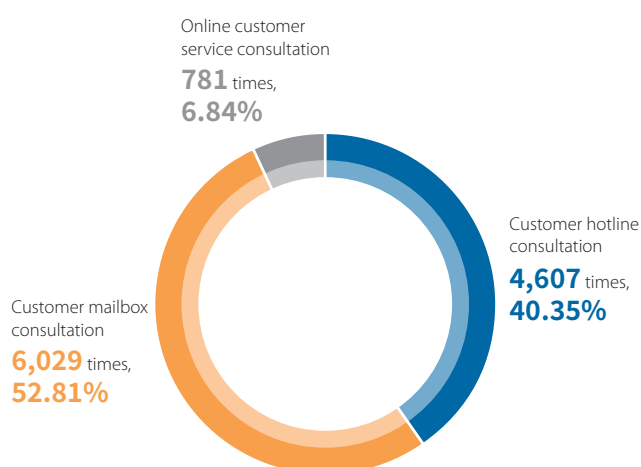
The Group has established a “customer-oriented” service awareness, committed to understanding customer needs, focusing on customer expectations, and continuously providing customers with high-quality, comprehensive and professional services.

The Group has established a series of systems, processes and specifications related to customer service, and further developed more than 10 systems related to customer account opening, account management and customer information management in 2022, including the *Detailed Rules for the Management of Customer Identification Information and Codes under the Hong Kong Investor Identification Code System* (《香港投資者識別碼制度下的客戶識別信息及編碼管理細則》), the *Guidelines on Information for Accounting Opening* (《開立賬戶資料指引》), and the *Detailed Rules for the Management of Customer Accounts* (《客戶賬戶管理細則》), according to various business requirements. We are committed to clarifying customer service specifications and improving customer service level.



In order to create a one-stop customer service experience and realize integrated operation, the Group implemented the construction of a call centre in Hong Kong in 2022, and continued to provide customer hotline, email, online customer service and other channels through 95562 hotline call centre, Smart Cat intelligent assistant system, Xinggangtong (興港通) and the online customer service function of Tradebook APP to efficiently handle customer inquiries.

Customer Consultation Acceptance of CISI in 2022



In terms of customer consultation and complaint handling, the Group has set up a special task force for processing customer complaints in accordance with relevant systems such as the *Regulations on Complaint Processing* (《投訴處理工作規定》) and the *Detailed Rules for Processing Customer Opinions and Complaints* (《客戶意見及投訴處理細則》). Based on the opinions from customers and the adoption of the management mode of “central management, hierarchical processing, dedicated officers and level-by-level escalation” in complaint handling work, the customer consultation and complaint channels and standardized customer complaint handling process have been established.

Major Responsibilities of the Customer Complaint Processing Special Task Force

- Formulate the Company's complaint processing policies, procedures and implementation;
- Continuously monitor the daily customer complaint handling process and investigation results, and approve and determine the final processing plan of customer complaints;
- Report directly to the Company's president office.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In August 2022, the Group fully revised the *Detailed Rules for Processing Customer Opinions and Complaints* (《客戶意見及投訴處理細則》) to further clarify the process specification of staff in processing customer complaints, and ensure that any customer's opinions and complaints can be properly investigated and followed up by taking effective steps, so that the customer's opinions and complaints can be handled in a timely and proper manner.

Customer Opinions and Complaints

Classification of customer opinions and complaints	Processing method of customer opinions and complaints	Major responsibilities of complaint leading department
General customer opinions and complaints	The Customer Service Department takes the leading role in processing and investigation, and completes investigation procedures and responds to the customer with the findings within 10 business days from receipt of customer opinion or complaint	<ul style="list-style-type: none"> • Convene relevant responsible departments to deal with customer complaints through meetings and other means • Evaluate and analyse the customer complaint data submitted by the responsible department
Regulatory complaints	The Compliance and Legal Department takes the leading role in processing and investigation, with the main responsible department, Customer Service Department or Compliance and Legal Department, as appropriate, being responsible for execution and responding to the customer	<ul style="list-style-type: none"> • Assist the responsible department in communicating with customers • According to the decision of the customer complaint processing task force, guide and urge the responsible department to rectify the customer complaint
Customer complaints with serious situation and significant impact	The Compliance and Legal Department takes the leading role. The senior management of the Group will appoint other professional departments or establish a special working group to take the leading role in processing complaints, depending on its uniqueness and seriousness	



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

- **Protection of Customer Privacy**

The Group put strong emphasis on information security and customer privacy protection. In accordance with the *Code of Conduct for Persons Licensed by or Registered with the SFC* (《證券及期貨事務監察委員會持牌人或註冊人操守準則》), the *Guidelines for Reducing and Mitigating Hacking Risks Associated with Internet Trading* (《降低及紓減與互聯網交易相關的黑客入侵風險指引》) and other relevant regulations, we formulated management rules, such as the *Information Security Management Measures of China Industrial Securities International Financial Group Limited* (《興證國際金融集團有限公司信息安全管理辦法》) and the *Data Security Management Measures of China Industrial Securities International Financial Group Limited* (《興證國際金融集團有限公司資料安全管理辦法》), to guide employees in protecting customers' personal information and data. Employee authorities were reviewed quarterly and unreasonable authorities were cleaned up on a regular basis to protect information security and customer privacy.

In 2022, the Group further improved the information security and customer privacy protection management system by building a disaster recovery environment for the securities and futures transaction system, replenishing special backup line for connection to the stock exchange, revising the emergency plans, and carrying out emergency drills and stress tests. Meanwhile, the Group carried out the information security training in July 2022, and required all employees to participate in the training and examination, and enhance the employees' awareness of information security and privacy protection.

As stipulated in the *Guidelines on Market Development and Services* (《市場拓展及服務工作指引》), employees must keep integrity and confidentiality of customers' data and information throughout market development and customer services, and must not disclose any customer information to any third party without prior approval.

During the Reporting Period, the Group had no divulgence of customer information or privacy.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

4.3 Investor Education

The Group actively participates in investor education, helps investors to correctly understand the financial knowledge of stocks, funds, futures and other aspects, strengthens their risk prevention awareness, improves their self-protection ability, advocates rational investment of investors, and promotes the stable and orderly development of the financial industry.

In 2022, the Group's investor education activities were conducted by means of online and offline. The offline investment and education activities were carried out through national Class I investor education base of Industrial Securities, being the parent company of the Company, while the online activities were to integrate investment and education services into customer service through the Company's "Xinggangtong (興港通)" APP, WeChat official account and other channels, and through the classified output of platform based and intelligent investment education service content, and make full use of relevant investment education materials to popularize business knowledge and warn investors of risks, so as to improve the accuracy and effectiveness of investment education services.

Case

"Xinggangtong (興港通) Investment Education Service" empowers investors' education

In 2022, the Group further upgraded its investment and education service platform and created a wealth gathering section (財富薈), covering three columns of financial lectures, exclusive newsletters, and comments on the closing of H shares. It provided rich information on Hong Kong and US shares in various forms such as short videos, pictures and texts, live broadcasts, and courses, and was committed to promoting the construction of investors' education system and cultural dissemination. While improving investors' awareness of financial risk prevention, the Group encourages investors to actively respond to the national policies of "common prosperity", "carbon peak, carbon neutral" and take social responsibilities.

In 2022, the number of people following the "Xinggangtong Investment Education Service" platform reached 6,497, representing an increase of 17% over the previous year; 73 short videos were released with 97,000 views.

Riding on the Internet media platform, the Group is committed to outputting wealth management content with CISI characteristics, featuring a series of wealth management hot topics, such as "US Stock Commentary (美股足球陣)" and "USD Bonds of Chinese Issuers (中資美元債)", providing investors the access to fundamental knowledge on and investment skills for overseas securities markets as well as different risk return profiles of stocks, bonds, funds and other vehicles. In 2022, the Group held 33 live streaming sessions to provide online investor education content which were relayed by 25 third-party platforms, with a total of more than 500,000 views.



5. EMPLOYEE RESPONSIBILITIES

5.1 Equal and Diverse Workplace

- **Recruitment and Employment**

The Group is committed to providing equal job opportunities for all employees, strictly abiding by the *Hong Kong Employment Ordinance* (《僱傭條例》), formulating internal management systems such as *Human Resources Rules and Regulations* (《人力資源規章制度》), *Recruitment Management Measures* (《招聘管理辦法》), and effectively protecting the basic rights and interests of employees, and striving to build a harmonious workplace environment. Meanwhile, the Group formulates relevant provisions in the *Employee Handbook* (《僱員手冊》) in strict accordance with the regulations of Hong Kong laws such as the *Employment of Children Regulations* (《僱傭兒童規例》), strictly forbids child labour and forced labour, and puts an end to the violations of the legitimate rights and interests of employees and labour disputes.

During the Reporting Period, the Group was not involved in any legal disputes and did not receive any complaints as a result of illegal use of child labour or forced labour.

Employee Recruitment and Employment Practices of the Group

Aspect	Description
Recruitment management	In the principle of professionalism orientation, scientific selection, standard management and relative avoidance, we adopted fair and open recruitment policies to achieve standard recruitment management under the <i>Recruitment Management Rules</i> (《招聘管理制度》). The objective is to build a unified, standard and professional recruitment system, and select and recruit high-calibre and suitable talents in a scientific and rational manner.
Dismissal of employees	Pursuant to the <i>Employment Ordinance</i> (《僱傭條例》), we defined strict conditions and procedures for dismissal of employees to protect their legitimate rights and interests in the dismissal process.
Working hours	8 hours each day, 40 hours each week in principle.
Rest periods	Employees are entitled to two rest days each week, public holidays, paid annual leave, maternity leave, wedding leave and other rest periods.

The Group has continuously improved its policies on employee recruitment and personnel introduction, revised its management systems such as the *Recruitment Management Measures* (《招聘管理辦法》), the *Intern Management Measures* (《實習生管理辦法》), and the *Implementation Rules for Internal Recommendation* (《內部推薦實施細則》), and established a professional talent introduction mechanism to continue to explore internal talent recommendation resources.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Meanwhile, the Group continues to take root in helping young people improve their employment skills, carries out special training activities for college graduates from time to time, actively provides a career development platform for young people, implements the "Co-creation Series (共創系列)" summer internship plan, and provides interns for excellent students. In addition, the Group cooperates with local colleges and universities in Hong Kong and the Hong Kong Youth Association to provide employment guidance and training for new graduates, guide them to seek employment, understand themselves and career aspirations, and improve their employment competitiveness. In 2022, the Group successfully introduced 14 high-end core talents and 15 through internal recommendation channels.

Number and Ratio of Employees by Gender in 2022



The Group is committed to building a diverse and equal workplace, strictly complying with the requirements of relevant laws and regulations such as the *Code of Practice on Employment under the Sex Discrimination Ordinance* (《性別歧視條例僱傭實務守則》), the *Disability Discrimination Ordinance* (《殘疾歧視條例》), the *Race Discrimination Ordinance* (《種族歧視條例》) and other relevant ordinances, regardless of the gender, age, nationality, race, belief, disability, religion and other factors of employees, to ensure that every employee can obtain equal development opportunities in the Group. During the Reporting Period, the Group did not receive any complaint about discrimination cases.

Moreover, the Group has also established a fair, just, transparent and effective employee complaint processing mechanism to support employees to complain when they are discriminated against, sexually harassed, or treated unreasonably. After receiving the complaint information, the Group will set up an investigation team to investigate the complaint case and timely feedback the investigation and processing results to the complainant. During the whole investigation process, the Group will strictly protect the privacy of the complainants and ensure the confidentiality of the contents of the complaint cases.



• Employee Welfare

Based on the pursuit of a happy life for employees, the Group has formulated the *Salary Management Measures* (《薪酬管理辦法》) and other systems to clearly define the salary structure, allowances and subsidies, performance awards and benefits of employees. In 2022, the Group established and continued to improve the employee welfare security system in accordance with the *Welfare Management Measures of China Industrial Securities International Financial Group Limited* (《興證國際金融集團有限公司福利管理辦法》), and further improved employee satisfaction and happiness while ensuring that legal benefits are provided for all employees according to law.

Employee Welfare of the Group

Types of welfare		Welfare content
Company welfare	Welfare for all employees	Employee group insurance, business trip insurance, birthday gifts, Mid-Autumn Festival welfare, Spring Festival welfare, retirement gift, family welfare
	Special welfare employee care	Rent tax preference plan Paid maternity leave for 14 weeks with 100% or 80% of the basic salary
Statutory welfare	Paid leave, long-term service payment, statutory MPF scheme	

• Occupational Health and Safety

The Group regards safeguarding the health and safety of employees as one of its important tasks, providing medical insurance and annual medical benefits for all employees. Meanwhile, the Group has prepared emergency plan documents such as the *Fire Control Plan* (《消防預案》), the *Earthquake Emergency Response Plan* (《地震應急預案》), *Typhoon and Rainstorm Emergency Response Plan* (《颱風及暴雨應急預案》) to ensure that in case of fire, earthquake, typhoon, rainstorm and other emergencies, the Group can take effective measures in time to ensure the life safety of all employees.

Since the outbreak of COVID-19 pandemic, the Group has actively taken various effective pandemic prevention and control strategies and measures, such as home office, off peak work and encouraging employees to be vaccinated, to effectively protect the health of all employees during the pandemic.

During the past three years, the Group had no work-related employee fatalities.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

5.2 Common Development Workplace

- **Employee training**

The Group pays close attention to the growth and development of every employee and firmly believes that employee growth is enterprise growth. To this end, the Group has formulated the *Employee Training Management Measures* (《員工培訓管理辦法》) and built a set of employee training system that takes into account the development of the Group and employees, to ensure the effective integration of the Group's business development and employee career development.

Employee Training System of the Group

Internal training	External training
Induction training	Business skills
On-the-job training	Management skill
Special training	Compliance risk control
	Continuous training required by relevant professional qualifications

In order to further support the growth and development of employees, the Group reimburses the relevant expenses incurred in obtaining the licenses/professional qualifications required for the job, including the registration, teaching materials, examinations, certification and renewal fees. Employees can apply for the tuition fee of "Continuous Professional Training" (CPT) of HK\$500 for each regulatory training activity category, and the maximum application limit per person per year is HK\$1000.

In 2022, the Group carried out induction training for new employees, compliance risk control training, business skills training, management ability training, etc., with 100% employee training coverage and 22.97 hours of training per employee.



Case	Invite law firms to hold professional compliance training to improve the practice level of employees
	<p>In June 2022, in order to strengthen employees' understanding of the new provisions of the <i>Code of Conduct</i> (《操守準則》) of the <i>Hong Kong Securities Regulatory Commission</i> and the <i>Listing Rules</i> (《上市規則》) of the Hong Kong Stock Exchange on Sponsor coupling and early appointment of overall coordinator, and to improve the integrity and professional level of relevant employees, the Group invited lawyers to conduct compliance training for employees entitled "new provisions on Sponsor coupling and early appointment of overall coordinator". The training explained the background of the revision of the Code of Conduct and the Listing Rules, the latest requirements, and the impact on the IPO schedule of the main board to the employees in detail. A total of 124 employees participated in the training.</p> <p>This training provides support for the Group's business departments to understand and implement the new regulatory regulations, and further implement the compliance culture concept of "compliance, integrity, professionalism and soundness".</p>

• Employee Promotion

The Group is committed to building a career development platform that is consistent with the Group's development goals and employees' career goals, continuously improving the scientific and normative of employee development channels, designing clear, definite and fair career development mechanisms for professional and business employees, respectively, and promoting employees' steady upward development. The promotion of the Group's employees to the professional level is based on the comprehensive consideration of work needs, ethics and talent performance, the degree of responsibility, work performance and qualifications and other factors, reflecting the correct personnel direction.

The Employee Promotion Management System of the Group

Professional employee promotion

- | | |
|---------------------------------------|---|
| Requirements of professional employee | <ul style="list-style-type: none"> • Requirements for service time: it is necessary to meet the specified service time in the Group • Assessment requirements: annual assessment results reach a certain level or above |
|---------------------------------------|---|

Business employee promotion

- | | |
|-----------------------------------|---|
| Requirements of business employee | <ul style="list-style-type: none"> • Requirements for service time: it is necessary to meet the specified service time in the Group • Assessment requirements: annual assessment results reach a certain level or above • Performance requirements: performance standards for each business line and each rank will be formulated separately |
|-----------------------------------|---|



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

5.3 Healthy and Energetic Workplace

The Group attaches great importance to the work and life of employees. In order to enrich their spare time life, it has organised and carried out various employee activities, and is committed to improving the cohesion and happiness of employees. In 2022, the Group held birthday parties every quarter, encouraged all departments to carry out party activities and organized employees to participate in sports events to enrich employees' lives and help employees balance work and life.



Bowling competition

The Group organised 5 employees to participate in the bowling competition of the Fujian Branch of the China Enterprise Association. After fierce competition, the Group won the first place in the team competition; In the men's individual competition, the employees of the Group won the first place.

The "2022 Celebration of the Return of 25 Years" Badminton Invitational Tournament of the China Enterprise Association was held in Sha Tin, Hong Kong. Three employees of the Group and employees of other institutions formed an industrial team, which beat other teams and advanced to the top 16.



Badminton competition



6. COMMUNITY RESPONSIBILITIES

6.1 Public Welfare and Charity

The Group has always adhered to the concept of “focus on value, create the future with wisdom”, deeply committed to contributing to society and creating shared value, actively participated in Hong Kong social charity and public welfare activities, fulfilled corporate social responsibilities, and demonstrated the social responsibility of Hong Kong’s Chinese-funded financial institutions. The Group has maintained long-term good cooperative relations with the Hong Kong Po Leung Kuk, the Hong Kong Council of Social Service, the Hong Kong Youth Symphonic Orchestra Charity Foundation and Friends of the Earth (Hong Kong), providing long-term support and assistance to Hong Kong youth and vulnerable groups, and contributing to the common prosperity and development of Hong Kong society.



In January 2023, the Group again won the “Caring Company” award issued by the Hong Kong Council of Social Service to commend the Company’s contribution to Hong Kong society in the past year. The “Caring Company” program, launched by the Hong Kong Council of Social Service in 2002, aims to promote cooperation between business and social partners, promote corporate social responsibility, and encourage businesses and public institutions to care for the community, employees and the environment, and work together to build an inclusive society.

In 2022, the Group invested HK\$152,500 in community investment.

6.2 Joining Hands to Fight the Pandemic

Since the outbreak of the COVID-19 pandemic in Hong Kong, the Group has continued to pay attention to the development trend of the pandemic in Hong Kong, mobilize more resources, provide multi-channel support for the first-line pandemic prevention, work with the whole society to fight the pandemic, and help Hong Kong get back on track as soon as possible.

Case	Actively participate in the front line of anti-pandemic in Hong Kong
	<p>In March 2022, the Group donated a nucleic acid rapid self-test package worth HK\$100,000 to the Hong Kong Red Cross Society, and donated RMB2 million of anti-pandemic funds to the Hong Kong Red Cross Society through the Red Cross Society of China in cooperation with its parent company, Industrial Securities, to contribute to the fight against the pandemic in Hong Kong.</p> <p>In December 2022, the Group donated another charity fund of HK\$10,000 and masks and quick test agents worth HK\$10,000 to the Hong Kong Po Leung Kuk to deliver care to the vulnerable groups at the grass-roots level in Hong Kong and help them overcome the difficulties of the pandemic.</p>



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

6.3 Practicing Environmental Protection and Public Welfare

The Group implements the concept of sustainable development in its own operation and management process. In addition to focusing on its own business development, it also actively promotes and disseminates to the outside world, fully supports the development of charitable and public welfare and environmental protection undertakings in Hong Kong, practices the concept of green development with practical actions, and helps the environment, economy and society achieve sustainable development.

Case

Donate charity fund to “Friends of the Earth”

On 19 December 2022, the Group responded to the call of the parent company, Industrial Securities, on the public welfare day, organised a charity fund-raising activity for employees, and successfully donated charity fund to Hong Kong’s local environmental protection organization, Friends of the Earth, to care about and support Hong Kong’s social and environmental ecological protection with practical actions. Hong Kong “Friends of the Earth” was registered in 1983. It actively contributed to promote the sustainable development of the government, enterprises and society, and made every effort to protect the environment of Hong Kong and its neighbouring areas. It is highly consistent with the concept of green environmental protection and sustainable development of CISI.

In this fundraising event, the Group has nearly 70 local employees in Hong Kong to participate in the donation activities, and has contributed a total of HK\$32,500. The total amount and number of donations have increased significantly over the past. On 19 December, the donations raised by Hong Kong employees have been donated to “Friends of the Earth”, the main local environmental protection organization in Hong Kong. The funds will be used to organise tree planting, youth workshops, environmental protection public education and other activities.



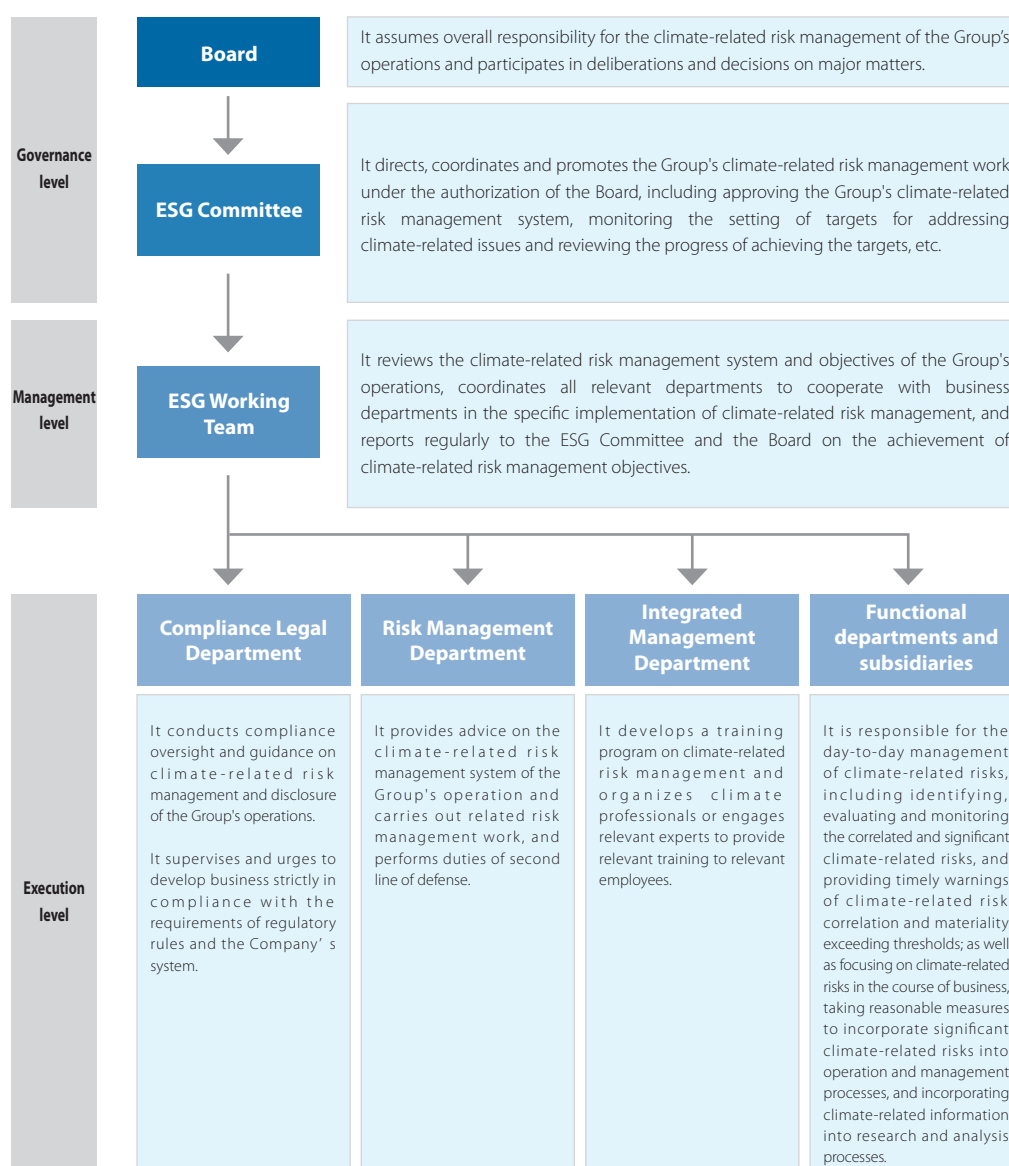
7. ENVIRONMENT RESPONSIBILITIES

7.1 Responding to Climate Change

• Climate Change Management System

As an advocate and pioneer of green finance, the Group is fully aware of the impact brought by environmental and climate issues and has firmly promoted and implemented green development strategies. To this end, the Group has formulated climate risk management policies, such as the *"Climate-related Risk Management System for Asset Management Business of China Industrial Securities International Financial Group Limited"* (興證國際金融集團有限公司資產管理業務氣候相關風險管理制度), accelerated the establishment of a climate-related risk management structure to help identify climate-related risks and opportunities in its own operations and business, and gradually incorporated climate-related risks into the Group's operation risk management process, so as to achieve comprehensive and systematic supervision, management and implementation of climate-related risk management.

Climate Risk Management Structure of the Group





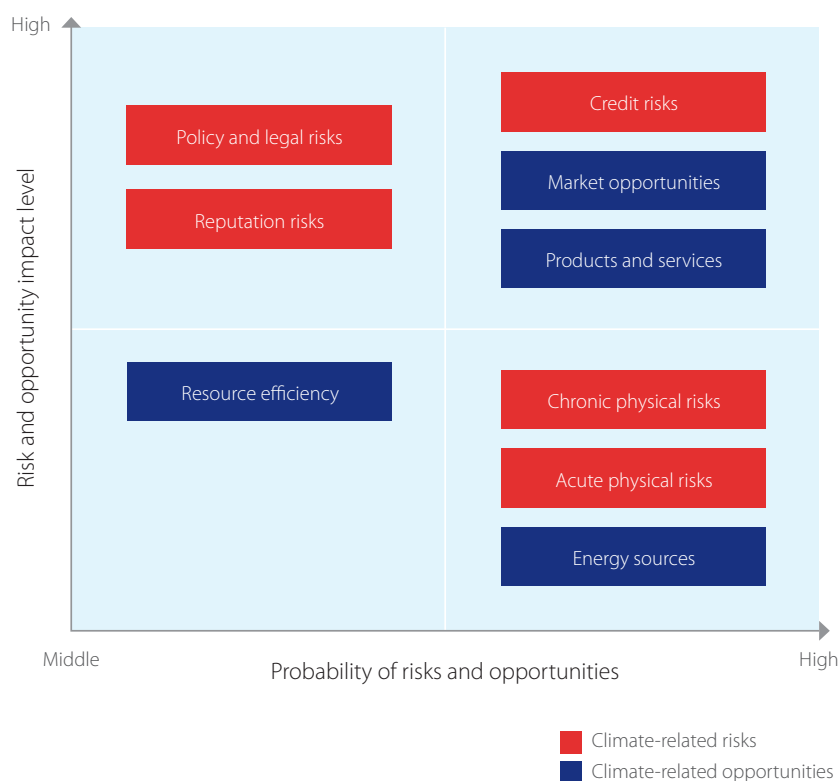
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

- **Analysis of Climate-related Risks and Opportunities**

The Group is committed to actively and effectively identifying and responding to potential climate risk factors to create long-term investment returns for our customers. The Group has established a comprehensive business continuity management system and business continuity management regulatory regime, and improved the mechanism for identification, reporting, handling and follow-up of emergencies; at the same time, the Group has actively considered climate physical risks in due diligence, project approval and follow-up management, gradually improved the climate risk management mechanism and formulated countermeasures for meteorological disasters, such as typhoons, earthquakes and rainstorms.

Based on the recommendation framework of the Task Force on Climate-related Financial Disclosures (TCFD) of the Financial Stability Board (FSB), the Group has proactively identified climate risks and opportunities related to the company's operations, investment and financing businesses and assessed their potential financial impact by taking into consideration of macro policies, conducting peer group benchmarking analysis and combining departmental interviews and external expert opinions.

Matrix of the Climate-related Risks and Opportunities of the Group





Major Climate-related Risks of the Group

Major climate change risks		Potential financial impacts	Countermeasures
Transition risks	Policy and legal risks With the tightening of the national environmental protection policy, the business qualification of the Group may be affected due to its failure of fulfillment on the policy and regulatory requirements, or it may face events of default, penalty or litigation, etc.	Decrease in operating revenue Increase in operating costs	<ul style="list-style-type: none"> All relevant functional departments and business segments will make addressing climate change one of their priorities to ensure legal and compliant operations. Closely follow policy trends including policies on environmental and climate-related risks. During the conduction of due diligence on customers, focus on climate resilience and climate-related risk management of investee companies.
	Credit risks The introduction of low carbon policy will affect the market supply and demand structure, which may have an impact on the Group's business; or lead to higher credit risk due to the decline in solvency of customers/investee companies.	Decrease in operating revenue	
	Reputation risks If the Group is unable to provide a reasonable response to climate change, it will have an impact on the Group's reputation; and damage to the reputation of customers/investee companies may also lead to a decline in solvency, i.e. higher credit risk.	Decrease in operating revenue Increase in operating costs Decrease in brand value	
Physical risks	Acute physical risks The Group or the Group's customers/investee companies may be exposed to extreme weather events, such as typhoons, floods, storms, etc. resulting in property damage or operational disruption.	Decrease in operating revenue Increase in operating costs Depreciation of fixed assets	<ul style="list-style-type: none"> Further identify climate risks and opportunities related to the Group's operations based on the framework recommended by TCFD. Respond properly to typhoons and rainstorms in accordance with the "Emergency Plan on Typhoon and Rainstorm of CISI".
	Chronic physical risk The Group or the Group's customers/investee companies may be affected by chronic weather events, such as rising temperatures and rising sea level, which affect normal production and operations.	Decrease in operating revenue Increase in operating costs Depreciation of fixed assets	



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Major Climate-related Opportunities of the Group

Major climate-related opportunities	Potential financial impact	Countermeasures
Products and services If the Group provides investment and financing services to climate-friendly companies that focus on developing and innovating low-carbon products and low-carbon technologies, the Group will benefit from the healthy development of such customers/investee companies.	Increase in operating revenue	<ul style="list-style-type: none"> • Provide financial services for energy conservation and environmental protection, new energy and other green industries.
Market opportunities Against the backdrop of a low-carbon economy, the climate-friendly financial products are more preferred in the market. The innovative development of climate-friendly products and services is conducive to enhancing the Group's reputation, thus creating new sources of revenue growth.	Increase in operating revenue Increase in brand value	<ul style="list-style-type: none"> • Practice ESG investment philosophy, and identify climate-friendly industries and companies to provide investment and financing services for them.
Resource efficiency Improving efficiency in the use of energy, water resources and other resources in the course of business of the Group will help reduce the resource expenditures of the Group.	Decrease in operating costs	<ul style="list-style-type: none"> • Improve ESG investment strategy and issue ESG or green-themed products.
Energy sources The use of low-carbon energy in the Group's operations will help reduce the Group's written-off cost of carbon in the medium to long term.	Decrease in operating costs	<ul style="list-style-type: none"> • Reduced energy consumption and greenhouse gas emissions through replacement of LED lamps and energy-saving retrofits. • Rationally use the video conferencing systems to reduce the frequency of travel and reduce greenhouse gas emissions caused by travel.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

To further strengthen the implementation of the Group's climate risk management policy, the Group has focused on following up the major seven strategic emerging industries, including energy conservation and environmental protection, new generation information technology, new energy, new materials and new energy vehicles, and continued to increase its support for green business and increase its share of green business.

Case	Establishment of business continuity management system to respond to climate risk events
	<p>The Group has established a business continuity management system, continuously improved the mechanism for identifying, reporting, handling and following up on emergencies, organized all relevant departments to establish a <i>Business Continuity Special Plan</i> (業務連續性專項計劃), and established emergency plans for natural disasters caused by typhoons, rainstorms, earthquakes and other climate changes to ensure timely feedback on any potential risk situations or risk events and timely making corresponding countermeasures.</p> <p>In addition, the Group has organized mid-year special re-examinations and annual re-examinations and drills for the <i>Business Continuity Plan</i> and the <i>Critical System Emergency Plan</i> in March and December 2022, respectively, to verify the effectiveness of the emergency plan and the disaster recovery system; and organized a contact tree exercise in December 2022 to ensure the accessibility and timeliness of the emergency communication channels.</p>

In accordance with the requirements prescribed in the *Fund Manager Code of Conduct* issued by the Securities and Futures Commission (SFC) of Hong Kong in relation to climate-related risks and with reference to the recommendation framework of the Task Force on Climate-related Financial Disclosures (TCFD), China Industrial Securities International Asset Management Limited, a subsidiary of the Group, officially released the first Report on *Climate-related Risk Management Disclosure* (氣候相關風險管理披露報告) in August 2022, which is the first report on climate-related risk management disclosure of the Group and a milestone achievement in its efforts to address climate change.



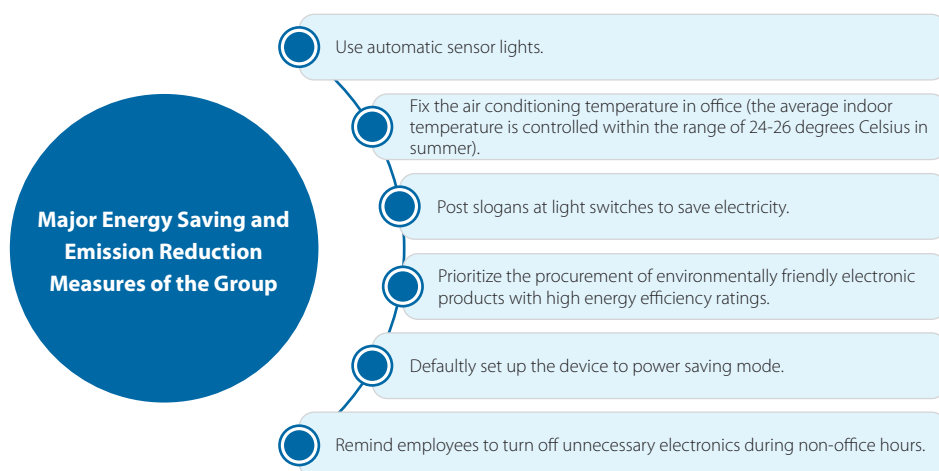
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

7.2 Promoting Green Operation

The Group has paid close attention to the impact of its operations on the environment, complied with laws and regulations, such as the Law of the People's Republic of China on Conserving Energy and the Environmental Protection Law of the People's Republic of China, encouraged all employees to raise awareness of energy conservation and environmental protection in their lives and work, and actively promoted green office and low-carbon operation initiatives in order to promote the environmentally sustainable development of the Group. In 2022, the Group did not identify any confirmed violations in relation to environmental protection.

- **Energy Usage and Management**

In 2022, the main types of energy involved in the Group's operations include purchased electricity and gasoline consumed by its self-owned vehicles. In order to reduce energy usage, improve energy efficiency and reduce greenhouse gas (GHG) emissions, the Group has adopted a series of energy saving measures to reduce the impact of its operations on environment.



Electricity saving slogans posted at light switches



The Group has set a target for the GHG emission and energy management with 2021 as the base year, which means that the GHG emissions per unit area and electricity consumption per unit area of the Group in 2025 will show a downward trend as compared with the base year of 2021, and the Group will regularly disclose the progress in achieving relevant target in the annual ESG report. At the same time, the Group has conducted annual statistics and analysis of GHG emission data to assess the level of carbon emissions and energy management, and accordingly formulated improvement plans to promote energy conservation and emission reduction.

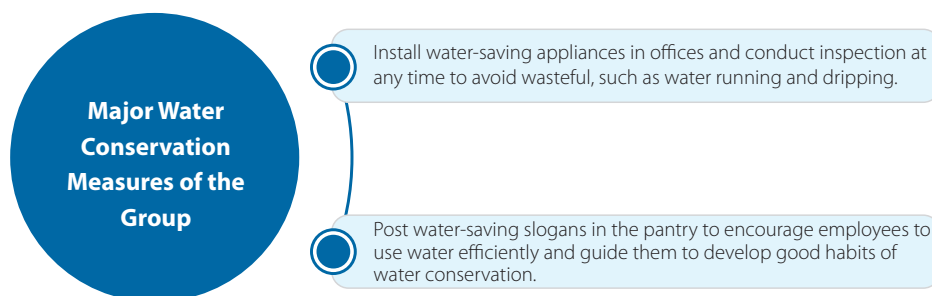
Progress in Achieving GHG Emissions and Energy Management Targets of the Group for 2022

Indicator	Unit	2022	Increase/decrease as compared with 2021
GHG emissions per unit area	ton CO ₂ e/m ²	0.07	-7.41%
Electricity consumption per unit area	kWh/m ²	93.71	-0.32%

While continuously promoting carbon emission reduction actions, such as green low-carbon offices and energy conservation and emission reduction transformation, CISI, in collaboration with Industrial Securities, has voluntarily promoted emission reduction projects to offset the carbon emissions generated by their own operations and achieve net zero greenhouse gas emissions in 2022.

• Water Resource Usage and Management

Routine office work is the main water-consuming segments of the Group, and the municipal water is the main source of water, so there is no problem in seeking water sources. The Group will regard the promotion of water conservation as an important task, actively adopt a series of water conservation measures and encourage its employees to actively practice water conservation actions in their daily lives and work.





ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group leased their own offices, and their water charges were included in property management fees and could not be separated, therefore, total water consumption and density data cannot be calculated for the time being. However, the Group has undertaken to gradually improve the conservation and management of water resources, achieve regular monitoring, statistics and analysis of water consumption as soon as possible, control water consumption per unit area to a lower level and disclose water consumption and density data in the annual ESG report.

In respect of wastewater management, the Group has strictly complied with the *Water Pollution Control Ordinance* (Chapter 358 of the Laws of Hong Kong) of Hong Kong and discharged the domestic wastewater generated from the office premises to the municipal network after unified treatment to meet the standards, so as to avoid the impact of the Group's operation on the water environment as far as possible.



Water saving slogan posted at the pantry

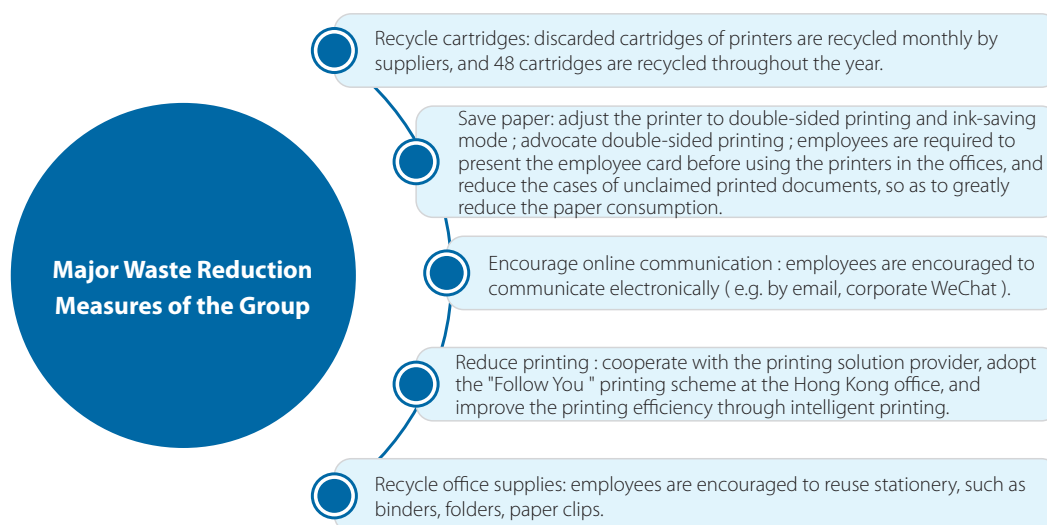


7.3 Strengthening Waste Management

• Waste Management

The Group is committed to reducing the waste generated from its daily office and operations. The main waste includes non-hazardous waste, such as waste paper and cartons, and hazardous waste, such as toner cartridges and used computers. The Group has strictly complied with the relevant provisions of the *Waste Disposal Ordinance* (Chapter 354 of the Laws of Hong Kong) to regulate the disposal of non-hazardous and hazardous waste generated, and has strived to reduce the generation of waste.

The Group has undertaken to gradually improve the identification and statistics of the sources of non-hazardous and hazardous waste, and to control the generation of non-hazardous and hazardous waste to a low level.





ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

- Paperless Office**

The Group has actively advocated and promoted a paperless office and facilitated de-papered operations and offices by actively implementing the OA system for approval and e-statements, producing e-posters (e.g. Mid-Autumn Festival posters, Chinese New Year posters, etc.) for employees to use on festivals, and reducing the printing of paper documents, etc. In 2022, approximately 2.26 tons of paper have been used by the Group for daily office throughout the year.



Paper saving slogan posted on printers

Performance of Results of Paperless Operation of the Group in 2022

Indicator	Unit	2022
Daily office paper consumption	ton	2.26
Total number of processes processed in OA system	piece	37,372
Imputed number of papers saved in OA system processing ^[Note1]	sheet	186,860
Number of papers saved in processing customer statements through securities and futures settlement system	sheet	682,800

Note 1: The number of papers saved by the OA system is estimated at 5 sheets of A4 paper per process.



KEY QUANTITATIVE PERFORMANCE INDICATORS

• Anti-Corruption Performance Indicator

Indicator	Unit	2020	2021	2022
Number of concluded legal cases regarding corrupt practices brought against the Group and its employees	piece	0	0	0
Times of anti-corruption trainings conducted	times	2	1	2
Number of employees participated in anti-corruption related training	person	207	120	205
Hours of anti-corruption training per employee	hour	2.50	1.00	1.00
Number of directors participated in anti-corruption related training	person	4	4	3
Hours of anti-corruption training per director	hour	2.50	1.00	1.00

• Customer Service Performance Indicator

Indicator	Unit	2020	2021	2022
Number of customer enquiries ^(Note 1)	case	14,599	25,681	11,354
Of which the number of complaints ^(Note 2)	case	9	8	3
Percentage of complaint solved	%	100	100	100
Number of verified complaints of customer privacy infringement and losses of customer information	case	0	0	0

Note 1: The Group commenced to launch the intelligent dialogue robot online business centre in 2021, covering functions from account opening, deposit, withdrawal, APP functions, form downloads, IPO subscription, forgotten password to market closure notification, etc. After the launch and putting into operation of the intelligent dialogue robot online business centre, the online manual inquiry service of the Group has been significantly reduced, and therefore the number of customer enquiries in 2022 decreased as compared with that of the previous year.

Note 2: In 2022, the Group has continued to optimize and revamp its business processes to improve customer experience, thus the number of complaints decreased significantly as compared to 2021.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

• Employee Employment and Training Performance Indicator

Indicator		Unit	2020	2021	2022
Total number of employees ^(Note 1)		person	206	210	193
By gender	Male	person	113	125	110
	Female	person	93	85	83
By employment type	Number of full-time contract employees	person	186	193	191
	Number of full-time dispatched employees	person	17	15	0
	Number of employees in other types of employment	person	3	2	2
By age group	> 50 years old	person	14	15	18
	30 to 50 years old	person	135	152	143
	< 30 years old	person	57	43	32
Employee turnover rate ^(Note 2)		%	33.41	37.02	34.96
Employee training coverage ^(Note 3)		%	-	-	100
By gender	Male	%	-	-	100
	Female	%	-	-	100
By employee category	Senior management	%	-	-	100
	Middle management	%	-	-	100
	General employees	%	-	-	100
Annual average number of hours of training per employee for all employees ^(Note 4)		hour	-	-	22.97
By gender	Male	hour	-	-	22.97
	Female	hour	-	-	22.97
By employee category	Senior management	hour	-	-	22.97
	Middle management	hour	-	-	22.97
	General employees	hour	-	-	22.97

Note 1: The Group is located in HKSAR, therefore, all employees work at the place of operation in HKSAR. The data on the number of employees by geographical region in CISI's 2021 Environmental, Social and Governance Report has been corrected in the "Table of Employee Employment and Training Performance Indicator" of this report.

Note 2: [Calculation method] Employee turnover rate for each category = number of lost employees of such category during the year/number of employees of corresponding category at the end of the year.

Note 3: [Calculation method] Employee training coverage for each category = number of employees of such category receiving training/total number of employees of corresponding category. The Group has compiled and disclosed the data related to the employee training coverage since 2022.

Note 4: [Calculation method] Hours of training per employee per year for each category = total number of hours of training received by employees of such category/number of employees of corresponding category. The Group has compiled and disclosed the data related to the annual average number of hours of training received per employee for all employees since 2022.



• Employee Health and Safety Performance Indicator ^(Note 1)

Indicator	Unit	2020	2021	2022
Number of work-related injuries	times	0	0	0
Number of working days lost due to work-related injuries	day	0	0	0
Percentage of employees' work-related fatalities	%	0	0	0

Note 1: The Group is a financial company which does not involve occupational hazards such as dust, noise, radioactive materials, etc.

• Environmental Performance Indicator

Indicator	Unit	2020	2021	2022
Total GHG emissions (scope 1 and scope 2) ^(Note 1)	ton CO ₂ e	320.93	240.45	222.63
Total GHG emissions in Scope 1 ^(Note 1)	ton CO ₂ e	15.08	23.63	7.88
Total GHG emissions in Scope 2	ton CO ₂ e	305.85	216.82	214.75
Total GHG emissions in Scope 3	ton CO ₂ e	25.82	10.94	10.93
GHG emissions per capita	ton CO ₂ e/person	1.56	1.15	1.15
GHG emissions per unit area	ton CO ₂ e/m ²	0.10	0.07	0.07
Gasoline consumption of self-owned vehicles ^(Note 2)	litre	5,570.00	8,726.67	2,908.66
Total electricity consumption ^(Note 3)	kWh	437,000.00	314,000.00	313,000.00
Electricity consumption per capita ^(Note 3)	kWh/person	2,121.36	1,495.24	1,621.76
Electricity consumption per unit area ^(Note 3)	kWh/m ²	130.84	94.01	93.71
Hazardous waste: toner cartridges	box	65	63	48
Non-hazardous waste: paper consumption ^(Note 4)	ton	5.04	2.28	2.27



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Note 1:[Calculation method] The direct energy used by the Group includes gasoline while indirect energy includes electricity. GHG emissions in Scope 1 include direct GHG emissions from gasoline consumption of the Group's own vehicles, GHG emissions in Scope 2 include indirect GHG emissions from purchased electricity, and GHG emissions in Scope 3 include GHG emissions from waste paper recycling and transportation to landfills, which are calculated based on How to prepare an ESG report – Appendix 2: Reporting Guidance on Environmental KPIs issued by the Hong Kong Stock Exchange.

Note 2: Due to the impact of the COVID-19 pandemic in Hong Kong, the frequency of travel and use of the Group's own vehicles has decreased in 2022, and therefore the gasoline consumption of self-owned vehicles has been significantly reduced as compared with 2021, and the total GHG emissions in Scope 1 has been reduced accordingly.

Note 3: Since April 2021, three office premises has been reduced by the Group to two office premises, thus the total electricity consumption, electricity consumption per capita and electricity consumption per unit area decreased in 2021 as compared to 2020.

Note 4: In 2022 and 2021, the Group has reduced printing paper documents and the quantities of paper used for printing by means of OA system for approval and e-statements, electronic scanning and smart printing, thus paper consumption has decreased as compared with 2020.

Note 5: The Group leased their own offices, and their utility charges were included in property management fees and could not be separated, therefore, total water consumption and density data cannot be calculated for the time being.

• Community Investment Performance Indicator

Indicator	Unit	2020	2021	2022
Community investment amount	HK\$	47,845.66	369,625.00	152,500.00
Number of employee volunteers ^(Note 1)	person	0	61	0
Total hours of employee voluntary services	hour	0	6	0

Note 1: Due to the impact of the COVID-19 pandemic in Hong Kong, the Group did not organize offline charitable activities or volunteer service in 2020 and 2022, and therefore no data related to volunteer service is available.



REPORT INDEX

- **Index Table of the Hong Kong Stock Exchange's ESG Reporting Guidelines (Effective from 1 January 2022)**

Aspects, General

Disclosure and Key

Performance Indicators

(KPIs)

Description

Section

Major Category A. Environment

Aspect A1. Emissions

General Disclosure A1	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	7.3 Strengthening Waste Management
KPI A1.1	The types of emissions and respective emissions data.	Key Quantitative Performance Indicators
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Key Quantitative Performance Indicators
KPI A1.3	Total hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Key Quantitative Performance Indicators
KPI A1.4	Total non-hazardous waste produced (in tons) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Key Quantitative Performance Indicators
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	7.1 Responding to Climate Change 7.2 Promoting Green Operation 7.3 Strengthening Waste Management Key Quantitative Performance Indicators
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	7.3 Strengthening Waste Management Key Quantitative Performance Indicators



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspects, General

Disclosure and Key

Performance Indicators

(KPIs)

Description

Section

Aspect A2. Use of Resources

General Disclosure A2	Policies on the efficient use of resources, including energy, water and other raw materials.	7.2 Promoting Green Operation
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Key Quantitative Performance Indicators
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Key Quantitative Performance Indicators
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	7.2 Promoting Green Operation Key Quantitative Performance Indicators
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	7.2 Promoting Green Operation Key Quantitative Performance Indicators
KPI A2.5	Total packaging material used for finished products (in tons) and, if applicable, with reference to per unit produced.	Not applicable, as the Group provides financial products only

Aspect A3. The Environment and Natural Resources

General Disclosure A3	Policies on minimising the issuer's significant impacts on the environment and natural resources.	7.2 Promoting Green Operation
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	7.2 Promoting Green Operation Key Quantitative Performance Indicators

Aspect A4. Climate Change

General Disclosure A4	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	7.1 Responding to Climate Change
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	7.1 Responding to Climate Change



**Aspects, General
Disclosure and Key
Performance Indicators
(KPIs)**

Description

Section

Major Category B. Social

Employment and Labor Practices

Aspect B1. Employment

General Disclosure B1	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	5.1 Equal and Diverse Workplace
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	5.1 Equal and Diverse Workplace Key Quantitative Performance Indicators
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	5.1 Equal and Diverse Workplace Key Quantitative Performance Indicators

Aspect B2. Health and Safety

General Disclosure B2	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	5.1 Equal and Diverse Workplace
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	5.1 Equal and Diverse Workplace Key Quantitative Performance Indicators
KPI B2.2	Lost days due to work injury.	5.1 Equal and Diverse Workplace Key Quantitative Performance Indicators
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	5.1 Equal and Diverse Workplace



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspects, General

Disclosure and Key

Performance Indicators

(KPIs)

Description

Section

Aspect B3. Development and Training

General Disclosure B3	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	5.2 Common Development Workplace
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	5.2 Common Development Workplace Key Quantitative Performance Indicators
KPI B3.2	The average training hours completed per employee by gender and employee category.	5.2 Common Development Workplace Key Quantitative Performance Indicators

Aspect B4. Labor Standards

General Disclosure B4	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labor.	5.1 Equal and Diverse Workplace
KPI B4.1	Description of measures to review employment practices to avoid child and forced labor.	5.1 Equal and Diverse Workplace
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	5.1 Equal and Diverse Workplace

Major Category B. Social

Operating Practices

Aspect B5. Supply Chain Management

General Disclosure B5	Policies on managing environmental and social risks of the supply chain.	3.2 Compliance and Business Ethics
KPI B5.1	Number of suppliers by geographical region.	The Group will continue to strengthen the management of suppliers and gradually promote the statistics of the number of suppliers.
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	3.2 Compliance and Business Ethics Key Quantitative Performance Indicators
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	3.2 Compliance and Business Ethics
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	3.2 Compliance and Business Ethics



**Aspects, General
Disclosure and Key
Performance Indicators
(KPIs)**

Aspect B6. Product Responsibility

	Description	Section
General Disclosure B6	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	4.1 Responsible Marketing
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not applicable, as the Group provides financial products only
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Key Quantitative Performance Indicators
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	3.2 Compliance and Business Ethics
KPI B6.4	Description of quality assurance process and recall procedures.	4.1 Responsible Marketing
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	4.2 Customer Communication and Complaint Management



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspects, General

Disclosure and Key

Performance Indicators

(KPIs)

Description

Section

Aspect B7. Anti-corruption

General Disclosure B7	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	3.2 Compliance and Business Ethics
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Key Quantitative Performance Indicators
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	3.2 Compliance and Business Ethics
KPI B7.3	Description of anti-corruption training provided to directors and staff.	3.2 Compliance and Business Ethics Key Quantitative Performance Indicators

Aspect B8. Community Investment

General Disclosure B8	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	6.2 Joining Hands to Fight the Pandemic 6.3 Practicing Environmental Protection and Public Welfare
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	6.1 Public Welfare and Charity 6.2 Joining Hands to Fight the Pandemic 6.3 Practicing Environmental Protection and Public Welfare
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	6.1 Public Welfare and Charity Key Quantitative Performance Indicators



DESCRIPTION OF REPORT PREPARATION

- **Basis of Preparation**

This report is prepared mainly based on the “*Environmental, Social and Governance Report Guidelines*” of the Hong Kong Stock Exchange (effective from 1 January 2022).

- **Scope of Report**

Scope of organization: China Industrial Securities International Financial Group Limited and its subsidiaries are included in this report, which is consistent with the scope of the consolidated financial statements contained in the annual report.

Time range: From 1 January 2022 to 31 December 2022 (the “Reporting Period”).

Release cycle: This report is made annually, and the last report is the report of 2021.

Full name of subsidiary

Short name of subsidiary

China Industrial Securities International Brokerage Limited

CISI Brokerage

China Industrial Securities International Futures Limited

CISI Futures

China Industrial Securities International Capital Limited

CISI Capital

China Industrial Securities International
Asset Management Limited

CISI Asset Management

China Industrial Securities International
Wealth Management Limited

CISI Wealth Management

China Industrial Securities International Investment Limited

CISI Investment



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

- **Description on Data**

The data and cases in this report are derived from the original records or annual reports of the actual operation of the Group. Unless otherwise stated, the financial data in this report are in Hong Kong dollars. In case of inconsistency with the annual report, the annual report shall prevail. Unless otherwise specified, the statistical basis of key quantitative performance data in this report is consistent with the scope of the consolidated financial statements contained in the annual report of the Group.

- **Reporting Principles**

This report follows the reporting principles of the Environmental, Social and Governance Reporting Guidelines of Hong Kong Stock Exchange, including:

Materiality principle: in this report, we identify issues requiring focused responses through materiality analysis and focus on reporting matters relating to environmental, social and governance matters that may have a significant impact on stakeholders and other stakeholders.

Quantitative principle: in this report, we disclose key quantitative performance indicators and explains the meaning of the indicators and the basis for their calculation and assumptions in order to assess the effectiveness of the ESG policy and management system.

Balance principle: the content of this report reflects objective facts and discloses information and performance, whether positive or negative.

Consistency principle: in this report, we clearly state the statistical methods and statistical basis of the disclosed ESG key quantitative performance indicators, and try to ensure that the indicators and calculation methods for different reporting periods are consistent, so as to reflect the trend of performance level.

This report has been prepared in both English and Chinese. In the case of any discrepancy, the Chinese language text of this report shall prevail.